

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR TO DATE
ENDED 30 JUNE 2017**

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------|---------------------------------------|--|-------------------------|---|
| | | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | | 30/6/2017 RM' 000 | 30/6/2016 RM' 000 | 30/6/2017 RM' 000 | 30/6/2016 RM' 000 |
| Revenue | | - | 5,919 | 129,426 | 6,986 |
| Cost of sales | | (28) | (6,110) | (55,477) | (6,823) |
| Gross profit | | (28) | (191) | 73,949 | 163 |
| Other income | | 345 | 54 | 643 | 157 |
| Administrative expenses | | (1,427) | (2,431) | (2,941) | (4,433) |
| Finance costs | | (193) | (467) | (919) | (978) |
| (Loss) / Profit before tax | | (1,303) | (3,035) | 70,732 | (5,091) |
| Income tax expense | | (17) | - | (17) | - |
| (Loss) / Profit for the period | | (1,320) | (3,035) | 70,715 | (5,091) |
| Other comprehensive income, net of tax <i>items that may be re-classified subsequently to profit or loss</i> | | | | | |
| Fair value of available-for-sale financial assets | | 219 | - | 219 | - |
| Total comprehensive (loss) / income | | (1,101) | (3,035) | 70,934 | (5,091) |
| (Loss) / Profit attributable to: | | | | | |
| Owners of the Company | | (1,320) | (3,035) | 70,715 | (5,091) |
| Non-controlling interests | | * | - | * | - |
| | | (1,320) | (3,035) | 70,715 | (5,091) |
| Total comprehensive (loss) / income attributable to: | | | | | |
| Owners of the Company | | (1,101) | (3,035) | 70,934 | (5,091) |
| Non-controlling interests | | * | - | * | - |
| | | (1,101) | (3,035) | 70,934 | (5,091) |
| | | * denotes amount less than RM1,000.00 | | | |
| Earnings per share attributable to | | | | | |
| owners of the Company | | sen | sen | sen | sen |
| - Basic | | (0.64) | (1.47) | 34.20 | (2.46) |
| - Diluted | | N/A | N/A | N/A | N/A |

The above condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

| | (UNAUDITED) | (AUDITED) |
|--|--------------------|---------------------|
| Note | As at 30/6/2017 | As at 31/12/2016 |
| | RM'000 | RM'000 |
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 10,008 | 10,340 |
| Land held for property development | 77,446 | 76,170 |
| Goodwill on consolidation | 90 | 90 |
| Other investments | 2,524 | 2,305 |
| Club memberships | - | 86 |
| | <u>90,068</u> | <u>88,991</u> |
| Current assets | | |
| Asset held for sale | 15,994 | 63,349 |
| Property development cost | 106,747 | 104,022 |
| Inventories | 1,259 | 2,435 |
| Trade and other receivables | 14,190 | 20,484 |
| Tax recoverable | 2,945 | 3,050 |
| Deposits, cash and bank balances | 61,532 | 8,136 |
| | <u>202,667</u> | <u>201,476</u> |
| Total assets | <u>292,735</u> | <u>290,467</u> |
| Equity and liabilities | | |
| Capital and Reserves | | |
| Share capital | 206,756 | 206,756 |
| Other Reserve | (14,865) | (14,865) |
| Retained earnings/(Accumulated losses) | 22,891 | (48,042) |
| Equity attributable to equity holders of the Company | 214,782 | 143,849 |
| Non-controlling interests | (144) | (144) |
| Total equity | <u>214,638</u> | <u>143,705</u> |
| Non-current liabilities | | |
| Loans and borrowings | 46,704 | 65,558 |
| Finance lease payable | 583 | 670 |
| Deferred tax liabilities | 721 | 721 |
| | <u>48,008</u> | <u>66,949</u> |
| Current liabilities | | |
| Trade and other payables | 13,866 | 35,343 |
| Tax payables | 529 | 528 |
| Loans and borrowings | 15,530 | 43,779 |
| Finance lease payable | 163 | 163 |
| | <u>30,088</u> | <u>79,813</u> |
| Net current asset | <u>172,579</u> | <u>121,663</u> |
| Total liabilities | <u>78,096</u> | <u>146,762</u> |
| | <u>214,639</u> | <u>143,705</u> |
| Total equity and liabilities | <u>292,735</u> | <u>290,467</u> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | <u>1.04</u> | <u>0.70</u> |

