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**8. TAXATION (CONT'D.)**

Tax losses and unabsorbed capital allowance are analysed as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unabsorbed capital allowances carried forward	4,933,105	9,501,556	56,669	32,577
Unutilised tax losses carried forward	<u>61,498,845</u>	<u>55,140,570</u>	<u>1,157,299</u>	<u>71,000</u>

**9. PROFIT/(LOSS) PER SHARE**

(a) Basic

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

	<b>GROUP</b>	
	<b>2004</b>	<b>2003</b>
Net profit/(loss) for the year (RM)	468,609	(7,439,477)
Weighted average number of ordinary shares in issue	206,756,497	205,239,048
Basic earnings/(loss)per share (sen)	<u>0.23</u>	<u>(3.60)</u>

(b) Diluted

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

10. PROPERTY, PLANT & EQUIPMENT

GROUP

AT COST	Freehold land RM	Long leasehold land RM	Short leasehold land RM	Buildings RM	Plant and machinery RM	Fixtures, fittings and office equipment RM	Motor vehicles RM	Renovation RM	2004 RM	Total 2003 RM
At 1 January	1,369,644	6,992,430	200,736	9,538,159	18,330,431	4,101,821	3,778,960	330,181	44,642,362	45,809,776
Written off	-	-	-	-	-	-	-	-	-	(8,075)
Additions	-	-	-	-	-	36,140	604,839	-	640,979	151,503
Disposals	(836,388)	(6,011,865)	(200,736)	(7,736,597)	(18,255,601)	(3,471,351)	(2,744,445)	-	(39,256,983)	(1,310,842)
At 31 December	533,256	980,565	-	1,801,562	74,830	666,610	1,639,354	330,181	6,026,358	44,642,362

ACCUMULATED DEPRECIATION

At 1 January	159,977	2,659,658	61,742	4,011,449	18,257,054	3,863,937	3,251,964	163,430	32,429,211	27,388,718
Written off	-	-	-	-	-	-	-	-	-	(6,170)
Charge for the year	-	58,556	1,818	125,363	7,482	52,842	226,929	29,497	502,487	1,771,433
Disposals	-	(2,267,921)	(63,560)	(3,277,814)	(18,252,812)	(3,470,341)	(2,744,397)	-	(30,076,845)	(1,309,629)
Impairment losses	-	-	-	-	-	-	-	-	-	4,584,859
At 31 December	159,977	450,293	-	858,998	11,724	446,438	734,496	192,927	2,854,853	32,429,211

NET BOOK VALUE

At 31 December 2004	373,279	530,272	-	942,564	63,106	220,172	904,858	137,254	3,171,505	-
At 31 December 2003	1,209,667	4,332,772	138,994	5,526,710	73,377	237,884	526,996	166,751	-	12,213,151
Depreciation charge for 2003	-	81,923	4,271	180,674	1,068,306	241,256	164,405	30,598	-	1,771,433

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**10. PROPERTY, PLANT & EQUIPMENT (CONT'D.)**

**COMPANY**

<b>AT COST</b>	<b>Motor vehicles RM</b>	<b>Fixtures, fittings and office equipment RM</b>	<b>Renovation RM</b>	<b>2004 RM</b>	<b>2003 RM</b>
At 1 January	120,775	49,710	31,836	202,321	138,133
Additions	-	-	-	-	64,188
At 31 December	120,775	49,710	31,836	202,321	202,321

**ACCUMULATED DEPRECIATION**

At 1 January	21,335	6,074	3,881	31,290	2,898
Charge for the year	24,155	4,971	3,183	32,309	28,392
At 31 December	45,490	11,045	7,064	63,599	31,290

**NET BOOK VALUE**

At 31 December 2004	75,285	38,665	24,772	138,722	-
At 31 December 2003	99,440	43,636	27,955	-	171,031
Depreciation charge for 2003	20,289	4,950	3,153	-	28,392

- (a) The long leasehold land and buildings with net book value of RM3,827,131 (2003: RM3,900,000) have been discharged as security for bank borrowings and disposed during the year.
- (b) During the year, the Group had acquired motor vehicles at aggregate cost of RM566,838 (2003: RM58,000) by way of hire purchase. The net book values of motor vehicles of the Group and Company acquired under hire purchase agreements amounted to RM799,902 (2003: RM495,091) and RM75,285 (2003: RM99,440) respectively.

