

PART A: NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirement of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2018.

2. Accounting Policies

The significant accounting policies, method of computation and basis of consolidation applied in the consolidated condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2018, except for the adoption of MFRS framework effective for the financial year beginning on 1 January 2019.

On 19 November 2011, the MASB issued a new MASB approved accounting framework, MFRS. 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 MFRS 15 Revenue from Contracts with Customers ("Transitioning Entities").

The Transitioning Entities are given option to defer the adoption of MFRSs Framework. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual period beginning on or after 1 January 2012.

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 consider that they are achieving their schedule milestone and expect to be in the position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

Certain subsidiary companies of the Group which do not fall within the scope of Transitioning Entities have adopted the MFRS Framework. Accordingly, reconciliations have been performed for the different financial reporting frameworks. However, the difference did not have significant impact to these consolidated financial statements. The effect on the adoption of MFRS framework as follows:

MFRS 9: Financial Instruments

MFRS 9 introduces an approach for classification and measurement of the financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments and expected-loss impairment model that will require more timely recognition of expected credit losses which replaces the "incurred loss" model in MFRS 139.

MFRS 15: Revenue from Contract

The core principal of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract; and
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue - Barter Transactions Involving Advertising Services

3. Audit Opinion on 2018 Financial Statements

The auditors' report on the financial statements of the Group for the year ended 31 December 2018 was not subject to any audit qualification or modified opinion.

4. Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by seasonal or cyclical factors.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no significant unusual items that affect the assets, liabilities, equity, net income or cash flows during the financial period under review.

6. Material Changes in Estimates

There were no material changes in estimates of amounts that have had a material effect in the results during the financial period under review.

7. Issuances, Cancellation, Repurchases, Resale and Repayment of Debts and Equity Securities

There were no issues, repurchases and repayments of debt and equity securities during the financial period under review.

8. Dividend paid

There were no dividend paid during the financial period under review.

9. Segmental Information

The Group's activities include property for sale, property development, construction and provision of corporate management services to the companies within the Group which are carried out in Malaysia as follows:

Current year to date	Property for Sale/ Property Development/ RM'000	Construction/ Trading of Building Materials RM'000	Corporate and others RM'000	Total RM'000
31.03.2019				
Revenue				
External sales	-	2,593	-	2,593
Segment results	(44)	(25)	(789)	(858)
Depreciation	-	-	(112)	(112)
Finance costs	-	-	(272)	(272)
(Loss) / Profit before tax	(44)	(25)	(1,173)	(1,242)
Tax expenses	-	-	-	-
(Loss) / Profit after tax	(44)	(25)	(1,173)	(1,242)

10. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements.

11. Material Events Subsequent to the End of the Interim Period

In the opinion of the directors, there has not arisen in the interval between the end of the current quarter and date of the announcement, any item, transaction or event of a material and unusual nature likely to affect substantially the result of the Group.

12. Status of Corporate Proposals:-

There is no other outstanding corporate proposal announced but not completed as at the date of this report.

13. Changes in composition of the Group

There were no material changes in composition of the Group during the financial period under review.

14. Contingent Liabilities

The contingent liabilities of the Company and the Group as at 31 March 2019 were as follows:

	Group RM'000	Company RM'000
(i) Guarantees to financial institutions for banking facilities granted to a subsidiary company, Bertam Development Sdn Bhd (BDSB)	3,594	25,669

The Company as the Corporate guarantor for the facility as mentioned, shall pay the loan instalments from internal generated funds as they fall due.

(ii)

A wholly owned subsidiary of the company has received a letter dated 15.02.2019 from Royal Customs Department informing that arising from the GST audit for period from 01.04.2015 to 31.12.2017, the company has not complied with the certain provision of GST act and the output tax in question amounted to RM3,594,339.62. The company has appointed a Tax Agent to appeal the case.

