

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017
(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
Note	31.3.2017 RM' 000	31.3.2016 RM' 000	31.3.2017 RM' 000	31.3.2016 RM' 000
Revenue	129,426	1,067	129,426	1,067
Cost of sales	(55,449)	(713)	(55,449)	(713)
Gross profit	73,977	354	73,977	354
Other income	298	103	298	103
Administrative expenses	(1,514)	(2,002)	(1,514)	(2,002)
Finance costs	(726)	(511)	(726)	(511)
Profit/(Loss) before tax	72,035	(2,056)	72,035	(2,056)
Taxation	-	-	-	-
Profit/(Loss) net of tax, representing total comprehensive income for the period	72,035	(2,056)	72,035	(2,056)
Profit/(Loss) attributable to:				
Shareholders of the Company	72,035	(2,056)	72,035	(2,056)
Non-controlling interests	-	-	-	-
	72,035	(2,056)	72,035	(2,056)
Earnings per share attributable to shareholders of the Company (sen per share)				
- Basic	34.84	(0.99)	34.84	(0.99)
- 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 2016.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

CONDENSED STATEMENTS OF FINANCIAL POSITION

	(UN-AUDITED) As at 31.3.2017 RM'000	(AUDITED) As at 31.12.2016 RM'000
Assets		
Non-current assets		
Property, plant and equipment	10,177	10,340
Land held for property development	76,062	76,170
Goodwill on consolidation	90	90
Other investments	2,305	2,305
Club memberships	-	86
	<u>88,634</u>	<u>88,991</u>
Current assets		
Asset held for sale	15,909	63,349
Property development cost	105,170	104,022
Inventories	1,259	2,435
Trade and other receivables	78,083	20,484
Tax recoverable	3,152	3,050
Deposits, cash and bank balances	17,577	8,136
	<u>221,150</u>	<u>201,476</u>
Total assets	<u>309,784</u>	<u>290,467</u>
Equity and liabilities		
Current liabilities		
Trade and other payables	24,976	35,343
Tax payables	528	528
Loans and borrowings	16,399	43,779
Finance lease payable	163	163
	<u>42,066</u>	<u>79,813</u>
Net current asset	<u>179,084</u>	<u>121,663</u>
Non-current liabilities		
Loans and borrowings	50,633	65,558
Finance lease payable	624	670
Deferred tax liabilities	721	721
	<u>51,978</u>	<u>66,949</u>
Total liabilities	<u>94,044</u>	<u>146,762</u>
	<u>215,740</u>	<u>143,705</u>
Equity attributable to shareholders of the Company		
Share capital	206,756	206,756
Other Reserve	(14,865)	(14,865)
Retained earning/(Accumulated losses)	23,993	(48,042)
	<u>215,884</u>	<u>143,849</u>
Non-controlling interests	(144)	(144)
Total equity	<u>215,740</u>	<u>143,705</u>
Total equity and liabilities	<u>309,784</u>	<u>290,467</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>1.04</u>	<u>0.70</u>

The above statements of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2016.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

CONDENSED STATEMENTS OF CHANGES IN EQUITY

Attributable to shareholders
 <-----of the Company----->

	Share Capital RM'000	Other Reserve RM'000	(Accumulated Losses) Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total equity RM'000
Balance at 1 January 2017	206,756	(14,865)	(48,042)	143,849	(144)	143,705
Total comprehensive income	-		72,035	72,035	-	72,035
As at 31 March 2017	<u>206,756</u>	<u>(14,865)</u>	<u>23,993</u>	<u>215,884</u>	<u>(144)</u>	<u>215,740</u>
Balance at 1 January 2016	206,756	(14,865)	(23,647) [*]	168,244	(141)	168,103
Total comprehensive loss	-		(2,056)	(2,056)	-	(2,056)
As at 31 March 2016	<u>206,756</u>	<u>(14,865)</u>	<u>(25,703)</u>	<u>166,188</u>	<u>(141)</u>	<u>166,047</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 2016.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