The above condensed consolidated statements of financial position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

| | <-----Attributable to owners of the Company-----> | | (Accumulated Losses) / Retained Earnings | Total | Non-controlling Interests | Total equity |
|------------------------------|---|----------------------------|---|---------|------------------------------|-----------------|
| | Non-distributable | Distributable | | | | |
| | Share Capital RM'000 | Other Reserve RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| As at 01 January 2017 | 206,756 | (14,865) | (48,042) | 143,849 | (144) | 143,705 |
| Total comprehensive income | - | - | 70,934 | 70,934 | * | 70,934 |
| As at 30 June 2017 | 206,756 | (14,865) | 22,892 | 214,783 | (144) | 214,639 |
| As at 01 January 2016 | 206,756 | (14,865) | (19,862) | 172,029 | (141) | 171,888 |
| Total comprehensive loss | - | - | (5,091) | (5,091) | - | (5,091) |
| As at 30 June 2016 | 206,756 | (14,865) | (24,953) | 166,938 | (141) | 166,797 |

* denotes amount less than RM1,000.00

The above condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

| | Current Year To Date 30/6/2017 RM'000 | Preceding Year Corresponding Period 30/6/2016 RM'000 |
|--|--|---|
| Cash Flows From Operating Activities | | |
| Profit / (Loss) before tax | 70,732 | (5,091) |
| Adjustment for: | | |
| Depreciation | 341 | 258 |
| Loss on disposal of other investment | 45 | - |
| Impairment on quoted shares | - | 401 |
| Plant and equipment written off | - | 102 |
| Interest income | (662) | (54) |
| Interest expense | 912 | 978 |
| Operating cash flows before changes in working capital | <u>71,368</u> | <u>(3,406)</u> |
| Changes in working capital:- | | |
| Inventories | 1,176 | 7,019 |
| Property development/Assets held for sale | (82,840) | 45,034 |
| Trade and other receivables | 6,295 | (24,422) |
| Trade and other payables | (21,475) | (24,986) |
| Other current assets | - | (1,186) |
| Other current liabilities | - | (3,444) |
| Net cash flows used in operations | <u>(25,476)</u> | <u>(5,391)</u> |
| Interest paid | (2,719) | (978) |
| Income taxes paid, net of refunded | 88 | (744) |
| Net cash flows used in operating activities | <u>(28,107)</u> | <u>(7,113)</u> |
| Cash Flows From Investing Activities | | |
| Purchase of: | | |
| - property, plant and equipment | (9) | (510) |
| - land held for property development | - | 1,523 |
| Proceeds from disposal of land | 128,000 | - |
| Proceeds from disposal of other investment | 41 | - |
| Investment | - | 401 |
| Interest received | 662 | 54 |
| Net cash flows generated from investing activities | <u>128,694</u> | <u>1,468</u> |
| Cash Flows From Financing Activities | | |
| Repayment of borrowings | (33,139) | (1,038) |
| Increased of fixed deposit pledged | (10,008) | - |
| Net cash flows used in financing activities | <u>(43,147)</u> | <u>(1,038)</u> |
| Net increase / (decrease) in cash and cash equivalents | 57,440 | (6,683) |
| Cash and cash equivalents at beginning of the period | (16,900) | 10,361 |
| Cash and cash equivalents at end of the period | <u><u>40,540</u></u> | <u><u>3,678</u></u> |
| Cash and cash equivalents comprise the following: | | |
| Cash and short term deposits | 61,532 | 4,864 |
| Bank overdraft | (4,761) | - |
| | <u>56,771</u> | <u>4,864</u> |
| Less: Fixed deposit pledged with licensed banks | <u>(16,231)</u> | <u>(1,186)</u> |
| | <u><u>40,540</u></u> | <u><u>3,678</u></u> |

The above condensed consolidated statements of cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with FRS 134, Interim Financial Reporting in Malaysia and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016. These explanatory notes attached to this condensed report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

2. Changes in Accounting Policies

2.1 Adoption of standards, amendments and IC interpretations

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the Group's consolidated audited financial statements for the financial year ended 31 December 2016, except for the adoption of the following:

| FRS / Amendments / Interpretations | Effective date |
|--|----------------|
| Amendments to FRS 107, Statement of Cash Flows – Disclosure Initiative | 1/1/2017 |
| Amendments to FRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses | 1/1/2017 |
| Amendments to FRS 12, Disclosure of Interests in Other Entities | 1/1/2017 |

The initial application of the abovementioned standards, amendments and interpretations did not have any material impacts to the current and prior periods financial statements upon their first adoption.

