



**BENALEC HOLDINGS BERHAD**  
(702653-V)  
(Incorporated in Malaysia)

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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2015**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2015**

|   | Individual Quarter  |   | Cumulative Quarter  |   |
|---|---|---|---|---|
|   | (Unaudited)<br>Current<br>Year Quarter<br>Ended<br>30-06-2015<br>RM'000 | (Audited)<br>Preceding<br>Year Quarter<br>Ended<br>30-06-2014<br>RM'000 | (Unaudited)<br>Current<br>Year<br>To Date<br>30-06-2015<br>RM'000 | (Audited)<br>Preceding<br>Year<br>To Date<br>30-06-2014<br>RM'000 |
| <b>Revenue</b>  | <b>59,447</b>   | <b>31,529</b>   | <b>180,540</b>  | <b>211,017</b>  |
| Cost of sales   | (29,453)  | (20,895)  | (112,478)   | (154,316)   |
| <b>Gross profit</b>   | <b>29,994</b>   | <b>10,634</b>   | <b>68,062</b>   | <b>56,701</b>   |
| Other operating income  | 8,781   | 5,134   | 17,881  | 16,073  |
| Administrative and other expenses   | (31,412)  | (29,715)  | (61,249)  | (51,690)  |
| <b>Profit/(loss) from operations</b>  | <b>7,363</b>  | <b>(13,947)</b>   | <b>24,694</b>   | <b>21,084</b>   |
| Finance costs   | (4,431)   | (1,199)   | (5,533)   | (2,881)   |
| <b>Profit/(loss) before tax ("P/(L)BT")</b>   | <b>2,932</b>  | <b>(15,146)</b>   | <b>19,161</b>   | <b>18,203</b>   |
| Tax expense   | (823)   | (575)   | (10,687)  | (11,100)  |
| <b>Profit/(loss) for the financial period</b>   | <b>2,109</b>  | <b>(15,721)</b>   | <b>8,474</b>  | <b>7,103</b>  |
| <b>Other comprehensive income, net of tax:-</b>   |   |   |   |   |
| <i>Items that may be reclassified subsequently to profit or loss</i>                            |   |   |   |   |
| • Fair value (loss) / gain on available-for-sale financial assets                               | (1)   | 3   | (5)   | 5   |
| • Foreign currency translations   | 1,537   | (2,479)   | 17,682  | 2,755   |
|   | <b>3,645</b>  | <b>(18,197)</b>   | <b>26,151</b>   | <b>9,863</b>  |
| <b>Total comprehensive income</b>   |   |   |   |   |
| <b>Profit/(Loss) attributable to:-</b>  |   |   |   |   |
| • Owners of the parent  | 1,985   | (15,716)  | 8,458   | 7,116   |
| • Non-controlling interests   | 124   | (5)   | 16  | (13)  |
|   | <b>2,109</b>  | <b>(15,721)</b>   | <b>8,474</b>  | <b>7,103</b>  |
| <b>Total comprehensive income attributable/(loss) to:-</b>                                      |   |   |   |   |
| • Owners of the parent  | 3,521   | (18,192)  | 26,135  | 9,876   |
| • Non-controlling interests   | 124   | (5)   | 16  | (13)  |
|   | <b>3,645</b>  | <b>(18,197)</b>   | <b>26,151</b>   | <b>9,863</b>  |
| <b>Earnings/(losses) per ordinary share attributable to equity holders of the Company (sen)</b> |   |   |   |   |
| • Basic   | <b>0.2</b>  | (1.9)   | <b>1.1</b>  | 0.9   |
| • Diluted   | <b>0.2</b>  | (1.9)   | <b>1.1</b>  | 0.9   |

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial reports.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2015

|   | Unaudited<br>As at<br>30-06-2015<br>RM'000 | Audited<br>As At<br>30-06-2014<br>RM'000 |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>Non-current assets</b>   |  |  |
| Property, plant and equipment   | 209,525                                    | 187,609                                  |
| Intangible asset  | -  | 780                                      |
| Other investments   | 39   | 44                                       |
| Deferred tax assets   | 4,896                                      | 4,962                                    |
|   | <b>214,460</b>                             | <b>193,395</b>                           |
| <b>Current assets</b>   |  |  |
| Inventories   | 174,498                                    | 203,979                                  |
| Land reclamation WIP  | 106,346                                    | 53,970                                   |
| Trade and other receivables   | 738,317                                    | 399,667                                  |
| Current tax assets  | 16,609                                     | 178                                      |
| Fixed deposits  | 22,795                                     | 17,856                                   |
| Short term funds  | 127  | 23,236                                   |
| Cash and bank balances  | 185,905                                    | 17,575                                   |
|   | <b>1,244,597</b>                           | <b>716,461</b>                           |
| Assets held for sale  | 34,575                                     | -  |
| <b>TOTAL ASSETS</b>   | <b>1,493,632</b>                           | <b>909,856</b>                           |
| <b>EQUITY AND LIABILITIES</b>   |  |  |
| Equity attributable to owners of the parent   |  |  |
| Share capital   | 202,951                                    | 202,853                                  |
| Non-distributable reserves  | 53,442                                     | 11,879                                   |
| Distributable reserve   | 335,209                                    | 328,689                                  |
| <b>Total equity attributable to owners of the parent</b>                                  | <b>591,602</b>                             | <b>543,421</b>                           |
| Non-controlling interests   | 6,551                                      | 2,895                                    |
| <b>TOTAL EQUITY</b>   | <b>598,153</b>                             | <b>546,316</b>                           |
| <b>LIABILITIES</b>  |  |  |
| <b>Non-current liabilities</b>  |  |  |
| Borrowings  | 6,637                                      | 7,603                                    |
| Deferred tax liabilities  | 8,683                                      | 1,262                                    |
| Redeemable convertible secured bonds  | 145,537                                    | -  |
| Trade and other payables  | 27,746                                     | 22,288                                   |
|   | <b>188,603</b>                             | <b>31,153</b>                            |
| <b>Current liabilities</b>  |  |  |
| Trade and other payables  | 179,144                                    | 94,499                                   |
| Borrowings  | 30,925                                     | 24,333                                   |
| Deferred revenue  | 496,439                                    | 204,312                                  |
| Current tax liabilities   | 368  | 9,243                                    |
|   | <b>706,876</b>                             | <b>332,387</b>                           |
| <b>TOTAL LIABILITIES</b>  | <b>895,479</b>                             | <b>363,540</b>                           |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>1,493,632</b>                           | <b>909,856</b>                           |
| <b>Net assets per RM0.25 share attributable to ordinary equity holders of the company</b> | <b>0.74</b>                                | <b>0.67</b>                              |

