

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.9.2012 RM' 000	30.9.2011 RM' 000	30.9.2012 RM' 000	30.9.2011 RM' 000
Revenue	3,797	15,705	30,300	51,469
Cost of sales	(1,518)	(11,791)	(19,148)	(37,550)
Gross profit	2,279	3,914	11,152	13,919
Other income	433	172	961	2,414
Other items of expenses				
Administrative expenses	(635)	(733)	(2,445)	(2,900)
Finance costs	(78)	(255)	(216)	(448)
Profit before tax	1,999	3,098	9,452	12,985
Income tax expense	(604)	(1,380)	(2,219)	(3,736)
Profit net of tax, representing total comprehensive income for the period	1,395	1,718	7,233	9,249
Profit attributable to:				
Shareholders of the Company	1,273	1,437	6,545	8,482
Non-controlling interests	122	281	688	767
	1,395	1,718	7,233	9,249
Earnings per share attributable to shareholders of the Company (sen per share)				
- Basic	0.62	0.70	3.17	4.10
- Diluted	N/A	N/A	N/A	N/A

The above consolidated statements of comprehensive income should be read in conjunction with the audited annual financial statements for the year ended 31 December 2011.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	(UNAUDITED) As at 30.9.2012 RM'000	(AUDITED) As at 31.12.2011 RM'000
Assets			
Non-current assets			
Plant and equipment		255	468
Land held for property development		65,360	64,059
Club memberships		86	86
		<u>65,701</u>	<u>64,613</u>
Current assets			
Property development costs		65,526	67,209
Inventories		2,404	2,621
Trade and other receivables	13	48,618	90,060
Other current assets	14	3,016	-
Tax recoverable		-	279
Cash and bank balances		46,797	2,328
		<u>166,361</u>	<u>162,497</u>
Total assets		<u>232,062</u>	<u>227,110</u>
Equity and liabilities			
Current liabilities			
Loans and borrowings		5,652	4,415
Trade and other payables		15,371	23,038
Other current liabilities	15	7,923	5,696
Income tax payable		954	2,189
		<u>29,900</u>	<u>35,338</u>
Net current asset		<u>136,461</u>	<u>127,159</u>
Non-current liabilities			
Deferred tax liabilities		5,774	5,876
Trade and other payables		2,134	2,000
Loans and borrowings		22,025	18,900
		<u>29,933</u>	<u>26,776</u>
Total liabilities		<u>59,833</u>	<u>62,114</u>
Net assets		<u>172,229</u>	<u>164,996</u>
Equity attributable to shareholders of the Company			
Share capital		206,756	206,756
Accumulated losses		(36,936)	(43,481)
		<u>169,820</u>	<u>163,275</u>
Non-controlling interests		2,409	1,721
Total equity		<u>172,229</u>	<u>164,996</u>
Total equity and liabilities		<u>232,062</u>	<u>227,110</u>
Net assets per share attributable to shareholders of the Company (RM)		<u>0.82</u>	<u>0.79</u>

The above consolidated statements of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2011.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company				
	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000	Non-Controlling interests RM'000	Total equity RM'000
Balance at 1 January 2012	206,756	(43,481)	163,275	1,721	164,996
Total comprehensive income	-	6,545	6,545	688	7,233
As at 30 September 2012	<u>206,756</u>	<u>(36,936)</u>	<u>169,820</u>	<u>2,409</u>	<u>172,229</u>
Balance at 1 January 2011	206,756	(54,047)	152,709	642	153,351
Total comprehensive income	-	12,627	12,627	1,536	14,163
Transactions with owners					
Dividends paid to shareholders of the Company	-	(2,068)	(2,068)	-	(2,068)
Dividend paid to non-controlling interests	-	-	-	(600)	(600)
Partial disposal of investment in a subsidiary	-	7	7	(7)	-
Issue of shares	-	-	-	150	150
As at 31 December 2011	<u>206,756</u>	<u>(43,481)</u>	<u>163,275</u>	<u>1,721</u>	<u>164,996</u>

