



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

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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2015**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2015**

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 31-12-2015 RM'000	(Unaudited) Preceding Year Quarter Ended 31-12-2014 RM'000	(Unaudited) Current Year To Date 31-12-2015 RM'000	(Unaudited) Preceding Year To Date 31-12-2014 RM'000
<b>Revenue</b>	<b>79,409</b>	<b>60,230</b>	<b>123,449</b>	<b>108,160</b>
Cost of sales	(59,193)	(46,049)	(90,403)	(69,301)
<b>Gross profit</b>	<b>20,216</b>	<b>14,181</b>	<b>33,046</b>	<b>38,859</b>
Other operating income	14,240	610	28,092	3,176
Administrative and other expenses	(21,504)	(7,049)	(41,871)	(15,095)
<b>Profit from operations</b>	<b>12,952</b>	<b>7,742</b>	<b>19,267</b>	<b>26,940</b>
Finance costs	(4,067)	(215)	(8,381)	(722)
<b>Profit/(loss) before tax ("PBT")</b>	<b>8,885</b>	<b>7,527</b>	<b>10,886</b>	<b>26,218</b>
Tax expense	(2,282)	(4,067)	(2,422)	(10,733)
<b>Profit for the financial period</b>	<b>6,603</b>	<b>3,460</b>	<b>8,464</b>	<b>15,485</b>
<b>Other comprehensive income, net of tax:-</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Fair value gain/(loss) on available-for-sale financial assets	(6)	(4)	(5)	(6)
• Foreign currency translations	(3,293)	7,056	15,553	9,204
	<b>3,304</b>	<b>10,512</b>	<b>24,012</b>	<b>24,683</b>
<b>Total comprehensive income</b>				
<b>Profit attributable to:-</b>				
• Owners of the parent	6,485	3,460	7,717	15,487
• Non-controlling interests	118	-	747	(2)
	<b>6,603</b>	<b>3,460</b>	<b>8,464</b>	<b>15,485</b>
<b>Total comprehensive income attributable to:-</b>				
• Owners of the parent	3,186	10,512	23,265	24,685
• Non-controlling interests	118	-	747	(2)
	<b>3,304</b>	<b>10,512</b>	<b>24,012</b>	<b>24,683</b>
<b>Earnings/(losses) per ordinary share attributable to equity holders of the Company (sen)</b>				
• Basic	<b>0.8</b>	0.4	<b>1.0</b>	1.9
• Diluted	<b>0.8</b>	0.4	<b>1.0</b>	1.9

