

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR TO DATE ENDED 30 JUNE 2020

	INDIVIDUAL QUARTERS		CUMULATIVE QUARTERS	
	30.06.20 RM'000	30.06.19 RM'000	30.06.20 RM'000	30.06.19 RM'000
Revenue	1,078	2,048	1,535	4,641
Cost of sales	(1,094)	(1,851)	(1,529)	(4,071)
Gross Profit / (Loss)	(16)	197	6	570
Other items of income	-	211	837	413
Other items of expenses				
Administration expenses	(14,591)	(776)	(15,433)	(2,321)
Other operating expenses	-	-	-	-
Selling expenses	-	-	-	-
Finance costs	(42)	110	(145)	(162)
Profit / (Loss) before tax	(14,649)	(258)	(14,735)	(1,500)
Income tax expenses	-	-	9	-
Profit / (Loss) after tax	(14,649)	(258)	(14,726)	(1,500)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income / (loss)	(14,649)	(258)	(14,726)	(1,500)
Profit / (Loss) attributable to:				
Owners of the parent	(14,649)	(258)	(14,726)	(1,500)
Non-controlling interests	-	-	-	-
	(14,649)	(258)	(14,726)	(1,500)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	(14,649)	(258)	(14,726)	(1,500)
Non-controlling interests	-	-	-	-
	(14,649)	(258)	(14,726)	(1,500)
Earnings / (Loss) per share attributable to owners of the parent (sen per share):				
Basic	(7.09)	(0.12)	(7.12)	(0.73)

BERTAM ALLIANCE BERHAD

[Registration No. 199401019851 (Company No. 305530-A)]

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	AS AT END OF CURRENT QUARTER (UNAUDITED)	AS AT END OF PRECEDING FINANCIAL YEAR (AUDITED)
	30.06.2020	31.12.2019
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	487	3,665
Investment properties	-	5,267
Land held for property development	184,104	198,244
Goodwill on consolidation	90	90
Other investments	-	-
	184,681	207,266
Current assets		
Property development cost	-	-
Inventories	552	552
Trade and other receivables	3,302	2,023
Tax recoverable	1,290	1,290
Deposit, cash and bank balances	49	449
	5,193	4,314
Total assets	189,874	211,580
Equity and liabilities		
Capital and Reserves		
Share capital	206,756	206,756
Other reserves	-	-
Retained earnings / (Accumulated losses)	(51,044)	(36,318)
Equity attributable to equity holders of the Company	155,712	170,438
Non-controlling interests	(152)	(152)
Total equity	155,560	170,286
Non-current liabilities		
Loans and borrowings	-	4,530
Finance lease payable	141	158
Deferred tax liabilities	-	-
	141	4,688
Current liabilities		
Trade and other payables	18,295	17,345
Amount due to director	673	653
Tax payables	14,250	14,250
Loans and borrowings	856	4,263
Finance lease payable	99	95
	34,173	36,606
Net current assets / (liabilities)	(28,980)	(32,292)
Total liabilities	34,314	41,294
Net assets	155,560	170,286
Total equity and liabilities	189,874	211,580
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.75	0.82

The above condensed consolidated statements of financial position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	← Attributable to owners of the Company →		(Accumulated Losses) / Retained Earnings RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Non-distributable	Distributable				
	Share Capital RM'000	Other Reserve RM'000				
At 1 January 2020	206,756	-	(36,318)	170,438	(152)	170,286
Transfer	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	(14,726)	(14,726)	-	(14,726)
At 30 June 2020	206,756	-	(51,044)	155,712	(152)	155,560
At 1 January 2019	206,756	(14,865)	(5,645)	186,246	(149)	186,097
Transfer	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	(1,500)	(1,500)	-	(1,500)
At 30 June 2019	206,756	(14,865)	(7,145)	184,746	(149)	184,597