15. Trade and Other Receivables

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

	31.03.2019 RM'000	31.03.2018 RM'000
Trade receivables - third parties, net of impairments	642	3,135
Other receivables		
- Sundry receivables, net of impairments	1,272	4,818
- Prepayment	101	772
- Refundable deposits	1,723	17,067
	3,096	22,657
Total trade and other receivables	3,738	25,792

16. Related Party Transactions

There are no other significant related party transactions except for the followings:

	Current Year Quarter 31.03.2019 RM'000	Preceding Year Corresponding Quarter 31.03.2018 RM'000	Current Year to date 31.03.2019 RM'000	Preceding Year Corresponding Period 31.03.2018 RM'000
Transaction with companies in which the Director of the Company have substantial financial interest				
- rental income on premises	-	10	-	40

The related party transactions have been entered into in the normal course of business under negotiated terms.

17. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM'000	Financing cash flow RM'000	New finance lease RM'000	At 31 Mar 2019 RM'000
Group				
Amount due to directors	1	-	-	1
Finance lease liabilities	342	(26)	-	316
Term loans	34,753	(4,113)	-	30,640
	35,096	(4,139)	-	30,957
Company				
Term loans	5,502	(211)	-	5,291

BERTAM ALLIANCE BERHAD (Company No. 305530-A)**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD****1. Operating Segment Review****1st Quarter 2019 vs 1st Quarter 2018**

	Individual quarter		RM'000	Changes	%
	Current year Quarter	Preceding Year Corresponding Quarter			
	RM'000	RM'000	RM'000		
Revenue					
Property for sale / Property Development	-	-	-		NA
Construction / Trading of Building Materials	2,593	-	2,593		NA
Corporate and others	-	-	-		NA
	2,593	-	2,593		-
Profit/(Loss) before tax					
Property for sale / Property Development	(44)	(847)	803		95%
Construction / Trading of Building Materials	(25)	(8)	(17)		213%
Corporate and others	(1,173)	(650)	(523)		-80%
	(1,242)	(1,505)	263		17%
Profit/(Loss) after tax					
Property for sale / Property Development	(44)	(849)	805		95%
Construction / Trading of Building Materials	(25)	(8)	(17)		213%
Corporate and others	(1,173)	(650)	(523)		-80%
	(1,242)	(1,507)	265		18%

Group

The revenue recorded was RM2.5 million in current year's quarter compared to no revenue recorded in the preceding year corresponding quarter.

Property for sales / Property development segment

There was no revenue recorded for current quarter and previous year's corresponding quarter.

For the current quarter ended 31 March 2019, the segment recorded a loss before tax of RM44,000 as compared to loss before tax of RM847,000 in the previous year corresponding quarter.

Construction / Trading of building materials segment

The revenue recorded was RM2.5 million in current year's quarter compared to no revenue recorded in the preceding year corresponding quarter.

For the current quarter ended 31 March 2019, the segment recorded a loss before tax of RM25,000 as compared to loss before tax of RM8,000 in the previous year's corresponding quarter.

Corporate and others

There was no revenue recorded for current quarter and previous year's corresponding quarter.

For the current quarter ended 31 March 2019, the segment recorded a loss before tax of RM1.2 million as compared to loss before tax of RM650,000 in the previous year's corresponding quarter.

Year to date 31.03.2019 vs 31.03.2018

	Cumulative period		Changes	
	Current year to date	Preceding Year Corresponding period	RM'000	%
	RM'000	RM'000	RM'000	
Revenue				
Property for sale / Property Development	-	-	-	NA
Construction / Trading of Building Materials	2,593	-	2,593	NA
Corporate and others	-	-	-	NA
	<u>2,593</u>	<u>-</u>	<u>2,593</u>	<u>#DIV/0!</u>
(Loss) / Profit before tax				
Property for sale / Property Development	(44)	(847)	803	95%
Construction / Trading of Building Materials	(25)	(8)	(17)	213%
Corporate and others	(1,173)	(650)	(523)	-80%
	<u>(1,242)</u>	<u>(1,505)</u>	<u>263</u>	<u>17%</u>
(Loss) / Profit after tax				
Property for sale / Property Development	(44)	(849)	805	95%
Construction / Trading of Building Materials	(25)	(8)	(17)	213%
Corporate and others	(1,173)	(650)	(523)	-80%
	<u>(1,242)</u>	<u>(1,507)</u>	<u>265</u>	<u>18%</u>

Group

The revenue recorded was RM2.5 million in current year's quarter compared to no revenue recorded in the preceding year corresponding quarter.