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



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Unaudited As at 31-12-2015 RM'000	Audited As At 30-06-2015 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	221,014	209,525
Other investments	34	39
Deferred tax assets	6,701	4,896
	<u>227,749</u>	<u>214,460</u>
<b>Current assets</b>		
Inventories	229,259	209,073
Land reclamation work in progress	84,510	106,346
Trade and other receivables	654,194	738,316
Current tax assets	23,000	16,609
Fixed deposits	161,181	22,795
Short term funds	130	127
Cash and bank balances	16,474	185,905
	<u>1,168,748</u>	<u>1,279,171</u>
<b>TOTAL ASSETS</b>	<u>1,396,497</u>	<u>1,493,631</u>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the parent		
Share capital	202,951	202,951
Non-distributable reserves	68,877	53,441
Distributable reserve	340,635	335,209
<b>Total equity attributable to owners of the parent</b>	<u>612,463</u>	<u>591,601</u>
Non-controlling interests	7,298	6,551
<b>TOTAL EQUITY</b>	<u>619,761</u>	<u>598,152</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Redeemable convertible secured bonds	148,379	145,537
Borrowings	5,208	6,637
Deferred tax liabilities	8,255	8,683
Trade and other payables	30,085	27,746
	<u>191,927</u>	<u>188,603</u>
<b>Current liabilities</b>		
Trade and other payables	97,752	179,144
Borrowings	5,404	30,925
Deferred revenue	481,274	496,439
Current tax liabilities	379	368
	<u>584,809</u>	<u>706,876</u>
<b>TOTAL LIABILITIES</b>	<u>776,736</u>	<u>895,479</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,396,497</u>	<u>1,493,631</u>
<b>Net assets per RM0.25 share attributable to ordinary equity holders of the company</b>	<u>0.76</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 SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 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
<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>328,689</b>	<b>543,421</b>	<b>2,895</b>	<b>546,316</b>
Profit for the financial year	-	-	-	-	-	-	-	15,487	15,487	(2)	15,485
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	(6)	-	(6)	-	(6)
Foreign currency translations	-	-	-	9,204	-	-	-	-	9,204	-	9,204
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,204</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>15,487</b>	<b>24,685</b>	<b>(2)</b>	<b>24,683</b>
<b>Transactions with owners:-</b>											
• Ordinary shares issued pursuant to the Share Issuance Scheme	47	-	134	-	-	(33)	-	-	148	-	148
• Reversal of share options reserve	-	-	-	-	-	(315)	-	315	-	-	-
• Shares repurchased	-	(1,556)	-	-	-	-	-	-	(1,556)	-	(1,556)
• Dividend payable	-	-	-	-	-	-	-	(2,401)	(2,401)	-	(2,401)
<b>As at 31 December 2014</b>	<b>202,900</b>	<b>(12,671)</b>	<b>157,394</b>	<b>18,889</b>	<b>(146,070)</b>	<b>1,789</b>	<b>(24)</b>	<b>342,090</b>	<b>564,297</b>	<b>2,893</b>	<b>567,190</b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 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	Distributable Retained Earnings RM'000			
	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
<b>As at 1 July 2015</b>	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	-	-	-	-	-	-	-	-	7,717	7,717	747	8,464
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	(5)	-	-	(5)	-	(5)
Foreign currency translations	-	-	-	15,553	-	-	-	-	-	15,553	-	15,553
<b>Total comprehensive income</b>	-	-	-	15,553	-	-	(5)	-	7,717	23,265	747	24,012
<b>Transactions with owners:-</b>												
• Options forfeited under the Share Issuance Scheme	-	-	-	-	-	(106)	-	-	106	-	-	-
• Shares repurchased	-	(6)	-	-	-	-	-	-	-	(6)	-	(6)
• Dividend payable	-	-	-	-	-	-	-	-	(2,397)	(2,397)	-	(2,397)
<b>As at 31 December 2015</b>	202,951	(12,685)	157,538	42,920	(146,070)	1,976	(28)	25,226	340,635	612,463	7,298	619,761

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 SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2015

	Unaudited 31 Dec 2015 RM'000	Unaudited 31 Dec 2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>10,886</b>	<b>26,218</b>
Adjustments for:-		
Depreciation of property, plant and equipment	7,116	5,564
Amortisation of intangible asset	-	194
Inventories written off	-	74
(Gain)/Loss on disposal of property, plant and equipment	1,396	(486)
Loss on disposal of unit trust	-	40
Non-cash and operating items	10,841	3,261
<b>Operating profit before changes in working capital</b>	<b>30,239</b>	<b>34,865</b>
<b>Changes in working capital:-</b>		
Consumables	-	(1,590)
Land reclamation work in progress	21,836	(32,995)
Land held for sale	(21,024)	29,201
Trade and other receivables	84,254	20,626
Trade and other payable	(79,607)	58,388
Deferred revenue	(15,165)	(73,500)
<b>Cash generated from operations</b>	<b>20,533</b>	<b>34,995</b>
Tax paid – net	(11,031)	(28,232)
<b>Net cash generated from operating activities</b>	<b>9,502</b>	<b>6,763</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest and dividend received	2,230	477
Placement of fixed deposits – pledged	(3,000)	-
Loss disposal of unit trust	-	(40)
Proceed from disposal of property, plant and equipment	12,183	1,014
Purchase of property, plant and equipment	(16,255)	(12,572)
Advances from/(repayments to) related parties	1,706	(2,315)
<b>Net cash used in investing activities</b>	<b>(3,136)</b>	<b>(13,436)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings and hire purchase	-	2,722
Repayment of borrowings and hire-purchase	(24,782)	(22,592)
Interest expenses	(8,381)	(722)
Proceed from issuance of new shares under ESOS	-	148
Shares repurchased	(6)	(1,556)
<b>Net cash used in financing activities</b>	<b>(33,169)</b>	<b>(22,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(26,803)</b>	<b>(28,673)</b>
Cash and cash equivalents at beginning of period	188,342	40,811
Effects of exchange rate changes	(5,070)	(714)
<b>Cash and cash equivalents at the end of period</b>	<b>156,469</b>	<b>11,424</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SECOND (2<sup>ND</sup>) QUARTER ENDED 31 DECEMBER 2015 (CONT'D)**