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial reports.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2015**

|  | ATTRIBUTABLE TO OWNERS OF THE PARENT |                          |                         |                                    |                                       |                                |                                      | Distributable Reserve                     | Total          | Non-Controlling Interests | Total          |
|--|--------------------------------------|--------------------------|-------------------------|------------------------------------|---------------------------------------|--------------------------------|--------------------------------------|---|----------------|---------------------------|----------------|
|  | Non-Distributable Reserve            |                          |                         |                                    |                                       |                                |                                      |   |                |                           |                |
|  | Share Capital<br>RM'000              | Treasury Share<br>RM'000 | Share Premium<br>RM'000 | Foreign Exchange Reserve<br>RM'000 | Reverse Acquisition Reserve<br>RM'000 | Share Option Reserve<br>RM'000 | Available-For-Sale Reserve<br>RM'000 | Distributable Retained Earnings<br>RM'000 | RM'000         | RM'000                    | RM'000         |
| <b>As at 1 July 2013</b>                                       | <b>201,912</b>                       | <b>(1,477)</b>           | <b>154,463</b>          | <b>6,930</b>                       | <b>(146,070)</b>                      | <b>1,248</b>                   | <b>(24)</b>                          | <b>337,054</b>                            | <b>554,036</b> | <b>2,908</b>              | <b>556,944</b> |
| Profit for the financial year                                  | -                                    | -                        | -                       | -                                  | -                                     | -                              | -                                    | 7,116                                     | 7,116          | (13)                      | 7,103          |
| Fair value of the available-for-sale financial assets          | -                                    | -                        | -                       | -                                  | -                                     | -                              | 6                                    | -   | 6              | -                         | 6              |
| Foreign currency translation                                   | -                                    | -                        | -                       | 2,755                              | -                                     | -                              | -                                    | -   | 2,755          | -                         | 2,755          |
| <b>Total comprehensive income</b>                              | <b>-</b>                             | <b>-</b>                 | <b>-</b>                | <b>2,755</b>                       | <b>-</b>                              | <b>-</b>                       | <b>6</b>                             | <b>7,116</b>                              | <b>9,877</b>   | <b>(13)</b>               | <b>9,864</b>   |
| <b>Transactions with owners:-</b>                              |                                      |                          |                         |                                    |                                       |                                |                                      |   |                |                           |                |
| • Options granted under Share Issuance Scheme                  | -                                    | -                        | -                       | -                                  | -                                     | 2,159                          | -                                    | -   | 2,159          | -                         | 2,159          |
| • Ordinary shares issued pursuant to the Share Issuance Scheme | 941                                  | -                        | 2,797                   | -                                  | -                                     | (621)                          | -                                    | -   | 3,117          | -                         | 3,117          |
| • Options forfeited under the Share Issuance Scheme            | -                                    | -                        | -                       | -                                  | -                                     | (649)                          | -                                    | 649                                       | -              | -                         | -              |
| • Shares repurchased   | -                                    | (9,638)                  | -                       | -                                  | -                                     | -                              | -                                    | -   | (9,638)        | -                         | (9,638)        |
| • Dividend payable   | -                                    | -                        | -                       | -                                  | -                                     | -                              | -                                    | (16,130)                                  | (16,130)       | -                         | (16,130)       |
| <b>As at 30 June 2014</b>                                      | <b>202,853</b>                       | <b>(11,115)</b>          | <b>157,260</b>          | <b>9,685</b>                       | <b>(146,070)</b>                      | <b>2,137</b>                   | <b>(18)</b>                          | <b>328,689</b>                            | <b>543,421</b> | <b>2,895</b>              | <b>546,316</b> |



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2015 (“CONT’D”)**

|  | ATTRIBUTABLE TO OWNERS OF THE PARENT |                       |                      |                                 |                                    |                             |                                   | Distributable Reserve                        |  | Non-Controlling Interests Total RM'000 | Total RM'000 |                |
|--|--------------------------------------|-----------------------|----------------------|---------------------------------|------------------------------------|-----------------------------|-----------------------------------|--|--|--|--------------|----------------|
|  | Non-Distributable Reserve            |                       |                      |                                 |                                    |                             |                                   | Distributable Reserve                        |  |  |              |                |
|  | Share Capital RM'000                 | Treasury Share RM'000 | Share Premium RM'000 | Foreign Exchange Reserve RM'000 | Reverse Acquisition Reserve RM'000 | Share Option Reserve RM'000 | Available-For-Sale Reserve RM'000 | Equity Component Of Convertible Bonds RM'000 | Distributable Retained Earnings RM'000 | Total RM'000                           |              |                |
| <b>As at 1 July 2014</b>   | <b>202,853</b>                       | <b>(11,115)</b>       | <b>157,260</b>       | <b>9,685</b>                    | <b>(146,070)</b>                   | <b>2,137</b>                | <b>(18)</b>                       | <b>-</b>                                     | <b>328,689</b>                         | <b>543,421</b>                         | <b>2,895</b> | <b>546,316</b> |
| Profit for the financial year  | -                                    | -                     | -                    | -                               | -                                  | -                           | -                                 | -  | 8,458                                  | 8,458                                  | 16           | 8,474          |
| Fair value of the available-for-sale financial assets                      | -                                    | -                     | -                    | -                               | -                                  | -                           | (5)                               | -  | -                                      | (5)                                    | -            | (5)            |
| Foreign currency translation   | -                                    | -                     | -                    | 17,682                          | -                                  | -                           | -                                 | -  | -                                      | 17,682                                 | -            | 17,682         |
| <b>Total comprehensive income</b>  | <b>-</b>                             | <b>-</b>              | <b>-</b>             | <b>17,682</b>                   | <b>-</b>                           | <b>-</b>                    | <b>(5)</b>                        | <b>-</b>                                     | <b>8,458</b>                           | <b>26,135</b>                          | <b>16</b>    | <b>26,151</b>  |
| <b>Transactions with owners:-</b>  |                                      |                       |                      |                                 |                                    |                             |                                   |  |  |  |              |                |
| • Ordinary shares issued pursuant to the Share Issuance Scheme             | 98                                   | -                     | 278                  | -                               | -                                  | (67)                        | -                                 | -  | -                                      | 309                                    | -            | 309            |
| • Options granted under the Share Issuance Scheme                          | -                                    | -                     | -                    | -                               | -                                  | 472                         | -                                 | -  | -                                      | 472                                    | -            | 472            |
| • Issuance of convertible bonds  | -                                    | -                     | -                    | -                               | -                                  | -                           | -                                 | 25,226                                       | -                                      | 25,226                                 | -            | 25,226         |
| • Options forfeited under the Share Issuance Scheme                        | -                                    | -                     | -                    | -                               | -                                  | (459)                       | -                                 | -  | 459                                    | -                                      | -            | -              |
| • Shares repurchased   | -                                    | (1,564)               | -                    | -                               | -                                  | -                           | -                                 | -  | -                                      | (1,564)                                | -            | (1,564)        |
| • Ordinary shares contributed by non-controlling interests of subsidiaries | -                                    | -                     | -                    | -                               | -                                  | -                           | -                                 | -  | -                                      | -                                      | 3,640        | 3,640          |
| • Dividend paid  | -                                    | -                     | -                    | -                               | -                                  | -                           | -                                 | -  | (2,397)                                | (2,397)                                | -            | (2,397)        |
| <b>As at 30 June 2015</b>  | <b>202,951</b>                       | <b>(12,679)</b>       | <b>157,538</b>       | <b>27,367</b>                   | <b>(146,070)</b>                   | <b>2,083</b>                | <b>(23)</b>                       | <b>25,226</b>                                | <b>335,209</b>                         | <b>591,602</b>                         | <b>6,551</b> | <b>598,153</b> |