The above condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	Current Year ended 30.06.2020 RM'000	Preceding Year ended 30.06.2019 RM'000
Cash Flows From Operating Activities		
Net profit / (loss) before tax	(14,735)	(1,500)
Adjustments for:-		
Depreciation	197	307
Interest / Investment income	(1)	(175)
Interest expense	145	162
Impairment loss on land held for property development	14,140	-
(Gain) / Loss on disposal of fixed assets	150	7
(Gain) / Loss on disposal of quoted shares	-	113
Operating cash flows before changes in working capital	(104)	(1,086)
Changes in working capital:		
(Increased)/Decreased in property development costs	-	(627)
(Increased)/Decreased in trade and other receivables	(1,279)	(1,887)
Increased/(Decreased) in trade and other payables	970	(507)
Net cash flows used in operations	(413)	(4,107)
Interest paid	(145)	(162)
Interest income	1	175
Income taxes paid, net of refunded	9	284
Net cash used in operating activities	(548)	(3,810)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(8)	(12)
Additional to land held for property development	-	(305)
Proceeds from disposal of other investments	-	426
Proceeds from disposal of property, plant and equipment	8,106	4
Net cash flows generated from investing activities	8,098	113
Cash Flows from Financing Activities		
Repayment to a director	-	-
Fixed deposits pledged with licenced bank	-	-
Repayment of borrowings	(7,950)	(21,391)
Net cash used in financing activities	(7,950)	(21,391)
Net Increase/(decrease) in cash and cash equivalents	(400)	(25,088)
Cash and cash equivalents at beginning of the period	449	26,012
Cash and cash equivalents at end of year	49	924
Cash and cash equivalents comprise the following:		
	RM'000	RM'000
Cash and short term deposits	49	924
Less : Fixed deposit pledged with licensed banks	-	-
	49	924

The above condensed consolidated statements of cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

PART A: NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial statements are unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2019.

2. Significant Accounting Policies

Except as described below, the significant accounting policies adopted are consistent with those of the audited financial statement for the year ended 31 December 2019.

On 1 January 2020, the Group adopted the following MFRSs:-

MFRSs

- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instruments and MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures-Interest Rate Benchmark Reform*

The application of the above Amendments to MFRSs did not result in any significant changes in accounting policies and presentation of the financial results of the Group.

3. Seasonal or Cyclical Factors

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

4. 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.

5. 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.

6. 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.

7. Dividend paid

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

8. 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
30.06.2020				
Revenue				
External sales	-	1,535	-	1,535
Segment results	(14,579)	(21)	207	(14,393)
Depreciation	(80)	-	(117)	(197)
Finance costs	(89)	-	(56)	(145)
(Loss) / Profit before tax	(14,748)	(21)	34	(14,735)
Tax expenses	9	-	-	9
(Loss) / Profit after tax	(14,739)	(21)	34	(14,726)

9. Valuation of Property, Plant and Equipment

The valuation certificate of Luyang land dated 2nd July 2020:-

No.	Title No.	Located	Book Value	Market Value as per Valuation Certificate	Impairment loss on land held for property development
1.	CL 015151005	Luyang	49,140	35,000	14,140

10. 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.

11. Status of Corporate Proposals:-

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

12. Changes in composition of the Group

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

13. Contingent Liabilities

The contingent liabilities of the Company and the Group as at 30 June 2020 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)	-	819

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

14. Trade and Other Receivables

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

	30.06.2020 RM'000	31.12.2019 RM'000
Trade receivables - third parties, net of impairments	2,771	1,349
Other receivables		
- Sundry receivables, net of impairments	369	448
- Prepayment	49	84
- Refundable deposits	113	142
	531	674
Total trade and other receivables	3,302	2,023

15. Related Party Transactions

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

	Current Year Quarter 30.06.2020 RM'000	Preceding Year Corresponding Quarter 30.06.2019 RM'000	Current Year to date 30.06.2020 RM'000	Preceding Year Corresponding Period 30.06.2019 RM'000
Transaction with companies in which the Director of the Company have substantial financial interest				
- rental income on premises	44	48	88	96

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

16. 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	Repayment of bank borrowing	New finance lease	At 30 Jun 2020
	RM'000	RM'000	RM'000	RM'000
<u>Group</u>				
Amount due to directors	-	-	-	-
Finance lease liabilities	253	(13)	-	240
Term loans	8,793	(7,937)	-	856
	<u>9,046</u>	<u>(7,950)</u>	<u>-</u>	<u>1,096</u>
<u>Company</u>				
Term loans	5,016	(5,016)	-	-