	<b>Unaudited 31 Dec 2015 RM'000</b>	<b>Unaudited 31 Dec 2014 RM'000</b>
<b>Cash and cash equivalents comprise the following:-</b>		
Short term funds <sup>(1)</sup>	130	2,104
Cash and bank balances	16,474	6,053
Fixed deposits		
• Pledged	21,316	17,856
• not pledged	139,865	4,265
	<u>177,785</u>	<u>30,278</u>
Less: Fixed deposits pledged	(21,316)	(17,856)
	<u>156,469</u>	<u>12,422</u>
Less: Bank overdraft	-	(998)
	<u>156,469</u>	<u>11,424</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 SECOND (2<sup>ND</sup>) QUARTER ENDED  
31 DECEMBER 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:-

<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 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 31 December 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 31 December 2015.

**7. DIVIDENDS PAID**

At the Tenth (10<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 2015 of 0.3 sen on 799,127,100 ordinary shares of RM0.25 each amounting of RM2,397,381 was approved by the shareholders on 25 November 2015 and paid on 15 February 2016 to shareholders whose name appear in the Record of Depositors on 20 January 2016.

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**8. SEGMENTAL REPORTING**

The Group's segmental report for the current financial period ended 31 December 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	41,548	80,587	1,314	-	-	-	123,449
Inter - segment sales	40,663	-	9,110	-	-	(49,773)	-
<b>Total revenue</b>	<b>82,211</b>	<b>80,587</b>	<b>10,424</b>	<b>-</b>	<b>-</b>	<b>(49,773)</b>	<b>123,449</b>
<b>Results</b>							
Segment results	(7,192)	28,727	(2,730)	(1,070)	(698)	-	17,037
Interest and dividend income	458	-	-	9	1,763	-	2,230
Finance costs	(1,025)	-	-	(3)	(7,353)	-	(8,381)
<b>(Loss)/Profit before tax</b>	<b>(7,759)</b>	<b>28,727</b>	<b>(2,730)</b>	<b>(1,064)</b>	<b>(6,288)</b>	<b>-</b>	<b>10,886</b>
Income tax expense	-	(2,843)	(17)	10	428	-	(2,422)
<b>(Loss)/Profit for the period</b>	<b>(7,759)</b>	<b>25,884</b>	<b>(2,747)</b>	<b>(1,054)</b>	<b>(5,860)</b>	<b>-</b>	<b>8,464</b>
<b>Other information</b>							
• Depreciation	(3,289)	-	(3,653)	(174)	-	-	(7,116)

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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 31 December 2015.

