

**BERTAM ALLIANCE BERHAD** (Company No. 305530-A)INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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
	UNAUDITED 31.12.2016	UNAUDITED 31.12.2015	UNAUDITED 31.12.2016	AUDITED 31.12.2015
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	-	8,443	11,255	127,201
Cost of sales	(496)	(5,734)	(11,639)	(98,963)
Gross profit/(loss)	(496)	2,709	(384)	28,238
Other income	161	89	387	278
Administrative expenses	(5,979)	(7,340)	(12,091)	(10,351)
Finance costs	(1,982)	(416)	(3,437)	(1,326)
Loss On Measurement To Fair Value	(13,061)	-	(13,061)	-
Profit/(Loss) before tax	(21,357)	(4,958)	(28,587)	16,839
Income tax expense	4,460	943	4,688	(5,102)
Profit/(Loss) net of tax, representing total comprehensive income for the period	(16,896)	(4,015)	(23,899)	11,737
<b>Profit/(Loss) attributable to:</b>				
Shareholders of the Company	(16,896)	(3,940)	(23,899)	11,812
Non-controlling interests	-	(75)	-	(75)
	(16,896)	(4,015)	(23,899)	11,737
Earnings per share attributable to shareholders of the Company (sen per share)				
- Basic	(8.17)	(1.91)	(11.56)	5.71
- 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	31.12.2016	31.12.2015
	RM'000	RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	10,340	10,694
Land held for property development	-	71,493
Investment in quoted shares	2,151	3,027
Club memberships	86	86
Goodwill	90	-
	12,667	85,299
<b>Current assets</b>		
Property development costs	180,332	145,490
Inventories	2,435	10,078
Trade and other receivables	13 16,137	72,981
Tax recoverable	6,346	1,602
Asset held for Sale	63,349	2,506
Cash and bank balances	3,052	11,547
	271,651	244,204
<b>Total assets</b>	284,318	329,503
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	31,258	46,041
Income tax payable	-	2,374
Loans and borrowings	43,335	13,366
Finance lease payable	155	155
	74,748	61,936
Net current asset	196,904	182,268
<b>Non-current liabilities</b>		
Trade and other payables	2,975	2,851
Loans and borrowings	60,915	90,521
Finance lease payable	679	834
Deferred tax liabilities	799	5,259
	65,367	99,464
<b>Total liabilities</b>	140,114	161,400
	144,203	168,103
<b>Equity attributable to shareholders of the Company</b>		
Share capital	206,756	206,756
Other Reserve	(14,865)	(14,865)
Accumulated losses	(47,547)	(23,647)
	144,345	168,244
Non-controlling interests	(141)	(141)
<b>Total equity</b>	144,203	168,103
<b>Total equity and liabilities</b>	284,318	329,503
Net assets per share attributable to shareholders of the Company (RM)	0.70	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----->					Total equity
	Share Capital	Other Reserve	Accumulated Losses	Total	Non-controlling Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance at 1 January 2016</b>	206,756	(14,865)	(23,647)	168,244	(141)	168,103
Total comprehensive income/(loss)	-		(23,899)	(23,899)	-	(23,899)
<b>As at 31 Dec 2016</b>	<u>206,756</u>	<u>(14,865)</u>	<u>(47,546)</u>	<u>144,346</u>	<u>(141)</u>	<u>144,204</u>
<b>Balance at 1 January 2015</b>	206,756		(35,460)	171,296	69	171,365
Total comprehensive income/(loss)	-		11,813	11,813	(75)	11,738
Acquisition Of Non Controlling Interest		(14,865)		(14,865)	(135)	(15,000)
<b>As at 31 Dec 2015</b>	<u>206,756</u>	<u>(14,865)</u>	<u>(23,647)</u>	<u>168,244</u>	<u>(141)</u>	<u>168,103</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**

	12-Month Ended 31.12.2016 RM'000 UNAUDITED	12-Month Ended 31.12.2015 RM'000 AUDITED
<b>Cash Flows From Operating Activities</b>		
Profit / (Loss) before tax	(28,587)	16,839
Adjustment for non-cash and non-operating items	19,710	4,510
Operating cash flows before changes in working capital	(8,877)	21,349
Changes in working capital:-		
Inventories	7,643	(2,718)
Property development	(29,784)	(45,051)
Trade and other receivables	55,183	(15,562)
Other current assets	-	5,442
Other current liabilities	-	(719)
Trade and other payables	(16,085)	17,502
Net cash flows used in operations	8,079	(19,757)
Income taxes paid, net of refunded	(6,890)	(1,152)
Net cash flows used in operating activities	1,188	(20,909)
<b>Cash Flows From Investing Activities</b>		
Purchase of:		
- property, plant and equipment	(503)	(3,428)
- land held for property development	(2,410)	(2,857)
Proceeds from disposal of plant and equipment	51	99
Proceeds from disposal of associates	-	-
Investment	-	(15,000)
Interest received	179	158
Net cash flows (used in)/ generated from investing activities	(2,682)	(21,028)
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings	29,969	74,300
Repayment of borrowings	(29,761)	(26,328)
Fixed Deposit Pledged Released	-	22
Interest paid	(7,210)	(1,326)
Dividends paid	-	-
Net cash flows (used in)/ generated from financing activities	(7,002)	46,668
Net decrease in cash and cash equivalents	(8,495)	4,731
Cash and cash equivalents at beginning of the period	11,547	6,106
Cash and cash equivalents at end of the period	3,052	10,837
<b>Cash and cash equivalents comprise the following:</b>		
Cash and short term deposits	8,052	11,547
Less : Fixed Deposit Pledged	(5,000)	(710)
Bank overdraft	-	-
	3,052	10,837

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 31 DECEMBER 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 31 December 2016.

