



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2015**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2015

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 31-03-2015 RM'000	(Unaudited) Preceding Year Quarter Ended 31-03-2014 RM'000	(Unaudited) Current Year To Date 31-03-2015 RM'000	(Unaudited) Preceding Year To Date 31-03-2014 RM'000
Revenue	12,933	70,028	121,093	179,488
Cost of sales	(13,724)	(55,736)	(83,025)	(133,421)
Gross profit	(791)	14,292	38,068	46,067
Other operating income	5,924	595	9,100	10,939
Administrative and other expenses	(14,742)	(10,165)	(29,837)	(21,975)
Profit from operations	(9,609)	4,722	17,331	35,031
Finance costs	(380)	(459)	(1,102)	(1,682)
(Loss)/Profit before tax ("L/ PBT ")	(9,989)	4,263	16,229	33,349
Tax income / (expense)	869	(2,119)	(9,864)	(10,525)
(Loss)/Profit for the financial period	(9,120)	2,144	6,365	22,824
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	2	-	(4)	2
• Foreign currency translations	6,941	(461)	16,145	5,234
Total comprehensive income	(2,177)	1,683	22,506	28,060
(Loss)/Profit attributable to:-				
• Owners of the parent	(9,014)	2,146	6,473	22,832
• Non-controlling interests	(106)	(2)	(108)	(8)
	(9,120)	2,144	6,365	22,824
Total comprehensive income attributable to:-				
• Owners of the parent	(2,071)	1,685	22,614	28,068
• Non-controlling interests	(106)	(2)	(108)	(8)
	(2,177)	1,683	22,506	28,060
(Losses)/Earnings per ordinary share attributable to equity holders of the Company (sen)				
• Basic	(1.1)	0.3	0.8	2.8
• Diluted	(1.1)	0.3	0.8	2.8

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 31 MARCH 2015

	Unaudited As at 31-03-2015 RM'000	Audited As At 30-06-2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	217,627	187,609
Intangible assets	477	780
Other investments	40	44
Deferred tax assets	3,420	4,963
	221,564	193,396
Current assets		
Inventories	199,862	203,979
Land reclamation WIP	107,410	53,970
Trade and other receivables	737,208	399,667
Current tax assets	12,981	178
Fixed deposits	26,411	17,856
Short term funds	126	23,236
Cash and bank balances	4,634	17,575
	1,088,632	716,461
TOTAL ASSETS	1,310,196	909,857
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	202,951	202,853
Non-distributable reserves	26,695	11,879
Distributable reserve	333,209	328,689
Total equity attributable to owners of the parent	562,855	543,421
Non-controlling interests	2,787	2,895
TOTAL EQUITY	565,642	546,316
LIABILITIES		
Non-current liabilities		
Borrowings	7,078	7,603
Deferred tax liabilities	1,262	1,262
Trade and other payables	23,332	22,288
	31,672	31,153
Current liabilities		
Trade and other payables	156,080	94,500
Borrowings	23,149	24,333
Deferred revenue	533,619	204,312
Current tax liabilities	34	9,243
	712,882	332,388
TOTAL LIABILITIES	744,554	363,541
TOTAL EQUITY AND LIABILITIES	1,310,196	909,857
Net assets per RM0.25 share attributable to ordinary equity holders of the company	0.71	0.67

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 THIRD (3RD) QUARTER ENDED 31 MARCH 2015

