

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2015**

1. Basis of Preparation

The unaudited interim financial report has been prepared in accordance with FRS 134 Interim Financial Reporting and the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2014.

The significant accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the Group’s audited financial statements for the year ended 31 December 2014, except the following new and amended FRSs and IC Interpretations for which the Group will adopt when it becomes effective:

Effective for financial periods beginning on or after 1 January 2016:

- Annual Improvements to FRSs 2012-2014 Cycle
- Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities
- Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 14: Regulatory Deferral Accounts
- Amendments to FRS 101: Disclosure Initiative
- Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 127: Equity Method in Separate Financial Statements
- Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets

Effective for financial periods beginning on or after 1 January 2018:

- FRS 9: Financial Instruments

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

Malaysian Financial Reporting Standards (“MFRSs Framework”)

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issue a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate (“Transitioning Entities”). The Transitioning Entities are given an option to defer adoption of the MFRSs Framework to financial periods beginning on or after 1 January 2017. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs Framework to financial year beginning on 1 January 2017. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs Framework for the financial year ending 31 December 2017.

As at 31 December 2012, all FRSs issued under the existing FRSs Framework are equivalent to the MFRSs issued under MFRSs Framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Interpretation 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSs. As such, other than those as discussed below, there are no significant effects arising from the transition to the MFRSs Framework. The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRS effective for annual periods beginning on or after 1 January 2017 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRS.

IC Interpretation 15 Agreements for the Construction of Real Estate

IC Interpretation 15 establishes that the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group is currently assessing the impact of the adoption of this Interpretation.

2. Qualified Audit Report

The Group's most recent annual audited financial statements for the year ended 31 December 2014 were not subject to any audit qualification.

3. Seasonal or Cyclical Factors

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

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

There were no items affecting assets, liabilities, equity, net income or cash flows for the current financial period that are unusual because of their nature, size or incidence.

5. Changes in Estimates

There were no changes in estimates of amount which have material effect in the current interim period.

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

There were no issuance and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 31 March 2015.

7. Dividend Paid

No dividend was paid during the financial period ended 31 March 2015.

8. Segmental Information

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

	Property development RM'000	Construction RM'000	Corporate and others RM'000	Total RM'000
Revenue:				
External sales	11,374	3,780	-	15,154
Results:				
Segment profit/(loss)	2,117	4,286	(1,448)	4,955
Other non-cash expenses	-	-	(4)	(4)
Depreciation	(78)	-	(5)	(83)
Finance costs	(56)	-	-	(56)
Profit/(Loss) before tax	1,983	4,286	(1,457)	4,812
Income tax expense	(659)	(1,071)	-	(1,730)
Profit/(Loss) net of tax	1,324	3,215	(1,457)	3,082

9. Valuation of Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment loss, if any.

10. Subsequent Material Events

There was no material events subsequent to the end of the financial period reported.

11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period under review.

12. Contingent Liabilities

The contingent liabilities of the Company and the Group as at 31 March 2015 were as follows:

	Company RM'000	Group RM'000
Guarantees to financial institutions for banking facilities granted to the subsidiary companies	104,000	-
Guarantee to financial institution for banking facilities granted to the Company	7,300	-
	<u>111,300</u>	<u>-</u>

The Borrowings outstanding as at 31 March 2015 and covered by the guarantees was approximately RM57.451 million.

13. Trade and Other Receivables

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

	31.3.2015 RM'000	31.12.2014 RM'000
Trade receivables		
- Third parties	<u>55,440</u>	<u>46,388</u>
Other receivables		
- Other receivables	956	2,957
- Prepayment	-	65
- Refundable deposits	<u>8,718</u>	<u>8,267</u>
	<u>9,674</u>	<u>11,289</u>
Total trade and other receivables	<u><u>65,114</u></u>	<u><u>57,677</u></u>

14. Other Current Assets

The other current assets of the Group were as follows:-

	31.3.2015 RM'000	31.12.2014 RM'000
Accrued billings in respect of property development	<u>9,189</u>	<u>5,442</u>

15. Other Current Liabilities

The other current liabilities of the Group were as follows:-

	31.3.2015 RM'000	31.12.2014 RM'000
Amount due to customer for contract work in progress	<u>3,184</u>	<u>719</u>

ADDITIONAL EXPLANATORY NOTES OF THE LISTING REQUIREMENTS OF THE BMSB

1. Review of Performance

For the current quarter ended 31 March 2015, the Group recorded a turnover and profit before tax of RM15.154 million and RM4.812 million respectively.

Performance of the respective operating business segments for the 3-month period ended 31 March 2015 as compared to the preceding year corresponding period is analysed as follows:-

Property development segment

The revenue from property development segment increased by RM9.664 million mainly due to more activities from the development projects.

Construction segment

The revenue from construction segment was decreased by RM2.255 million due to lesser activities from the construction project.

2. Review of Current Quarter Profitability against Preceding Quarter

The Group registered a turnover of RM15.154 million and profit before tax of RM4.812 million in the current quarter as compared to RM14.190 million of turnover and RM0.424 million of loss before taxation achieved in the preceding quarter.

3. Prospects

The Malaysia government cooling measures on the property industry coupled with the planned introduction of the Goods & Services Tax (GST) in April 2015 are expected to present immediate challenges to property developers. However, the Board of Directors is of the view that these measures will not have a significant adverse impact on the Group.

The construction of the 120 units of apartments in Kota Damansara, Selangor has been completed and upon receipt of the Certification of Completion and Compliance, the units shall be opened for sales.