2.2 Malaysian Financial Reporting Standards ("MFRS") Framework

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

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

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

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ending 31 December 2017 could be different if prepared under the MFRS Framework.

3. Audit Opinion on 2016 Financial Statements

The auditors' report on the financial statements of the Group for the year ended 31 December 2016 was not subject to any audit qualification.

4. Seasonal or Cyclical Factors

There were no material seasonal or cyclical factors affecting the performance of the Group during the financial period under review.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

6. Changes in Estimates

There were no changes in estimates that have had a material effect in the results during the financial period under review.

7. Issuances, Cancellation, Repurchases, Resale and Repayment of Debts and Equity Securities

There were no issues, repurchases and repayments of debt and equity securities during the financial period under review.

8. Dividend paid

There were no dividend paid during the financial period under review.

9. Segmental Information

The Group's activities include property for sales, property development, construction and provision of corporate management services to the companies within the Group which are carried out in Malaysia as follows:

| Current year to date 30/6/2017 | Property for Sale/ Property Development RM'000 | Construction RM'000 | Corporate and others RM'000 | Total RM'000 |
|-----------------------------------|--|------------------------|-----------------------------------|-----------------|
| Revenue | | | | |
| External sales | 128,200 | 1,226 | - | 129,426 |
| Results | | | | |
| Segment results | 73,003 | 139 | (1,150) | 71,992 |
| Depreciation | (203) | - | (138) | (341) |
| Finance costs | (634) | - | (285) | (919) |
| Profit / (loss) before tax | 72,166 | 139 | (1,573) | 70,732 |
| Income tax expense | (17) | - | - | (17) |
| Profit / (loss) after tax | 72,149 | 139 | (1,573) | 70,715 |

10. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements.

11. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the financial period reported that have not been reflected in these financial statements.

12. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the financial quarter under review except for the following:

- a) On 21 June 2017, Bertam Development Sdn Bhd, a wholly-owned subsidiary of the Company, acquired the following companies for cash consideration of RM1.00 each:
- i) SKB Pinang Sdn Bhd; and
 - ii) Sumbang Merah Sdn Bhd
- (collectively "Subsidiaries")

The Subsidiaries are companies incorporated in Malaysia with issued share capital of RM1.00 comprising one (1) ordinary shares for each subsidiary. The intended principal business activities for the Subsidiaries are of property development.

The acquisition of the Subsidiaries is not expected to affect the financial position significantly. The transactions were completed and the companies became the wholly-owned subsidiaries of the Group.

13. Contingent Liabilities

The contingent liabilities of the Company and the Group as at 30 June 2017 were as follows:

| | Company RM'000 | Group RM'000 |
|---|-------------------|-----------------|
| Guarantees to financial institutions for banking facilities granted to the subsidiary companies | 68,000 | - |

14. Trade and Other Receivables

The trade and other receivables of the Group were as follows:

| | 30/6/2017 RM'000 | 31/12/2016 RM'000 |
|---|---------------------|----------------------|
| Trade receivables - third parties, net of impairments | 6,677 | 8,573 |
| Other receivables | | |
| - Sundry receivables, net of impairments | 4,114 | 4,692 |
| - Prepayment | 94 | 3,908 |
| - Refundable deposits | 3,305 | 3,311 |
| | 7,513 | 11,911 |
| Total trade and other receivables | 14,190 | 20,484 |

15. Related Party Transactions

There are no other significant related party transactions except for the followings:

| | Current Quarter | | Year to date | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30/6/2017 RM'000 | 30/6/2016 RM'000 | 30/6/2017 RM'000 | 30/6/2016 RM'000 |
| Transaction with companies in which the Directors of the Company have substantial financial interest | | | | |
| - rental income on premises | 10 | 11 | 20 | 17 |
| - rental expenses on premises | - | (30) | - | (43) |

The related party transactions have been entered into in the normal course of business under negotiated terms.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

