



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2015**

TABLE OF CONTENTS	PAGE
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1 ST) QUARTER ENDED 30 SEPTEMBER 2015	1
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015	2
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1 ST) QUARTER ENDED 30 SEPTEMBER 2015	3
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1 ST) QUARTER ENDED 30 SEPTEMBER 2015	5
NOTES TO THE INTERIM FINANCIAL REPORT	7



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2015

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 30-09-2015 RM'000	(Unaudited) Preceding Year Quarter Ended 30-09-2014 RM'000	(Unaudited) Current Year To Date 30-09-2015 RM'000	(Unaudited) Preceding Year To Date 30-09-2014 RM'000
Revenue	44,040	47,930	44,040	47,930
Cost of sales	(31,210)	(23,252)	(31,210)	(23,252)
Gross profit	12,830	24,678	12,830	24,678
Other operating income	13,852	2,566	13,852	2,566
Administrative and other expenses	(20,367)	(8,046)	(20,367)	(8,046)
Profit from operations	6,315	19,198	6,315	19,198
Finance costs	(4,314)	(507)	(4,314)	(507)
Profit/(loss) before tax ("PBT")	2,001	18,691	2,001	18,691
Tax expense	(140)	(6,666)	(140)	(6,666)
Profit for the financial period	1,861	12,025	1,861	12,025
Other comprehensive income, net of tax:-				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Fair value gain/(loss) on available-for-sale financial assets	1	(2)	1	(2)
• Foreign currency translations	18,846	2,148	18,846	2,148
	20,708	14,171	20,708	14,171
Total comprehensive income				
Profit attributable to:-				
• Owners of the parent	1,232	12,027	1,232	12,027
• Non-controlling interests	629	(2)	629	(2)
	1,861	12,025	1,861	12,025
Total comprehensive income attributable to:-				
• Owners of the parent	20,079	14,173	20,079	14,173
• Non-controlling interests	629	(2)	629	(2)
	20,708	14,171	20,708	14,171
Earnings/(losses) per ordinary share attributable to equity holders of the Company (sen)				
• Basic	0.2	1.5	0.2	1.5
• Diluted	0.2	1.5	0.2	1.5

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 2015 and the accompanying explanatory notes attached to the interim financial reports.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015**

	Unaudited As at 30-09-2015 RM'000	Audited As At 30-06-2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	238,537	209,525
Other investments	40	39
Deferred tax assets	4,720	4,896
	<u>243,297</u>	<u>214,460</u>
Current assets		
Inventories	253,767	209,073
Land reclamation work in progress	72,899	106,346
Trade and other receivables	690,727	738,316
Current tax assets	21,979	16,609
Fixed deposits	194,253	22,795
Short term funds	128	127
Cash and bank balances	8,763	185,905
	<u>1,242,516</u>	<u>1,279,171</u>
TOTAL ASSETS	<u>1,485,813</u>	<u>1,493,631</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	202,951	202,951
Non-distributable reserves	72,243	53,441
Distributable reserve	336,480	335,209
Total equity attributable to owners of the parent	<u>611,674</u>	<u>591,601</u>
Non-controlling interests	7,180	6,551
TOTAL EQUITY	<u>618,854</u>	<u>598,152</u>
LIABILITIES		
Non-current liabilities		
Redeemable convertible secured bonds	146,928	145,537
Borrowings	6,057	6,637
Deferred tax liabilities	8,475	8,683
Trade and other payables	30,575	27,746
	<u>192,035</u>	<u>188,603</u>
Current liabilities		
Trade and other payables	124,532	179,144
Borrowings	27,016	30,925
Deferred revenue	523,036	496,439
Current tax liabilities	340	368
	<u>674,924</u>	<u>706,876</u>
TOTAL LIABILITIES	<u>866,959</u>	<u>895,479</u>
TOTAL EQUITY AND LIABILITIES	<u>1,485,813</u>	<u>1,493,631</u>
Net assets per RM0.25 share attributable to ordinary equity holders of the company	<u>0.75</u>	<u>0.74</u>

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 2015 and the accompanying explanatory notes attached to the interim financial reports.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2015