The Group recorded loss before tax of RM1.2 million as compared to loss before tax of RM1.5 million in the previous year's corresponding period.

Property for sale / Property development segment

There was no revenue recorded for current quarter and previous year's corresponding period.

For the current year to date as at 31 March 2019, the segment recorded loss before tax of RM44,000 as compared to loss before tax of RM847,000 in the previous year corresponding period.

Construction / Trading of building materials segment

The revenue recorded was RM2.5 million in current year's quarter compared to no revenue recorded in the previous year corresponding quarter.

For the current year to date as at 31 March 2019, the segment recorded loss before tax of RM25,000 as compared to loss before tax of RM8,000 in the previous year corresponding period.

Corporate and others

There was no revenue recorded for current to date and previous year's corresponding period.

For the current year to date as at 31 March 2019, the segment recorded a loss before tax of RM1.1 million as compared to loss before tax of RM650,000 in the previous corresponding period.

2. Review of Current Quarter Profitability against Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Property for sale / Property Development	-	-	-	NA
Construction / Trading of Building Materials	2,593	817	1,776	217%
Corporate and others	-	-	-	NA
	<u>2,593</u>	<u>817</u>	<u>1,776</u>	<u>217%</u>
(Loss)/Profit before tax				
Property for sale / Property Development	(44)	(1,949)	1,905	98%
Construction / Trading of Building Materials	(25)	(111)	86	-77%
Corporate and others	(1,173)	(814)	(359)	-44%
	<u>(1,242)</u>	<u>(2,874)</u>	<u>1,632</u>	<u>57%</u>
(Loss)/Profit before tax				
Property for sale / Property Development	(44)	(1,946)	1,902	98%
Construction / Trading of Building Materials	(25)	(111)	86	-77%
Corporate and others	(1,173)	(1,114)	(59)	-5%
	<u>(1,242)</u>	<u>(3,171)</u>	<u>1,929</u>	<u>61%</u>

3. Prospects

In the midst of rising costs due to inflation and the uncertainties in global economy coupled with the tighten lending conditions which affect property demand, the property market outlook is expected to remain challenging in the year ahead. Despite these challenges, the Group will continue to focus on the development of the affordable residential and commercial properties in Kepyayan, Kota Kinabalu, Sabah over the next 3 years with the estimated Gross Development Value of approximately RM150 million.

On 2nd October 2018, the Ministry of Local Government and Housing Sabah has granted a conditional approval to Wow Land Sdn. Bhd. for the Advertising Permit and Developers License for Idaman Residence subject to the submission of a Bank Guarantee.

The Group is currently looking into the Kepyayan lands on development in residential and commercial properties, the proposals are currently in progress and pending approvals. The Group will take necessary steps for the developments of those lands in order to sustain the operation of the Group.

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. Tax expenses

	Current Year Quarter 31.03.2019 RM'000	Preceding Year Corresponding Quarter 31.03.2018 RM'000	Current Year To Date 31.03.2019 RM'000	Preceding Year Corresponding Period 31.03.2018 RM'000
Tax expenses				
- current year provision	-	(2)	-	(2)
- (under)/over provision in prior years	-	-	-	-
	-	(2)	-	(2)
Deferred tax:				
- Origination and reversal of temporary differences	-	-	-	-
- Over provision in prior years	-	-	-	-
	-	-	-	-
Tax expenses for the financial period	-	(2)	-	(2)

6. Finance Costs

	Current Year Quarter 31.03.2019 RM'000	Preceding Year Corresponding Quarter 31.03.2018 RM'000	Current Year To Date 31.03.2019 RM'000	Preceding Year Corresponding Period 31.03.2018 RM'000
Interest expenses				
Term loans	(268)	(820)	(268)	(820)
Bank overdrafts	-	-	-	-
Finance lease payables	(3)	(9)	(3)	(9)
	(271)	(829)	(271)	(829)
Less:				
Interest capitalised in property dev. costs	-	737	-	737
	-	737	-	737
Interest expenses for the financial period	(271)	(92)	(271)	(92)

7. Borrowings

The Group's borrowings (all denominated in Ringgit Malaysia) are as follows:

	Current RM'000	Non Current RM'000	Total RM'000
Secured			
Term loans	26,169	4,471	30,640
Obligations under finance lease	90	226	316
As at 31 March 2019	26,259	4,697	30,956
	Current RM'000	Non Current RM'000	Total RM'000
Secured			
Term loans	41,186	5,307	46,493
Obligations under finance lease	217	515	732
As at 31 March 2018	41,403	5,822	47,225

As disclosed in Note 9, Bertam Development Sdn. Bhd. (BDSB), a wholly owned subsidiary company of the Company had been served with a winding up order by the High Court on 30 November 2017. Consequently, the term loans of BDSB totalling RM8,748,763.54 as at 31st March 2019 was shown as current liability.

8. Material Litigation

There are no other pending material litigation as at reporting date except for the following:

On 20 December 2017, Messrs. T G Lee & Associates, solicitors acting for R&C Cergas Teguh Sdn Bhd (RCT) served a sealed copy of the Winding Up by Court dated 30 November 2017 (Winding-up Order) and Sealed Allocator dated 19 November 2017 against BDSB, which is a major subsidiary of Bertam.

The particulars of the Winding-up Order are as follows:-

- (i) That Bertam Development Sdn Bhd (BDSB) will be wound up by the High Court of Malaya at Kuala Lumpur under the provisions of the Act;
- (ii) That the official receiver be appointed as liquidator of BDSB; and
- (iii) Cost of RM5,000.00 payable to the allocator.

The circumstances leading to the Winding-up Order against BDSB was due to default of outstanding payment of RM4,568,203.47 as at 25 July 2017 and continuing interest at the rate of 7.65% per annum on RM4,111,267.73 from 26 July 2017 until full and final realisation of the total sum due and owing to the Petitioner for payments claimed for construction work pursuant to the decision by Adjudicator on 19 February 2017 ("Adjudicator's Decision") .

On 21 September 2018, the Malaysian Department of Insolvency ("MDI") advertised for the creditors to come forward and file proof of Debts ("POD") within 21 days from the date of the advertisement, which has lapsed on 12 October 2018. On 12 December 2018, MDI via its letter on even date, informed Bertam that the debts due by BDSB to six (6) creditors amounted to RM6.96 million with incidental miscellaneous expenses.

After resolving the proof of debts and complying with all the liquidation procedures and with the consent from MDI, Bertam, via its solicitors shall proceed to apply to the court pursuant to Section 493 of the Companies Act, 2016 to terminate the Winding-up Order. The solicitors expect to have the order granted by the court by October 2019.

9. Dividend Payable

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

10. Earnings/(Loss) per share

The basic earnings per share has been calculated by dividing the Group's profit/(loss) for the period attributable to owners of the Company by weighted average number of shares in issue. The weighted number of shares in issue is calculated as follows:

	Quarter ended		Year to date	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
(Loss) / Profit attributable to owners of the Company (RM'000)	(1,242)	(1,507)	(1,242)	(1,507)
Number of ordinary shares in issued ('000 shares)	206,756	206,756	206,756	206,756
Basic earnings/(loss) per share (sen)	(0.60)	(0.73)	(0.60)	(0.73)

The diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares outstanding.

11. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 were not subject to any qualifications or modified opinion.

12. (Loss)/Profit Before Tax

The following items have been included in arriving at (loss) / profit before tax:

	Quarter ended		Year to date	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
Interest income	114	20	114	20
Rental income	88	16	88	16
Investment Income	-	256	-	256
Interest expense	(272)	(92)	(272)	(92)
Depreciation	(112)	(159)	(112)	(159)
Gain/(Loss) on disposal of quoted shares	(113)	-	(113)	-
Gain/(Loss) on disposal of fixed assets	-	-	-	-

13. Retained Earnings

	As at	As at
	31.03.2019	31.12.2018
	RM'000	RM'000
Realised	(1,242)	10,870
Unrealised	-	(95)
	(1,242)	10,775
Consolidation adjustments	-	-
Retained earnings	(1,242)	10,775

14. Authorised For Issue

The Interim Financial Statements were authorised for issue by the Board in accordance with a resolution of the Directors on 22 February 2019.