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

1. Operating Segment Review

2nd Quarter 2020 vs 2nd Quarter 2019

	Individual quarter		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	1,078	2,048	(970)	47%
Corporate and others	-	-	-	NA
	<u>1,078</u>	<u>2,048</u>	<u>(970)</u>	<u>-</u>
Profit/(Loss) before tax				
Property for sale / Property Development	(14,428)	(794)	(13,634)	-1717%
Construction / Trading of Building Materials	(40)	578	(618)	-107%
Corporate and others	(181)	(42)	(139)	-331%
	<u>(14,649)</u>	<u>(258)</u>	<u>(14,391)</u>	<u>-5578%</u>
Profit/(Loss) after tax				
Property for sale / Property Development	(14,428)	(794)	(13,634)	-1717%
Construction / Trading of Building Materials	(40)	578	(618)	-107%
Corporate and others	(181)	(42)	(139)	-331%
	<u>(14,649)</u>	<u>(258)</u>	<u>(14,391)</u>	<u>-5578%</u>

Group

The revenue recorded was RM1.0 million in current year's quarter compared to RM2.0 million in the preceding year corresponding quarter.

Property for sales / Property development segment

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

For the current quarter ended 30 June 2020, the segment recorded a loss before tax of RM14.4 million as compared to loss before tax of RM794,000 in the previous year corresponding quarter.

Construction / Trading of building materials segment

The revenue recorded was RM1.0 million in current year's quarter compared to RM2.0 million in the preceding year corresponding quarter.

For the current quarter ended 30 June 2020, the segment recorded a loss before tax of RM40,000 as compared to profit before tax of RM578,000 in the previous year's corresponding quarter.

Corporate and others

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

For the current quarter ended 30 June 2020, the segment recorded a loss before tax of RM181,000 as compared to loss before tax of RM42,000 in the previous year's corresponding quarter.

Year to date 30.06.2020 vs 30.06.2019

	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	1,535	4,641	(3,106)	67%
Corporate and others	-	-	-	NA
	1,535	4,641	(3,106)	
(Loss) / Profit before tax				
Property for sale / Property Development	(14,748)	(838)	(13,910)	-1660%
Construction / Trading of Building Materials	(21)	553	(574)	-104%
Corporate and others	34	(1,215)	1,249	103%
	(14,735)	(1,500)	(13,235)	-882%
(Loss) / Profit after tax				
Property for sale / Property Development	(14,739)	(838)	(13,901)	-1659%
Construction / Trading of Building Materials	(21)	553	(574)	-104%
Corporate and others	34	(1,215)	1,249	103%
	(14,726)	(1,500)	(13,226)	-882%

Group

The revenue recorded was RM1.5 million in current year to date compared to RM4.6 million in the preceding year corresponding period.

The Group recorded loss before tax of RM14.7 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 to date and previous year's corresponding period.

For the current year to date as at 30 June 2020, the segment recorded loss before tax of RM14.7 million as compared to loss before tax of RM838,000 in the previous year corresponding period.

Construction / Trading of building materials segment

The revenue recorded was RM1.5 million in current year to date compared to RM4.6 million in the previous year corresponding period.

For the current year to date as at 30 June 2020, the segment recorded a loss before tax of RM21,000 as compared to profit before tax of RM553,000 in the previous 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 30 June 2020, the segment recorded a profit before tax of RM34,000 as compared to loss before tax of RM1.2 million 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	-	-	642	NA
Construction / Trading of Building Materials	1,078	457	621	136%
Corporate and others	-	-	1,272	NA
	1,078	457	2,535	136%
(Loss)/Profit before tax				
Property for sale / Property Development	(14,428)	(311)	(14,117)	-4539%
Construction / Trading of Building Materials	(40)	19	(59)	-311%
Corporate and others	(181)	215	(396)	184%
	(14,649)	(77)	(14,572)	-18925%
(Loss)/Profit after tax				
Property for sale / Property Development	(14,428)	(311)	(14,117)	-4539%
Construction / Trading of Building Materials	(40)	19	(59)	-311%
Corporate and others	(181)	215	(396)	184%
	(14,649)	(77)	(14,572)	-18925%

3. Prospects

In view of the global covid-19 pandemic which had significantly affected the global as well as local economy and the 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, namely Idaman Residence, properties in Kepayan, Kota Kinabalu, Sabah over the next 3 years with the estimated Gross Development Value of approximately RM150 million.