1. Operating Segment Review

2nd Quarter 2017 vs 2nd Quarter 2016

| | Individual quarter | | Changes | |
|---|-------------------------|--|---------|-------|
| | Current year Quarter | Preceding Year Corresponding Quarter | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | | | | |
| Property for sale /Property Development | - | 723 | (723) | -100% |
| Construction | - | 5,196 | (5,196) | -100% |
| Corporate and others | - | - | - | NA |
| | - | 5,919 | (5,919) | -100% |
| Profit before tax | | | | |
| Property for sale /Property Development | (552) | (1,681) | 1,129 | 67% |
| Construction | (103) | 342 | (445) | -130% |
| Corporate and others | (648) | (1,696) | 1,048 | 62% |
| | (1,303) | (3,035) | 1,732 | 57% |
| Profit after tax | | | | |
| Property for sale /Property Development | (569) | (1,681) | 1,112 | 66% |
| Construction | (103) | 342 | (445) | -130% |
| Corporate and others | (648) | (1,696) | 1,048 | 62% |
| | (1,320) | (3,035) | 1,715 | 57% |

Group

There was no revenue recorded for the current quarter ended 30 June 2017 as compared to a RM5.9 million in the previous corresponding quarter. Revenue from previous year was mainly arising from Construction activities.

Property for sales/Property development segment

The revenue recorded in previous year's corresponding quarter was RM0.7 million which was arising from the sales of properties. There was no revenue recorded for current quarter.

For the current quarter ended 30 June 2017, the segment incurred a loss before tax of RM0.5 million as compared to loss before tax of RM1.7 million in the previous corresponding quarter which is in line with lower activities in this segment for the current quarter.

Construction segment

There was no revenue recorded for current quarter. The revenue recorded in previous year's corresponding quarter was RM5.2 million.

For the current quarter ended 30 June 2017, the Group recorded a loss before tax of RM0.1 million as compared to profit before tax of RM0.3 million in the previous corresponding quarter in line with lower activities in this segment for the current quarter.

Year to date 30.6.2017 vs 30.6.2016

| | Cumulative period | | Changes | |
|---|-------------------------|---|----------------|--------------|
| | Current year to date | Preceding Year Corresponding period | RM'000 | % |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | | | | |
| Property for sale /Property Development | 128,200 | 872 | 127,328 | 14602% |
| Construction | 1,226 | 6,114 | (4,888) | -80% |
| Corporate and others | - | - | - | NA |
| | <u>129,426</u> | <u>6,986</u> | <u>122,440</u> | <u>1753%</u> |
| (Loss) / Profit before tax | | | | |
| Property for sale /Property Development | 72,166 | (2,018) | 74,184 | 3676% |
| Construction | 139 | 146 | (7) | -5% |
| Corporate and others | (1,573) | (3,219) | 1,646 | 51% |
| | <u>70,732</u> | <u>(5,091)</u> | <u>75,823</u> | <u>1489%</u> |
| (Loss) / Profit after tax | | | | |
| Property for sale /Property Development | 72,149 | (2,018) | 74,167 | 3675% |
| Construction | 139 | 146 | (7) | -5% |
| Corporate and others | (1,573) | (3,219) | 1,646 | 51% |
| | <u>70,715</u> | <u>(5,091)</u> | <u>75,806</u> | <u>1489%</u> |

Group

The Group recorded higher revenue of RM129.4 million, an increase of RM122.4 million, as compared to RM7.0 million same period last year, which was mainly arising from the proceeds of land disposal during the first quarter of 2017.

The Group recorded profit before tax of RM70.7 million as compared to loss before tax of RM5.1 million in the previous year's corresponding period as a results from the disposal of the said land.

Property for sale/Property development segment

Higher revenue of RM128.2 million recorded for the current year to date, an increased of RM127.3 million, as compared to revenue of RM0.9 million in previous years mainly arising from the proceeds of disposal of land.

For the current financial period ended 30 June 2017, the segment recorded profit before tax of RM72.2 million as compared to loss before tax of RM2.0 million in the previous corresponding period arising from the gain on disposal of lands.

Construction segment

The revenue recorded in the financial year to date of RM1.2 million, a decrease of RM4.9 million as compared to previous year's revenue of RM6.1 million in view of lower constructions activities during the financial period under review.

For the current quarter ended 30 June 2017, the segment recorded an insignificant decrease in profit before tax of RM7K at RM139K from RM146K recorded in the previous corresponding period.