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

There were no material events subsequent to the current financial quarter ended 31 December 2015 and up to 18 February 2016, 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 has executed a buy-back of 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 <sup>(1)</sup>	(10,000)	0.54	(5,400)

**Note (1):-**

As at 31 December 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 31 December 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 subsidiaries6,253**14. CAPITAL COMMITMENTS****RM'000**

Capital expenditure in respect of purchase of property, plant &amp; equipment:

Contracted but not provided for

4,010**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:-

<b>Nature of transactions<sup>(1)</sup></b>	<b>Transaction value based on billings</b>	<b>Balance Outstanding as at 31-12-2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest <sup>(2)</sup>	41	246,262
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(45,371)
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 Second (2 <sup>nd</sup> ) Quarter 31 Dec 2015 RM'000	Previous Second (2 <sup>nd</sup> ) Quarter 31 Dec 2014 RM'000	Variance	
			RM'000	%
Revenue	123,449	108,160	15,289	14.14
PBT	10,886	26,218	(15,332)	(58.48)

For the cumulative six (6) months ended 31 December 2015, the Group has recorded an increase in revenue by 14.14% as against the corresponding period for last year, with total revenue registered at RM123.4 million (FPE Q2'2015: RM108.2 million). The increase in revenue was mainly due to reclamation works recognition in the current year to-date (FPE Q2'2016: RM41.5 million; FPE Q2'2015: RM23.2 million).

For the cumulative 6 months, the Group recorded a PBT of RM10.9 million, representing a decrease of approximately RM15.3 million against the corresponding period for last year, mainly attributable by the following:-

Description	RM'000	Note
Decrease in gross profit	(5,813)	1
Increase in other operating income	24,916	2
Increase in administrative and other expenses	(26,776)	2
Increase in finance costs	(7,659)	3
<b>Net decrease in PBT</b>	<b>(15,332)</b>	

**Notes:-**

- (1) *Decrease in gross profit was mainly due to higher profit margin recognised for the land sales completed in prior year.*
- (2) *The increase in other income as well as admin & other expenses were mainly due to unrealised forex gain/loss with a nett variance loss of RM1.7 million (Q2'16: RM4.7 million; Q2'15: RM3.0 million).*
- (3) *Increase in finance cost was mainly due to:-*
  - *Bond interest expense recognised in current year to-date (Q2'16: RM7.3 million; Q2'15: nil).*

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

	Current Second (2 <sup>nd</sup> ) Quarter 31 Dec 2015 RM'000	Previous Second (2 <sup>nd</sup> ) Quarter 31 Dec 2014 RM'000	Variance	
			RM'000	%
Revenue	79,409	60,230	19,179	31.84
PBT	8,885	7,527	1,358	18.04

For the current quarter under review, the Group recorded an increase of revenue by 31.84% against last year's corresponding quarter, with total revenue registered at RM79.4 million. The increase in revenue was mainly due to the land disposal recognition in the current year quarter (FPE Q2'2016: RM53.2 million; FPE Q2'15: RM28.2 million).



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

**16.2 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER (CONT'D)**

The current quarter recorded a PBT of RM8.9 million, representing an increase of RM1.4 million against last year's corresponding quarter, mainly attributable by:-

Description	RM' 000	Note
Increase in gross profit	6,035	1
Increase in other operating income	13,630	2
Increase in administrative and other expenses	(14,455)	3
Increase in finance costs	(3,852)	4
<b>Net increase in PBT</b>	<b>1,358</b>	

**Notes:-**

(1) Increase 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:

	Q2'16 RM'mil	Q2'15 RM'mil	Variance RM'mil
Unrealised (loss) on forex (nett)	(0.1)	(2.4)	(2.3)
Interest & dividend income	1.1	0.1	1.0
	<u>1.1</u>	<u>(2.3)</u>	<u>(1.3)</u>

(3) Increase in finance costs was mainly due to:-

- Bond interest expense recognised in current quarter (Q2'16: RM3.7 million; Q2'15: nil).

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

	Current Second (2 <sup>nd</sup> ) Quarter 31 Dec 2015 RM'000	Current First (1 <sup>st</sup> ) Quarter 30 Sep 2015 RM'000	Variance	
			RM'000	%
Revenue	79,409	44,040	35,369	80.31
PBT	8,885	2,001	6,884	344.03

For the current quarter under review, in comparison with the preceding quarter, the Group registered an increase in revenue of approximately RM35.4 million. The increase in revenue was mainly due to land disposal recognition in the current year quarter (Q2' 16: RM53.2 million, FPE Q1'16: RM27.3 million).