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**11. LAND HELD FOR DEVELOPMENT**

**GROUP**

	<b>Freehold land RM</b>	<b>Leasehold land RM</b>	<b>Total RM</b>
<b>At Cost:</b>			
At 1 January 2004	8,711,550	20,563,797	29,275,347
Transfer (to)/from property development costs (Note 15)	<u>(8,711,550)</u>	<u>4,995,228</u>	<u>(3,716,322)</u>
At 31 December 2004	<u>-</u>	<u>25,559,025</u>	<u>25,559,025</u>
<b>At Cost:</b>			
At 1 January 2003	8,711,550	20,405,595	29,117,145
Development costs	<u>-</u>	<u>158,202</u>	<u>158,202</u>
At 31 December 2003	<u>8,711,550</u>	<u>20,563,797</u>	<u>29,275,347</u>

**Leasehold Land**

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

**12. SUBSIDIARY COMPANIES**

	<b>COMPANY</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Unquoted investment, at cost:	111,506,990	111,506,990
Allowance for diminution in value	<u>(11,047,992)</u>	<u>(11,047,992)</u>
	<u>100,458,998</u>	<u>100,458,998</u>
Amount due from subsidiary companies	90,530,416	91,421,923
Allowance for doubtful debts	<u>(149,380)</u>	<u>(149,380)</u>
	<u>90,381,036</u>	<u>91,272,543</u>
Amount due to subsidiary companies	<u>6,086,998</u>	<u>4,844,527</u>

Included in the amount due from subsidiary companies are amounts owing from UH Industries & Development Sdn. Bhd. and Dove Industries Sdn. Bhd., wholly owned subsidiaries of the Company, of RM42,870,589 (2003: RM41,605,928) and RM5,477,142 (2003: RM7,585,528) respectively. The Board of Directors have reviewed the carrying amounts of the above and are of the opinion that cash flows from current and future projects are sufficient to recover the above amounts. The Board of Directors will monitor the recoverability of these inter company debts for indications of impairment. This has no impact on the Group's financial statements.

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**12. SUBSIDIARY COMPANIES (CONT'D.)**

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

Company	Principal activity	Country of incorporation	Percentage of equity held	
			2004 %	2003 %
The subsidiary companies are:				
UH Industries & Development Sdn. Bhd.	Property development *	Malaysia	100	100
UH Capital Sdn. Bhd.	Property development	Malaysia	100	100
+ Bertam Development Sdn. Bhd.	Property development, investment holding and general contractors	Malaysia	100	100
+ Budaya Identiti Sdn. Bhd.	Property development	Malaysia	100	100
+ Syarikat Sungei Buan Sdn. Bhd.	Property development	Malaysia	100	100
Dove Industries Sdn. Bhd.	Ceased operations	Malaysia	100	100
UH Trading (Johore) Sdn. Bhd.	Ceased operations	Malaysia	100	100
UH Trading (Melaka) Sdn. Bhd.	Ceased operations	Malaysia	100	100
UH Trading (K.L.) Sdn. Bhd.	Ceased operations	Malaysia	100	100
Bertam Minetech Sdn. Bhd.	Ceased operations	Malaysia	100	100
Subsidiaries of Bertam Development Sdn. Bhd.:				
+ Brem Park Management Sdn. Bhd.	Real estate management	Malaysia	100	100

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**12. SUBSIDIARY COMPANIES (CONT'D.)**

Company	Principal activity	Country of incorporation	Percentage of equity held	
			2004 %	2003 %
+ Sunrise Avenue Sdn. Bhd.	Property development	Malaysia	100	100
+ Sepakat Heights Sdn. Bhd.	Property development	Malaysia	100	100
+ Gunung Jaya Sdn. Bhd.	Property development	Malaysia	100	100
+ Antara Megah Sdn. Bhd.	Property development	Malaysia	100	100
+ Bintang Urusjuta (M) Sdn. Bhd.	Property development	Malaysia	100	100
+ Legacy Mega Development Sdn. Bhd.	Property development	Malaysia	100	100
Subsidiaries of Antara Megah Sdn. Bhd.:				
+ Perikatan Progresif Sdn Bhd	Dormant	Malaysia	100	100
+ Tabur Bakti Sdn. Bhd.	Property development	Malaysia	100	100
+ Suria Pertiwi Sdn. Bhd.	Property development	Malaysia	100	100

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

\* UH Industries & Development Sdn. Bhd. has ceased its manufacturing and trading operations in 2004 as disclosed in Note 5.

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**13. OTHER INVESTMENTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Marketable securities in Malaysia, at cost	500,000	20,128	500,000	-
Club membership, at cost	61,000	56,000	-	-
	<u>561,000</u>	<u>76,128</u>	<u>500,000</u>	<u>-</u>
Allowance for diminution in value	-	(18,872)	-	-
	<u>561,000</u>	<u>57,256</u>	<u>500,000</u>	<u>-</u>
Market value of marketable securities	<u>475,466</u>	<u>1,616</u>	<u>475,466</u>	<u>-</u>

**14. GOODWILL ON CONSOLIDATION**

	<b>GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Excess of consideration over fair value of net assets of a subsidiary company acquired:		
Goodwill on consolidation, at cost	193,810	193,810
Less: Accumulated amortisation of goodwill	<u>(58,140)</u>	<u>(38,760)</u>
	<u>135,670</u>	<u>155,050</u>

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**15. DEVELOPMENT PROPERTIES**