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements financial year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial reports.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2015

|   | Unaudited<br>30 June 2015<br>RM'000 | Audited<br>30 June 2014<br>RM'000 |
|---|-------------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                                     |                                   |
| <b>Profit before tax</b>                                      | <b>19,161</b>                       | <b>18,203</b>                     |
| Adjustments for:-   |                                     |                                   |
| Depreciation of property, plant and equipment                 | 11,650                              | 10,417                            |
| Amortisation of intangible asset                              | 780                                 | -                                 |
| Property, plant and equipment impairment loss & written off   | 13,651                              | 16,259                            |
| Inventories written off                                       | 372                                 | 270                               |
| Receivable impairment loss & written off                      | 2,260                               | 2,976                             |
| (Gain)/loss on disposal of property, plant and equipment      | (252)                               | 2,887                             |
| Loss on disposal of unit trust                                | 19                                  | -                                 |
| Non-cash and operating items                                  | 9,798                               | 818                               |
| <b>Operating profit before changes in working capital</b>     | <b>57,439</b>                       | <b>51,830</b>                     |
| <b>Changes in working capital:-</b>                           |                                     |                                   |
| Consumables   | (36)                                | -                                 |
| Land reclamation work in progress                             | (52,376)                            | (24,389)                          |
| Land held for sale  | 15,842                              | 109,983                           |
| Trade and other receivables                                   | (340,910)                           | (39,160)                          |
| Trade and other payable                                       | 76,153                              | (39,506)                          |
| Deferred revenue  | 292,127                             | 51,791                            |
| <b>Cash generated from operations</b>                         | <b>48,239</b>                       | <b>110,549</b>                    |
| Tax paid - net  | (36,472)                            | (4,966)                           |
| <b>Net cash generated from operating activities</b>           | <b>11,767</b>                       | <b>105,583</b>                    |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |                                     |                                   |
| Interest and dividend received                                | 1,869                               | 1,297                             |
| Placement of fixed deposits – pledged                         | (461)                               | (463)                             |
| Loss disposal of unit trust                                   | (19)                                | -                                 |
| Disposal of property, plant and equipment                     | 2,188                               | 2,640                             |
| Purchase of property, plant and equipment                     | (32,409)                            | (2,345)                           |
| Purchase of intangible assets                                 | -                                   | (800)                             |
| Repayments to related parties                                 | (7,322)                             | (63,604)                          |
| <b>Net cash used in investing activities</b>                  | <b>(36,154)</b>                     | <b>(63,275)</b>                   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                                     |                                   |
| Drawdown of borrowings and hire purchase                      | 29,070                              | 20,000                            |
| Repayment of borrowings and hire-purchase                     | (25,612)                            | (18,699)                          |
| Interest expenses   | (5,533)                             | (2,331)                           |
| Issue of new shares under ESOS                                | 309                                 | 3,117                             |
| Funding from non-controlling                                  | 3,640                               | -                                 |
| Proceed from issuance of RCSB                                 | 178,729                             | -                                 |
| Shares repurchased  | (1,564)                             | (9,638)                           |
| Dividend paid   | (2,397)                             | (16,130)                          |
| <b>Net cash generated from/(used in) financing activities</b> | <b>176,642</b>                      | <b>(23,681)</b>                   |
| <b>Net increase in cash and cash equivalents</b>              | <b>152,255</b>                      | <b>18,627</b>                     |
| Cash and cash equivalents at beginning of period              | 40,811                              | 21,912                            |
| Effects of exchange rate changes                              | (4,724)                             | 272                               |
| <b>Cash and cash equivalents at the end of period</b>         | <b>188,342</b>                      | <b>40,811</b>                     |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2015 (CONT'D)**

|   | <b>Unaudited<br/>30 June 2015<br/>RM'000</b> | <b>Audited<br/>30 June 2014<br/>RM'000</b> |
|---|--|--|
| <b>Cash and cash equivalents comprise the following:-</b> |  |  |
| Short term funds <sup>(1)</sup>                           | 127  | 23,236                                     |
| Cash and bank balances                                    | 185,905                                      | 17,575                                     |
| Fixed deposits  |  |  |
| • pledged   | 18,317                                       | 17,856                                     |
| • not pledged   | 4,478  | -  |
|   | <u>208,827</u>                               | <u>58,667</u>                              |
| Less: Fixed deposits pledged                              | <u>(18,317)</u>                              | <u>(17,856)</u>                            |
|   | 190,510                                      | 40,811                                     |
| Less: Bank overdraft                                      | <u>(2,168)</u>                               | <u>-</u>                                   |
|   | <u>188,342</u>                               | <u>40,811</u>                              |

**Note:**

- (1) *Included in the short term funds are unit trusts quoted in Malaysia, which are held by the Group which are highly liquid, readily convertible to cash and are subject to insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents.*

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial reports.

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED  
30 JUNE 2015**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with 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 report should be read in conjunction with the audited financial statements of the Group for financial year ended 30 June 2014. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and presentation for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2014.

**2.1 New MFRSs adopted during the current financial year**

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board (‘MASB’) during the financial year.

| <b>Title</b>   | <b>Effective Date</b> |
|--|-----------------------|
| Amendments to MFRS 10 <i>Consolidated Financial Statements: Investment Entities</i>        | 1 January 2014        |
| Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i> | 1 January 2014        |
| Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>    | 1 January 2014        |
| Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>        | 1 January 2014        |
| Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>      | 1 January 2014        |
| Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i> | 1 January 2014        |
| IC Interpretation 21 <i>Levies</i>   | 1 January 2014        |
| Amendments to MFRS 119 <i>Defined Benefit Plans: Employee Contributions</i>                | 1 July 2014           |
| Amendments to MFRSs <i>Annual Improvements to 2010 - 2012 Cycle</i>                        | 1 July 2014           |
| Amendments to MFRSs <i>Annual Improvements to 2011 - 2013 Cycle</i>                        | 1 July 2014           |





## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.2 MFRSs, Amendments to MFRSs and IC Interpretation**

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:-

| <b>Title</b>  | <b>Effective Date</b> |
|---|-----------------------|
| MFRS 14 <i>Regulatory Deferral Accounts</i>   | 1 January 2016        |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | 1 January 2016        |
| Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>                                       | 1 January 2016        |
| Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>                 | 1 January 2016        |
| Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>   | 1 January 2016        |
| Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>  | 1 January 2016        |
| Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>   | 1 January 2016        |
| Amendments to MFRS 101 <i>Disclosure Initiative</i>   | 1 January 2016        |
| Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>                    | 1 January 2016        |
| MFRS 15 <i>Revenue from Contracts with Customers</i>  | 1 January 2017        |
| MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>   | 1 January 2018        |

## **3. QUALIFICATION OF AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report for the preceding annual financial statements was not subject to any qualification.

## **4. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS**

The Group's interim operations and performance were not materially affected by any seasonal or cyclical factors for the current quarter under review.

## **5. NATURE AND AMOUNT OF ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS THAT ARE UNUSUAL BECAUSE OF THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period ended 30 June 2015.

## **6. CHANGES IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR INTERIM PERIODS OF THE CURRENT FINANCIAL YEAR OR IN PRIOR FINANCIAL YEARS**

There were no changes in estimates that had any material effect on the current financial period ended 30 June 2015.



**7. DIVIDENDS PAID**

At the Ninth (9<sup>th</sup>) Annual General Meeting of the Company, a final tax exempt (single tier) dividend in respect of the financial year ended 30 June 2014 of RM0.003 on 798,944,100 ordinary shares of RM0.25 each amounting of RM2,396,832.22 was approved by the shareholders on 22 December 2014 and paid on 23 February 2015 to shareholders whose name appear in the Record of Depositors on 28 January 2015.

