

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	33,818	8,403	122,583	25,950
Cost of sales	(31,192)	(7,289)	(92,526)	(21,027)
Gross profit	2,626	1,114	30,057	4,923
Other income	76	143	188	486
Administrative expenses	(2,007)	(828)	(6,464)	(2,469)
Finance costs	(390)	(50)	(783)	(108)
Share of results of associates	-	(127)	-	(408)
Profit before tax	305	252	22,998	2,424
Income tax expense	458	(139)	(6,266)	(785)
Profit net of tax, representing total comprehensive income for the period	763	113	16,732	1,639
Profit attributable to:				
Shareholders of the Company	763	108	16,732	1,638
Non-controlling interests	-	5	-	1
	763	113	16,732	1,639
Earnings per share attributable to shareholders of the Company (sen per share)				
- Basic	0.37	0.05	8.09	0.79
- 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 2014.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

CONDENSED STATEMENTS OF FINANCIAL POSITION

	(UNAUDITED)	(AUDITED)
	As at	As at
Note	30.9.2015	31.12.2014
	RM'000	RM'000
Assets		
Non-current assets		
Plant and equipment	10,626	7,323
Land held for property development	88,564	71,142
Investment in quoted shares	3,027	3,027
Club memberships	86	86
	<u>102,303</u>	<u>81,578</u>
Current assets		
Property development costs	98,223	100,439
Inventories	9,613	7,359
Trade and other receivables	13 47,470	57,677
Other current assets	14 50,707	5,442
Tax recoverable	719	3,892
Cash and bank balances	1,493	11,370
	<u>208,225</u>	<u>186,179</u>
Total assets	<u>310,528</u>	<u>267,757</u>
Equity and liabilities		
Current liabilities		
Loans and borrowings	805	6,694
Trade and other payables	5,771	28,835
Other current liabilities	15 1,027	719
Income tax payable	3,692	534
	<u>11,295</u>	<u>36,782</u>
Net current asset	<u>196,930</u>	<u>149,397</u>
Non-current liabilities		
Loans and borrowings	104,337	51,615
Trade and other payables	1,360	2,556
Deferred tax liabilities	5,439	5,439
	<u>111,136</u>	<u>59,611</u>
Total liabilities	<u>122,431</u>	<u>96,392</u>
	<u>188,097</u>	<u>171,365</u>
Equity attributable to shareholders of the Company		
Share capital	206,756	206,756
Accumulated losses	(18,728)	(35,460)
	<u>188,028</u>	<u>171,296</u>
Non-controlling interests	69	69
Total equity	<u>188,097</u>	<u>171,365</u>
Total equity and liabilities	<u>310,528</u>	<u>267,757</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>0.91</u>	<u>0.83</u>

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

BERTAM ALLIANCE BERHAD (Company No. 305530-A)**CONDENSED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to shareholders ←-----of the Company-----→				Total equity RM'000
	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	
Balance at 1 January 2015	206,756	(35,460)	171,296	69	171,365
Total comprehensive income	-	16,732	16,732	-	16,732
As at 30 September 2015	<u>206,756</u>	<u>(18,728)</u>	<u>188,028</u>	<u>69</u>	<u>188,097</u>
Balance at 1 January 2014	206,756	(33,745)	173,011	70	173,081
Total comprehensive income	-	1,638	1,638	1	1,639
Transactions with owners					
Dividends paid to shareholders of the Company	-	(2,067)	(2,067)	-	(2,067)
As at 30 September 2014	<u>206,756</u>	<u>(34,174)</u>	<u>172,582</u>	<u>71</u>	<u>172,653</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 2014.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)**CONDENSED STATEMENTS OF CASH FLOWS**

	9-Month Ended 30.9.2015 RM'000	9-Month Ended 30.9.2014 RM'000
Cash Flows From Operating Activities		
Profit before tax	22,998	2,424
Adjustment for non-cash and non-operating items	865	296
Operating cash flows before changes in working capital	<u>23,863</u>	<u>2,720</u>
Changes in working capital:-		
Inventories	(2,254)	(425)
Property development	2,216	(1,284)
Trade and other receivables	10,207	7,640
Other current assets	(45,264)	2,809
Other current liabilities	308	835
Trade and other payables	(24,260)	4,735
Net cash flows used in operations	<u>(35,184)</u>	<u>17,030</u>
Income taxes paid, net of refunded	66	(694)
Net cash flows used in operating activities	<u>(35,118)</u>	<u>16,336</u>
Cash Flows From Investing Activities		
Purchase of:		
- plant and equipment	(3,488)	(22)
- land held for property development	(17,424)	(1,902)
Proceeds from disposal of plant and equipment	5	8
Interest received	98	376
Net cash flows (used in)/ generated from investing activities	<u>(20,809)</u>	<u>(1,540)</u>
Cash Flows From Financing Activities		
Proceeds from borrowings	52,722	5,130
Repayment of borrowings	(1,466)	(4,169)
Interest paid	(783)	(108)
Dividends paid	-	(2,067)
Net cash flows used in financing activities	<u>50,473</u>	<u>(1,214)</u>
Net decrease in cash and cash equivalents	<u>(5,454)</u>	<u>13,582</u>
Cash and cash equivalents at beginning of the period	6,839	18,317
Cash and cash equivalents at end of the period	<u><u>1,385</u></u>	<u><u>31,899</u></u>
Cash and cash equivalents comprise the following:		
Cash and short term deposits	1,493	34,550
Bank overdraft	(108)	(2,651)
	<u><u>1,385</u></u>	<u><u>31,899</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 2014.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 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 30 September 2015.