CONDENSED STATEMENTS OF CASH FLOWS

	3-Month Ended 31.03.2017 RM'000	3-Month Ended 31.03.2016 RM'000
Cash Flows From Operating Activities		
Profit before tax	72,035	(2,056)
Adjustment for non-cash and non-operating items	638	741
Operating cash flows before changes in working capital	<u>72,673</u>	<u>(1,315)</u>
Changes in working capital:-		
Inventories	1,285	1,025
Property development	(81,709)	46,367
Trade and other receivables	(57,598)	(25,589)
Other current assets	-	-
Other current liabilities	-	(275)
Trade and other payables	(4,082)	(19,892)
Net cash flows used in operations	<u>(69,431)</u>	<u>321</u>
Income taxes paid, net of refunded	(6,384)	(321)
Net cash flows used in operating activities	<u>(75,815)</u>	<u>-</u>
Cash Flows From Investing Activities		
Purchase of:		
- property, plant and equipment	(8)	(477)
- land held for property development		(494)
Proceeds from disposal of plant and equipment		-
Proceeds from disposal of land held for property development	128,000	-
Proceeds from disposal of club membership	86	-
Interest received	25	43
Net cash flows generated from/(used in) investing activities	<u>128,103</u>	<u>(928)</u>
Cash Flows From Financing Activities		
Proceeds from borrowings		-
Repayment of borrowings	(29,292)	(159)
Interest paid	(494)	(511)
Dividends paid	-	-
Net cash flows used in financing activities	<u>(29,786)</u>	<u>(670)</u>
Net decrease in cash and cash equivalents	<u>22,502</u>	<u>(1,598)</u>
Cash and cash equivalents at beginning of the period	(10,677)	11,547
Cash and cash equivalents at end of the period	<u><u>11,825</u></u>	<u><u>9,949</u></u>
Cash and cash equivalents comprise the following:		
Cash and short term deposits	17,577	9,949
Bank overdraft	(5,752)	-
	<u><u>11,825</u></u>	<u><u>9,949</u></u>

The above statements of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2016.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2017**

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 2016.

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 2016, 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 2017:

- Annual Improvements to FRSs 2012-2016 Cycle
- Amendments to FRS 107: Disclosure Initiative
- Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised losses

Effective for financial periods beginning on or after 1 January 2018:

- FRS 9: Financial Instruments
- Amendments to FRS 2: Classification and Measurement of Share-Based Payment Transactions
- Amendments to FRS 140: Transfer of Investment Property
- Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
- IC Interpretation 22: Foreign currency Transactions and Advance Consideration

Effective for financial periods has been deferred:

- Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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.

Malaysian Financial Reporting Standards (“MFRSs Framework”) (continued)

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 2016 could be different if prepared under the MFRS Framework.

2. Qualified Audit Report

The Group’s most recent annual audited financial statements for the year ended 31 December 2016 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 March 2017.

7. Dividend Paid

No dividend was paid during the financial period ended 31 March 2017.

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	128,200	1,226	-	129,426
Results:				
Segment profit/(loss)	73,346	242	(657)	72,931
Other non-cash expenses	-	-	-	-
Depreciation	(101)	-	(69)	(170)
Finance costs	(527)	-	(199)	(726)
Profit/(Loss) before tax	72,718	242	(925)	72,035
Taxation	-	-	-	-
Profit/(Loss) net of tax	72,718	242	(925)	72,035

9. Valuation of Property, Plant and Equipment

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

10. Significant Events

During the current quarter ended 31/3/2017, the company's wholly-owned subsidiary, MV Properties Sdn Bhd have completed the disposal of its Cheras land to Tujuan Optima Sdn Bhd and the profit has been recognized in this quarter results.

On 24/10/2016, the company's wholly-owned subsidiary, Budaya Identity Sdn Bhd entered into a Sales & Purchase Agreement with PYL Agriculture Sdn Bhd for the disposal of the Gemencheh land for a total consideration of RM15,522,171.52. The Estate Land Board approval was obtained on 22/3/2017 and the completion of this disposal is now pending payment of the balance sum.