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**8. SEGMENTAL REPORTING**

The Group's segmental report for the current financial period ended 30 June 2015 as follows:-

|                                     | <b>Marine Construction</b> |                 | <b>Vessel</b>     | <b>Ship</b>     | <b>Others</b>  | <b>Elimination</b> | <b>Total</b>   |
|-------------------------------------|----------------------------|-----------------|-------------------|-----------------|----------------|--------------------|----------------|
|                                     | <b>Land</b>                | <b>Land</b>     | <b>Chartering</b> | <b>Building</b> |                |                    |                |
|                                     | <b>Reclamation</b>         | <b>Disposal</b> |                   |                 |                |                    |                |
|                                     | <b>RM'000</b>              | <b>RM'000</b>   | <b>RM'000</b>     | <b>RM'000</b>   | <b>RM'000</b>  | <b>RM'000</b>      | <b>RM'000</b>  |
| <b>Revenue</b>                      |                            |                 |                   |                 |                |                    |                |
| External – Sales                    | 39,713                     | 121,556         | 19,271            | -               | -              | -                  | 180,540        |
| Inter - segment sales               | 166,625                    | -               | 19,071            | 4,238           | 3,500          | (193,434)          | -              |
| <b>Total revenue</b>                | <b>206,338</b>             | <b>121,556</b>  | <b>38,342</b>     | <b>4,238</b>    | <b>3,500</b>   | <b>(193,434)</b>   | <b>180,540</b> |
| <b>Results</b>                      |                            |                 |                   |                 |                |                    |                |
| Segment results                     | (36,069)                   | 81,283          | (17,933)          | (2,654)         | (1,802)        | -                  | 22,825         |
| Interest and dividend income        | 1,036                      | -               | 18                | 20              | 795            | -                  | 1,869          |
| Finance costs                       | (1,961)                    | -               | (1,084)           | (68)            | (2,420)        | -                  | (5,533)        |
| <b>(Loss)/Profit before tax</b>     | <b>(36,994)</b>            | <b>81,283</b>   | <b>(18,999)</b>   | <b>(2,702)</b>  | <b>(3,427)</b> | -                  | <b>19,161</b>  |
| Income tax expense                  | -                          | (10,774)        | 113               | 30              | (56)           | -                  | (10,687)       |
| <b>(Loss)/Profit for the period</b> | <b>(36,994)</b>            | <b>70,509</b>   | <b>(18,886)</b>   | <b>(2,672)</b>  | <b>(3,483)</b> | -                  | <b>8,474</b>   |
| <b>Other information</b>            |                            |                 |                   |                 |                |                    |                |
| • Depreciation                      | (4,501)                    | -               | (6,800)           | (349)           | -              | -                  | (11,650)       |

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## 9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment loss.

At the current quarter, the Group has made an assessment on the carrying amounts of the vessels. A write down of RM14.6 million is recognised as other expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

## 10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 30 June 2015 and up to 17 August 2015, being the latest practicable date (“LPD”) which is not earlier than seven (7) days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report, except as disclosed in Note 22 and Note 24.

## 11. DEBT AND EQUITY SECURITIES

### 11.1 Current financial period

#### 11.1.1 Movement of shares

During the financial period to date, the Group buy-back 1,510,000 shares at an average exercise price of RM1.04, as well as issued additional 390,500 new shares at RM0.79 pursuant to the exercise of ESOS.

The movement of shares by the Group during the current financial year to-date were as follows:-

| Date        | Description                   | No. of shares<br>(‘000) | Average price paid<br>(RM) | Total consideration paid<br>(RM’000) |
|-------------|-------------------------------|-------------------------|----------------------------|--------------------------------------|
| 9 Jul 2014  | Share buyback <sup>(1)</sup>  | (1,000)                 | 1.09                       | (1,094)                              |
| 18 Jul 2014 | Share issued pursuant to ESOS | 148                     | 0.79                       | 117                                  |
| 20 Aug 2014 | Share issued pursuant to ESOS | 40                      | 0.79                       | 31                                   |
| 15 Sep 2014 | Share buyback <sup>(1)</sup>  | (500)                   | 0.92                       | (462)                                |
| 10 Feb 2015 | Share issued pursuant to ESOS | 203                     | 0.79                       | 160                                  |
| 17 Feb 2015 | Share buyback <sup>(1)</sup>  | (10)                    | 0.85                       | (8)                                  |
|             |                               | (1,119)                 | 1.12                       | (1,256)                              |

**Note (1):-**

As at 30 June 2015, the Company holds 12,655,400 shares as treasury shares at an average price of RM1.00.



## **11. DEBT AND EQUITY SECURITIES (CONT'D)**

### **11.2 End of financial period ended 30 June 2015 and up to LPD**

#### **11.2.1 Issuance of RM200 million nominal value of 7-year Redeemable Convertible Secured Bonds**

On 12 September 2014, the Company announced to undertake the proposed issuance of up to RM200 million nominal value of 7-year Redeemable Convertible Secured Bonds ("CB") ("Proposed Bond Issue")

The following approvals have been obtained in relation to the Proposed Bond Issue:-

- i. The Security Commission Malaysia ("SC") has, via its letter dated 13 November 2014 (which was received on 14 November 2014), authorised the issuance of the CB under subsection 256C (1) of the Capital Markets & Services Act 2007, subject to the compliance with the standard conditions and continuing obligations as stipulated in the Guidelines on Private Debt Securities issued by the SC ("Guidelines on PDS").
- ii. Bursa Securities ("BS") has, via its letter dated 4 December 2014, approved the listing and quotation of up to 800,000,000 new Benalec Shares to be issued pursuant to the conversion of the CB in respect of the Proposed Bond Issue.
- iii. The shareholders at the Extraordinary General Meeting held on 23 December 2014 approved the Proposed Bonds Issuance

On 5 January 2015, the Company announced that the conversion price of the CB has been fixed at RM0.705.

This Proposed Bond Issue has subsequently been completed on 29 April 2015 with the issuance of RM200 million nominal value of the CB.

Other than as disclosed above, the Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations and resale of treasury shares during the current financial period and subsequent to the end of the current financial period ended and up to the LPD which is not earlier than seven (7) days from the date of issuance of this quarterly report.

## **12. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current financial period ended 30 June 2015, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations, other than as disclosed below :-

#### **12.1 Incorporation of new subsidiaries by Benalec Sdn Bhd ("BSB"), a wholly-owned subsidiary of Benalec**

On 26 November 2014, the Company announced that BSB had incorporated a new subsidiary, by subscribing 51% equity interest comprising 51 ordinary shares in Ocean Pacific Ltd ("OPL") for cash consideration of USD51.00 or RM171 (based on the exchange rate at USD1:RM3.3510).

On 6 March 2015, the Company announced that BSB had incorporated a new subsidiary, by subscribing 51% equity interest comprising 51 ordinary shares in Atlantic Ocean Ltd ("AOL") for cash consideration of USD51.00 or RM186 (based on the exchange rate at USD1:RM3.6470).



**12. CHANGES IN THE COMPOSITION OF THE GROUP (CONT'D)**

**12.1 Incorporation of new subsidiaries by Benalec Sdn Bhd ("BSB"), a wholly-owned subsidiary of Benalec (cont'd)**

On 12 June 2015, the Company announced that BSB had incorporated a new subsidiary, by subscribing 49% equity interest comprising 53,899 ordinary shares in Gabungan Khas Sdn Bhd ("GKSB") for cash consideration of RM53,900

As of LPD, AOL & GKSB have not commenced operation.

