

**BERTAM ALLIANCE BERHAD** (Company No. 305530-A)INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016  
(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
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	5,919	73,610	6,986	88,764
Cost of sales	(6,110)	(53,160)	(6,823)	(61,335)
Gross profit	(191)	20,450	163	27,429
Other income	54	64	157	112
Administrative expenses	(2,430)	(2,297)	(4,432)	(4,456)
Finance costs	(467)	(337)	(978)	(393)
Share of results of associates	-	-	-	-
Profit/(Loss) before tax	(3,034)	17,880	(5,091)	22,692
Income tax expense	-	(4,994)	-	(6,724)
Profit/(Loss) net of tax, representing total comprehensive income for the period	(3,034)	12,886	(5,091)	15,968
<b>Profit/(Loss) attributable to:</b>				
Shareholders of the Company	(3,034)	12,884	(5,091)	15,968
Non-controlling interests	-	2	-	-
	(3,034)	12,886	(5,091)	15,968
Earnings per share attributable to shareholders of the Company (sen per share)				
- Basic	(1.47)	6.23	(2.46)	7.72
- 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 2015.

**BERTAM ALLIANCE BERHAD (Company No. 305530-A)****CONDENSED STATEMENTS OF FINANCIAL POSITION**

	(UNAUDITED)	(AUDITED)
	As at	As at
Note	30.06.2016	31.12.2015
	RM'000	RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	10,700	10,694
Land held for property development	72,477	71,493
Investment in quoted shares	2,625	3,027
Club memberships	86	86
	<u>85,888</u>	<u>85,299</u>
<b>Current assets</b>		
Property development costs	100,456	145,490
Inventories	3,059	10,078
Trade and other receivables	105,816	72,981
Tax recoverable	129	1,602
Asset held for Sale	-	2,506
Cash and bank balances	4,864	11,547
	<u>214,324</u>	<u>244,204</u>
<b>Total assets</b>	<u>300,212</u>	<u>329,503</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	24,162	46,041
Income tax payable	-	2,374
Loans and borrowings	13,319	13,366
Finance lease payable	78	155
	<u>37,559</u>	<u>61,936</u>
Net current asset	<u>176,765</u>	<u>182,268</u>
<b>Non-current liabilities</b>		
Trade and other payables	-	2,851
Loans and borrowings	89,605	90,521
Finance lease payable	834	834
Deferred tax liabilities	5,416	5,259
	<u>95,855</u>	<u>99,464</u>
<b>Total liabilities</b>	<u>133,414</u>	<u>161,400</u>
	<u>166,798</u>	<u>168,103</u>
<b>Equity attributable to shareholders of the Company</b>		
Share capital	206,756	206,756
Other Reserve	(14,865)	(14,865)
Accumulated losses	(24,953)	(23,647)
	<u>166,939</u>	<u>168,244</u>
Non-controlling interests	(141)	(141)
<b>Total equity</b>	<u>166,797</u>	<u>168,103</u>
<b>Total equity and liabilities</b>	<u>300,212</u>	<u>329,503</u>
<b>Net assets per share attributable to shareholders of the Company (RM)</b>		
	<u>0.81</u>	<u>0.81</u>

The above statements of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2015.

**BERTAM ALLIANCE BERHAD (Company No. 305530-A)**

**CONDENSED STATEMENTS OF CHANGES IN EQUITY**

	←----- Attributable to shareholders of the Company -----→			Non-controlling Interests	Total equity	
	Share Capital	Other Reserve	Accumulated Losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance at 1 January 2016</b>	206,756	(14,865)	(19,862)	172,029	(141)	171,888
Total comprehensive income/(loss)	-		(5,091)	(5,091)	-	(5,091)
<b>As at 30 June 2016</b>	<u>206,756</u>	<u>(14,865)</u>	<u>(24,953)</u>	<u>166,939</u>	<u>(141)</u>	<u>166,797</u>
<b>Balance at 1 January 2015</b>	206,756		(35,460)	171,296	69	171,365
Total comprehensive income/(loss)	-		15,968	15,968	-	15,968
<b>As at 30 June 2015</b>	<u>206,756</u>	<u>-</u>	<u>(19,492)</u>	<u>187,264</u>	<u>69</u>	<u>187,333</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 2015.