	← ATTRIBUTABLE TO OWNERS OF THE PARENT →							Distributable Reserve	Total	Non-Controlling Interests Total	Total
	Non-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 Options Reserve RM'000	Available-For-Sale Reserve RM'000	Distributable Retained Earnings RM'000	RM'000	RM'000	RM'000
As at 1 July 2014	202,853	(11,115)	157,260	9,685	(146,070)	2,137	(18)	328,689	543,421	2,895	546,316
Profit for the financial year	-	-	-	-	-	-	-	12,027	12,027	(2)	12,025
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	(2)	-	(2)	-	(2)
Foreign currency translations	-	-	-	2,148	-	-	-	-	2,148	-	2,148
Total comprehensive income	-	-	-	2,148	-	-	(2)	12,027	14,173	(2)	14,171
Transactions with owners:-											
• Ordinary shares issued pursuant to the Share Issuance Scheme	47	-	133	-	-	(32)	-	-	148	-	148
• Shares repurchased	-	(1,556)	-	-	-	-	-	-	(1,556)	-	(1,556)
As at 30 September 2014	202,900	(12,671)	157,393	11,833	(146,070)	2,105	(20)	340,716	556,186	2,893	559,079



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2015 (“CONT’D”)

	← ATTRIBUTABLE TO OWNERS OF THE PARENT →							Distributable Reserve		Total RM'000	Non-Controlling Interests Total RM'000	Total RM'000
	Non-Distributable Reserve							Distributable Reserve	Total			
	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Reverse Acquisition Reserve RM'000	Share Options Reserve RM'000	Available-For-Sale Reserve RM'000	Equity Component Of Convertible Bonds RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non-Controlling Interests Total RM'000	Total RM'000
As at 1 July 2015	202,951	(12,679)	157,538	27,367	(146,070)	2,082	(23)	25,226	335,209	591,601	6,551	598,152
Profit for the financial year	-	-	-	-	-	-	-	-	1,232	1,232	629	1,861
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	1	-	-	1	-	1
Foreign currency translations	-	-	-	18,846	-	-	-	-	-	18,846	-	18,846
Total comprehensive income	-	-	-	18,846	-	-	1	-	1,232	20,079	629	20,708
Transactions with owners:-												
• Options forfeited under the Share Issuance Scheme	-	-	-	-	-	(39)	-	-	39	-	-	-
• Shares repurchased	-	(6)	-	-	-	-	-	-	-	(6)	-	(6)
As at 30 September 2015	202,951	(12,685)	157,538	46,213	(146,070)	2,043	(22)	25,226	336,480	611,674	7,180	618,854

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial reports.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2015

	Unaudited 30 Sep 2015 RM'000	Unaudited 30 Sep 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,001	18,691
Adjustments for:-		
Depreciation of property, plant and equipment	3,579	2,638
Amortisation of intangible asset	-	32
Inventories written off	-	74
(Gain)/Loss on disposal of property, plant and equipment	(289)	-
Loss on disposal of unit trust	-	24
Non-cash and operating items	7,776	819
Operating profit before changes in working capital	13,067	22,278
Changes in working capital:-		
Consumables	-	(301)
Land reclamation work in progress	33,447	(13,629)
Land held for sale	(44,694)	15,248
Trade and other receivables	47,631	57,696
Trade and other payable	(51,257)	8,237
Deferred revenue	26,597	(45,278)
Cash generated from operations	24,791	44,251
Tax paid - net	(5,566)	(12,951)
Net cash generated from operating activities	19,225	31,300
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	1,124	341
Placement of fixed deposits – pledged	(1,500)	-
Loss disposal of unit trust	-	(24)
Proceed from disposal of property, plant and equipment	840	7
Purchase of property, plant and equipment	(14,189)	(5,705)
Advances from/(repayments to) related parties	824	(2,899)
Net cash used in investing activities	(12,901)	(8,280)
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of borrowings and hire purchase	-	1,261
Repayment of borrowings and hire-purchase	(2,321)	(21,302)
Interest expenses	(4,314)	(507)
Proceed from issuance of new shares under ESOS	-	148
Shares repurchased	(6)	(1,556)
Net cash used in financing activities	(6,641)	(21,956)
Net (decrease)/increase in cash and cash equivalents	(317)	1,064
Cash and cash equivalents at beginning of period	188,342	40,811
Effects of exchange rate changes	(4,698)	12
Cash and cash equivalents at the end of period	183,327	41,887

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2015 (CONT'D)**

	Unaudited 30 Sep 2015 RM'000	Unaudited 30 Sep 2014 RM'000
Cash and cash equivalents comprise the following:-		
Short term funds ⁽¹⁾	128	5,296
Cash and bank balances	8,763	3,635
Fixed deposits		
• pledged	19,817	17,856
• not pledged	174,436	35,850
	<u>203,144</u>	<u>62,637</u>
Less: Fixed deposits pledged	(19,817)	(17,856)
	<u>183,327</u>	<u>44,781</u>
Less: Bank overdraft	-	(2,894)
	<u>183,327</u>	<u>41,887</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 2015 and the accompanying explanatory notes attached to the interim financial reports.