**13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

|   |               |
|---|---------------|
|   | <b>RM'000</b> |
| Corporate guarantees given to licensed financial institutions |               |
| For credit facilities granted to subsidiaries                 | <u>31,888</u> |

**14. CAPITAL COMMITMENTS**

|  |               |
|--|---------------|
|  | <b>RM'000</b> |
| Capital expenditure in respect of purchase of property, plant & equipment: |               |
| Contracted but not provided for  | <u>6,014</u>  |

**15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The related party transactions during the financial year under review in which certain directors of the Company have substantial financial interest as presented below:-

| Nature of transactions <sup>(1)</sup>  | Transaction<br>value based on<br>billings<br>RM'000 | Balance<br>outstanding as at<br>30-06-2015<br>RM'000 |
|--|---|--|
| Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest <sup>(2)</sup> | 24,596  | 246,221  |
| Purchase of vessels from companies in which certain directors of the company have substantial financial interest   | -   | (38,738)   |
| Provision of marine construction work from a company in which certain directors of the company have substantial financial interest                                 | -   | (19)   |

**Notes:-**

- (1) *The related party transactions reflect transactions of all the subsidiaries with the respective group of companies; and*
- (2) *This amount represents the value of the land portion pending land Alienation Process which the Group entities to receive as settlement for the marine construction contracts. It would subsequently be reclassified as "land held for sale" following the alienation process.*



## 16. REVIEW OF PERFORMANCE OF THE GROUP

## 16.1 CURRENT YEAR-TO-DATE VERSUS PREVIOUS YEAR-TO-DATE

|         | Current<br>Fourth (4 <sup>th</sup> ) Quarter<br>30 Jun 2015<br>RM'000 | Previous<br>Fourth (4 <sup>th</sup> ) Quarter<br>30 Jun 2014<br>RM'000 | Variance |         |
|---------|---|--|----------|---------|
|         |   |  | RM'000   | %       |
| Revenue | 180,540   | 211,017  | (30,477) | (14.44) |
| PBT     | 19,161  | 18,203   | 958      | 5.26    |

For the cumulative twelve (12) months ended 30 June 2015, the Group has recorded a decrease in revenue by 14.44% as against the corresponding period for last year, with total revenue registered at RM180.5 million (FPE Q4'2014: RM211.0 million). The decrease in revenue was mainly due to lower land disposal recognition in the current year to-date (FPE Q4'2015:RM121.6 million; FPE Q4'2014: RM175.6 million).

In the meantime, significant land reclamation works have been undertaken by the subsidiaries of the Group for a project located Kawasan Kota Laksamana, Bandar Melaka ("Project DMDI"). Jayamas Cekap Sdn Bhd, a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary of Benalec, is the concessionaire for project DMDI. Hence, any unrealised profit arising from the land reclamation works in relation to Project DMDI will be eliminated in full upon consolidation.

For information purposes, the Group has managed to dispose the Group's entitled nett saleable land area in Project DMDI, measuring indicatively in total 158.06 acres for a total consideration of approximately RM286.6 million to two (2) end buyers, namely Faithview Supreme Development Sdn. Bhd. (29.54 acres) and Ultra Harmony Development Sdn. Bhd.

Please refer to note 22.1 and note 22.2 herein for the details of the disposal.

As of LPD, the Group has completed the reclamation works for Project DMDI with development costs incurred of approximately RM116.4 million, with RM97.3 million being capitalised as land reclamation work in progress and inventory. The revenue and profit from the Project DMDI will only be recognised progressively upon completion of each tranche of the SPA(s).

For the cumulative 12 months, the Group recorded a PBT of RM19.2 million, representing an increase of approximately RM0.9 million against the corresponding period for last year, mainly attributable to the following:-

| Description                                   | RM' 000    | Note |
|---|------------|------|
| Increase in gross profit                      | 11,361     | 1    |
| Increase in other operating income            | 1,808      | 2    |
| Increase in administrative and other expenses | (9,559)    | 3    |
| Increase in finance costs                     | (2,652)    | 4    |
| <b>Net increase in PBT</b>                    | <b>958</b> |      |

**Notes:-**

- (1) Increase in gross profit was mainly due to realisation of partial unrealised profit that has been eliminated previously upon consolidation in Project DMDI. This eliminated profit in turn, will generate higher land sales profit upon completion of each tranche of the SPA(s).
- (2) Increase in other income was mainly due to:-
  - Gain on unrealised forex recognised in current year to-date (Q4'15:RM15.3 million; Q4'14: RM0.7 million),
net off against:-
  - Deposit received from forfeited land disposal transactions being recognised in previous year to-date (Q4'15: nil; Q4'14: RM5.4 million) ;



**16. REVIEW OF PERFORMANCE OF THE GROUP (CONT'D)**

**16.1 CURRENT YEAR-TO-DATE VERSUS PREVIOUS YEAR-TO-DATE (CONT'D)**

- Discount received from sub-contractors in previous year to-date (Q4'15: nil; Q3'14: RM3.7 million).
- Fair value on amount owing to a related party in previous year to-date (Q4'15:nil, Q4'14:RM2.6 million).

(3) Increase in admin & other expenses was mainly due to:-

- Loss on unrealised forex recognised in current year to-date (Q4'15:RM21.0 million; Q4'14: RM1.5 million).

(4) Increase in finance cost was mainly due to:-

- Bond interest expense recognised in current year to-date (Q4'15:RM2.4 million; Q4'14: nil).

**16.2 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER**

|         | Current<br>Fourth (4 <sup>th</sup> ) Quarter<br>30 Jun 2015<br>RM'000 | Previous<br>Fourth (4 <sup>th</sup> ) Quarter<br>30 Jun 2014<br>RM'000 | Variance |        |
|---------|---|--|----------|--------|
|         |   |  | RM'000   | %      |
| Revenue | 59,447  | 31,529   | 27,918   | 88.55  |
| P/(L)BT | 2,932   | (15,146)   | 18,078   | 119.36 |

For the current quarter under review, the Group recorded an increase in revenue by 88.55% against last year's corresponding quarter, with total revenue registered at RM59.4 million (FPE Q4'2014: RM31.5 million). The increase in revenue was mainly due to the land disposal recognition in the current year quarter at RM41.3 million (FPE Q4'2014: RM26.8 million).

The current quarter recorded a PBT of RM2.93 million, representing an increase of RM18.1 million against last year's corresponding quarter, mainly attributable to:-

| Description                                   | RM' 000       | Note |
|---|---------------|------|
| Increase in gross profit                      | 19,360        | 1    |
| Increase in other operating income            | 3,647         | 2    |
| Increase in administrative and other expenses | (1,697)       | 3    |
| Increase in finance costs                     | (3,232)       | 4    |
| <b>Net increase in PBT</b>                    | <b>18,078</b> |      |

**Notes:-**

(1) Increase in gross profit was mainly due to factors as stated above.

(2) Increase in other income was mainly due to:

- Gain on unrealised forex recognised in current year quarter (Q4'15: RM7.6 million; Q4'14:RM0.4 million).

Net off against:-

- Reversal of impairment loss on receivable recognised in previous year quarter (Q4'15:nil ; Q4'14 :RM0.7 million).
- Fair value on amount owing to a related party in previous year quarter (Q4'15:nil, Q4'14:RM2.6 million).

(3) Increase in administrative and other expenses was mainly due to:-

- Loss on unrealised forex translation (Q4'15: RM7.8 million; Q4'14: nil).

Net off against:

- Loss on disposal PPE recognised in previous year quarter (Q4'15:nil, Q4'14:RM2.4 million).

(4) Increase in finance cost was mainly due to bond interest expense (Q4'15: RM2.4 million; Q4'14: nil).



**17. VARIATION IN RESULTS AGAINST PRECEDING QUARTER**

|         | Current<br>Fourth (4 <sup>th</sup> ) Quarter<br>30 Jun 2015<br>RM'000 | Current<br>Third (3 <sup>rd</sup> ) Quarter<br>31 Mar 2015<br>RM'000 | Variance |        |
|---------|---|--|----------|--------|
|         |   |  | RM'000   | %      |
| Revenue | 59,447  | 12,933   | 46,514   | 359.65 |
| P/(L)BT | 2,932   | (9,989)  | 12,921   | 129.35 |

For the current quarter under review, in comparison with the preceding quarter, the Group registered an increase in revenue of approximately RM46.5 million. The increase in revenue was mainly due to the land disposal recognition in the current year quarter at RM41.3 million.