2. Review of Current Quarter Profitability against Immediate Preceding Quarter

| | Current quarter | Immediate preceding quarter | Changes | |
|---|--------------------|-----------------------------------|-----------|-------|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | | | | |
| Property for sale /Property Development | - | 128,200 | (128,200) | -100% |
| Construction | - | 1,226 | (1,226) | -100% |
| Corporate and others | - | - | - | NA |
| | - | 129,426 | (129,426) | -100% |
| (Loss) / Profit before tax | | | | |
| Property for sale /Property Development | (552) | 72,718 | (73,270) | 101% |
| Construction | (103) | 242 | (345) | -143% |
| Corporate and others | (648) | (925) | 277 | 30% |
| | (1,303) | 72,035 | (73,338) | 102% |
| (Loss) / Profit after tax | | | | |
| Property for sale /Property Development | (569) | 72,718 | (73,287) | 101% |
| Construction | (103) | 242 | (345) | -143% |
| Corporate and others | (648) | (925) | 277 | 30% |
| | (1,320) | 72,035 | (73,355) | 102% |

Group registered loss before tax of RM1.3 million as compared to a profit before tax of RM72.03 million in immediate preceding quarter. The profit recorded in the immediate preceding quarter was mainly arising from the land disposal.

3. Prospects

In the midst of rising costs due to inflation and the uncertainties in global economy coupled with the tighten lending conditions which affect property demand, the property market outlook is expected to remain challenging for the remaining period in the financial year ending 31 December 2017. Despite these challenges, the Group will continue to focus on the development of the affordable residential properties in Kota Kinabalu, Sabah over the next 3 years with the estimated Gross Development Value of approximately RM140 million.

As disclosed in Note 6 to the Explanatory Notes, the Group is currently looking into the Lot A land and Lot B land on further development, the proposals are currently in progress and pending approvals. The Group will take necessary steps for the developments of those lands in order to sustain the operation of the Group.

4. Explanatory Note for Variance of Actual Profit from Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee for the period under review.

5. Income tax expense

| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
|----------------------------------|-------------------------|--|-------------------------|---|
| | 30/6/2017 RM' 000 | 30/6/2016 RM' 000 | 30/6/2017 RM' 000 | 30/6/2016 RM' 000 |
| Income tax | | | | |
| - current year provision | 1 | - | 1 | - |
| - under provision in prior years | 16 | - | 16 | - |
| | 17 | - | 17 | - |

6. Status of Corporate Proposals

- (i) There were no other corporate proposals announced but not completed as of the reporting date except for the followings :
- a) Proposed disposal of agriculture land held under HSD 16097, PT 7886, Mukim Gemencheh, Daerah Tampin, Negeri Sembilan measuring with an area of 196.3 hectares (485.067 acres) by Budaya Identiti Sdn Bhd to PYL Agriculture Sdn. Bhd. for a total consideration of RM15,522,171.52. The disposal is pending completion.
 - b) Proposed ratification on the Joint Venture between Sepakat Heights Sdn Bhd and Jumat Bin Laiyo for the proposed development of Lot A Lands into residential development, strictly conditional upon approval of the application for the amalgamation, subdivision and conversion of the land titles in Lot A Lands from native titles into country lease titles and/or town lease lands;
 - c) Proposed ratification on the Joint Venture between Sunrise Avenue Sdn Bhd and Rosalia Anthony for the proposed development of Lot B Lands into commercial development, strictly conditional upon approval of the application for the amalgamation, subdivision and conversion of the land titles in Lot B Lands from native titles into country lease titles and/or town lease lands;
 - d) Proposed variation to utilisation of proceeds arising from the disposal of lands.

7. Borrowings

The Group's borrowings (all denominated in Ringgit Malaysia) are as follows:

| | Current RM'000 | Non Current RM'000 | Total RM'000 |
|---------------------------------|-------------------|--------------------------|-----------------|
| Secured | | | |
| Term loans | 10,769 | 46,704 | 57,473 |
| Obligations under finance lease | 163 | 583 | 746 |
| Bank overdrafts | 4,761 | - | 4,761 |
| As at 30 June 2017 | 15,693 | 47,287 | 62,980 |

| | Current RM'000 | Non Current RM'000 | Total RM'000 |
|---------------------------------|-------------------|--------------------------|-----------------|
| Secured | | | |
| Term loans | 13,318 | 89,605 | 102,923 |
| Obligations under finance lease | 78 | 834 | 912 |
| As at 30 June 2016 | 13,396 | 90,439 | 103,835 |

In line with the loan repayment as disclosed in Note 6 above, during the financial period to date, the Group has paid down the loan and is in the process to uplift the charges on the assets. The Corporate Guarantee by the Company has since reduced accordingly as disclosed in the Notes 13 to the Interim Financial Statements.