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED
30 SEPTEMBER 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 2015. 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 2015.

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 2015.

2.1 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:-

Title	Effective Date
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 2018
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 September 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 September 2015.

7. DIVIDENDS PAID

A final tax exempt (single tier) dividend of 0.3 sen per ordinary share amounting to RM2,396,832 in respect of the financial year ended 30 June 2014 was paid on 23 February 2015.

The Directors proposed a final single tier dividend of 0.3 sen per ordinary share, amounting to RM2,397,411 in respect of the financial year ended 30 June 2015, which is subject to the approval of members at the forthcoming Annual General Meeting.

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8. SEGMENTAL REPORTING

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

	Marine Construction		Vessel	Ship	Others	Elimination	Total
	Land	Land	Chartering	Building			
	Reclamation	Disposal					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External – Sales	16,072	27,355	613	-	-	-	44,040
Inter - segment sales	40,411	-	4,713	-	-	(45,124)	-
Total revenue	56,483	27,355	5,326	-	-	(45,124)	44,040
Results							
Segment results	(20,465)	25,412	1,593	(1,131)	(218)	-	5,191
Interest and dividend income	223	-	-	4	897	-	1,124
Finance costs	(652)	-	-	(3)	(3,659)	-	(4,314)
(Loss)/Profit before tax	(20,894)	25,412	1,593	(1,130)	(2,980)	-	2,001
Income tax expense	-	(352)	-	3	209	-	(140)
(Loss)/Profit for the period	(20,894)	25,060	1,593	(1,127)	(2,771)	-	1,861
Other information							
• Depreciation	(1,611)	-	(1,881)	(87)	-	-	(3,579)

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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.

There were no valuation of the property, plant & equipment in the current financial quarter ended 30 September 2015.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 30 September 2015 and up to 18 November 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 10,000 shares at an average exercise price of RM0.54.

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

Date	Description	No. of shares	Average price paid (RM)	Total consideration paid (RM)
26 Aug 2015	Share buyback ⁽¹⁾	(10,000)	0.54	(5,400)

Note (1):-

As at 30 September 2015, the Company holds 12,675,400 shares as treasury shares at an average price of RM1.00.

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 September 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 11 September 2015, the Company announced that BSB had incorporated a new subsidiary, by subscribing 100 ordinary shares of USD1.00 each in Atlantic Pacific Ltd (“APL”) for cash consideration of USD100 or RM432 (based on exchange rate of USD1.00 : RM4.32).

As of LPD, APL has not commenced operation.



13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

RM'000

Corporate guarantees given to licensed financial institutions	
For credit facilities granted to subsidiaries	<u>28,734</u>

14. CAPITAL COMMITMENTS

RM'000

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⁽¹⁾	Transaction value based on billings	Balance Outstanding as at 30-09-2015
	RM'000	RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	10	246,231
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(46,055)
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.*

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16. REVIEW OF PERFORMANCE OF THE GROUP

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

	Current First (1 st) Quarter 30 Sep 2015 RM'000	Previous First (1 st) Quarter 30 Sep 2014 RM'000	Variance	
			RM'000	%
Revenue	44,040	47,930	(3,890)	(8.12)
PBT	2,001	18,691	(16,690)	(89.29)

For the cumulative three (3) months ended 30 September 2015, the Group has recorded a decrease in revenue by 8.12% as against the corresponding period for last year, with total revenue registered at RM44.0 million (FPE Q1'2015: RM47.9 million). The decrease in revenue was mainly due to lessor of land disposal recognition in the current year to-date (FPE Q1'2016: RM27.3 million; FPE Q1'2015: RM45.3 million).