	<b>GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Property development costs at 1 January:		
Land	95,565,618	109,405,016
Development costs	73,573,774	36,246,980
	<u>169,139,392</u>	<u>145,651,996</u>
Costs incurred during the year:		
Land	5,519,951	5,375,640
Development costs	42,321,146	39,385,007
	<u>47,841,097</u>	<u>44,760,647</u>
Cost recognised in income statement:		
As at 1 January:	58,057,163	30,463,298
Recognised during the year	38,524,388	45,832,498
As at 31 December:	<u>96,581,551</u>	<u>76,295,796</u>
Transfers:		
Net transfer from land held for property development (Note 11)	3,716,322	-
To inventories	(1,731,673)	(682,550)
	<u>1,984,649</u>	<u>(682,550)</u>
Property Development costs as at 31 December	<u>122,383,587</u>	<u>113,434,297</u>

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**15. DEVELOPMENT PROPERTIES (CONT'D.)**

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

	<b>GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Interest expense (Note 7)	1,324,113	1,330,990
Hire of equipment	25,020	-
Rental of land	-	121,885
	<u>                    </u>	<u>                    </u>

Certain land under development at cost of RM73,737,308 (2003: RM69,428,391) of the Group have been charged as securities for banking facilities extended to the Group as referred to in Note 20 to the financial statements.

Two of the subsidiary companies, Tabur Bakti Sdn. Bhd. and Suria Pertiwi Sdn. Bhd. have entered into agreements with the Menteri Besar Negeri Sembilan (Incorporation) and Majlis Daerah Tampin respectively in connection with the development of land in Gemas and Tampin (in the state of Negeri Sembilan) respectively. Under the terms of the agreements, the subsidiary companies undertake the development and construction of certain public facilities and buildings thereon as consideration for the acquisitions of the land mentioned.

Tabur Bakti Sdn. Bhd. had since completed three phases of the various phases in the Tabur Bakti development project.

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**16. INVENTORIES**

	<b>GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
Properties held for sale	4,631,690	2,900,017
Finished goods	103,194	78,736
Raw materials	-	17,702
Stores and supplies	-	4,543
	<hr/>	<hr/>
	4,734,884	3,000,998
<b>Net Realisable Value</b>		
Finished goods	-	363,748
Properties held for sale	2,185,158	2,260,683
	<hr/>	<hr/>
	6,920,042	5,625,429
	<hr/>	<hr/>

Properties held for sale of the Group of RM3,344,977 (2003: RM3,344,977) are pledged to financial institutions for banking facilities extended to the Group as disclosed in Note 20 to the financial statements.

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**17. TRADE AND OTHER RECEIVABLES**

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade receivables	52,950,194	48,190,654	-	-
Accrued billings in respect of property development costs (Note 24)	15,396,231	19,727,731	-	-
	68,346,425	67,918,385	-	-
Less Provision for doubtful debts	(18,134,327)	(18,153,959)	-	-
	50,212,098	49,764,426	-	-
Other receivables and prepayment	6,547,402	4,661,663	306,000	1,000
Tax Recoverable	312,491	302,895	461,010	461,010
	57,071,991	54,728,984	767,010	462,010

The Group's normal trade credit term ranges from 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group is RM1,225,298 (2003: RM1,225,298) owing by Brem Holding Berhad, a substantial shareholder of the Company.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

**18. CASH AND CASH EQUIVALENTS**

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash on hand and at bank (Note a)	3,091,320	2,337,525	56,327	12,315
Deposits with licensed banks (Note b)	300,922	510,750	-	-
Cash and Bank Balances	3,392,242	2,848,275	56,327	12,315
Bank overdrafts (Note 20)	(5,102,491)	(14,638,261)	-	-
Cash and cash equivalents	(1,710,249)	(11,789,986)	56,327	12,315

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**18. CASH AND CASH EQUIVALENTS (CONT'D.)**

- (a) Included in cash and bank balances for the Group is an amount of RM1,516,456 (2003: RM1,092,317) held under the Housing Development (Housing Development Account) Regulations, 1991 and therefore restricted from use in other operations.
- (b) Included in the Group's deposits with licensed banks are deposits of RM300,922 (2003: RM510,750) pledged to licensed banks as collateral for banking facilities granted to the Group.

Certain deposits amounting to RM225,522 (2003: RM288,340) are registered in the name of certain directors and to a third party, are pledged with a local licensed bank for banking facilities granted to the Group as disclosed in Note 20 to the financial statements.

The weighted average interest rates during the financial year and the average maturities of deposits as at 31 December 2004 were as follows:

	<b>GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Licensed banks		
Weighted average interest rates (%)	3.7	3.6
Average maturity days	365	393

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**19. TRADE AND OTHER PAYABLES**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade payables	13,153,345	10,644,090	-	-
Contract retention amount	870,496	805,787	-	-
Amount due to contract customers	-	125,976	-	-
Accruals	183,826	655,834	212,317	285,944
Amount due to Directors	288,129	562,029	-	-
Other payables	19,323,333	13,720,103	-	-
	<b>33,819,129</b>	<b>26,513,819</b>	<b>212,317</b>	<b>285,944</b>

