

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
	30.09.2016 RM' 000	30.09.2015 RM' 000	30.09.2016 RM' 000	30.09.2015 RM' 000
Revenue	4,269	33,818	11,255	122,583
Cost of sales	(4,320)	(31,192)	(11,143)	(92,526)
Gross profit/(loss)	(51)	2,626	112	30,057
Other income	69	76	226	188
Administrative expenses	(1,681)	(2,007)	(6,113)	(6,464)
Finance costs	(477)	(390)	(1,455)	(783)
Share of results of associates	-	-	-	-
Profit/(Loss) before tax	(2,140)	305	(7,230)	22,998
Income tax expense	228	458	228	(6,266)
Profit/(Loss) net of tax, representing total comprehensive income for the period	(1,912)	763	(7,002)	16,732
Profit/(Loss) attributable to:				
Shareholders of the Company	(1,912)	763	(7,002)	16,732
Non-controlling interests	-	-	-	-
	(1,912)	763	(7,002)	16,732
Earnings per share attributable to shareholders of the Company (sen per share)				
- Basic	(0.92)	0.37	(3.39)	8.09
- 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	30.09.2016	31.12.2015
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	10,523	10,694
Land held for property development	73,309	71,493
Investment in quoted shares	2,625	3,027
Club memberships	86	86
Goodwill	90	-
	86,632	85,299
Current assets		
Property development costs	171,569	145,490
Inventories	2,435	10,078
Trade and other receivables	27,375	72,981
Tax recoverable	1,197	1,602
Asset held for Sale	-	2,506
Cash and bank balances	2,952	11,547
	205,528	244,204
Total assets	292,161	329,503
Equity and liabilities		
Current liabilities		
Trade and other payables	20,520	46,041
Income tax payable	-	2,374
Loans and borrowings	12,118	13,366
Finance lease payable	155	155
	32,792	61,936
Net current asset	172,736	182,268
Non-current liabilities		
Trade and other payables	2,686	2,851
Loans and borrowings	89,605	90,521
Finance lease payable	718	834
Deferred tax liabilities	5,259	5,259
	98,267	99,464
Total liabilities	131,059	161,400
	161,101	168,103
Equity attributable to shareholders of the Company		
Share capital	206,756	206,756
Other Reserve	(14,865)	(14,865)
Accumulated losses	(30,649)	(23,647)
	161,242	168,244
Non-controlling interests	(141)	(141)
Total equity	161,101	168,103
Total equity and liabilities	292,161	329,503
Net assets per share attributable to shareholders of the Company (RM)	0.78	0.81

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----->					
	Share Capital	Other Reserve	Accumulated Losses	Total	Non-controlling Interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2016	206,756	(14,865)	(23,647)	168,244	(141)	168,103
Total comprehensive income/(loss)	-		(7,002)	(7,002)	-	(7,002)
As at 30 Sept 2016	206,756	(14,865)	(30,649)	161,242	(141)	161,101
Balance at 1 January 2015	206,756		(35,460)	171,296	69	171,365
Total comprehensive income/(loss)	-		16,732	16,732	-	16,732
As at 30 Sept 2015	206,756	-	(18,728)	188,028	69	188,097

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**

	9-Month Ended 30.09.2016 RM'000	9-Month Ended 30.09.2015 RM'000
Cash Flows From Operating Activities		
Profit / (Loss) before tax	(7,230)	22,998
Adjustment for non-cash and non-operating items	2,362	865
Operating cash flows before changes in working capital	(4,868)	23,863
Changes in working capital:-		
Inventories	7,643	(2,254)
Property development	(26,079)	2,216
Trade and other receivables	45,606	10,207
Other current assets	-	(45,264)
Other current liabilities	-	308
Trade and other payables	(25,686)	(24,260)
Net cash flows used in operations	(3,384)	(35,184)
Income taxes paid, net of refunded	(1,742)	66
Net cash flows used in operating activities	(5,126)	(35,118)
Cash Flows From Investing Activities		
Purchase of:		
- property, plant and equipment	(516)	(3,488)
- land held for property development	691	(17,424)
Proceeds from disposal of plant and equipment	10	5
Proceeds from disposal of associates	-	-
Investment	-	-
Interest received	81	98
Net cash flows (used in)/ generated from investing activities	266	(20,809)
Cash Flows From Financing Activities		
Proceeds from borrowings		52,722
Repayment of borrowings	(2,280)	(1,466)
Interest paid	(1,455)	(783)
Dividends paid	-	-
Net cash flows (used in)/ generated from financing activities	(3,735)	50,473
Net decrease in cash and cash equivalents	(8,595)	(5,454)
Cash and cash equivalents at beginning of the period	11,547	6,839
Cash and cash equivalents at end of the period	2,952	1,385
Cash and cash equivalents comprise the following:		
Cash and short term deposits	7,569	1,493
Bank overdraft	(4,617)	(108)
	2,952	1,385

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 SEPTEMBER 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 September 2016.

