

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPT 2014
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	8,403	11,455	25,950	19,959
Cost of sales	(7,289)	(9,231)	(21,027)	(15,434)
Gross profit	1,114	2,224	4,923	4,525
Other income	143	412	486	1,396
Administrative expenses	(828)	(549)	(2,469)	(2,066)
Finance costs	(50)	(86)	(108)	(227)
Share of results of associates	(127)	(23)	(408)	(23)
Profit before tax	252	1,978	2,424	3,605
Income tax expense	(139)	(456)	(785)	(884)
Profit net of tax, representing total comprehensive income for the period	113	1,522	1,639	2,721
Profit attributable to:				
Shareholders of the Company	108	1,522	1,638	2,738
Non-controlling interests	5	-	1	(17)
	113	1,522	1,639	2,721
Earnings per share attributable to shareholders of the Company (sen per share)				
- Basic	0.05	0.74	0.79	1.32
- 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 2013.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)

CONDENSED STATEMENTS OF FINANCIAL POSITION

	(UNAUDITED)	(AUDITED)
Note	As at 30.9.2014 RM'000	As at 31.12.2013 RM'000
Assets		
Non-current assets		
	559	623
Plant and equipment		
	70,611	68,709
Land held for property development		
	4,558	4,965
Investment in associates		
	86	86
Club memberships	<u>75,814</u>	<u>74,383</u>
Current assets		
	65,779	64,495
Property development costs		
	4,349	3,923
Inventories		
	52,151	59,793
Trade and other receivables	13	
Other current assets		
	2,380	5,189
Tax recoverable		
	282	366
Cash and bank balances		
	<u>34,550</u>	<u>22,724</u>
	<u>159,491</u>	<u>156,490</u>
Total assets	<u>235,305</u>	<u>230,873</u>
Equity and liabilities		
Current liabilities		
	5,373	6,075
Loans and borrowings		
	27,933	23,197
Trade and other payables		
	835	-
Other current liabilities	15	
Income tax payable		
	761	541
	<u>34,902</u>	<u>29,813</u>
Net current asset	<u>124,589</u>	<u>126,677</u>
Non-current liabilities		
	21,329	21,345
Loans and borrowings		
	932	932
Trade and other payables		
	5,489	5,702
Deferred tax liabilities	<u>27,750</u>	<u>27,979</u>
Total liabilities	<u>62,652</u>	<u>57,792</u>
	<u>172,653</u>	<u>173,081</u>
Equity attributable to shareholders of the Company		
	206,756	206,756
Share capital		
	(34,174)	(33,745)
Accumulated losses	<u>172,582</u>	<u>173,011</u>
Non-controlling interests	71	70
Total equity	<u>172,653</u>	<u>173,081</u>
Total equity and liabilities	<u>235,305</u>	<u>230,873</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>0.83</u>	<u>0.84</u>

The above statements of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2013.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)**CONDENSED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to shareholders -----of the Company----->				Total equity RM'000
	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	
Balance at 1 January 2014	206,756	(33,745)	173,011	70	173,081
Total comprehensive income	-	1,638	1,638	1	1,639
Transactions with owners					
Dividends paid to shareholders of the Company	-	(2,067)	(2,067)	-	(2,067)
As at 30 September 2014	<u>206,756</u>	<u>(34,174)</u>	<u>172,582</u>	<u>71</u>	<u>172,653</u>
Balance at 1 January 2013	206,756	(37,425)	169,331	121	169,452
Total comprehensive income	-	2,738	2,738	(17)	2,721
As at 30 September 2013	<u>206,756</u>	<u>(34,687)</u>	<u>172,069</u>	<u>104</u>	<u>172,173</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 2013.