Amount due to customers on contracts:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Total cost incurred to-date	2,599,670	133,522	-	-
Attributable profits	240,000	13,243	-	-
	<b>2,839,670</b>	<b>146,765</b>	<b>-</b>	<b>-</b>
Less: Progress billings	(2,839,670)	(272,741)	-	-
Amount due to contract customers	-	125,976	-	-

- (a) The normal trade credit term granted to the Group ranges from 14 days to 90 days. The amount owing to other payables is unsecured, interest free and with no fixed term of repayment.
- (b) Included in trade payables of the Group is RM333,111 (2003: RM333,111) owing to a company in which a director has substantial financial interest and RM781,924 (2003: RM2,059,991) owing to Brem Holding Berhad, a substantial shareholder of the Company.
- (c) Included in other payables of the Group is RM1,516,570 (2003: RM1,516,570) and RM7,617,731 (2003: RM NIL) owing to Brem Development Sdn. Bhd. and Suasat Tegas Sdn. Bhd. respectively, which are related parties to the Company.

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**20. BORROWINGS**

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Short Term Borrowings</b>				
<b>Restructured Facilities</b>				
Secured:				
Bank overdrafts (Note a)	-	1,674,519	-	-
Bankers' acceptances (Note a)	-	1,035,875	-	-
	-	2,710,394	-	-
Unsecured:				
Bank overdrafts (Note d)	335,313	893,636	-	-
Bankers' acceptances (Note d)	95,761	1,868,012	-	-
Revolving credit (Note a)	-	381,385	-	-
<b>Total</b>	<b>431,074</b>	<b>5,853,427</b>	<b>-</b>	<b>-</b>
<b>Other Facilities</b>				
Secured:				
Revolving credits (Note b)	3,850,543	2,828,262	-	-
Bridging loans (Note b)	8,158,179	657,351	-	-
Term loans (Note b)	2,696,000	3,395,404	-	-
Bank overdraft (Note c)	4,767,178	10,823,136	-	-
Hire purchase payables (Note e)	185,836	121,671	21,663	21,663
	19,657,736	17,825,824	21,663	21,663
Unsecured:				
Bank overdrafts	-	1,246,970	-	-
<b>Total</b>	<b>19,657,736</b>	<b>19,072,794</b>	<b>21,663</b>	<b>21,663</b>
<b>Grand Total</b>	<b>20,088,810</b>	<b>24,926,221</b>	<b>21,663</b>	<b>21,663</b>

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**20. BORROWINGS (CONT'D.)**

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Long Term Borrowings</b>				
<b>Restructured Facilities</b>				
Secured:				
Bankers' acceptances (Note a)	-	670,982	-	-
Unsecured:				
Bankers' acceptances (Note d)	-	454,471	-	-
Revolving credits (Note d)	-	187,047	-	-
<b>Total</b>	<b>-</b>	<b>1,312,500</b>	<b>-</b>	<b>-</b>
<b>Other Facilities</b>				
Secured:				
Revolving credits (Note b)	3,000,000	3,350,000	-	-
Bridging loans (Note b)	-	43,742	-	-
Term loans (Note b)	7,380,017	4,937,610	-	-
Hire purchase payables (Note e)	564,267	301,481	46,507	68,170
<b>Total</b>	<b>10,944,284</b>	<b>8,632,833</b>	<b>46,507</b>	<b>68,170</b>
<b>Grand Total</b>	<b>10,944,284</b>	<b>9,945,333</b>	<b>46,507</b>	<b>68,170</b>

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**20. BORROWINGS (CONT'D.)**

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Total Borrowings</b>				
<b>Restructured Facilities</b>				
Secured:				
Bank overdrafts (Note a)	-	1,674,519	-	-
Bankers' acceptances (Note a)	-	1,706,857	-	-
	-	3,381,376	-	-
Unsecured:				
Bank overdrafts (Note d)	335,313	893,636	-	-
Bankers' acceptances (Note d)	95,761	2,322,483	-	-
Revolving credit (Note a)	-	568,432	-	-
<b>Total</b>	<b>431,074</b>	<b>7,165,927</b>	<b>-</b>	<b>-</b>
<b>Other Facilities</b>				
Secured:				
Revolving credits (Note b)	6,850,543	6,178,262	-	-
Bridging loans (Note b)	8,158,179	701,093	-	-
Term loans (Note b)	10,076,017	8,333,014	-	-
Bank overdraft (Note c)	4,767,178	10,823,136	-	-
Hire purchase payables (Note e)	750,103	423,152	68,170	89,833
	30,602,020	26,458,657	68,170	89,833
Unsecured:				
Bank overdrafts	-	1,246,970	-	-
<b>Total</b>	<b>30,602,020</b>	<b>27,705,627</b>	<b>68,170</b>	<b>89,833</b>
<b>Grand Total</b>	<b>31,033,094</b>	<b>34,871,554</b>	<b>68,170</b>	<b>89,833</b>