7. Dividend Paid

No dividend was paid during the financial period ended 30 September 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	79,901	42,682	-	122,583
Results:				
Segment profit/(loss)	13,587	13,772	(3,402)	23,957
Other non-cash expenses	-	-	(4)	(4)
Depreciation	(160)	-	(12)	(172)
Finance costs	(155)	-	(628)	(783)
Profit/(Loss) before tax	13,272	13,772	(4,046)	22,998
Income tax expense	(3,971)	(2,295)	-	(6,266)
Profit/(Loss) net of tax	9,301	11,477	(4,046)	16,732

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

On 6th August 2015 acquired 100% of Dataran Serimaju Sdn Bhd represented by 2 shares of RM1.00 each for RM2.00 and 100% of Trans Prestasi Sdn Bhd represented by 2 shares of RM1.00 each for RM2.00 by Bertam Development Sdn Bhd were the new addition 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 2015 were as follows:

	Company RM'000	Group RM'000
Guarantees to financial institutions for banking facilities granted to the subsidiary companies	-	84,000
Guarantee to financial institution for banking facilities granted to the Company	27,300	-
	<u>27,300</u>	<u>84,000</u>

The Borrowings outstanding as at 30 September 2015 and covered by the guarantees was approximately RM104.116 million.

13. Trade and Other Receivables

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

	30.9.2015 RM'000	31.12.2014 RM'000
Trade receivables		
- Third parties	44,238	46,388
Other receivables		
- Other receivables	3,000	2,957
- Prepayment	-	65
- Refundable deposits	232	8,267
	<u>3,232</u>	<u>11,289</u>
Total trade and other receivables	<u><u>47,470</u></u>	<u><u>57,677</u></u>

14. Other Current Assets

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

	30.9.2015 RM'000	31.12.2014 RM'000
Prepaid operating expenses in respect of property development	50,707	5,442

15. Other Current Liabilities

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

	30.9.2015 RM'000	31.12.2014 RM'000
Amount due for operating and work in progress	1,027	719

ADDITIONAL EXPLANATORY NOTES OF THE LISTING REQUIREMENTS OF THE BMSB

1. Review of Performance

For the current quarter ended 30 September 2015, the Group recorded a turnover and profit before tax of RM33.818 million and RM0.305 million respectively.

Performance of the respective operating business segments for the 9-month period ended 30 September 2015 as compared to the preceding year corresponding period is analysed as follows:-

Property development segment

The revenue from property development segment increased by RM67.876 million mainly due to more activities from the development projects and a sale of land for RM63.5 million.

Construction segment

The revenue from construction segment increased by RM28.757 million as due to more activities from the construction project.

2. Review of Current Quarter Profitability against Preceding Quarter

The Group registered a turnover of RM33.818 million and profit before tax of RM0.305 million in the current quarter as compared to RM8.403 million of turnover and RM0.252 million of profit before taxation achieved in the preceding quarter.

3. Prospects

The management expects the group performance to remain positive despite the challenging economic climate.

The Group expanded their presence in Sabah with increase land purchase and should contribute positively to the Group's performance beyond financial year 2015.

The construction of the 120 units of apartments in Kota Damansara, Selangor has been completed and remain 19 Bumi units are available 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 43 units of bungalow/ vacant land and 41 units have been sold to-date.

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

The management also proposed to construct 916 units of residential apartments on a 15.27 acres land in Telipok, Tuaran Kota Kinabalu upon obtain the relevant approvals.

Apart from property development, the Group venture into plantation on its own 485-acre land of rubber trees in Gemencheh, Negeri Sembilan. This venture can contribute to the Group's earnings in the future.

Barring any unforeseen circumstances, the Group expected 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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
Malaysia income tax	458	(276)	(6,266)	(998)
Deferred income tax	-	137	-	213
	<u>458</u>	<u>(139)</u>	<u>(6,266)</u>	<u>(785)</u>

The effective tax rate of the Group was higher than the statutory tax rate as certain expenses are not deductible for tax purposes.

6. Corporate Proposal

There is no corporate proposal.

7. Group Borrowings and Debt Securities

The Group borrowings as at 30 September 2015 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term	230	575	805
Long Term	103,887	450	104,337
	<u>104,117</u>	<u>1,025</u>	<u>105,142</u>

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

	30.9.2015 RM'000	31.12.2014 RM'000
Total accumulated losses of the Group and Company		
- realised	14,228	30,961
- unrealised	(100)	(5,439)
	<u>14,128</u>	<u>25,522</u>
Add: consolidated adjustments	4,600	9,938
Accumulated losses as per consolidated accounts	<u>18,728</u>	<u>35,460</u>

11. Earnings Per Share

(a) Basic Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2015 (RM'000)	Preceding Year Corresponding Quarter 30.9.2014 (RM'000)	Current Year To Date 30.9.2015 (RM'000)	Preceding Year Corresponding Period 30.9.2014 (RM'000)
Profit attributable to the shareholders of the Company (RM'000)	763	108	16,732	1,638
Issued ordinary shares ('000)	206,756	206,756	206,756	206,756
Basic earnings per share (sen)	0.37	0.05	8.09	0.79

(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 30.9.2015 (RM'000)	Preceding Year Corresponding Quarter 30.9.2014 (RM'000)	Current Year To Date 30.9.2015 (RM'000)	Preceding Year Corresponding Period 30.9.2014 (RM'000)
Interest income	34	95	98	376
Other income including investment income	42	48	90	110
Interest expense	390	50	783	108
Depreciation and amortisation	20	48	172	147
Provision for and write off of receivables	-	-	-	2
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