The Group registered PBT of RM2.9 million (FPE Q3 '2015 LBT: RM10.0 million) representing an increase of RM12.9 million. The increase was mainly due to:-

| Description                                   | RM' 000       | Note |
|---|---------------|------|
| Increase in gross profit                      | 30,785        | 1    |
| Increase in other operating income            | 2,857         | 2    |
| Increase in administrative and other expenses | (16,670)      | 3    |
| Increase in finance costs                     | (4,051)       | 4    |
| <b>Net increase in PBT</b>                    | <b>12,921</b> |      |

**Notes:-**

- (1) Increase in gross profit was mainly due to factors as stated above.
- (2) Increase in other income was mainly due to:-
  - FD interest received (Q4 '15:RM1.3 million; Q3 '15: nil).
  - Gain on unrealised forex (Q4 '15:RM7.6 million; Q3 '15:RM5.8 million).
- (3) Increase in administrative and other expenses was mainly due to:-
  - Impairment losses on vessels (Q4 '15:RM14.6 million; Q3 '15:nil).
  - Impairment losses on receivable (Q4 '15:RM2.3 million; Q3 '15:nil).
- (4) Increase in finance cost was mainly due to:
  - Bond interest expense recognised in current quarter (Q4 '15:RM2.4 million; Q3 '15:nil).

**18. PROSPECTS**

In relation to the Group's prospects, the Board and Management remain justifiably confident in maintaining a very positive outlook for the Group over the next several years. This positive outlook is based on the fact that 256.91 acres of land, forming the subject matter of Sale & Purchase Agreements ("Land Sale SPAs") already signed and publicly announced, will generate sales revenue of approximately RM467.62 million. Added to that, the recent land reclamation contract secured by the Group covering 415 acres of land for a contract sum of RM203.0 million of which RM190 million has yet to be recognised as revenue, will ensure that the Group has a stable stream of revenue of approximately RM658 million which can be recognised in the financial years 2015 through 2017.

The continuing uptrend in the demand for the Group's reclaimed land-bank in Melaka is an added source of optimism for the Group both in the near term, as well as in the mid-term.

The Group has on 23 January 2015, received from the Department of Environment ("DOE") official approval of the Detailed Environmental Impact Assessment ("DEIA") report, thereby permitting the commencement of the Phase 1 reclamation works for the Group's Tanjung Piai Integrated Petroleum & Petrochemical Hub and Maritime Industrial Park project in Johor. The said Phase 1 is targeted to start in September 2015 and is expected to propel the Group to the next level of growth, enabling the Group to capitalise on the opportunities that abound within the Oil and Gas sector despite the prevailing challenges.



**19. PROFIT FORECAST AND PROFIT GUARANTEE**

The Group did not issue any profit forecast or profit guarantee in any public document.

**20. PROFIT / (LOSS) FOR THE PERIOD**

Included in the PBT for the period are as presented below:-

|  | <b>Current Quarter</b> | <b>Year-To-Date</b> |
|--|------------------------|---------------------|
|  | <b>RM'000</b>          | <b>RM'000</b>       |
| Interest income                                | 1,353                  | 1,850               |
| Other income including investment income       | 30                     | 60                  |
| Interest expense                               | (4,431)                | (5,533)             |
| Depreciation and amortisation                  | (3,267)                | (12,430)            |
| (Loss)/gain on disposal of fixed assets        | (234)                  | 253                 |
| Gain/(loss) on unit trust investments          | 21                     | (19)                |
| Unrealised exchange loss– net                  | (2,646)                | (5,662)             |
| Realised exchange gain/(loss) – net            | 31                     | (27)                |
| Impairment losses and write-off of receivables | (2,260)                | (2,260)             |
| Impairment losses and write-off of assets      | (13,651)               | (13,651)            |
| Write-off of inventories                       | (372)                  | (372)               |
| Gain or loss on derivatives                    | N/A                    | N/A                 |
| Exceptional items                              | N/A                    | N/A                 |

**Note:**

N/A = Not applicable.

**21. TAXATION**

|                              | <b>Current Quarter</b> | <b>Year-To-Date</b> |
|------------------------------|------------------------|---------------------|
|                              | <b>RM'000</b>          | <b>RM'000</b>       |
| Over provision in prior year |                        |                     |
| - Income tax                 | 2                      | 97                  |
| - Deferred tax               | 14                     | 14                  |
| Current year provision       |                        |                     |
| - Income tax                 | (2,845)                | (11,262)            |
| - Deferred tax               | 2,006                  | 464                 |
|                              | <u>(823)</u>           | <u>(10,687)</u>     |
| Effective tax rate (%)       | <u>(1) 28.07</u>       | <u>(1) 55.77</u>    |

**Note:-**

(1) The higher effective tax rate than the statutory tax rate of 25% is mainly due to certain subsidiaries were making losses and certain non-deductible expense such as unrealised loss of forex and impairment losses of asset.

**22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS**

**22.1 Disposal of land (8 parcels; 29.54 acres)**

On 28 October 2013, the Group announced the disposal of eight (8) parcels of vacant leasehold land, measuring in aggregate approximately 29.54 acres, held by Heritage Land Realty Sdn Bhd (“HLRSB”) a wholly-owned subsidiary of Benalec Sdn Bhd (“BSB”), which in turn is a wholly-owned subsidiary of Benalec, to Faithview Supreme Development Sdn Bhd (“FSDSB”) for a total disposal consideration of RM51,470,496.

This land disposal transaction is expected to be completed within the third (3<sup>rd</sup>) quarter of calendar year 2015.



## **22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS**

### **22.2 Disposal of land (22 parcels; 128.52 acres)**

On 20 March 2014, the Group announced the disposal of twenty-two (22) parcels of vacant leasehold land which have been, or will be, reclaimed by Benalec Sdn Bhd (“BSB”), a wholly-owned subsidiary of Benalec, measuring in aggregate approximately 128.52 acres to be held by Jayamas Cekap Sdn Bhd (“JCSB” or “Vendor”), a wholly-owned subsidiary of BSB, to Ultra Harmony Development Sdn Bhd (“UHDSB” or “Purchaser”) for a total disposal consideration of RM235,129,910.40 (“Second SPA”).

For information purposes, the Group had also on 24 September 2013 announced that Orientalcove Property Sdn Bhd (“OPSB”), a wholly-owned subsidiary of BSB, has entered into a conditional SPA with the same buyer, UHDSB for the disposal of six (6) parcels of leasehold vacant land measuring in aggregate approximately 30 acres for a total disposal consideration of RM50,965,200.00 (“First SPA”). This SPA has subsequently been completed on 6 February 2014 following full payment by UHDSB to OPSB.

The disposal considerations from both SPAs will be aggregated pursuant to paragraph 10.12 of Chapter 10 and Practice Note 14 of the Bursa Listing Requirements on the Aggregation of Transactions, resulting in an aggregated percentage ratio of 51.64%.

The proposed land disposal has subsequently been approved by the shareholders at the EGM held on 25 June 2014.

For information purpose, the land disposal will be completed in four (4) separate tranches. The Group has as of to-date, completed the first (1<sup>st</sup>) tranche amounting to RM51,482,692.80 and the final tranche is expected to be completed by the end of first (1) quarter of calendar year 2016.