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**20. BORROWINGS (CONT'D.)**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	19,902,974	24,804,550	-	-
More than 1 year and less than 2 years	2,756,169	2,917,483	-	-
More than 2 years and less than 5 years	6,623,848	6,726,369	-	-
More than 5 years	1,000,000	-	-	-
	<u>30,282,991</u>	<u>34,448,402</u>	<u>-</u>	<u>-</u>

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

	<b>GROUP</b>	<b>GROUP</b>
	<b>2004</b>	<b>2003</b>
	<b>%</b>	<b>%</b>
Bank overdraft	7.75 - 8.0	5.0 - 8.0
Revolving credits	3.5 - 9.5	5.0 - 8.0
Bankers' acceptances	7.0 - 7.4	5.0 - 7.4
Bridging loans	7.5 - 8.0	7.5 - 7.75
Term loans	4.25 - 8.0	7.75 - 8.0

- (a) The secured bank overdrafts and bankers' acceptances as well as the revolving credit facilities of the restructured facilities of the Group have been fully settled by way of early settlement arrangement with the banks.
- (b) The revolving credits, term loans and bridging loans are secured as follows:
- (i) Legal charges over certain properties under development of the Group as disclosed in Note 15 to the financial statements;
  - (ii) Jointly and severally guaranteed by certain directors of the Group;
  - (iii) Corporate guarantee of the Company;
  - (iv) Loan agreement cum assignment and legal charges over the inventories of completed properties of the Group as disclosed in Note 16 to the financial statements; and
  - (v) Joint and several guarantee of RM20,000,000 by certain directors of the Group has been discharged during the year upon full settlement of the bridging loan (Other Facilities) of a subsidiary company.

**20. BORROWINGS (CONT'D.)**

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

The term loans are repayable:

- (i) in equal monthly instalments of RM123,000 each commencing 14 December 2003; and
  - (ii) in equal monthly instalments of RM101,382 each commencing 31 August 2004.
- (c) The secured bank overdraft is secured as follows:
- (i) legal charges over certain properties under development of the Group as disclosed in Note 15 to the financial statements;
  - (ii) by way of legal assignment of a Housing Development Account of a development project;
  - (iii) joint and severally guaranteed by certain Directors of the Group; and
  - (iv) corporate guarantee of the Company.
- (d) In the financial year 2002, pursuant to the Rescue cum Debt Restructuring Scheme undertaken by the Group, a total of 32,488,497 ordinary shares of RM1.00 each were issued by the Company to the lenders and an amount of RM13,500,000 was settled by cash out of proceeds from a rights issue of shares by the Company during the financial year ended 31 December 2003 as partial settlement of debts owned by two wholly owned subsidiary companies of the Company. The balance of the debt amounting to RM10,500,000 is to be settled under a repayment scheme within two years at an interest charge of 1% per annum above the Base Lending Rate of Malayan Banking Berhad. In February 2005, the restructured facilities were fully settled.

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**20. BORROWINGS (CONT'D.)**

(e) Hire purchase payables

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Minimum hire purchase payments:				
Payable within 1 year	235,365	146,229	26,721	26,721
Payable between 1 and 2 years	235,365	146,229	26,721	26,721
Payable between 2 and 5 years	327,830	216,955	30,927	57,651
Payable after 5 years	97,039	-	-	-
	<u>895,599</u>	<u>509,413</u>	<u>84,369</u>	<u>111,093</u>
Less: Finance charges	<u>(145,496)</u>	<u>(86,261)</u>	<u>(16,199)</u>	<u>(21,260)</u>
	<u>750,103</u>	<u>423,152</u>	<u>68,170</u>	<u>89,833</u>
Analysed as:				
Due within 12 months	185,836	121,671	21,663	21,663
Payable between 1 and 2 years	190,376	121,671	21,663	21,663
Payable between 2 and 5 years	281,128	179,810	24,844	46,507
Payable after 5 years	92,763	-	-	-
Due after 12 months	<u>564,267</u>	<u>301,481</u>	<u>46,507</u>	<u>68,170</u>
	<u>750,103</u>	<u>423,152</u>	<u>68,170</u>	<u>89,833</u>

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**21. SHARE CAPITAL**

	<b>GROUP/COMPANY</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Authorised:		
Ordinary shares of RM1.00 each		
At 1 January	1,000,000,000	1,000,000,000
Created during the year	<u>-</u>	<u>-</u>
At 31 December	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid:		
Ordinary shares of RM1.00 each		
At 1 January	206,756,497	193,247,497
Rights issue	<u>-</u>	<u>13,509,000</u>
At 31 December	<u>206,756,497</u>	<u>206,756,497</u>

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

The main features of the ESOS are as follows:

- (i) The ESOS shall be in force for a period of five (5) years from the date of the receipt of the last of the requisite approvals.
- (ii) Eligible persons are employees of the Group (including executive directors) who have been employed by and is on the payroll of a company within the Group. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.
- (iii) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS.
- (iv) The exercise price for each option share shall be the higher of the following:
  - (a) at a discount of not more than 10% from the weighted average market quotation of the shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five (5) trading days preceding the date of offer; or
  - (b) the par value of the shares.