For information purposes, the Group has managed to dispose the Group's entitled nett saleable land area, measuring indicatively in total 241.63 acres for a total consideration of approximately RM439.6 million. In addition, a 415 acres land reclamation contract in Melaka, secured by the Group last year for a contract sum RM203.9 million, will enable us to progressively recognise revenue and profits accruing from this contract during the current financial year.

For the cumulative 3 months, the Group recorded a PBT of RM2.0 million, representing a decrease of approximately RM16.7 million against the corresponding period for last year, mainly attributable to the following:-

Description	RM'000	Note
Decrease in gross profit	(11,848)	1
Increase in other operating income	11,286	2
Increase in administrative and other expenses	(12,321)	2
Increase in finance costs	(3,807)	3
Net decrease in PBT	(16,690)	

Notes:-

- (1) Decrease in gross profit was mainly due to factors as stated above.
- (2) The increase in other income as well as admin & other expenses were mainly due to:

	Q1'16 RM'mil	Q1'15 RM'mil	Variance RM'mil
Unrealised loss on forex (nett)	(4.6)	(0.7)	(3.9)
Interest & dividend income	1.1	0.3	0.8
Other income	0.4	-	0.4
Gain on disposal PPE	0.3	-	0.3
	<u>(2.8)</u>	<u>(0.4)</u>	<u>(2.4)</u>

- (3) Increase in finance cost was mainly due to:-
- Bond interest expense recognised in current year to-date (Q1'16: RM3.6 million; Q1'15: nil).

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

	Current First (1 st) Quarter 30 Sep 2015 RM'000	Current Fourth (4 th) Quarter 30 Jun 2015 RM'000	Variance	
			RM'000	%
Revenue	44,040	59,447	(15,407)	(25.92)
PBT	2,001	2,931	(930)	(31.73)

For the current quarter under review, in comparison with the preceding quarter, the Group registered a decrease in revenue of approximately RM15.4 million. The decrease in revenue was mainly due to lessor of land disposal recognition in the current year quarter (Q1' 16: RM27.3 million, FPE Q4'15: RM44.1 million).

The Group registered PBT of RM2.0 million (FPE Q4 '2015 PBT: RM2.9 million) representing a decrease of RM0.9 million. The decrease was mainly due to:-

Description	RM'000	Note
Decrease in gross profit	(17,164)	1
Increase in other operating income	5,052	2
Decrease in administrative and other expenses	11,065	3
Decrease in finance costs	117	
Net decrease in PBT	(930)	

Notes:-

- (1) *Decrease in gross profit was mainly due to factors as stated above.*
- (2) *Increase in other income was mainly due to:-*
 - *Interest & dividend received (Q4'15: RM1.1 million; Q3'15: nil).*
 - *Gain on unrealised forex (Q1'16: RM11.6 million; Q4'15: RM7.6 million).*
- (3) *Decrease in administrative and other expenses was mainly due to:-*
 - *Impairment losses on vessels (Q1'16: nil; Q4'15: RM14.6 million).*
 - *Impairment losses on receivable (Q1'16: nil; Q4'15: RM2.3 million).**nett off against increase of:-*
 - *Loss on unrealised forex (Q1'16: RM16.2 million; Q4'15: RM7.8 million).*

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 241.63 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 RM439.6 million. Added to that, the recent land reclamation contract secured by the Group covering 415 acres of land for a contract sum of RM203.9 million of which RM176.7 million has yet to be recognised as revenue, will ensure that the Group has a stable stream of revenue of approximately RM643.5 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 November 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:-

	Current Quarter	Year-To-Date
	RM'000	RM'000
Interest income	1,123	1,123
Other income including investment income	398	398
Interest expense	(4,314)	(4,314)
Depreciation	(3,579)	(3,579)
(Loss)/gain on disposal of fixed assets	289	289
Gain/(loss) on unit trust investments	-	-
Unrealised exchange loss– net	(4,585)	(4,585)
Realised exchange gain/(loss) – net	412	412
Impairment losses and write-off of receivables	-	-
Impairment losses and write-off of assets	-	-
Write-off of inventories	-	-
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

Note:

N/A = Not applicable.

21. TAXATION

	Current Quarter	Year-To-Date
	RM'000	RM'000
Current year provision		
- Income tax	(174)	(174)
- Deferred tax	34	34
	<u>(140)</u>	<u>(140)</u>
Effective tax rate (%)	<u>(1) 7.00</u>	<u>(1) 7.00</u>

Note:-

(1) The lower effective tax rate than the statutory tax rate of 24% was mainly due to certain subsidiaries were making losses.