BERTAM ALLIANCE BERHAD (Company No. 305530-A)**CONDENSED STATEMENTS OF CASH FLOWS**

	9-Month Ended 30.9.2014 RM'000	9-Month Ended 30.9.2013 RM'000
Cash Flows From Operating Activities		
Profit before tax	2,424	3,605
Adjustment for non-cash and non-operating items	296	(883)
Operating cash flows before changes in working capital	2,720	2,722
Changes in working capital:-		
Inventories	(425)	208
Property development	(1,284)	(373)
Trade and other receivables	7,640	(20,969)
Other current assets	2,809	(519)
Other current liabilities	835	(5,662)
Trade and other payables	4,735	3,716
Net cash flows generated from/ (used in) operations	17,030	(20,877)
Income taxes paid, net of refunded	(694)	(2,315)
Net cash flows generated from/ (used in) operating activities	16,336	(23,192)
Cash Flows From Investing Activities		
Purchase of:		
- plant and equipment	(22)	(47)
- land held for property development	(1,902)	(1,358)
Proceeds from disposal of plant and equipment	8	100
Investment in associate	-	(125)
Net cash outflow on disposal of a subsidiary	-	(3)
Interest received	376	1,216
Net cash flows used in investing activities	(1,540)	(217)
Cash Flows From Financing Activities		
Proceeds from borrowings	5,130	-
Repayment of borrowings	(4,169)	(896)
Interest paid	(108)	(227)
Dividends paid	(2,067)	-
Net cash flows used in financing activities	(1,214)	(1,123)
Net increase/ (decrease) in cash and cash equivalents	13,582	(24,532)
Cash and cash equivalents at beginning of the period	18,317	51,852
Cash and cash equivalents at end of the period	31,899	27,320
Cash and cash equivalents comprise the following:		
Cash and short term deposits	34,550	32,260
Bank overdraft	(2,651)	(4,940)
	31,899	27,320

The above statements of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2013.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

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 2013.

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 2013, except the following new and amended FRSs and IC Interpretations for which the Group will adopt when it becomes effective:

Effective for annual periods beginning on or after 1 January 2014:

- Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities
- Amendments to FRS 132: Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139: Novation and Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21: Levies

Effective for annual periods beginning on or after 1 July 2014:

- Annual Improvements to FRSs 2010-2012 Cycle
- Annual Improvements to FRSs 2011-2013 Cycle
- Amendments to FRS 119: Employee Contributions

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”)

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issue a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012.

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 IC Interpretation 15 Agreements for the Construction of Real Estate (“Transitioning Entities”). The Transitioning Entities are given an option to defer adoption of the MFRSs Framework to financial periods beginning on or after 1 January 2017. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

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.

As at 31 December 2013, all FRSS issued under the existing FRSS Framework are equivalent to the MFRSSs issued under MFRSS Framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Interpretation 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSSs. As such, other than those as discussed below, there are no significant effects arising from the transition to the MFRSSs Framework. The effect is based on the Group's and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSSs based financial statements.

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.

2. Qualified Audit Report

The Group's most recent annual audited financial statements for the year ended 31 December 2013 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 2014.

7. Dividend Paid

A single tier interim dividend in respect of financial year ended 31 December 2013 of 1 sen per share on 206,756,497 ordinary shares, amounting to RM2,067,564.97 was declared on 26 February 2014 and paid on 28 March 2014. No interim dividend has been declared in the current financial quarter ended 30 September 2014.

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	12,025	13,925	-	25,950
Results:				
Segment profit/(loss)	1,267	2,733	(1,319)	2,681
Other non-cash expenses	(2)	-	-	(2)
Depreciation	(146)	-	(1)	(147)
Finance costs	(108)	-	-	(108)
Profit/(Loss) before tax	1,011	2,733	(1,320)	2,424
Income tax benefits/(expense)	(314)	(683)	212	(785)
Profit/(Loss) net of tax	697	2,050	(1,108)	1,639

9. Valuation of Plant and Equipment

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

10. Subsequent Material Events

On 13 October 2014, Bertam Alliance Berhad ("Bertam") had announced that a proposed acquisition by Bertam Development Sdn Bhd, a wholly-owned subsidiary of Bertam of three parcels of land measuring a total of 33.015 acres more or less situated at Mile 16, Old Tuaran Road and held under Country Lease 045021449, 045021458 and 045144205 respectively in the District of Tuaran, Sabah at a purchase consideration of RM43,000,000.