### **22.3 Disposal of land (9 parcels; 58.63 acres )**

On 2 December 2014, the Group announced the disposal of three (3) parcels of leasehold vacant land which have been reclaimed by Benalec Sdn Bhd (“BSB”), a wholly-owned subsidiary of Benalec, measuring in aggregate approximately 19.36 acres to be held by Sentosacove Development Sdn Bhd (“SDSB” or “Vendor”), a wholly-owned subsidiary of BSB to Jadex Land Sdn. Bhd. (“JLSB” or “Purchaser”) for a total disposal consideration of RM35,419,507.20 (“**First Concurrent Land Disposal SPA**”).

The Group had also on the same day, announced that Strategic Cove Sdn.Bhd. (“SCSB”), a wholly-owned subsidiary of BSB has entered into a SPA with Quality Paradise Sdn. Bhd. (“QPSB”), a wholly-owned subsidiary of JLSB for the disposal of six (6) pieces of reclaimed leasehold land measuring in aggregate approximately 39.27 acres for a total consideration of RM71,845,250.40 (“**Second Concurrent Land Disposal SPA**”).

Barring unforeseen circumstances, the above two (2) land disposal transactions are expected to be completed by the end of the fourth (4<sup>th</sup>) quarter of calendar year 2015.

For information purposes, on 19 June 2014, Orientalcove Property Sdn Bhd (“OPSB”), a wholly-owned subsidiary of BSB, entered into a SPA with Jadelin Multiple Sdn.Bhd. (“JMSB”) for the disposal of three (3) parcels of leasehold vacant land measuring in aggregate 15 acres for a total disposal consideration of RM25,482,600.00 (“**Prior Land Disposal SPA**”) which was completed on 19 September 2014.

As the percentage ratio of the Prior Land Disposal SPA is less than 5% and the consideration is satisfied in cash, no announcement of the disposal to the Bursa Exchange is required in accordance with Paragraph 10.5 (1) of the Main Market Listing Requirements (“MMLR”).

JMSB, QPSB & JLSB have common directors and shareholders.

**22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS (CONT'D)****22.3 Disposal of land (9 parcels; 58.63 acres) (cont'd)**

Hence, as prescribed by Paragraph 10.12 of Chapter 10 and Practice Note 14 of the MMLR on the Aggregation of Transaction, the disposal consideration from the three (3) SPAs will be aggregated, resulting in the highest percentage ratio of 24.43%.

**22.4 Disposal of land (9 parcels; 70.46 acres)**

On 9 March 2015, the Group announced that Strategic Land Sdn. Bhd. ("SLSB") and Heritage Land Sdn. Bhd. ("HLSB"), both wholly-owned subsidiaries of Benalec Sdn. Bhd. ("BSB"), which in turn is a wholly-owned subsidiary of Benalec, has entered into three (3) separate Sale and Purchase Agreement ("SPAs") with Arena Progresif Sdn. Bhd. ("APSB") to dispose nine (9) parcels of leasehold land which have been reclaimed by BSB located in Pekan Klebang Seksyen II, Daerah Melaka Tengah, Melaka measuring approximately 70.46 acres for a total consideration of RM128,907,979.20.

This land disposal transaction is expected to be completed by the end of first (1<sup>st</sup>) quarter of calendar year 2016.

**22.5 Utilisation of proceeds from Redeemable Convertible Secured Bond issuance**

On 29 April 2015, the Company announced the completion of the RM 200 million nominal value of 7-year Redeemable Convertible Secured Bond ("CB") issuance.

The status of utilisation of proceeds arising from the issuance, amounting to RM181,170,000 as at LPD is as follows:-

| Description  | Proposed utilisation | Actual utilisation | Deviation      |              | Estimated timeframe for utilisation | Note  |
|--|----------------------|--------------------|----------------|--------------|-------------------------------------|-------|
|  | RM'000               | RM'000             | RM'000         | %            |                                     |       |
| Land reclamation projects of the Benalec Group                     | 146,500              | (35,622)           | 110,878        | 75.68        | Within 24 months                    | (i)   |
| Working capital and reserve requirement for a debt service account | 31,170               | (11,824)           | 19,346         | 62.07        | Within 12 months                    | (ii)  |
| Defray expenses  | 3,500                | (3,476)            | 24             | 0.69         | Within 12 months                    | (iii) |
| <b>Total</b>   | <b>181,170</b>       | <b>(50,922)</b>    | <b>130,248</b> | <b>71.89</b> |                                     |       |

**(i) Land reclamation projects of the Benalec Group**

*The Group intends to utilise the proceeds to fund its ongoing and future land reclamation projects. Expenditures relating to land reclamation works include operating expenses such as cost of raw materials, payments to license holders or sand concessionaires for the rights to dredge sand ex-seabed, payments to suppliers, direct labour costs, payment for sub-contracted services for loading, unloading and levelling sea sand, rock revetment/replacement works, and lorry hire.*

*The utilisation of proceeds will include the funding of the reclamation works in respect of lands (to be reclaimed) for which sale and purchase agreement(s) or contracts or letter of award ("Agreements") have been entered into, and assigned as collateral for the CB.*



**22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS (CONT'D)**

**22.5 Utilisation of proceeds from Redeemable Convertible Secured Bond issuance (cont'd)**

**(ii) Working capital and reserve requirement for a debt service account**

The amount shall be utilised:

- (a) as additional working capital to finance the day-to-day operations of the Group including the payment of salaries, administrative and other operating expenses, such as tax payment and finance costs; and
- (b) to maintain an amount equivalent to 6 months' coupon payment of all the outstanding CB, which shall be maintained throughout the tenure of the CB in a debt service reserve account that may be utilised to pay coupon due under the CB in the event that the Company has insufficient operational funds.

**(iii) Defray expenses**

The estimated expenses comprise, among others, professional fees, fees payable to the relevant authorities, printing costs and other miscellaneous expenses.

**23. BORROWINGS**

The Group's borrowings as at 30 June 2015 presented as follows:-

|                                     | <b>RM'000</b> |
|-------------------------------------|---------------|
| <b>Long Term Borrowings</b>         |               |
| Secured:-                           |               |
| • hire purchase and lease creditors | 4,238         |
| • term loans                        | 2,399         |
|                                     | 6,637         |
| <br><b>Short Term Borrowings</b>    |               |
| Secured:-                           |               |
| • revolving credit                  | 19,187        |
| • term loans                        | 4,288         |
| • hire purchase and lease creditors | 2,815         |
| • banker acceptance                 | 2,467         |
| • bank overdraft                    | 2,168         |
|                                     | 30,925        |
| <br><b>(1) Total</b>                | <b>37,562</b> |

**Note:-**

(1) The borrowings are denominated in Ringgit Malaysia.

**24. MATERIAL LITIGATION**

- a. On 29 May 2014, Benalec Sdn Bhd ("BSB"), a wholly-owned subsidiary of Benalec was served with a civil suit filed by a telecommunications company ("the plaintiff"), which claimed that the Submerged Fibre Optic Cable, which was set up under the deep sea between Port Dickson and Melaka, in Straits of Melaka was damaged due to the sand extraction activities performed by the Group. The alleged damage had interrupted the national network communication and the telecommunications company claimed an amount of RM2,041,000.00 for losses suffered from the interruption.

Further to a series of case management, on 28 April 2015, the Plaintiff has withdrawn the suit without liberty to file afresh and the Plaintiff's counsel had filed the Notice of Discontinuance accordingly.



## 24. MATERIAL LITIGATION (CONT'D)

- b. On 7 May 2015, the Group announced that Benalec Sdn. Bhd. ("BSB"), a wholly-owned subsidiary of Benalec had on 30 April 2015 received a Writ of Summons and Statement of Claim under KL High Court Suit No. 22NCVC-204-04/2015 (the "First Suit") dated 21 April 2015 filed by Sentosacove Sdn.Bhd. ("SSB").