7. Dividend Paid

No dividend was paid during the financial period ended 30 September 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
Revenue:				
External sales	4,372	6,883	-	11,255
Results:				
Segment profit/(loss)	(2,507)	244	(2,832)	(5,095)
Other non-cash expenses	(4)	-	(244)	(248)
Depreciation	(228)	-	(203)	(431)
Finance costs	(204)	-	(1,252)	(1,456)
Profit/(Loss) before tax	(2,943)	244	(4,531)	(7,230)
Income tax expense	88	(10)	150	228
Profit/(Loss) net of tax	(2,855)	234	(4,381)	(7,002)

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 25 October 2016, Bertam Alliance Berhad ("Bertam") had announced that a proposed disposal by Budaya Identiti Sdn Bhd, a wholly-owned subsidiary of the Company, to PYL Agriculture Sdn Bhd ("Purchaser") of a piece of leasehold agriculture land held under HSD 16097, PT 7886, located in Mukim Gemencheh, Daerah Tampin, Negeri Sembilan for a total cash consideration of RM 15.522 million. The Sales and Purchase Agreement dated 24 October 2016 was a conditional sales subject to obtain approval of Estate Land's Board Approval to transfer the land within 6 months from the agreement date.

11. Changes in the Composition of the Group

On 8 August 2016, 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 RM 200,000.

12. Contingent Liabilities

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

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

13. Trade and Other Receivables

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

	30.09.2016 RM'000	31.12.2015 RM'000
Trade receivables		
- Third parties	20,128	67,858
Other receivables		
- Other receivables	6,859	1,654
- Prepayment	89	5
- Refundable deposits	299	3,464
	<u>7,247</u>	<u>5,123</u>
Total trade and other receivables	<u>27,375</u>	<u>72,981</u>

14 The Overdraft facilities is secured by first legal charge on Gemencheh land and Corporate guarantee.

ADDITIONAL EXPLANATORY NOTES OF THE LISTING REQUIREMENTS OF THE BMSB

1. Review of Performance

For the current quarter ended 30 September 2016, the Group recorded a turnover and loss before tax of RM 4.269 million and RM 2.14 million respectively.

Performance of the respective operating business segments for the 9-month period ended 30 September 2016 as compared to the preceding year corresponding period is analysed as follows:-

Property development segment

The revenue from property development segment reduced by RM75.529 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 RM 35.799 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 RM 4.269 million and loss before tax of RM 2.14 million in the current quarter under review and compared to RM 5.919 million of turnover and RM 3.034 million of loss before taxation reported in the immediate preceding quarter.

The turnover of current year quarter were from disposal of land in Kuantan and sales of Suria Apartments in Kota Damansara.

3. Corporate Proposal

The 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 was approved by shareholders in extraordinary General Meeting held on 14 October 2016.

4. Prospects

The Group expects to complete its disposal of the Cheras lands in January 2017. 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.

The Malaysia property market will be experiencing a soft-landing as property prices are still holding up although price growth is decelerating. As the government shifts its focus to help more low to middle-income earners to own homes, property developers also need to re-balance their strategy and focus on the affordable segment, which has higher demand. The supply of high end segment has surpassed demand, but the imbalance is in the affordable segment where demand is higher than supply. There is a mismatch of supply and demand in the property market — there is an oversupply of high-end properties and an under-supply of affordable homes.

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

5. 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.

6. Material Litigation

Bertam Development Sdn. Bhd., a wholly owned subsidiary, had on 4 October 2016 received a Notice of Adjudication dated 30 September 2016 from R & C Cergas Teguh Sdn. Bhd. (“the Contractor”) pursuant to Section 7 and 8 of the Construction Industry Payment & Adjudication Act, 2012, (“CIPAA”) in relation to the construction of 47 units of 2 ½ storey houses on a piece of land known as Lot 811-837, 839-845, 848-850 & 853-862, Seksyen 6, Bandar Kuah, Daerah Langkawi, Kedah Darul Aman. The Contractor alleged payment claims amounted to RM5,818,553.08. Bertam Development Sdn Bhd had instructed its solicitors to contest the matter.

7. Group Borrowings and Debt Securities

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

	Total RM'000
Term loans and finance lease	<u>102,595</u>
Current	12,272
Non-Current	90,323
	<u>102,595</u>

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

8. Dividend

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

9. Realised and Unrealised Losses Disclosure

	30.09.2016 RM'000	31.12.2015 RM'000
Total accumulated losses of the Group and Company		
- realised	(30,933)	(24,042)
- unrealised	<u>77</u>	<u>77</u>
	(30,856)	(23,965)
Add: consolidated adjustments	<u>207</u>	<u>317</u>
Accumulated losses as per consolidated accounts	<u>(30,649)</u>	<u>(23,648)</u>

10. Earnings Per Share

(a) Basic Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2016 (RM'000)	Preceding Year Corresponding Quarter 30.09.2015 (RM'000)	Current Year To Date 30.09.2016 (RM'000)	Preceding Year Corresponding Period 30.09.2015 (RM'000)
Profit/(loss) attributable to the shareholders of the Company (RM'000)	(1,912)	763	(7,002)	16,732
Issued ordinary shares ('000)	206,756	206,756	206,756	206,756
Basic earnings per share (sen)	(0.92)	0.37	(3.39)	8.09

(b) Diluted Earnings Per Share

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

11. 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 30.09.2016 (RM'000)	Preceding Year Corresponding Quarter 30.09.2015 (RM'000)	Current Year To Date 30.09.2016 (RM'000)	Preceding Year Corresponding Period 30.09.2015 (RM'000)
Interest income	27	34	81	98
Other income including investment income	13	42	43	90
Interest expense	477	390	1,455	783
Depreciation and amortisation	173	20	431	172
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

Andrea Huong Jia Mei (MIA 36347)
Company Secretary

Kuala Lumpur
23 November 2016