The Group registered PBT of RM8.9 million (FPE Q1 '2016 PBT: RM2.0 million) representing an increase of RM6.9 million. The increase was mainly due to:-

Description	RM'000	Note
Increase in gross profit	7,386	1
Increase in other operating income	388	
Increase in administrative and other expenses	(1,137)	2
Decrease in finance costs	247	
<b>Net increase in PBT</b>	<b>6,884</b>	

**Notes:-**

- (1) Increase in gross profit was mainly due to factors as stated above.
- (2) Increase in administrative and other expenses was mainly due to:-
- Loss on disposal of PPE (Q2'16: RM1.7 million; Q1'16: nil).

**18. PROSPECTS**

In relation to the Group's prospects, the Board and Management remain justifiably confident in maintaining a reasonably positive outlook for the Group over the next several years. This positive outlook is based on the fact that 246.27 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 RM430.7 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 RM130.0 million has yet to be recognised as revenue, will ensure that the Group has a stable stream of revenue of approximately RM560.7 million which can be recognised in the financial years 2016 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 and 7 January 2016, received from the Department of Environment ("DOE") official approval of the Detailed Environmental Impact Assessment ("DEIA") report, permitting the commencement of the Phase 1 reclamation works for the Group's Tanjung Piai Integrated Petroleum & Petrochemical Hub and Maritime Industrial Park project and Pengerang Maritime Industrial Park project respectively. These two projects are 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	1,104	2,227
Other income including investment income	31	429
Interest expense	(4,067)	(8,381)
Depreciation	(3,537)	(7,116)
(Loss)/gain on disposal of fixed assets	(1,686)	(1,397)
Gain/(loss) on unit trust investments	-	-
Unrealised exchange loss– net	(105)	(4,690)
Realised exchange gain/(loss) – net	(119)	293
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

	<b>Current Quarter</b>	<b>Year-To-Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Current year provision		
- Income tax	(4,481)	(4,655)
- Deferred tax	2,199	2,233
	<u>(2,282)</u>	<u>(2,422)</u>
Effective tax rate (%)	<u>25.68</u>	<u>(<sup>(1)</sup> 22.25)</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	-	(70,218)	76,282	52.07	Within 24 months	(i)
Working capital and reserve requirement for a debt service account	31,170	9	(31,179)	-	-	Within 12 months	(ii)
Defray expenses	3,500	(9)	(3,491)	-	-	Within 12 months	(iii)
<b>Total</b>	<b>181,170</b>	<b>-</b>	<b>(104,888)</b>	<b>76,282</b>	<b>42.11</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 RCSB.

**(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 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 31 December 2015 presented as follows:-

	RM'000
<b>Long Term Borrowings</b>	
Secured:-	
• hire purchase and lease creditors	3,036
• term loans	2,172
	5,208



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

	<b>RM'000</b>
<b>Short Term Borrowings</b>	
Secured:-	
• term loans	2,410
• hire purchase and lease creditors	2,994
	5,404
<b>(1) Total</b>	<b>10,612</b>

**Note:-**

(1) The borrowings are denominated in Ringgit Malaysia.

**24. MATERIAL LITIGATION**

- (a) On 30 April 2015, Benalec Sdn Bhd (“BSB”), a wholly owned subsidiary of Benalec 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 is of the view that the SSB’s claims are without merit. In a 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. The case has been fixed for case management on 03 March 2016.

In relation to the potential financial/operational impact of the cited litigation on the Group, it is difficult to estimate accurately such impact as the final outcome 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, Benalec Sdn Bhd (“BSB”) (‘1st Defendant’), a wholly-owned subsidiary of Benalec 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;



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

- (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 reliefs as the Court deems fit to grant.

