

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.6.2013 RM' 000	30.6.2012 RM' 000	30.6.2013 RM' 000	30.6.2012 RM' 000
Revenue	4,237	8,787	8,504	26,503
Cost of sales	(3,002)	(5,999)	(6,203)	(17,630)
Gross profit	1,235	2,788	2,301	8,873
Other income	332	343	984	528
Other items of expenses:				
Administrative expenses	(527)	(763)	(1,517)	(1,810)
Finance costs	(73)	(54)	(141)	(138)
Profit before tax	967	2,314	1,627	7,453
Income tax expense	(313)	(258)	(428)	(1,615)
Profit net of tax, representing total comprehensive income for the period	654	2,056	1,199	5,838
Profit attributable to:				
Shareholders of the Company	669	1,869	1,216	5,272
Non-controlling interests	(15)	187	(17)	566
	654	2,056	1,199	5,838
Earnings per share attributable to shareholders of the Company (sen per share)				
- Basic	0.32	0.90	0.59	2.55
- Diluted	N/A	N/A	N/A	N/A

The above statements of comprehensive income should be read in conjunction with the audited annual financial statements for the year ended 31 December 2012.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

CONDENSED STATEMENTS OF FINANCIAL POSITION

	(UNAUDITED)	(AUDITED)
	As at	As at
Note	30.6.2013	31.12.2012
	RM'000	RM'000
Assets		
Non-current assets		
Plant and equipment	717	784
Land held for property development	67,619	66,769
Club memberships	86	86
	<u>68,422</u>	<u>67,639</u>
Current assets		
Property development costs	67,664	66,895
Inventories	2,265	2,403
Trade and other receivables	13 41,730	33,134
Other current assets	14 1,562	1,692
Tax recoverable	257	196
Cash and bank balances	45,247	57,274
	<u>158,725</u>	<u>161,594</u>
Total assets	<u>227,147</u>	<u>229,233</u>
Equity and liabilities		
Current liabilities		
Loans and borrowings	5,903	6,539
Trade and other payables	19,485	14,880
Other current liabilities	15 704	6,775
Income tax payable	1,135	1,727
	<u>27,227</u>	<u>29,921</u>
Net current asset	<u>131,498</u>	<u>131,673</u>
Non-current liabilities		
Deferred tax liabilities	5,774	5,774
Trade and other payables	1,984	1,984
Loans and borrowings	21,511	22,102
	<u>29,269</u>	<u>29,860</u>
Total liabilities	<u>56,496</u>	<u>59,781</u>
Net assets	<u>170,651</u>	<u>169,452</u>
Equity attributable to shareholders of the Company		
Share capital	206,756	206,756
Accumulated losses	(36,209)	(37,425)
	<u>170,547</u>	<u>169,331</u>
Non-controlling interests	104	121
Total equity	<u>170,651</u>	<u>169,452</u>
Total equity and liabilities	<u>227,147</u>	<u>229,233</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>0.82</u>	<u>0.82</u>

The above statements of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2012.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

CONDENSED 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 2013	206,756	(37,425)	169,331	121	169,452
Total comprehensive income	-	1,216	1,216	(17)	1,199
As at 30 June 2013	<u>206,756</u>	<u>(36,209)</u>	<u>170,547</u>	<u>104</u>	<u>170,651</u>
Balance at 1 January 2012	206,756	(43,481)	163,275	1,721	164,996
Total comprehensive income	-	10,597	10,597	1,094	11,691
Transactions with owners					
Dividends paid to shareholders of the Company	-	(4,135)	(4,135)	-	(4,135)
Dividends paid to non-controlling interests	-	-	-	(2,600)	(2,600)
Acquisition of non-controlling interests	-	(406)	(406)	(94)	(500)
As at 31 December 2012	<u>206,756</u>	<u>(37,425)</u>	<u>169,331</u>	<u>121</u>	<u>169,452</u>

The above statements of changes in equity should be read in conjunction with the audited annual financial statements for the year ended 31 December 2012