**BERTAM ALLIANCE BERHAD** (Company No. 305530-A)

**CONDENSED STATEMENTS OF CASH FLOWS**

	<u>6-Month Ended</u> <u>30.06.2016</u> RM'000	<u>6-Month Ended</u> <u>30.06.2015</u> RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	(5,091)	22,692
Adjustment for non-cash and non-operating items	1,429	528
Operating cash flows before changes in working capital	(3,662)	23,220
Changes in working capital:-		
Inventories	7,019	5,375
Property development	45,034	28,583
Trade and other receivables	(24,422)	(9,171)
Other current assets	(1,186)	-
Other current liabilities	(3,444)	(1,892)
Trade and other payables	(24,730)	(16,854)
Net cash flows used in operations	(5,391)	29,261
Income taxes paid, net of refunded	(744)	(1,771)
Net cash flows used in operating activities	(6,135)	27,490
<b>Cash Flows From Investing Activities</b>		
Purchase of:		
- property, plant and equipment	(510)	(2,569)
- land held for property development	1,523	(16,848)
Proceeds from disposal of plant and equipment	-	3
Proceeds from disposal of associates	-	-
Investment	401	-
Interest received	54	64
Net cash flows (used in)/ generated from investing activities	1,468	(19,350)
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings	-	22,348
Repayment of borrowings	(1,039)	3,221
Interest paid	(978)	(393)
Dividends paid	-	-
Net cash flows used in financing activities	(2,017)	25,176
Net decrease in cash and cash equivalents	(6,683)	33,316
Cash and cash equivalents at beginning of the period	11,547	6,839
Cash and cash equivalents at end of the period	<u>4,864</u>	<u>40,155</u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and short term deposits	4,864	42,660
Bank overdraft	-	(2,505)
	<u>4,864</u>	<u>40,155</u>

The above statements of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2015.

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 JUNE 2016**

**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 2015.

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 2015, 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”)**

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 consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2015 could be different if prepared under the MFRS Framework.

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.

#### **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 2015 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 June 2016.

#### **7. Dividend Paid**

No dividend was paid during the financial period ended 30 June 2016.

## 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
<b>Revenue:</b>				
External sales	872	6,114	-	6,986
<b>Results:</b>				
Segment profit/(loss)	(1,813)	146	(2,184)	(3,851)
Other non-cash expenses	-	-	(4)	(4)
Depreciation	(125)	-	(133)	(258)
Finance costs	(80)	-	(898)	(978)
Profit/(Loss) before tax	(2,018)	146	(3,219)	(5,091)
Income tax expense	-	-	-	-
Profit/(Loss) net of tax	(2,018)	146	(3,219)	(5,091)

## 9. Valuation of Property, Plant and Equipment

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

## 10. Subsequent Material Events

On 5 July 2016, Bertam Alliance Berhad ("Bertam") had announced that a proposed disposal by MV Properties Sdn Bhd, an indirect wholly-owned subsidiary of Bertam, to Tujuan Optima Sdn Bhd ("Purchaser") of two parcels of freehold land held under Lot 809, Geran Mukim 563 and Lot 810 Geran Mukim 415 located in Mukim Cheras, Daerah Hulu Langat, Negeri Selangor for a total cash consideration of RM128.0 million.

On 8 August 2016, Bertam had announced that Bertam Development Sdn Bhd, a wholly-owned subsidiary of the Company, had on even date acquired 100 ordinary shares of RM1.00 each representing 100% equity interest in Wow Land Sdn Bhd for a total cash consideration of RM200,000

## 11. Changes in the Composition of the Group

There was no change in the composition of the Group for the quarter ended 30 June 2016.