The above consolidated statements of changes in equity should be read in conjunction with the audited annual financial statements for the year ended 31 December 2011.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	9-Month Ended 30.9.2012 RM'000	9-Month Ended 30.9.2011 RM'000
Cash Flows From Operating Activities		
Profit before tax	9,452	12,985
Adjustment for non-cash and non-operating items	(482)	325
Operating profit before working capital changes	8,970	13,310
Changes in working capital:-		
Decrease in inventories	218	2,307
Decrease in development cost	1,683	3,879
Decrease/(Increase) in receivables	41,536	(28,371)
(Increase)/Decrease in other current assets	(3,016)	2,250
Increase in other current liabilities	2,227	14,894
Decrease in payables	(7,532)	(351)
Cash generated from operations	44,086	7,918
Tax paid, net of refund	(3,277)	(1,645)
Net cash generated from operating activities	40,809	6,273
Cash Flows From Investing Activities		
Purchase of:		
- plant and equipment	(15)	(13)
- land held for property development	(1,302)	(25,247)
Proceeds from disposal of plant and equipment	152	17
Interest received	679	254
Net cash used in investing activities	(486)	(24,989)
Cash Flows From Financing Activities		
Proceeds from borrowings	5,000	17,000
Repayment of borrowings	(1,881)	(850)
Interest paid	(216)	(413)
Issue of shares to non-controlling interests	-	150
Net cash generated from financing activities	2,903	15,887
Net increase/(decrease) in cash and cash equivalents	43,226	(2,829)
Cash and cash equivalents at beginning of the period	(1,001)	11,285
Cash and cash equivalents at end of the period	42,225	8,456
Cash and cash equivalents comprise the following:		
Cash and short term deposits	46,797	12,603
Bank overdraft	(4,572)	(4,147)
	42,225	8,456

The above consolidated statements of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2011.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

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 annual audited financial statements of the Group for the year ended 31 December 2011.

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 2011, 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 July 2011:

- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012:

- Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7: Transfers of Financial Assets
- Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
- FRS 124: Related Party Disclosures

Effective for financial periods beginning on or after 1 July 2012:

- Amendments to FRS 101: Presentation of items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013:

- FRS 9: Financial Instruments
- FRS 10: Consolidated Financial Statements
- FRS 11: Joint Arrangements
- FRS 12: Disclosure of interests in Other Entities
- FRS 13: Fair Value Measurement
- Amendments to FRS 119: Employees Benefits
- Amendments to FRS 127: Separate Financial Statements
- Amendments to FRS 128: Interest in Associates and Joint Ventures
- IC Interpretations 20: Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2014:

- Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015:

- FRS 9: Financial Instruments

The Directors expect that the adoption of these new and amended FRSs and IC Interpretations will have no material impact on the financial statements in the period of initial application, except as disclosed below:-

Amendments to FRS 7: Transfers of Financial Assets

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116 to be always measured on a sale basis of that asset.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

FRS 10 Consolidated financial statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (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 (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the first quarter ending 31 March 2013.

2. Qualified Audit Report

The Group's most recent annual audited financial statements for the year ended 31 December 2011 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 Flow

There were no unusual 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 financial period ended 30 September 2012.

7. Dividend Paid

No dividend was paid during the financial period ended 30 September 2012.

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 are as follow:

	Property development RM'000	Construction RM'000	Corporate and others RM'000	Eliminations RM'000	Per consolidated financial statements RM'000
Revenue:					
External sales	4,629	25,671	1,282	(1,282)	30,300
Results:					
Segment profit	942	9,427	6,447	(6,988)	9,828
Other non-cash expenses	(49)	-	(23)	-	(72)
Depreciation	(85)	-	(3)	-	(88)
Finance costs	(216)	-	-	-	(216)
Profit before tax	592	9,427	6,421	(6,988)	9,452
Income tax expense	(310)	(2,372)	361	102	(2,219)
Profit, net of tax	282	7,055	6,782	(6,886)	7,233

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 30 September 2012 were as follows:

	Company RM'000	Group RM'000
Guarantees to financial institution for banking facilities granted to subsidiary companies	2,500	-
Guarantees to a third party as security for performance of a subsidiary's undertakings, covenants, duties and obligations contained in the signed agreement	8,000	-
Guarantees to financial institutions for banking facilities granted to finance the working capital and construction of projects undertaken by subsidiary companies.	58,020	-
	<u>68,520</u>	<u>-</u>

The Borrowings outstanding as at 30 September 2012 and covered by the guarantees was approximately RM27.527 million.

13. Trade and Other Receivables

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

	30.9.2012 RM'000	31.12.2011 RM'000
Trade receivables		
- Third parties	<u>21,770</u>	<u>67,087</u>
Other receivables		
- Sundry receivables	23,288	19,185
- Refundable deposits	<u>3,560</u>	<u>3,788</u>
	<u>26,848</u>	<u>22,973</u>
Total trade and other receivables	<u>48,618</u>	<u>90,060</u>

The trade receivables amounting to RM17.477 million was mainly due from a turnkey contract for performance of a subsidiary's undertakings, covenants, duties and obligations contained in the signed agreement which is receivable progressively in the forthcoming months.