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

CONDENSED STATEMENTS OF CASH FLOWS

	6-Month Ended 30.6.2013 RM'000	6-Month Ended 30.6.2012 RM'000
Cash Flows From Operating Activities		
Profit before tax	1,627	7,453
Adjustment for non-cash and non-operating items	(651)	(179)
Operating profit before working capital changes	<u>976</u>	<u>7,274</u>
Changes in working capital:-		
Inventories	139	183
Development cost	(768)	2,796
Receivables	(8,640)	39,593
Other current assets	131	(2,095)
Other current liabilities	(6,071)	6,571
Payables	4,605	(5,830)
Cash (used in)/ generated from operations	<u>(9,628)</u>	<u>48,492</u>
Tax paid, net of refund	(1,081)	(1,441)
Net cash (used in)/ generated from operating activities	<u>(10,709)</u>	<u>47,051</u>
Cash Flows From Investing Activities		
Purchase of:		
- plant and equipment	(43)	(14)
- land held for property development	(850)	(753)
Proceeds from disposal of plant and equipment	100	99
Net cash outflow on disposal of subsidiaries	(3)	-
Interest received	847	325
Net cash generated from/ (used in) investing activities	<u>51</u>	<u>(343)</u>
Cash Flows From Financing Activities		
Proceeds from borrowings	-	5,000
Repayment of borrowings	(592)	(1,608)
Interest paid	(141)	(138)
Net cash (used in)/generated from financing activities	<u>(733)</u>	<u>3,254</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(11,391)</u>	<u>49,962</u>
Cash and cash equivalents at beginning of the period	51,852	(1,001)
Cash and cash equivalents at end of the period	<u><u>40,461</u></u>	<u><u>48,961</u></u>
Cash and cash equivalents comprise the following:		
Cash and short term deposits	45,248	51,710
Bank overdraft	(4,787)	(2,749)
	<u><u>40,461</u></u>	<u><u>48,961</u></u>

The above statements of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2012.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 JUNE 2013**

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 2012.

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 2012, 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 2013:

- FRS 10: Consolidated Financial Statements
- FRS 11: Joint Arrangements
- FRS 12: Disclosure of Interests in Other Entities
- FRS 13: Fair Value Measurement
- FRS 119: Employee Benefits
- FRS 127: Separate Financial Statements
- FRS 128: Investment in Associates and Joint Ventures
- Amendments to FRS 1: Government Loans
- Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 10: Consolidated Financial Statements
- Amendments to FRS 11: Joint Arrangements
- Amendments to FRS 12: Disclosure of Interests in Other Entities
- IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
- Improvements to FRSs issued in 2012

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

- Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
- Amendments to FRS 132: Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

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

- 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, except as disclosed below:

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.

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.

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: Financial Instruments: Presentation - 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.

Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with FRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in FRS 12 Disclosure of Interests in Other Entities and FRS 127 Separate Financial Statements.

Malaysian Financial Reporting Standards (“MFRSs Framework”)

In conjunction with the planned convergence of FRSSs 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 2015. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSSs 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 2015. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs Framework for the financial year ending 31 December 2015.

As at 31 December 2012, all FRSSs issued under the existing FRSSs 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 FRSSs. 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 2015 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. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRS and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

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 2012 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 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 June 2013.

7. **Dividend Paid**

No dividend was paid during the financial period ended 30 June 2013.

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	Per consolidated financial statements RM'000
Revenue:				
External sales	1,839	6,665	-	8,504
Results:				
Segment profit	335	1,726	(140)	1,921
Other non-cash expenses	(44)	-	-	(44)
Depreciation	(109)	-	-	(109)
Finance costs	(141)	-	-	(141)
Profit before tax	41	1,726	(140)	1,627
Income tax expense	3	(431)	-	(428)
Profit net of tax	44	1,295	(140)	1,199

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 June 2013 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 June 2013 and covered by the guarantees was approximately RM26.941 million.

13. Trade and Other Receivables

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

	30.6.2013 RM'000	31.12.2012 RM'000
Trade receivables		
- Third parties	<u>18,135</u>	<u>12,703</u>
Other receivables		
- Sundry receivables	20,080	16,876
- Refundable deposits	<u>3,515</u>	<u>3,555</u>
	<u>23,595</u>	<u>20,431</u>
Total trade and other receivables	<u>41,730</u>	<u>33,134</u>

The trade receivables amounting to RM12.176 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:-

	30.6.2013 RM'000	31.12.2012 RM'000
Accrued billings in respect of property development	<u>1,562</u>	<u>1,692</u>

15. Other Current Liabilities

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

	30.6.2013 RM'000	31.12.2012 RM'000
Amount due to contract customers for contract work-in-progress	<u>704</u>	<u>6,775</u>

ADDITIONAL EXPLANATORY NOTES OF THE LISTING REQUIREMENTS OF THE BMSB

1. Review of Performance

For the current quarter ended 30 June 2013, the Group recorded a turnover and profit before tax of RM4.237 million and RM0.967 million respectively.