	ATTRIBUTABLE TO OWNERS OF THE PARENT							Distributable Reserve	Total	Non-Controlling Interests	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 Option Reserve RM'000	Available-For-Sale Reserve RM'000	Distributable Retained Earnings RM'000	RM'000	RM'000	RM'000
As at 1 July 2013	201,912	(1,477)	154,463	6,930	(146,070)	1,248	(24)	337,054	554,036	2,908	556,944
Profit for the financial year	-	-	-	-	-	-	-	22,832	22,832	(8)	22,824
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	2	-	2	-	2
Foreign currency translation	-	-	-	5,234	-	-	-	-	5,234	-	5,234
Total comprehensive income	-	-	-	5,234	-	-	2	22,832	28,068	(8)	28,060
Transactions with owners:-											
• Share options granted under Share Issuance Scheme	-	-	24	-	-	(24)	-	-	-	-	-
• Ordinary shares issued pursuant to the Share Issuance Scheme	104	-	335	-	-	2,159	-	-	2,598	-	2,598
• Shares repurchased	-	(267)	-	-	-	-	-	-	(267)	-	(267)
• Dividend payable	-	-	-	-	-	-	-	(16,130)	(16,130)	-	(16,130)
As at 31 March 2014	202,016	(1,744)	154,822	12,164	(146,070)	3,383	(22)	343,756	568,305	2,900	571,205


UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2015 (“CONT’D”)

	ATTRIBUTABLE TO OWNERS OF THE PARENT							Distributable Reserve	Total	Non-Controlling Interests	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 Option 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	-	-	-	-	-	-	-	6,473	6,473	(108)	6,365
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	(4)	-	(4)	-	(4)
Foreign currency translation	-	-	-	16,145	-	-	-	-	16,145	-	16,145
Total comprehensive income	-	-	-	16,145	-	-	(4)	6,473	22,614	(108)	22,506
Transactions with owners:-											
• Ordinary shares issued pursuant to the Share Issuance Scheme	98	-	278	-	-	(67)	-	-	309	-	309
• Options granted under the Share Issuance Scheme	-	-	-	-	-	472	-	-	472	-	472
• Reversal of share options reserve	-	-	-	-	-	(444)	-	444	-	-	-
• Shares repurchased	-	(1,564)	-	-	-	-	-	-	(1,564)	-	(1,564)
• Dividend paid	-	-	-	-	-	-	-	(2,397)	(2,397)	-	(2,397)
As at 31 March 2015	202,951	(12,679)	157,538	25,830	(146,070)	2,098	(22)	333,209	562,855	2,787	565,642

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 THIRD (3RD) QUARTER ENDED 31 MARCH 2015

	Unaudited 31 March 2015 RM'000	Unaudited 31 March 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	16,229	33,349
Adjustments for:-		
Depreciation of property, plant and equipment	8,860	7,994
Amortisation of intangible asset	303	-
Property, plant and equipment written off	-	20
Inventories written off	74	-
(Gain)/loss on disposal of property, plant and equipment	(257)	1,008
Loss/(gain) on disposal of unit trust	19	(35)
Non-cash and operating items	6,034	6,999
Operating profit before changes in working capital	31,262	49,335
Changes in working capital:-		
Consumables	(1,250)	-
Land reclamation work in progress	(53,439)	(3,484)
Land and property held for sale	5,294	(49,945)
Trade and other receivables	(337,425)	(132,103)
Trade and other payable	67,652	(50,442)
Deferred revenue	329,307	268,216
Cash generated from operations	41,401	81,577
Tax (paid)/refund – net	(30,332)	3,625
Net cash generated from operating activities	11,069	85,202
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	514	548
Withdrawal/(Placement) of fixed deposits – pledged	1,045	2
(Loss)/gain disposal of unit trust	(19)	35
Disposal of property, plant and equipment	2,162	80
Purchase of property, plant and equipment	(28,231)	(340)
(Repayments to)/advances from related parties	(5,875)	(51,674)
Net cash from (used in) investing activities	(30,404)	(51,349)
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of borrowings and hire purchase	12,445	-
Repayment of borrowings and hire-purchase	(24,011)	(9,445)
Interest expenses	(1,102)	(1,682)
Issue of new shares under ESOS	781	439
Shares repurchased	(1,564)	(267)
Dividend paid	(2,397)	(16,130)
Net cash used in financing activities	(15,848)	(27,085)
Net increase in cash and cash equivalents	(35,184)	6,768
Cash and cash equivalents at beginning of period	40,811	21,912
Effects of exchange rate changes	(1,008)	(3,054)
Cash and cash equivalents at the end of period	4,619	25,626