## 12. Contingent Liabilities

The contingent liabilities of the Company and the Group as at 30 June 2016 were as follows:

	Company RM'000	Group RM'000
Guarantees to financial institutions for banking facilities granted to the subsidiary companies	<u>90,000</u>	<u>-</u>

## 13. Trade and Other Receivables

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

	30.06.2016 RM'000	31.12.2015 RM'000
Trade receivables		
- Third parties	<u>25,038</u>	<u>67,858</u>
Other receivables		
- Other receivables	79,201	1,654
- Prepayment	84	5
- Refundable deposits	<u>1,493</u>	<u>3,464</u>
	<u>80,778</u>	<u>5,123</u>
Total trade and other receivables	<u>105,816</u>	<u>72,981</u>



## **ADDITIONAL EXPLANATORY NOTES OF THE LISTING REQUIREMENTS OF THE BMSB**

### **1. Review of Performance**

For the current quarter ended 30 June 2016, the Group recorded a turnover and loss before tax of RM5.919 million and RM3.034 million respectively.

Performance of the respective operating business segments for the 6-month period ended 30 June 2016 as compared to the preceding year corresponding period is analysed as follows:-

#### Property development segment

The revenue from property development segment reduced by RM76.671 million due to lesser activities from the development projects and comparing to preceding year was a land disposal of RM63.5 million

#### Construction segment

The revenue from construction segment declined by RM5.107 million as due to lower activities from the construction project.

### **2. Review of Current Quarter Profitability against Immediate Preceding Quarter**

The Group registered a turnover of RM5.919 million and loss before tax of RM3.034 million in the current quarter under review and compared to RM1.067 million of turnover and RM2.056 million of loss before taxation reported in the immediate preceding quarter.

The turnover of current year quarter were from progress billing of property development, Suria Apartments.

### **3. Prospects**

For the financial year ending 31 December 2016, the Group expects to complete its disposal of the Cheras lands. This will enable the Group to realize an estimated one-off net gain of approximately RM79.840 million. The proceeds from the proposed disposal will be utilized for repayment of borrowings and future working capital.

For the financial 2016 onwards, the Group intend to develop various residential properties in Kota Kinabalu, Sabah over the next 3 to 5 years with Gross Development Value (GDV) of approximately RM500 million.

### **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. Corporate Proposal**

On 5 July 2016, Bertam Alliance Berhad ("Bertam") had announced that a proposed disposal by MV Properties Sdn Bhd, an indirect wholly-owned subsidiary of Bertam, to Tujuan Optima Sdn Bhd ("Purchaser") of two parcels of freehold land held under Lot 809, Geran Mukim 563 and Lot 810 Geran Mukim 415 located in Mukim Cheras, Daerah Hulu Langat, Negeri Selangor for a total cash consideration of RM128.0 million.

## 6. Group Borrowings and Debt Securities

The Group borrowings as at 30 June 2016 were as follows:

	<b>Total RM'000</b>
Term loans and finance lease	<u>103,835</u>
Current	13,396
Non-Current	90,439
	<u>103,835</u>

All the above borrowings are secured and denominated in Ringgit Malaysia. The Group has no debt securities as at 30 June 2016.

## 7. Dividend

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

## 8. Realised and Unrealised Losses Disclosure

	<b>30.06.2016 RM'000</b>	<b>31.12.2015 RM'000</b>
Total accumulated losses of the Group and Company		
- realised	(29,133)	(24,042)
- unrealised	77	77
	<u>(29,056)</u>	<u>(23,965)</u>
Add: consolidated adjustments	4,103	317
Accumulated losses as per consolidated accounts	<u>(24,953)</u>	<u>(23,648)</u>

## 9. Earnings Per Share

### (a) Basic Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2016 (RM'000)	Preceding Year Corresponding Quarter 30.06.2015 (RM'000)	Current Year To Date 30.06.2016 (RM'000)	Preceding Year Corresponding Period 30.06.2015 (RM'000)
Profit/(loss) attributable to the shareholders of the Company (RM'000)	(3,034)	12,884	(5,091)	15,968
Issued ordinary shares ('000)	206,756	206,756	206,756	206,756
Basic earnings per share (sen)	(1.47)	6.23	(2.46)	7.72

### (b) Diluted Earnings Per Share

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

## 10. 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 30.06.2016 (RM'000)	Preceding Year Corresponding Quarter 30.06.2015 (RM'000)	Current Year To Date 30.06.2016 (RM'000)	Preceding Year Corresponding Period 30.06.2015 (RM'000)
Interest income	27	40	54	64
Other income including investment income	30	24	30	48
Interest expense	467	337	978	393
Depreciation and amortisation	140	109	258	192
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Impairment of investment	401	-	401	-
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