8. Changes in Material Litigation

There are no other pending material litigation as at reporting date except for the following:

Further to the announcement on 6 October 2016 and 28 February 2017 respectively. On 26 July 2017, Bertam Development Sdn Bhd ("BDSB") had been served with the Statutory Notice dated 25 July 2017 pursuant to Section 466 (1) (a) of the Companies Act, 2016 by Messrs. T G Lee & Associates, the Solicitors who act on behalf of R & C Cergas Teguh Sdn Bhd ("RCCTSB") demanding for the payment as per the Adjudicator decision dated 19 February 2017 (wherein an enforcement Order has been granted on 5 June 2017 by Court) in the sum of RM4,568,203.47 as at 25 July 2017 and continuing interest at the rate of 7.65% per annum on RM4,111,267-73 from 26 July 2017 until full and final realization of the total sum due and owing to RCCTSB.

In the event that BDSB failed to pay RCCTSB at the expiration of twenty-one (21) days from the date of Statutory Notice served, BDSB will be deemed pursuant to Section 466(1)(a) of the Companies Act, 2016 and the winding up proceedings will be commenced against BDSB.

The Company has filed the stay pending appeal application which is now fixed for hearing on 6 September 2017. The Respondent winding up petition is fixed for case management on 4 September 2017 and the hearing of the Winding up petition is fixed on 10 October 2017.

The company had filed in the court of appeal on 10 July 2017 to appeal against the Adjudicator decision dated 19 February 2017 and the case has fixed for further case management on 15 September 2017. The Company will seek necessary legal advice to resolve and/or defend against the above matter.

9. Dividend Payable

The Board of Directors does not recommend any payment of dividend in respect of the financial period under review.

10. Earnings per share

The basic earnings per share has been calculated by dividing the Group's profit/(loss) for the period attributable to owners of the Company by weighted average number of shares in issue. The weighted number of shares in issue is calculated as follows:

| | Quarter ended | | Year to date | |
|--|---------------|---------------|--------------|---------------|
| | 30/6/2017 | 30/6/2016 | 30/6/2017 | 30/6/2016 |
| (Loss) / Profit attributable to owners of the Company (RM'000) | (1,320) | (3,035) | 70,715 | (5,091) |
| Number of ordinary shares in issued ('000 shares) | 206,756 | 206,756 | 206,756 | 206,756 |
| Basic earnings per share (sen) | <u>(0.64)</u> | <u>(1.47)</u> | <u>34.20</u> | <u>(2.46)</u> |

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

11. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 were not subject to any qualifications or modified opinion.

12. (Loss) / Profit Before Tax

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

| | Quarter ended | | Year to date | |
|--------------------------------------|---------------|-----------|--------------|-----------|
| | 30/6/2017 | 30/6/2016 | 30/6/2017 | 30/6/2016 |
| Interest income | 294 | (18) | 331 | 54 |
| Rental income | 42 | 30 | 42 | 30 |
| Interest expense | (186) | (467) | (912) | (978) |
| Depreciation | (171) | (140) | (341) | (258) |
| Impairment on quoted investment | - | (401) | - | (401) |
| Loss on disposal of other investment | (45) | - | (45) | - |
| Plant and equipment written off | - | (102) | - | (102) |

13. Retained Earnings / (Accumulated Losses)

| | As at 30/6/2017 RM'000 | As at 31/12/2016 RM'000 |
|--|------------------------------|-------------------------------|
| Realised | 10,559 | (47,052) |
| Unrealised | (502) | (1,596) |
| | <hr/> | <hr/> |
| | 10,057 | (48,648) |
| Consolidation adjustments | 12,834 | 606 |
| | <hr/> | <hr/> |
| Retained earnings / (Accumulated losses) | <u>22,891</u> | <u>(48,042)</u> |

14. Authorised For Issue

The Interim Financial Statements were authorised for issue by the Board in accordance with a resolution of the Directors on 24 August 2017.