**21. SHARE CAPITAL (CONT'D.)**

- (v) No offer shall be made for less than 1,000 shares but more than 20% of the total new shares of the Company available under the ESOS.
- (vi) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of the five (5) years from the date of the receipt of the last of the requisite approvals.
- (vii) The number of shares under option or the option price or both so far as the option remains unexercised may be adjusted following any alteration in the capital structure of the Company by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction, subdivision or consolidation of capital.

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

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

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

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**22. RESERVES**

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Non-distributable:</b>				
Reserve on consolidation	3,525,878	4,039,807	-	-
<b>Distributable:</b>				
Accumulated losses (Note a)	(69,597,259)	(70,065,868)	(20,821,889)	(19,599,904)
	<u>(66,071,381)</u>	<u>(66,026,061)</u>	<u>(20,821,889)</u>	<u>(19,599,904)</u>

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Reserve on Consolidation</b>				
Cost:				
At 1 January/ 31 December	10,739,205	10,739,205	-	-
Accumulated amortisation:				
At 1 January	6,699,398	4,492,368	-	-
Amortisation during the year	513,929	2,207,030	-	-
At 31 December	<u>7,213,327</u>	<u>6,699,398</u>	<u>-</u>	<u>-</u>
	<u>3,525,878</u>	<u>4,039,807</u>	<u>-</u>	<u>-</u>
(a) Accumulated by:				
Holding company	(20,821,889)	(19,599,904)	(20,821,889)	(19,599,904)
Subsidiary companies	<u>(48,775,370)</u>	<u>(50,465,964)</u>	<u>-</u>	<u>-</u>
	<u>(69,597,259)</u>	<u>(70,065,868)</u>	<u>(20,821,889)</u>	<u>(19,599,904)</u>

As at 31 December 2004, the Company has tax exempt profits of RM74,000 (2003: RM74,000), subject to the agreement of the Inland Revenue Board.

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**23. DEFERRED TAXATION**

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
At 1 January	9,844,842	11,597,247	-	-
Transfer to income statement	(650,876)	(1,752,405)	-	-
At 31 December	<u>9,193,966</u>	<u>9,844,842</u>	<u>-</u>	<u>-</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(199,519)	(1,864)	(492)	-
Deferred tax liabilities: Subject to income tax	<u>9,393,485</u>	<u>9,846,706</u>	<u>492</u>	<u>-</u>
	<u>9,193,966</u>	<u>9,844,842</u>	<u>-</u>	<u>-</u>

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

**Deferred tax liabilities of the Group:**

	GROUP Property, Plant and Equipment RM
As at 1 January 2004	9,846,706
Recognised in income statement	<u>(453,221)</u>
As at 31 December 2004	<u>9,393,485</u>
As at 1 January 2003	11,597,247
Recognised in income statement	<u>(1,750,541)</u>
As at 31 December 2003	<u>9,846,706</u>

**23. DEFERRED TAXATION (CONT'D.)**

**Deferred tax assets of the Group:**

	<b>Tax Losses and Unabsorbed Capital Allowances RM</b>	<b>GROUP Others  RM</b>	<b>Total RM</b>
As at 1 January 2004	(1,864)	-	(1,864)
Recognised in income statement	(216,719)	19,064	(197,655)
As at 31 December 2004	(218,583)	19,064	(199,519)
As at 1 January 2003	-	-	-
Recognised in income statement	(1,864)	-	(1,864)
As at 31 December 2003	(1,864)	-	(1,864)

**Deferred tax liabilities of the Company:**

	<b>COMPANY Property, Plant and Equipment RM</b>
As at 1 January 2004	-
Recognised in income statement	492
As at 31 December 2004	492
As at 1 January 2003	-
Recognised in income statement	-
As at 31 December 2003	-

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**23. DEFERRED TAXATION (CONT'D.)**

Deferred tax assets of the Company:

	<b>Company Tax Losses and Unabsorbed Capital Allowances RM</b>
As at 1 January 2004	-
Recognised in income statement	(492)
	<hr/>
As at 31 December 2004	(492)
	<hr/>
As at 1 January 2003	-
Recognised in income statement	-
	<hr/>
As at 31 December 2003	-
	<hr/>

**24. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS**

During the financial year, the Group and the Company adopted MASB 32: Property Development Activities for the first time. The adoption of MASB 32 and the said reclassification below did not give rise to any adjustments to the opening balances of retained profits of the prior and current year.

Comparative amounts as at 31 December 2003, however, have been restated as follows:

	<b>Previously stated RM</b>	<b>Adjustments RM</b>	<b>Restated RM</b>
<b>Group</b>			
Property development costs (Note 15)	59,731,910	(19,727,731)	40,004,179
Trade and other receivables (Note 17)*	33,475,918	21,253,066	54,728,984
Tax recoverable (Note 17) <sup>#</sup>	90,719	212,176	302,895
Trade and other payables (Note 19)	25,288,521	1,225,298	26,513,819
Provision for taxation *	6,167,820	209,318	6,377,138
	<hr/>	<hr/>	<hr/>

\* The reclassification in trade and other receivables for the Group includes the net amount owing of RM1,225,298 by Brem Holding Berhad, a related company, and provision from taxation of RM209,318.