The SSB is alleging that the BSB had breached its contractual and implied duties under an agreement ("Reclamation Agreement") which was entered into between the BSB and SSB on 10 September 2010. Under the Reclamation Agreement, BSB was appointed as a contractor to carry out marine reclamation works to reclaim a total area spanning 720 acres in Daerah Klebang, Melaka.

The Group is rigorously contesting the alleged claims and of the view that the SSB's claims are without merit. The Group has a valid and strong defence against the SSB's claim(s). On 15 May 2015, BSB had filed a defence and counter claim against SSB, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye (collectively "the Counter Claim Defendants").

The counter claim is for, amongst others an order that SSB to perform the Reclamation Agreement. BSB has also filed a Notice of Application for an injunction against the Counter Claim Defendants and seeking for damages to be assessed by the Registrar of the High Court and other reliefs as may be just.

On 3 June 2015, the Group announced that SSB has on 1 June 2015 filed a Reply to Defence and Counterclaim in relation to the First Suit in the High Court of Malaya at Kuala Lumpur.

In relation to the potential financial/operational impact of the cited litigation on the Group, it is difficult to estimate accurately such impact as it is dependent on the Court's decision. It is, however, instructive to be guided by the sharing ratio between BSB and SSB of 95% to 5% of the reclaimed land after allocating one-sixth of all reclaimed land to the Melaka state Government, and the strong grounds on which the Group is basing its legal action.

On 23 July 2015, the Group announced that Dato' Leaw Seng Hai ("DLSH") and BSB had on the 22 July 2015 been served a Writ of Summons and Statement of Claim under KL High Court Suit No.22NCC-209/07/2015 (the "Second Suit") dated 8 July 2015 filed by SSB.

The Second Suit is pertaining to the issuance of 2 letters by SSB in relation to the Reclamation Agreement entered into on 10 September 2010 between SSB and BSB, which subject matter is already part of the First Suit.

The main allegation in the Second Suit is that the aforesaid 2 letters are void on the allegation that DLSH has acted in an ultra vires manner and in breach of his fiduciary duties and is seeking, inter alia, a declaration that the mandate is void and that the aforesaid letters shall not in any matter whatsoever be binding on SSB and for other consequential and ancillary reliefs.

The Group strongly disputes SSB's stance and has referred the matter to its legal counsel for the necessary and relevant to be taken.

- c. On 21 July 2015, the Group announced that OG Marine Sdn. Bhd. ("1<sup>st</sup> Defendant") and Benalec Sdn. Bhd. ("2<sup>nd</sup> Defendant"), a wholly-owned subsidiary of Benalec had on 31 July 2015 been served with a Writ of Summons and Statement of Claim dated 13 July 2015 filed by Glenmarie Cove Development Sdn.Bhd. ("GCDSB" or "the Plaintiff").

The 2<sup>nd</sup> Defendant was hired as sub-contractor to carry out the earthworks, river protection works and other associated works and hired a dumb barge owned by the 1<sup>st</sup> Defendant for the purpose of transporting and/or storing materials used in carrying out the sub-contracted works. The subject barge was anchored approximately 0.6 nautical miles away from the jetty.

The Plaintiff has commenced legal action alleging negligence by the 1<sup>st</sup> Defendant and/or of the 2<sup>nd</sup> Defendant in causing some damage to the jetty.



**24. MATERIAL LITIGATION (CONT'D)**

The Plaintiff is seeking against the 1<sup>st</sup> and 2<sup>nd</sup> Defendants jointly and severally for the following:-

- i. Special damages in the sum of RM735,813.12;
- ii. Interest calculated on the sum of RM709,813.12 at the rate of 5% per annum from 25 February 2012 to the date of judgement and thereafter at the rate of 8% per annum on the date of full payment;
- iii. Interest calculated on the sum of RM26,000 at the rate of 5% per annum from 30 January 2013 to the date of judgement and thereafter at the rate of 8% per annum to the date of full payment;
- iv. Costs of this action; and
- v. Such further and/or other relief as the Court deems fit.

The Board of Directors and the management are of the opinion that there is no material impact on the Group's overall financial and operations based on the insurance coverage that we have in place to indemnify the Group of such losses.

Consequently, management is of the view that it is not probable that an outflow of economic benefits is required to be provided in respect of this claim.

**25. DIVIDEND**

The Board does not recommend any interim dividend for the current period ended 30 June 2015.

**26. EARNINGS PER SHARE ("EPS")**

**26.1 Basic EPS**

The basic earnings per share are calculated based on the net profit attributable to equity holders of the parents for the period divided by the weighted average number of ordinary shares and presented as below:-

|   | Three (3) Months    |                     | Year-to-date        |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Ended<br>30-06-2015 | Ended<br>30-06-2014 | Ended<br>30-06-2015 | Ended<br>30-06-2014 |
| Net profit/(loss) attributable to equity holders of the parents for the period (RM'000) | <u>1,985</u>        | <u>(15,716)</u>     | <u>8,458</u>        | <u>7,116</u>        |
| Weighted average number of ordinary shares ('000)                                       | <u>799,133</u>      | <u>805,353</u>      | <u>799,133</u>      | <u>805,353</u>      |
| Basic EPS/(LPS) (sen)   | <u>0.2</u>          | <u>(1.9)</u>        | <u>1.1</u>          | <u>0.9</u>          |

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**26. EARNINGS PER SHARE (“EPS”) (CONT’D)**

**26.2 Diluted EPS**

The diluted earnings per share has been calculated by dividing the Group’s profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares as presented below:-

|  | Three (3) Months    |                     | Year-to-date        |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Ended<br>30-06-2015 | Ended<br>30-06-2014 | Ended<br>30-06-2015 | Ended<br>30-06-2014 |
| Net (loss)/ profit attributable to equity holders of the parents for the period (RM’000)                     | <b>1,985</b>        | (15,716)            | <b>8,458</b>        | 7,116               |
| Weighted average number of ordinary shares as per basic EPS (‘000)   | <b>799,133</b>      | 805,353             | <b>799,133</b>      | 805,353             |
| Effect of dilution on employee share options (‘000)  | -                   | 954 <sup>(1)</sup>  | -                   | 954 <sup>(1)</sup>  |
| Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share (‘000) | <b>799,133</b>      | 806,307             | <b>799,133</b>      | 806,307             |
| Diluted EPS/(LPS) (sen)  | <b>0.2</b>          | (1.9)               | <b>1.1</b>          | 0.9                 |

**Note:-**

(1) *The diluted earnings per share has been calculated by dividing the Group’s profit attributable to owners of the parent by the weighted average number of shares that would have been issue upon exercise of the 600,000 options under the share issuance scheme granted, adjusted for the number of such shares that would have been issued at fair value.*

**27. REALISED AND UNREALISED PROFITS / (LOSSES) DISCLOSURE**

The breakdown of the retained profits of the Group is presented below:-

|  | As at<br>30-06-2015<br>(Unaudited)<br>RM’000 | As at<br>30-06-2014<br>(Audited)<br>RM’000 |
|--|--|--|
| Total retained profits of the Company and its subsidiaries:- |  |  |
| • realised   | 341,286                                      | 312,623                                    |
| • unrealised   | (9,449)                                      | 5,524                                      |
|  | <u>331,837</u>                               | <u>318,147</u>                             |
| Add: Consolidation adjustments                               | 3,372  | 10,542                                     |
|  | <u>335,209</u>                               | <u>328,689</u>                             |

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.