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2015 (CONT'D)**

	Unaudited 31 March 2015 RM'000	Unaudited 31 Mar 2014 RM'000
Cash and cash equivalents comprise the following:-		
Short term funds ⁽¹⁾	126	133
Cash and bank balances	4,634	4,820
Fixed deposits		
• pledged	16,811	17,392
• not pledged	9,600	21,300
	<u>31,171</u>	<u>43,645</u>
Less: Fixed deposits pledged	<u>(16,811)</u>	<u>(17,392)</u>
	<u>14,360</u>	<u>26,253</u>
Less: Bank overdraft	<u>(9,741)</u>	<u>(627)</u>
	<u>4,619</u>	<u>25,626</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 THIRD (3RD) QUARTER ENDED 31 MARCH 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 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:-

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	Deferred
<i>MFRS 9 Financial Instruments (2009)</i>	Deferred
<i>MFRS 9 Financial Instruments (2010)</i>	Deferred
<i>MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)</i>	Deferred
<i>MFRS 14 Regulatory Deferral Accounts</i>	1 January 2016
<i>Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
<i>Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
<i>Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants</i>	1 January 2016
<i>MFRS 115 Revenue from Contracts with Customers</i>	1 January 2017

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 March 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 March 2015.

7. DIVIDENDS PAID

At the Ninth (9th) 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 31 March 2015 as follows:-

	Marine Construction		Vessel Chartering	Ship Building	Others	Elimination	Total
	Land Reclamation RM'000	Land Disposal RM'000					
Revenue							
External – Sales	24,415	77,469	19,209	-	-	-	121,093
Inter - segment sales	122,027	-	18,002	-	-	(140,029)	-
Total revenue	146,442	77,469	37,211	-	-	(140,029)	121,093
Results							
Segment results	(16,327)	40,336	(4,007)	(1,890)	(1,295)	-	16,817
Interest and dividend income	474	-	17	14	9	-	514
Finance costs	(1,069)	-	-	(33)	-	-	(1,102)
(Loss)/Profit before tax	(16,922)	40,336	(3,990)	(1,909)	(1,286)	-	16,229
Income tax expense	-	(9,612)	(273)	23	(2)	-	(9,864)
(Loss)/Profit for the period	(16,922)	30,724	(4,263)	(1,886)	(1,288)	-	6,365
Other information							
• Depreciation	(3,168)	-	(5,430)	(262)	-	-	(8,860)

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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 March 2015.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 31 March 2015 and up to 18 May 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 (‘000)	Average price paid (RM)	Total consideration paid (RM’000)
9 Jul 2014	Share buyback ⁽¹⁾	(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 ⁽¹⁾	(500)	0.92	(462)
10 Feb 2015	Share issued pursuant to ESOS	203	0.79	160
17 Feb 2015	Share buyback ⁽¹⁾	(10)	0.85	(8)
		(1,119)	1.12	(1,256)

Note (1):-

As at 31 March 2015, the Company holds 12,665,400 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 March 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 31 March 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).

As of LPD, OPL & AOL have 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>16,136</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 RM'000	Balance outstanding as at 31-03-2015 RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	24,592	245,717
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(39,475)
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 Third (3rd) Quarter 31 Mar 2015 RM'000	Previous Third (3rd) Quarter 31 Mar 2014 RM'000	Variance	
			RM'000	%
Revenue	121,093	179,488	(58,395)	(32.53)
PBT	16,229	33,349	(17,120)	(51.34)

For the cumulative nine (9) months ended 31 March 2015, the Group has recorded a decrease of revenue by 32.53% as against the corresponding period for last year, with total revenue registered at RM121.1 million (FPE Q3'2014: RM179.5 million). The decrease in revenue was mainly due to lower land disposal recognition in the current year to-date (FPE Q3'2015:RM67.0 million; FPE Q3'2014: RM148.8 million).