11. Subsequent Events

There was no material events subsequent to the end of the financial period reported except for the following:-

- On 21/4/2017, the board directors announced that the company propose to vary the utilization of proceeds arising of the disposal of its Cheras land.
- On 22/5/2017, BOD announced that the company propose to hold an EGM to ratify the joint venture Agreement entered into between Sepakat Height Sdn Bhd., a wholly-owned subsidiary of Bertam Alliance Bhd and Jumat Bin Laiyo for the proposed development of Lot A lands into residential development.
- On 22/5/2017, BOD announced that the company propose to hold an EGM to ratify the Joint Venture Agreement entered into between Sunrise Avenue Sdn Bhd a wholly-owned subsidiary of Bertam Alliance Bhd and Rosalia Anthony for the proposed development of Lot B Lands into Commercial development.

12. Changes in the Composition of the Group

There was no changes in the composition of the Group for the quarter ended 31 March 2017.

13. Contingent Liabilities

The contingent liabilities of the Company and the Group as at 31 March 2017 were as follows:

	Company RM'000	Group RM'000
Guarantees to financial institutions for banking facilities granted to the subsidiary companies	68,000	-

14. Trade and Other Receivables

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

	31.03.2017 RM'000	31.12.2016 RM'000
Trade receivables		
- Third parties	69,776	8,573
Other receivables		
- Other receivables	4,933	4,692
- Prepayment	-	3,908
- Refundable deposits	3,374	3,311
	8,307	11,911
Total trade and other receivables	78,083	20,484

15. 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 March 2017, the Group recorded profit before tax of RM 78.32 million, mainly due to the disposal of land, which was entered by MV Properties Sdn. Bhd., an indirectly wholly owned subsidiary of Bertam Alliance Berhad with Tujuan Optima Sdn. Bhd..

Performance of the respective operating business segments for the 3-month period ended 31 March 2017 as compared to the preceding year corresponding period is analysed as follows:-

Property development segment

The revenue from property development segment increased by RM 127.851 million due to a land disposal of RM128.000 million

Construction segment

The revenue from construction segment increased by RM 0.308 million due to increase activities from the construction project.

ADDITIONAL EXPLANATORY NOTES OF THE LISTING REQUIREMENTS OF THE BMSB (CONTINUED)

2. Review of Current Quarter Profitability against Immediate Preceding Quarter

The Group registered profit before tax of RM 78.32 million in the current quarter under review and compared to RM 2.056 million of loss before taxation reported in the immediate preceding quarter due to the disposal of Cheras lands during the financial year.

3. Prospects

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. However, Bertam Development Sdn. Bhd. had appeal to the High Court Kuala Lumpur on 23 March 2017 and has fixed for case management on 27 March 2017. The Hearing has fixed on 29 May 2017.

6. Group Borrowings and Debt Securities

The Group borrowings as at 31 March 2017 were as follows:

	Total RM'000
Term loans and finance lease	<u>67,819</u>
Current	16,562
Non-Current	51,257
	<u>67,819</u>

All the above borrowings are secured and denominated in Ringgit Malaysia. The Group has no debt securities as at 31 March 2017.

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

	31.13.2017 RM'000	31.12.2016 RM'000
Total retained earnings/(accumulated losses) of the Group and Company		
- realised	32,309	(39,726)
- unrealised	<u>(8,524)</u>	<u>(8,524)</u>
	23,785	(48,250)
Add: consolidated adjustments	<u>208</u>	<u>208</u>
Retained earnings/(accumulated losses) as per consolidated accounts	<u>23,993</u>	<u>(48,042)</u>

9. Earnings Per Share

(a) Basic Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2017 (RM'000)	Preceding Year Corresponding Quarter 31.03.2016 (RM'000)	Current Year To Date 31.03.2017 (RM'000)	Preceding Year Corresponding Period 31.03.2016 (RM'000)
Profit/(loss) attributable to the shareholders of the Company (RM'000)	72,035	(2,056)	72,035	(2,056)
Issued ordinary shares ('000)	206,756	206,756	206,756	206,756
Basic earnings per share (sen)	34.84	(0.99)	34.84	(0.99)

(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 31.03.2017 (RM'000)	Preceding Year Corresponding Quarter 31.03.2016 (RM'000)	Current Year To Date 31.03.2017 (RM'000)	Preceding Year Corresponding Period 31.03.2016 (RM'000)
Interest income	37	72	37	72
Other income including investment income	-	-	-	-
Interest expense	726	511	726	511
Depreciation and amortisation	170	118	170	118
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Impairment	-	-	-	-
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
26 May 2017