The Group is also looking into the development of various parcel of lands owned by the Group located in Luyang, Telipok and Kepayan of the greater Kota Kinabalu area into residential and commercial properties.

The Group will also continue to maintain the business of trading of building materials such as sawn timber, plywood, solid door, fire doorset and moulding products.

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 30.06.2020 RM'000	Preceding Year Corresponding Quarter 30.06.2019 RM'000	Current Year To Date 30.06.2020 RM'000	Preceding Year Corresponding Period 30.06.2019 RM'000
Tax expenses				
- current year provision	-	-	-	-
- (under)/over provision in prior years	-	-	9	-
	-	-	9	-
Deferred tax:				
- Origination and reversal of temporary differences	-	-	-	-
- Over provision in prior years	-	-	-	-
	-	-	-	-
Tax expenses for the financial period	-	-	9	-

6. Finance Costs

	Current Year Quarter 30.06.2020 RM'000	Preceding Year Corresponding Quarter 30.06.2019 RM'000	Current Year To Date 30.06.2020 RM'000	Preceding Year Corresponding Period 30.06.2019 RM'000
Interest expenses				
Term loans	(39)	115	(139)	(154)
Bank overdrafts	-	-	-	-
Finance lease payables	(3)	(5)	(6)	(8)
	(42)	110	(145)	(162)
Less:				
Interest capitalised in property dev. costs	-	-	-	-
	-	-	-	-
Interest expenses for the financial period	(42)	110	(145)	(162)

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	856	-	856
Obligations under finance lease	99	141	240
As at 30 June 2020	955	141	1,096
	Current RM'000	Non Current RM'000	Total RM'000
Secured			
Term loans	5,461	7,944	13,405
Obligations under finance lease	205	93	298
As at 30 June 2019	5,666	8,037	13,703

8. Material Litigation

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

MV Properties Sdn. Bhd. ("MVSB"), an indirect wholly-owned subsidiary, had on 19 August 2020 received a Writ of Summons dated 5 August 2020 and Statement of Claim dated 5 August 2020 ("the Summons") served by Lembaga Hasil Dalam Negeri Malaysia for and on behalf of Government of Malaysia ("Plaintiff") issued by the Kuala Lumpur High Court.

The Summons demanding for the settlement of the outstanding payable inclusive of penalties by MVSB amounting to RM17,655,014.19 for the year of assessment of 2017. Pursuant to the Summons, MVSB has fourteen (14) days from the date of receipt of the Writ of Summons to serve the appearance.

The above legal suit is fixed for case management on 4 September 2020 at Mahkamah Tinggi, Kompleks Mahkamah Kuala Lumpur, Jalan Duta, 50592 Kuala Lumpur.

Presently, the management is in active discussion with LHDNM for a settlement proposal on the Outstanding Tax Payable ("Settlement Proposal"). The Board will release further announcement(s) on the Settlement Proposal to Bursa Malaysia Securities Berhad in due course.

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	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
(Loss) / Profit attributable to owners of the Company (RM'000)	(14,649)	(258)	(14,726)	(1,500)
Number of ordinary shares in issued ('000 shares)	206,756	206,756	206,756	206,756
Basic earnings/(loss) per share (sen)	<u>(7.09)</u>	<u>(0.12)</u>	<u>(7.12)</u>	<u>(0.73)</u>

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 2019 were subject to qualifications with disclaimer of opinion.

12. (Loss)/Profit Before Tax

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

	Quarter ended		Year to date	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Interest income	-	61	1	175
Rental income	-	96	85	184
Investment Income	-	-	-	-
Interest expense	(42)	110	(145)	(162)
Depreciation	(55)	(195)	(197)	(307)
Gain/(Loss) on disposal of quoted shares	-	-	-	(113)
Gain/(Loss) on disposal of fixed assets	-	(7)	-	(7)

13. Retained Earnings

	As at 30.06.2020 RM'000	As at 31.12.2019 RM'000
Realised	(14,726)	(15,810)
Unrealised	-	-
	<hr/>	<hr/>
Consolidation adjustments	(14,726)	(15,810)
	<hr/>	<hr/>
Retained earnings	(14,726)	(15,810)
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14. Authorised For Issue

The Interim Financial Statements were authorised for issue by the Board in accordance with a resolution of the Directors on 25 August 2020.