Besides apartment Project, Bertam undertook a high-end, sea-view bungalow development in the burgeoning affluent business community of Langkawi, Kedah. This project consists of 48 units of bungalow/ bungalow lot and the sales have been encouraging.

The Group is poised to benefit from the current construction of Mass Rapid Transit (MRT) Line between Sungai Buloh and Kajang. The proposed Taman Suntex MRT Station, Cheras is within walking distance from the Group's proposed mixed development project.

The management also proposed to develop a 2.75 acres land in the city of Kota Kinabalu, Sabah into a 220-unit residential apartments upon obtained all relevants approvals.

Apart from property development, the Group has also planted rubber trees on its own 485-acre land in Gemencheh, Negeri Sembilan. This venture will begin to contribute to the Group's earnings in 5 years' time.

Barring any unforeseen circumstances, the Group expect its revenue and profit shall be mainly driven by development projects as mentioned above.

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. Taxation

The taxation for the current quarter and the year to date are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.3.2015 RM'000	Preceding Year Corresponding Quarter 31.3.2014 RM'000	Current Year To Date 31.3.2015 RM'000	Preceding Year Corresponding Period 31.3.2014 RM'000
Income tax expense:				
Malaysia income tax	(1,730)	(283)	(1,730)	(283)
Deferred income tax	-	34	-	34
	<u>(1,730)</u>	<u>(249)</u>	<u>(1,730)</u>	<u>(249)</u>

The effective tax rate of the Group was higher than the statutory tax rate mainly due to certain expenses was not deductible for tax purposes.

6. Corporate Proposal

- (i) On 24 July 2014, Bertam Alliance Berhad ("Bertam") had announced that a proposed disposal by UH Capital Sdn Bhd, a wholly-owned subsidiary of Bertam, of eight (8) parcels of freehold vacant land held under Lot 186 Geran 217688 (formerly under Geran 24697), Lot 2734 Geran 218521 (formerly under Geran 52430), Lot 10725 Geran 219932 (formerly under Geran 97219), Lot 11613 Geran Mukim 545 (formerly under Geran Mukim 327), Lot 5492 Geran Mukim 5932 (formerly under Geran Mukim 5833), Lot 5493 Geran Mukim 5934 (formerly under Geran Mukim 5834), Lot 14129 Geran 218574 (formerly under Geran 60082), Lot 8111 Geran 218580 (formerly under Geran 60247), all located in Mukim of Serom and District of Ledang and State of Johor to KT Lee Properties Sdn Bhd for a total consideration of RM63,500,000. On 26 November 2014, the management has obtained the approval of shareholders of Bertam at an extraordinary general meeting on the proposed disposal. As at 31 March 2015, this transaction has not been completed.
- (ii) On 13 October 2014, Bertam had announced that a proposed acquisition by Bertam Development Sdn Bhd, a wholly-owned subsidiary of Bertam of three parcels of land measuring a total of 33.015 acres more or less situated at Mile 16, Old Tuaran Road and held under Country Lease 045021449, 045021458 and 045144205 respectively in the District of Tuaran, Sabah at a purchase consideration of RM43,000,000. As at 31 March 2015, this transaction has not been completed.

7. Group Borrowings and Debt Securities

The Group borrowings as at 31 March 2015 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term	5,468	162	5,630
Long Term	51,983	522	52,505
	<u>57,451</u>	<u>684</u>	<u>58,135</u>

All the above borrowings are denominated in Ringgit Malaysia. The Group has no debt securities as at 31 March 2015.

8. Material Litigation

There was no material litigation for the financial period under review.

9. Dividend

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

10. Realised and Unrealised Losses Disclosure

	31.3.2015 RM'000	31.12.2014 RM'000
Total accumulated losses of the Group and Company		
- realised	27,879	30,961
- unrealised	<u>(5,439)</u>	<u>(5,439)</u>
	22,440	25,522
Add: consolidated adjustments	<u>9,936</u>	<u>9,938</u>
Accumulated losses as per consolidated accounts	<u><u>32,376</u></u>	<u><u>35,460</u></u>

11. Earnings Per Share

(a) Basic Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.3.2015 (RM'000)	Preceding Year Corresponding Quarter 31.3.2014 (RM'000)	Current Year To Date 31.3.2015 (RM'000)	Preceding Year Corresponding Period 31.3.2014 (RM'000)
Profit attributable to the shareholders of the Company (RM'000)	3,084	356	3,084	356
Issued ordinary shares ('000)	206,756	206,756	206,756	206,756
Basic earnings per share (sen)	1.49	0.17	1.49	0.17

(b) Diluted Earnings Per Share

The calculation of the diluted earnings per share is not applicable.

12. Notes To The Statements Of Comprehensive Income

The following items have been included in arriving at profit before tax:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.3.2015 (RM'000)	Preceding Year Corresponding Quarter 31.3.2014 (RM'000)	Current Year To Date 31.3.2015 (RM'000)	Preceding Year Corresponding Period 31.3.2014 (RM'000)
Interest income	24	141	24	141
Other income including investment income	24	29	24	29
Interest expense	56	39	56	39
Depreciation and amortisation	83	48	83	48
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Loss on disposal of quoted or unquoted investments or properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange gain or loss	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

By order of the Board

Kuan Hui Fang (MIA 16876)
Wong Wai Foong (MAICSA 7001358)
Company Secretaries
Date: 15 May 2015