22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS

22.1 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 (“RCSB”) issuance.

The status of utilisation of proceeds arising from the issuance, amounting to RM181.17 million as at LPD is as follows:-

**22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS (CONT'D)****22.1 Utilisation of proceeds from Redeemable Convertible Secured Bond issuance (cont'd)**

Description	Proposed utilisation RM'000	Reallocate of utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Deviation %	Estimated timeframe for utilisation	Note
Land reclamation projects of the Benalec Group	146,500	-	(57,820)	88,680	60.53	Within 24 months	(i)
Working capital and reserve requirement for a debt service account	31,170	9	(22,567)	8,612	27.62	Within 12 months	(ii)
Defray expenses	3,500	(9)	(3,491)	-	-	Within 12 months	(iii)
Total	181,170	-	(83,878)	97,292	53.70		

(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 RCSB.

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

The amount shall be utilised:

- 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
- to maintain an amount equivalent to 6 months' coupon payment of all the outstanding RCSB, which shall be maintained throughout the tenure of the RCSB in a debt service reserve account that may be utilised to pay coupon due under the RCSB 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 September 2015 presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• hire purchase and lease creditors	3,772
• term loans	2,285
	6,057

**23. BORROWINGS (CONT'D)**

	RM'000
Short Term Borrowings	
Secured:-	
• revolving credit	19,187
• term loans	3,359
• hire purchase and lease creditors	2,990
• banker acceptance	1,480
	<u>27,016</u>
⁽¹⁾ Total	<u>33,073</u>

Note:-

(1) The borrowings are denominated in Ringgit Malaysia.

24. MATERIAL LITIGATION

- (a) On 30 April 2015, BSB received a Writ of Summons and Statement of Claim dated 21 April 2015 filed by Sentosacove Sdn. Bhd. ('SSB') (the 'First Suit').

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. SSB is claiming for, inter alia, a Declaration that BSB had breached the Reclamation Agreement and for other consequential and ancillary reliefs.

The Group is rigorously contesting the alleged claims and of the view that the SSB's claims are without merit. In the Counter Claim Action, BSB, had on 15 May 2015 filed a defence and counter claim in the High Court of Malaya at Kuala Lumpur against SSB, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye as 1st, 2nd and 3rd defendants in the counter claim.

The counter claim is for, amongst others an order that the 1st defendant performs the Reclamation Agreement. BSB is also seeking for damages against the 1st and/or 2nd and/or 3rd defendants for damages to be assessed by the Registrar of the High Court and other reliefs as may be just.

At the same time, BSB has also filed a Notice of Application for an injunction against the 1st and/or 2nd and/or 3rd defendants. The injunction decision was fixed for decision on 08 September 2015. On the said date, The High Court dismissed BSB's application for injunction with costs of RM8,000. BSB's Solicitors had advised BSB to appeal against the said decision. Thus, a Notice to Appeal has been filed in the Court of Appeal.

On 1 June 2015, SSB has filed a Reply to Defence and Counterclaim in relation to this First Suit.

On 22 July 2015, Dato' Leaw Seng Hai ("DLSH") and BSB was served with a Writ of Summons and Statement of Claim dated 8 July 2015 filed by SSB (the 'Second Suit').

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.



24. MATERIAL LITIGATION (CONT'D)

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

Following the hearing on 10 September 2015 for SSB's application to consolidate the Second Suit into the First Suit, the Court had adjourned the hearing and fixed another hearing date on 17 September 2015. On 17 September 2015, SSB's has withdrawn the Second Suit with no order as to costs and with liberty to file afresh. SSB's solicitors also indicated that SSB's will amend the First Suit to incorporate DLSH as a party in the First Suit.

During the case management on 13 October 2015 for the First Suit, the High Court Judge directed the Plaintiff's Solicitor, to file their application to amend the suit on/before 26 October 2015. However, until now we have not been served with their amended application. The next case management and mediation for the First Suit is fixed before High Court Judge on 2 December 2015.

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.

- (b) On 21 July 2015, BSB ('1st Defendant') and its wholly-owned subsidiary, OMSB ('2nd Defendant'), were served with a Writs of Summons and Statement of Claim dated 13 July 2015 filed by Glenmarie Cove Development Sdn. Bhd. ('the Plaintiff').