11. Changes in the Composition of the Group

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

12. Contingent Liabilities

The contingent liabilities of the Company and the Group as at 30 September 2014 were as follows:

	Company RM'000	Group RM'000
Guarantees to financial institution for banking facilities granted to subsidiary companies	2,500	-
Guarantees to financial institutions for banking facilities granted to finance the working capital and construction of projects undertaken by subsidiary companies	58,020	-
	<u>60,520</u>	<u>-</u>

The Borrowings outstanding as at 30 September 2014 and covered by the guarantees was approximately RM26.289 million.

13. Trade and Other Receivables

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

	30.9.2014 RM'000	31.12.2013 RM'000
Trade receivables		
- Third parties	<u>37,218</u>	<u>27,123</u>
Other receivables		
- Other receivables	7,383	27,044
- Refundable deposits	<u>7,550</u>	<u>5,626</u>
	<u>14,933</u>	<u>32,670</u>
Total trade and other receivables	<u><u>52,151</u></u>	<u><u>59,793</u></u>

14. Other Current Assets

The other current assets of the Group were as follows:-

	30.9.2014 RM'000	31.12.2013 RM'000
Amount due from contract customers for contract work-in-progress	-	4,713
Accrued billings in respect of property development	<u>2,380</u>	<u>476</u>
	<u><u>2,380</u></u>	<u><u>5,189</u></u>

15. Other Current Liabilities

The other current liabilities of the Group were as follows:-

	30.9.2014 RM'000	31.12.2013 RM'000
Amount due from contract customers for contract work-in-progress	<u>835</u>	<u>-</u>

ADDITIONAL EXPLANATORY NOTES OF THE LISTING REQUIREMENTS OF THE BMSB

1. Review of Performance

For the current quarter ended 30 September 2014, the Group recorded a turnover and profit before tax of RM8.403 million and RM0.252 million respectively.

Performance of the respective operating business segments for the 9-month period ended 30 September 2014 as compared to the preceding year corresponding period is analysed as follows:-

Property development segment

The revenue from property development segment was increased by RM7.416 million mainly due to more activities from the development projects.

Construction segment

The revenue from construction segment was decreased by RM1.425 million due to lesser activities from the construction project.

2. Review of Current Quarter Profitability against Preceding Quarter

The Group registered a turnover of RM8.403 million and profit before tax of RM0.252 million in the current quarter as compared to RM9.802 million and RM1.568 million respectively achieved in the preceding quarter.

3. Prospects

The recent government cooling measures on the property industry coupled with the planned introduction of the Goods & Services Tax (GST) in April 2015 are expected to present immediate challenges to property developers. However, the Board of Directors is of the view that these measures will not have a significant adverse impact on the Group.

Development approvals to develop the Cheras Land into 1,388-unit Service Apartments have not been obtained. The land is within walking distance from Taman Suntex station of the Mass Rapid Transit (“MRT”) project currently under construction.

The construction of the affordable 80 units of apartments in Batu Tiga, Shah Alam has been completed and sales launching shall commence upon receipt of the Certification of Completion and Compliance. Construction for 120 units of apartments in Kota Damansara, Selangor and 48 units of high-end bungalows in Langkawi, Kedah are in progress. Sales for the bungalows have been encouraging.

On 13 August 2014, the Group has entered into a Sales and Purchase Agreement to acquire a parcel of land measuring 2.75 acres in District of Kota Kinabalu, Sabah. Upon completion of the sales and purchase, the land is proposed to be developed into a 220-unit residential apartments.

Barring any unforeseen circumstances, the Group expects its revenue and profit shall be mainly driven by residential properties development project as mentioned above.

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. Taxation

The taxation for the current quarter and the year to date are as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2014 RM'000	Preceding Year Corresponding Quarter 30.9.2013 RM'000	Current Year To Date 30.9.2014 RM'000	Preceding Year Corresponding Period 30.9.2013 RM'000
Income tax expense:				
Malaysia income tax	(276)	(485)	(998)	(913)
Deferred income tax	137	29	213	29
	<u>(139)</u>	<u>(456)</u>	<u>(785)</u>	<u>(884)</u>

The effective tax rate of the Group was higher than the statutory tax rate mainly due to certain expenses was not deductible for tax purposes.