<sup>#</sup> Tax recoverable includes a reclassification of RM2,858 from trade and other receivables.

**25. CONTINGENT LIABILITIES AND MATERIAL LITIGATION**

	GROUP		COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Secured:				
(a) Bank guarantees provided to third parties (Note i)	225,522	288,340	-	-
Unsecured:				
(b) Guarantees to financial institutions for borrowings of subsidiary companies	-	-	45,145,000	118,095,000
(c) Guarantees to trade creditors for the supply of raw materials of a subsidiary company	-	-	-	2,000,000

**Notes:**

- (i) The bank guarantees are secured by pledged fixed deposits of RM225,522 (2003: RM288,340) together with Set-off and Memorandum of Deposit duly executed.
- (ii) Included in the guarantees to financial institutions for the previous year is RM82,150,000 in relation to restructured facilities under the Rescue cum Debt Restructuring Scheme as disclosed in Note 20(d) to the financial statements. The restructured facilities were fully settled in February 2005.
- (d) Kuala Lumpur High Court Suit No. S6-22-280-2001

The claim filed by Linear Harvest Sdn. Bhd. ("LHSB") and Ong Tai Chin ("OTC") against Bertam Development Sdn. Bhd. ("BDSB"), a wholly owned subsidiary of the Company, was fixed for case management on 7 August 2003 by the High Court. The claim for RM1,370,000 is allegedly due pursuant to a sale and purchase agreement dated 30 October 1995 in relation to the property known as SPK 4480, Lot 1274, Mukim Kuah, Langkawi. BDSB has counter-claimed against LHSB and OTC for a sum of RM3,798,329 on 5 July 2001. In the case management held on 7 February 2005, the court has adjourned the next case management to be held on 9 May 2005. In addition, the court has fixed the full trial for four (4) days commencing 6 to 9 March 2006. Based on the solicitor's advice, the Directors are of the opinion that BDSB will not suffer any losses in respect of the alleged claim and accordingly, no provisions have been made in the financial statements.

## **26. SIGNIFICANT EVENTS DURING THE YEAR**

- (a) Joint Venture Agreement between Syarikat Sungai Buan Sdn. Bhd. and En. Hamdy bin Abdul Basek and Sanubari Sejahtera Sdn. Bhd.

Syarikat Sungai Buan Sdn. Bhd., a wholly owned subsidiary of the Company and En. Hamdy bin Abdul Basek and Sanubari Sejahtera Sdn. Bhd. had on 29 June 2004 entered into a Joint Venture Agreement to jointly develop a residential resort development project, known as Karangan Resort in Kuantan, on approximately 22.334 acres of land identified as follows:

- (i) PM 1 Lot No. 2928 of Mukim Sungai Karang, Tempat Kampong Pantai, Daerah Kuantan, Negeri Pahang
- (ii) GM119 Lot No. 2422 of Mukim Sungai Karang, Tempat Kampong Pantai, Daerah Kuantan, Negeri Pahang
- (iii) GM156 Lot No. 935, GM157 Lot No.929, GM159 Lot No. 932 and HS (M) PT No. 1346, Mukim Sungai Karang, Tempat Kampong Pantai, Daerah Kuantan, Negeri Pahang

In addition, Sanubari Sejahtera Sdn. Bhd. is the beneficial and/or registered owner and/or has the right to develop one piece of land measuring approximately 8.513 acres under the "building" category of land use in Mukim of Sungai Karang, Tempat of Kuala Sungai Karang and Jenis Hakmilik of Geran Mukim which the state authority has alienated to Sanubari Sejahtera Sdn. Bhd. but the individual document of title has yet to be issued. This piece of land forms part of the Karangan Resort land.

The Joint Venture Agreement is not subject to approval by the shareholders of the Company. Work has not commenced on the development as at 31 December 2004.

- (b) Disposal of Subsidiary Lands

During the financial year ended 31 December 2004, UH Industries & Development Sdn. Bhd. and Dove Industries Sdn. Bhd. have completed the disposal of several pieces of land with combined net book value of RM9,176,288 for a total consideration of RM9,714,392. The gain on disposal of the land of RM538,104 has been accounted for in the respective subsidiary financial statements for the financial year ended 31 December 2004.

Additionally, UH Industries & Development Sdn. Bhd. had also entered into two sale and purchase agreements with various unrelated parties to dispose of certain landed properties with net book value of RM1,116,238 as at 31 December 2004, for a total consideration of RM1,375,000. Expected gain on disposal of approximately RM258,762 was not recognised during the year as the sales have not been completed as at year end.

## **27. SUBSEQUENT EVENTS**

### **(a) Disposal of Subsidiary Lands**

In January 2005, UH Industries & Development Sdn. Bhd. entered into various sale and purchase agreements with various unrelated parties to dispose of four (4) landed properties with net book value of RM117,766 as at 31 December 2004, for a total consideration of RM160,000.