The 2nd Defendant was hired as a sub-contractor to carry out earthwork, river protection works and other associated works and hired a dumb barge owned by the 1st 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 owned and operated by the Plaintiff.

The Plaintiff had commenced legal action alleging negligence by the 1st Defendant and/or 2nd Defendant in causing some damage to the jetty. The Plaintiff is seeking against the 1st and 2nd Defendants jointly and severally for:

- (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% p.a. from 25 February 2012 to the date of judgement and thereafter at the rate of 8% p.a. to the date of full payment;
- (iii) Interest calculated on the sum of RM26,000 at the rate of 5% p.a. from 30 January 2013 to the date of judgement and thereafter at the rate of 8% p.a. to the date of full payment;
- (iv) Cost of this action; and
- (v) Such further and/or other relief as the Court deems fit.

Following the case management on 17 August 2015 and 26 August 2015, the Admiralty High Court Judge has fixed the hearing on 14 September 2015 for the application to transfer the proceeding from Shah Alam Sessions Court to Admiralty High Court. On the hearing date, the Admiralty High Court Judge dismissed the transfer application with no order as to costs. Therefore, our Solicitors filed an appeal to the Court of Appeal against the Admiralty High Court Judge's decision. The first case management of the Transfer Application at the Court of Appeal had been fixed on 1 December 2015.



24. MATERIAL LITIGATION (CONT'D)

Following the case management at the Shah Alam Sessions Court on 28 September 2015 and 4 November 2015, our Solicitor had informed that they will be filing an application to stay the proceedings at the Shah Alam Sessions Court pending the disposal of the appeal at the Court of Appeal. Our Solicitor had also informed the Session Court Judge that all affidavits for the Stay Application had been exhausted. Therefore, the Session Court Judge has fixed a hearing date for the Stay Application on 14 December 2015.

Nevertheless, the Group has Marine Hull policy to indemnify the claim. The maximum expected loss, if any, arising from this litigation is as stated above. Consequently, the management is of the view that it is not probable that an outflow of economic benefits is required and that the provision need not be recognised in respect of this claim.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 30 September 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	Ended	Ended	Ended
	30-09-2015	30-09-2014	30-09-2015	30-09-2014
Net profit attributable to equity holders of the parents for the period (RM'000)	<u>1,232</u>	<u>12,027</u>	<u>1,232</u>	<u>12,027</u>
Weighted average number of ordinary shares ('000)	<u>799,133</u>	<u>799,395</u>	<u>799,133</u>	<u>799,395</u>
Basic EPS (sen)	<u>0.2</u>	<u>1.5</u>	<u>0.2</u>	<u>1.5</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 30-09-2015	Ended 30-09-2014	Ended 30-09-2015	Ended 30-09-2014
Net profit attributable to equity holders of the parents for the period (RM’000)	<u>1,232</u>	<u>12,027</u>	<u>1,232</u>	<u>12,027</u>
Weighted average number of ordinary shares as per basic EPS (‘000)	799,133	799,395	799,133	799,395
Effect of dilution on shares under :				
- Share Issuance Scheme (‘000)	- (1)	606	- (1)	606
- Redeemable Convertible Secured Bonds (“RCSB”) (‘000)	- (1)	-	- (1)	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share (‘000)	<u>799,133</u>	<u>800,001</u>	<u>799,133</u>	<u>800,001</u>
Diluted EPS (sen)	<u>0.2</u>	<u>1.5</u>	<u>0.2</u>	<u>1.5</u>

Note:-

- (1) *The Share Issuance Scheme & RCSB that could potentially dilute the earnings per ordinary shares were not included in the calculation of diluted earnings per ordinary shares as it would have an anti-dilution effect thereon.*

27. REALISED AND UNREALISED PROFITS / (LOSSES) DISCLOSURE

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

	As at 30-09-2015 (Unaudited) RM’000	As at 30-09-2014 (Unaudited) RM’000
Total retained profits of the Company and its subsidiaries:-		
• realised	338,160	330,434
• unrealised	(8,340)	6,250
	<u>329,820</u>	<u>336,684</u>
Add: Consolidation adjustments	6,660	4,032
	<u>336,480</u>	<u>340,716</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.