6. Corporate Proposal

- (i) On 24 July 2014, Bertam Alliance Berhad (“Bertam”) had announced that a proposed disposal by UH Capital Sdn Bhd, a wholly-owned subsidiary of Bertam, of eight (8) parcels of freehold vacant land held under Lot 186 Geran 217688 (formerly under Geran 24697), Lot 2734 Geran 218521 (formerly under Geran 52430), Lot 10725 Geran 219932 (formerly under Geran 97219), Lot 11613 Geran Mukim 545 (formerly under Geran Mukim 327), Lot 5492 Geran Mukim 5932 (formerly under Geran Mukim 5833), Lot 5493 Geran Mukim 5934 (formerly under Geran Mukim 5834), Lot 14129 Geran 218574 (formerly under Geran 60082), Lot 8111 Geran 218580 (formerly under Geran 60247), all located in Mukim of Serom and District of Ledang and State of Johor to KT Lee Properties Sdn Bhd for a total consideration of RM63,500,000. On 26 November 2014, the management has obtained the approval of shareholders of Bertam at an extraordinary general meeting on the proposed disposal.
- (ii) On 13 August 2014, Bertam had announced that a proposed acquisition by Bertam Development Sdn Bhd, a wholly-owned subsidiary of Bertam of a parcel of land measuring 2.75 acres more or less situated at Jalan Sena, Taman Luyang Phase 1, off Jalan Kolam and held under CL 015151005 in the District of Kota Kinabalu, State of Sabah at a purchase consideration of RM41,500,000.
- (iii) On 13 October 2014, Bertam had announced that a proposed acquisition by Bertam Development Sdn Bhd, a wholly-owned subsidiary of Bertam of three parcels of land measuring a total of 33.015 acres more or less situated at Mile 16, Old Tuaran Road and held under Country Lease 045021449, 045021458 and 045144205 respectively in the District of Tuaran, Sabah at a purchase consideration of RM43,000,000.

7. Group Borrowings and Debt Securities

The Group borrowings as at 30 September 2014 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term	5,262	111	5,373
Long Term	21,027	302	21,329
	<u>26,289</u>	<u>413</u>	<u>26,702</u>

All the above borrowings are denominated in Ringgit Malaysia. The Group has no debt securities as at 30 September 2014.

8. Material Litigation

There was no material litigation for the financial period under review.

9. Dividend

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

10. Realised and Unrealised Losses Disclosure

	30.9.2014 RM'000	31.12.2013 RM'000
Total accumulated losses of the Group and Company		
- realised	32,538	33,154
- unrealised	<u>(30)</u>	<u>(30)</u>
	32,508	33,124
Add: consolidated adjustments	<u>1,666</u>	<u>621</u>
Accumulated losses as per consolidated accounts	<u>34,174</u>	<u>33,745</u>

11. Earnings Per Share

(a) Basic Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2014 (RM'000)	Preceding Year Corresponding Quarter 30.9.2013 (RM'000)	Current Year To Date 30.9.2014 (RM'000)	Preceding Year Corresponding Period 30.9.2013 (RM'000)
Profit attributable to the shareholders of the Company (RM'000)	108	1,522	1,638	2,738
Issued ordinary shares ('000)	206,756	206,756	206,756	206,756
Basic earnings per share (sen)	0.05	0.74	0.79	1.32

(b) Diluted Earnings Per Share

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

12. 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 30.9.2014 (RM'000)	Preceding Year Corresponding Quarter 30.9.2013 (RM'000)	Current Year To Date 30.9.2014 (RM'000)	Preceding Year Corresponding Period 30.9.2013 (RM'000)
Interest income	95	369	376	1,216
Other income including investment income	48	43	110	180
Interest expense	50	86	108	227
Depreciation and amortisation	48	50	147	159
Provision for and write off of receivables	-	-	2	44
Provision for and write off of inventories	-	-	-	-
Loss on disposal of quoted or unquoted investments or properties	-	-	-	3
Impairment of assets	-	-	-	-
Foreign exchange gain or loss	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

By order of the Board

Kuan Hui Fang (MIA 16876)
Wong Wai Foong (MAICSA 7001358)
Company Secretaries
Date: 26 November 2014