14. Other Current Assets

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

	30.9.2012 RM'000	31.12.2011 RM'000
Accrued billings in respect of property development costs	<u>3,016</u>	<u>-</u>

15. Other Current Liabilities

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

	30.9.2012 RM'000	31.12.2011 RM'000
Amount due to contract customers for contract work-in-progress	7,923	5,466
Progress billings in respect of property development costs	<u>-</u>	<u>230</u>
	<u>7,923</u>	<u>5,696</u>

ADDITIONAL EXPLANATORY NOTES OF THE LISTING REQUIREMENTS OF THE BMSB

1. Review of Performance

For the current quarter ended 30 September 2012, the Group recorded a turnover and profit before tax of RM3.797 million and RM1.999 million respectively, mainly from the construction activities which accounted for 85% of the total revenue.

Performance of the respective operating business segments for the 9-month period ended 30 September 2012 as compared to the preceding year corresponding period is analysed as follows:-

Property development segment

The revenue from property development segment decreased by 48% mainly due to lesser activities from the development projects.

Construction segment

The revenue from construction segment was lesser by 40% due to the Casabella turnkey project which is approaching completion stage.

2. Review of Current Quarter Profitability against Preceding Quarter

The Group registered a lower turnover of RM3.797 million in the current quarter as compared to RM8.787 million achieved in the preceding quarter. As a result, the Group's profit before taxation of RM1.999 million were lesser as compared to a profit before taxation of RM2.314 million recorded in the preceding quarter.

In the current quarter under review, the performance was in a slower pace, mainly due to lesser activities.

3. Prospects

The property market is expected to be resilient with strong demand for property in prime locations, particularly in greater Kuala Lumpur and Klang Valley.

In view of the success of the Casabella turnkey project, the Group has been awarded a turnkey contract for a high-end mix development located in Setiawangsa, Kuala Lumpur.

The Group also expects to launch later in the year, another high-end bungalow project in Langkawi, Kedah which will incorporate contemporary designs taking advantage of the sea view from the elevated site.

Barring any unforeseen circumstances, the Group expects to continue to record satisfactory performance for the current financial year.

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 30.9.2012 RM'000	Preceding Year Corresponding Quarter 30.9.2011 RM'000	Current Year To Date 30.9.2012 RM'000	Preceding Year Corresponding Period 30.9.2011 RM'000
Income tax expense:				
Malaysia income tax	(635)	(1,380)	(2,321)	(3,736)
Deferred income tax	31	-	102	-
	<u>(604)</u>	<u>(1,380)</u>	<u>(2,219)</u>	<u>(3,736)</u>

The effective tax rate of the Group was lower than the statutory tax rate mainly due to the overprovision of income tax in respect of prior years.

6. **Corporate Proposal**

There were no corporate proposals for the financial period under review.

7. **Group Borrowings and Debt Securities**

The Group borrowings as at 30 September 2012 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term	5,586	66	5,652
Long Term	21,941	84	22,025
	<u>27,527</u>	<u>150</u>	<u>27,677</u>

All the above borrowings are denominated in Ringgit Malaysia. The Group has no debt securities as at 30 September 2012.

8. **Material Litigation**

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

9. **Dividend**

The Board of Directors has on 15 October 2012 approved the payment of a single-tier interim dividend of 2 sen per share for the financial year ending 31 December 2012 of which has been paid on 8 November 2012 to all shareholders. The said dividend shall be reflected in the fourth quarterly results.

10. **Realised and Unrealised Losses Disclosure**

	30.9.2012 RM'000	31.12.2011 RM'000
Total accumulated losses of the Group and Company		
- realised	40,764	55,086
- unrealised	-	-
	<u>40,764</u>	<u>55,086</u>
Less: consolidated adjustments	<u>(3,828)</u>	<u>(11,605)</u>
Accumulated losses as per consolidated accounts	<u><u>36,936</u></u>	<u><u>43,481</u></u>

11. **Earnings Per Share**

(a) **Basic Earnings Per Share**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2012 (RM'000)	Preceding Year Corresponding Quarter 30.9.2011 (RM'000)	Current Year To Date 30.9.2012 (RM'000)	Preceding Year Corresponding Period 30.9.2011 (RM'000)
Profit attributable to the shareholders of the Company (RM'000)	1,273	1,437	6,545	8,482
Issued ordinary shares ('000)	206,756	206,756	206,756	206,756
Basic earnings per share (sen)	<u>0.62</u>	<u>0.70</u>	<u>3.17</u>	<u>4.10</u>

(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 30.9.2012 (RM'000)	Preceding Year Corresponding Quarter 30.9.2011 (RM'000)	Current Year To Date 30.9.2012 (RM'000)	Preceding Year Corresponding Period 30.9.2011 (RM'000)
Interest income	354	112	679	254
Other income including investment income	79	60	282	2,160
Interest expense	78	220	216	413
Depreciation and amortisation	26	61	88	181
Provision for and write off of receivables	-	-	49	-
Provision for and write off of inventories	-	-	-	-
Gain or 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	-	-	-	-