### **(b) Full Settlement of Restructured Loan**

Pursuant to the Settlement Agreement and Supplemental Settlement Agreement executed in December 2000 and February 2002 respectively, UH Industries & Development Sdn. Bhd. and Dove Industries Sdn. Bhd., have an obligation to fully settle the remaining RM10.5 million restructured facilities under the Rescue cum Debt Restructuring Scheme to the respective lenders beginning February 2003 over a period of two years.

As at 31 December 2004, UH Industries & Development Sdn. Bhd. and Dove Industries Sdn. Bhd. have a combined liability of approximately RM400,000 on the restructured facilities as disclosed in Note 20. The liabilities on the restructured facilities have been fully settled and the corporate guarantee provided by the Company has been withdrawn in February 2005.

## **28. FINANCIAL INSTRUMENTS**

### **(a) Financial Risk Management Objectives and Policies**

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

### **(b) Liquidity Risk**

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

**28. FINANCIAL INSTRUMENTS (CONT'D.)**

(c) Credit Risk

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

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

(d) Foreign Exchange Risk

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

(e) Fair Values

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

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

29. SEGMENT INFORMATION

BUSINESS SEGMENTS

	Property development		Manufacturing and trading		Corporate and others		Eliminations*		Consolidated	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
<b>Revenue</b>										
External sales	48,794,816	57,694,083	603,802	6,016,766	-	-	-	-	49,398,618	63,710,849
Inter-segment sales	-	-	329,281	4,385,860	150,000	2,744,605	(479,281)	(7,130,465)	-	-
Total revenue	48,794,816	57,694,083	933,083	10,402,626	150,000	2,744,605	(479,281)	(7,130,465)	49,398,618	63,710,849
<b>Results</b>										
Segment result / profit/(loss) from operations	3,091,930	8,090,037	3,055,811	(6,931,175)	(1,216,925)	1,169,555	(3,284,209)	(7,394,737)	1,646,607	(5,066,320)
Finance cost, net									(1,195,009)	(1,530,472)
Taxation									17,011	(842,685)
Net profit/(loss) for the year									468,609	(7,439,477)
<b>Assets and Liabilities</b>										
Segment assets / consolidated total assets	195,882,869	183,671,582	3,246,523	13,977,968	192,302,093	192,376,897	(172,236,423)	(171,688,658)	219,195,062	218,337,789
Segment liabilities / consolidated total liabilities	111,401,908	100,424,452	74,965,061	87,954,293	6,367,485	5,220,303	(114,224,508)	(115,991,695)	78,509,946	77,607,353
<b>Other Information</b>										
Capital expenditure	640,978	85,785	-	1,530	-	64,188	-	-	640,978	151,503
Depreciation	284,441	218,904	185,738	1,524,137	32,309	28,392	-	-	502,488	1,771,433
Amortisation of reserve on consolidation and goodwill	7,720	7,720	-	-	-	-	486,829	2,179,930	494,549	2,187,650
Impairment losses	-	-	-	4,584,859	-	-	-	-	-	4,584,859
Non-cash expenses other than depreciation, amortisation and impairment losses	(224,000)	-	(3,909,008)	(371,555)	-	-	2,514,484	-	(1,618,524)	(371,555)

\* Eliminations are principally inter company and Group adjustments.

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

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**30. SIGNIFICANT RELATED PARTY TRANSACTIONS**

<b>COMPANY</b>	
<b>2004</b>	<b>2003</b>
<b>RM</b>	<b>RM</b>

(a) Transactions with subsidiary companies:

Dividend income from Bertam Development Sdn. Bhd.	-	2,612,605
Management fee receivable	150,000	132,000
	150,000	132,000

<b>GROUP</b>	
<b>2004</b>	<b>2003</b>
<b>RM</b>	<b>RM</b>

(b) Transactions with a corporate shareholder which has a substantial interest in the Company:

**Brem Holding Berhad**

Contract cost payable	1,190,395	4,365,596
Office rental payable	60,000	60,000
	60,000	60,000

(c) Transactions with companies in which Directors have substantial controlling interests:

**Idaman Pertama Sdn. Bhd.**

Management and consultancy fees	180,000	270,000
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**Autopot Nursery Sdn. Bhd.**

Contract cost payable	-	45,904
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**Eema Enterprise**

Contract cost payable	-	250,000
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**Bertam Realty Sdn. Bhd.**

Office rental payable	8,400	8,400
	8,400	8,400

**30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)**

	<b>GROUP</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
(d) Transaction with a company in which persons connected to a substantial shareholder have substantial controlling interest:		
<b>Nikmat Maju Development Sdn. Bhd.</b>		
Other rental payable	56,040	58,699
 (e) <b>Suasa Tegas Sdn. Bhd.</b>		
Share of profit payable in relation to a property development joint venture with a subsidiary company	2,117,731	-
Land cost transferred to a subsidiary, UH Industries & Development Sdn. Bhd. pursuant to the property development joint venture	5,500,000	-

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