Performance of the respective operating business segments for the 6-month period ended 30 June 2013 as compared to the preceding year corresponding period is analysed as follows:-

Property development segment

The revenue from property development segment decreased by 45% mainly due to lesser activities from the development projects.

Construction segment

The revenue from construction segment was lesser by 71% due to the completion of the bungalow turnkey project.

2. Review of Current Quarter Profitability against Preceding Quarter

The Group registered a turnover of RM4.237 million and profit before tax of RM0.967 million in the current quarter as compared to RM4.267 million and RM0.660 million respectively achieved in the preceding quarter.

3. Prospects

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

Construction of the affordable 5-storey 80 units of apartment in Batu Tiga, Shah Alam is near completion and shall be sold on the Build-Then-Sell concept. In addition, the Group commenced construction of another 120-unit of affordable apartments in Kota Damansara, Selangor and a high-end bungalow project in Langkawi, Kedah.

The Group is in the midst of applying for relevant approvals to develop a piece of land in Cheras which is within walking distance from Taman Suntex station of the Mass Rapid Transit project currently under construction. The Group had also been awarded a turnkey contract for high-end hill-view bungalow project in Setiawangsa, Kuala Lumpur and construction work shall begin once the relevant approvals are obtained.

Barring any unforeseen circumstances, the Group expects to record satisfactory performance.

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 30.6.2013 RM'000	Preceding Year Corresponding Quarter 30.6.2012 RM'000	Current Year To Date 30.6.2013 RM'000	Preceding Year Corresponding Period 30.6.2012 RM'000
Income tax expense:				
Malaysia income tax	(313)	(309)	(428)	(1,686)
Deferred income tax	-	51	-	71
	<u>(313)</u>	<u>(258)</u>	<u>(428)</u>	<u>(1,615)</u>

The effective tax rate of the Group was higher than the statutory tax rate mainly due to no income tax provision were made for certain loss-making subsidiaries.

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 June 2013 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term	5,801	102	5,903
Long Term	21,140	371	21,511
	<u>26,941</u>	<u>473</u>	<u>27,414</u>

All the above borrowings are denominated in Ringgit Malaysia. The Group has no debt securities as at 30 June 2013.

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

	30.6.2013 RM'000	31.12.2012 RM'000
Total accumulated losses of the Group and Company		
- realised	39,192	40,370
- unrealised	-	-
	<u>39,192</u>	<u>40,370</u>
Less: consolidated adjustments	(2,983)	(2,945)
Accumulated losses as per consolidated accounts	<u><u>36,209</u></u>	<u><u>37,425</u></u>

11. Earnings Per Share

(a) Basic Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2013 (RM'000)	Preceding Year Corresponding Quarter 30.6.2012 (RM'000)	Current Year To Date 30.6.2013 (RM'000)	Preceding Year Corresponding Period 30.6.2012 (RM'000)
Profit attributable to the shareholders of the Company (RM'000)	669	1,869	1,216	5,272
Issued ordinary shares ('000)	206,756	206,756	206,756	206,756
Basic earnings per share (sen)	<u>0.32</u>	<u>0.90</u>	<u>0.59</u>	<u>2.55</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 30.6.2013 (RM'000)	Preceding Year Corresponding Quarter 30.6.2012 (RM'000)	Current Year To Date 30.6.2013 (RM'000)	Preceding Year Corresponding Period 30.6.2012 (RM'000)
Interest income	313	322	847	325
Other income including investment income	19	21	137	203
Interest expense	73	54	141	138
Depreciation and amortisation	55	26	109	62
Provision for and write off of receivables	44	1	44	49
Provision for and write off of inventories	-	-	-	-
Loss on disposal of quoted or unquoted investments or properties	-	-	3	-
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: 26 August 2013