### **7. Dividend Paid**

No dividend was paid during the financial period ended 31 December 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	4,372	6,883	-	11,255
<b>Results:</b>				
Segment profit/(loss)	(6,812)	(2,039)	153	(8,698)
Other non-cash expenses	(14,792)	-	(973)	(15,765)
Depreciation	(417)	-	(270)	(687)
Finance costs	(1,880)	-	(1,557)	(3,437)
Profit/(Loss) before tax	(23,901)	(2,039)	(2,647)	(28,587)
Income tax expense	4,549	(10)	150	4,689
Profit/(Loss) net of tax	(19,352)	(2,049)	(2,497)	(23,898)

## 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 16 Jan 2017, Bertam Alliance Berhad ("Bertam") had announced that Supplemental Sales & Purchase Agreement to the SPA dated 5 July 2016 for the disposal of land, was entered by MV Properties Sdn Bhd, an indirect wholly owned subsidiary of Bertam Alliance Berhad with Tujuan Optima Sdn Bhd to extend the Original Completion Date of 16 January 2017 for additional 90 days free of interest.

## 11. Increase In Subsidiary Share Capital

The ordinary shares of Wow Land Sdn Bhd was increased to 250,000 by additional allotment of 249,900 shares on 18 October 2016.

## 12. Contingent Liabilities

The contingent liabilities of the Company and the Group as at 31 December 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:

	31.12.2016 RM'000	31.12.2015 RM'000
Trade receivables		
- Third parties	8,909	67,858
Other receivables		
- Other receivables	628	1,654
- Prepayment	80	5
- Refundable deposits	6,520	3,464
	<u>7,228</u>	<u>5,123</u>
Total trade and other receivables	<u>16,137</u>	<u>72,981</u>

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

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

### 1. Review of Performance

For the current quarter ended 31 December 2016, the Group recorded loss before tax of RM 21.35 million, mainly due to the fair value impairment loss of 13 million, trade receivable impairment of 1.7 million and litigation provision of 1.7 million.

Performance of the respective operating business segments for the 12-month period ended 31 December 2016 as compared to the preceding year corresponding period is analysed as follows:-

#### Property development segment

The revenue from property development segment reduced by RM 111.865 million due to lesser activities from the development projects and comparing to preceding year, there was a land disposal of RM63.5 million

#### Construction segment

The revenue from construction segment declined by RM 4.081 million as due to lower activities from the construction project.

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

The Group registered loss before tax of RM 21.35 million in the current quarter under review and compared to RM 5 million of loss before taxation reported in the immediate preceding quarter was due to huge amount of fair value impairment loss RM 12.8 million related to the disposal of leasehold agriculture land in Mukim Gemencheh, Daerah Tampin, Negeri Sembilan., RM 1.7 million on receivable impairment, addition provision of RM 1.7 million on litigation claims.

### 3. Prospects

The Group expects to complete its disposal of the Cheras lands by March 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 project 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 2017 onwards, the Group intend to develop various residential properties that the public general could afford in Kota Kinabalu, Sabah over the next 3 years with Gross Development Value (GDV) of approximately RM 140 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. 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. On 23 February 2017, the adjudication was determined for claim amount of RM 4,111,267.73 together with interest at the rate of 7.65% per annum from 27.5.2016 until the date of full settlement in favour of R & C Cergas Teguh Sdn Bhd. The claim amount of RM 4,111,267.73 was recognized in the accounts for the quarter ended December 2016.

### 6. Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2016 were as follows:

	<b>Total RM'000</b>
Term loans and finance lease	<u>105,084</u>
Current	43,490
Non-Current	61,594
	<u>105,084</u>

All the above borrowings are secured and denominated in Ringgit Malaysia. The Group has no debt securities as at 31 December 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

	31.12.2016 RM'000	31.12.2015 RM'000
Total accumulated losses of the Group and Company		
- realised	(39,231)	(24,042)
- unrealised	(8,524)	77
	(47,755)	(23,965)
Add: consolidated adjustments	208	317
Accumulated losses as per consolidated accounts	(47,547)	(23,648)

## 9. Earnings Per Share

### (a) Basic Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2016 (RM'000)	Preceding Year Corresponding Quarter 31.12.2015 (RM'000)	Current Year To Date 31.12.2016 (RM'000)	Preceding Year Corresponding Period 31.12.2015 (RM'000)
Profit/(loss) attributable to the shareholders of the Company (RM'000)	(16,896)	(3,940)	(23,899)	11,813
Issued ordinary shares ('000)	206,756	206,756	206,756	206,756
Basic earnings per share (sen)	(8.17)	(1.91)	(11.56)	5.71

### (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 31.12.2016 (RM'000)	Preceding Year Corresponding Quarter 31.12.2015 (RM'000)	Current Year To Date 31.12.2016 (RM'000)	Preceding Year Corresponding Period 31.12.2015 (RM'000)
Interest income	99	58	180	158
Other income including investment income	15	31	58	121
Interest expense	1,982	416	3,437	1,326
Depreciation and amortisation	256	248	687	459
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Impairment	15,246	-	15,648	-
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  
28 February 2017