BSB intends to transfer application to the Admiralty Court as the Admiralty Court is the appropriate court to deal with the subject matter of the claim. Despite that, during the application hearing, the Admiralty High Court Judge dismissed the transfer application with no order as to costs. Consequently, our Solicitors have filed an appeal to the Court of Appeal against the Admiralty High Court Judge's decision. During the case management at the Court of Appeal on 16 February 2016, the Deputy Registrar gave direction that the hearing date is fixed on 07 April 2016.

In any event, 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 will ensue and that a provision need not be recognised in respect of this claim.

- (c) On 5 February 2016, Benalec Sdn Bhd ("BSB") and Benalec Holdings Berhad ("BHB") were served with a Writ of Summons and Statement of Claim dated 2 February 2016 together with the privately owned companies namely Oceanic Sdn Bhd, Atlantic Property Sdn Bhd, Oceanfront Land Sdn Bhd and Oceanview Property Sdn Bhd ("4 Cos") by Datuk Leaw Ah Chye ("Plaintiff") through the Plaintiff's Solicitors.

In September 2010, the 4 Cos entered reclamation agreement respectively with BSB to carry out land reclamation in Pulau Indah ("Pulau Indah project"). The subject matter of the suits pertains to Pulau Indah project. The initial period for BSB to complete the works under the Reclamation Agreements was 36 months from the date of each agreement; that is sometime in September/October 2013. There was an extension granted for an additional period of 36 months for completion of the reclamation works under the Reclamation Agreements ("Extension of Time") that is in September 2016.

The Plaintiff contends that from the date of the Extension of Time till the date of this statement of claim, BSB had failed to carry out any reclamation works at the site of the Pulau Indah project. Contrary to the allegation, BSB has in fact completed a substantial portion of the works.

Both BSB and BHB have appointed a firm of Solicitors and have entered appearance on 19 February 2016. Our Solicitors will act accordingly to file Statement of Defence and Counter claim.

The Group will rigorously defend the case as well as to file counter claim(s) as shall be necessary and justified, with the view that the Plaintiff's claims are without merits.

## **25. DIVIDEND**

The Board does not recommend any interim dividend for the current period ended 31 December 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:-

	<b>Three (3) Months</b>		<b>Year-to-date</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>31-12-2015</b>	<b>31-12-2014</b>	<b>31-12-2015</b>	<b>31-12-2014</b>
Net profit attributable to equity holders of the parents for the period (RM'000)	<b>6,485</b>	3,460	<b>7,717</b>	15,487
Weighted average number of ordinary shares ('000)	<b>799,130</b>	799,170	<b>799,130</b>	799,170
Basic EPS (sen)	<b>0.8</b>	0.4	<b>1.0</b>	1.9

**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:-

	<b>Three (3) Months</b>		<b>Year-to-date</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>31-12-2015</b>	<b>31-12-2014</b>	<b>31-12-2015</b>	<b>31-12-2014</b>
Net profit attributable to equity holders of the parents for the period (RM'000)	<b>6,485</b>	3,460	<b>7,717</b>	15,487
Weighted average number of ordinary shares as per basic EPS ('000)	<b>799,130</b>	799,170	<b>799,130</b>	799,170
Effect of dilution on shares under :				
- Share Issuance Scheme ('000)	- (1)	-	- (1)	-
- Redeemable Convertible Secured Bonds (“RCSB”) ('000)	- (1)	-	- (1)	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	<b>799,130</b>	799,170	<b>799,130</b>	799,170
Diluted EPS (sen)	<b>0.8</b>	0.4	<b>1.0</b>	1.9

**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:-

	<b>As at 31-12-2015 (Unaudited) RM'000</b>	<b>As at 31-12-2014 (Unaudited) RM'000</b>
Total retained profits of the Company and its subsidiaries:-		
• realised	344,290	336,741
• unrealised	(6,245)	3,294
	<u>338,045</u>	<u>340,035</u>
Add: Consolidation adjustments	2,590	2,055
	<u>340,635</u>	<u>342,090</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.

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