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

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

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**”). The development costs of approximately RM98.21 million incurred as at to date in relation to the Project DMDI have been capitalised as land reclamation work in progress.

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 as of LPD, 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 - in the process of applying for land titles) and Ultra Harmony Development Sdn. Bhd. (128.52 acres - in the process of reclaiming, to-date we have reclaimed about 108.98 acres i.e. 84.80% of the land).

Please refer to note 22.1 and note 22.3 herein for the details of the disposal.

However, the revenue and profit from the Project DMDI will only be recognised upon the completion of the abovementioned two (2) land sales.

For the cumulative 9 months, the Group recorded a PBT of RM16.2 million, representing a decrease of approximately RM17.1 million against the corresponding period for last year, mainly attributable to the following:-

Description	RM' 000	Note
Decrease in gross profit	(7,999)	1
Decrease in other operating income	(1,839)	2
Increase in administrative and other expenses	(7,862)	3
Decrease in finance costs	580	<i>Negligible</i>
Net decrease in PBT	(17,120)	

Notes:-

- (1) *Decrease in gross profit was mainly due to lesser of the land disposal transactions recognised in current year to-date.*
- (2) *Decrease in other income was mainly due to:-*
 - *Deposit received from forfeited land disposal transactions being recognised in previous year to-date (Q3'15: nil; Q3'14: RM5.4 million)*
 - *Discount received from sub-contractors in previous year to-date (Q3'15: nil; Q3'14: RM3.7 million)*
- (3) *Increase in admin & other expenses was mainly due to:-*
 - *Loss on unrealised forex recognised in current year to-date (Q3'15: RM8.2 million; Q3'14: RM4.0 million).*



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

16.2 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER

	Current Third (3 rd) Quarter 31 Mar 2015 RM'000	Previous Third (3 rd) Quarter 31 Mar 2014 RM'000	Variance	
			RM'000	%
Revenue	12,933	70,028	(57,095)	(81.53)
(L)/PBT	(9,989)	4,263	(14,252)	(334.32)

For the current quarter under review, the Group recorded a decrease of revenue by 81.53% against last year's corresponding quarter, with total revenue registered at RM12.9 million (FPE Q3'2014: RM70.0 million). The decrease in revenue was mainly due to the absence of land disposal recognition in the current year quarter (FPE Q3'2014: RM60.6 million).

The current quarter recorded a LBT of RM10.0 million, representing a decrease of RM14.2 million against last year's corresponding quarter, mainly attributable to:-

Description	RM' 000	Note
Decrease in gross profit	(15,083)	1
Increase in other operating income	5,329	2
Increase in administrative and other expenses	(4,577)	3
Decrease in finance costs	79	<i>Immaterial</i>
Net increase in LBT	(14,252)	

Notes:-

- (1) *Decrease 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 to-date (Q3'15: RM5.7 million; Q3'14: nil).*
- (3) *Increase in administrative and other expenses was mainly due to loss on unrealised forex translation (Q3'15: RM8.2 million; Q3'14: RM2.7 million).*

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

	Current Third (3 rd) Quarter 31 Mar 2015 RM'000	Current Second (2 nd) Quarter 31 Dec 2014 RM'000	Variance	
			RM'000	%
Revenue	12,933	60,230	(47,297)	(78.53)
(L)/PBT	(9,989)	7,527	(17,516)	(232.71)

For the current quarter under review, in comparison with the preceding quarter, the Group registered a decrease in revenue of approximately RM47.3 million. The decrease in revenue was mainly due to lesser of progress of works recognition in the current quarter.

The Group registered LBT of RM10.0 million (FPE Q2 '2015 PBT: RM7.5 million) representing a decrease of RM17.5 million. The decrease was mainly due to:-

Description	RM' 000	Note
Decrease in gross profit	(14,972)	1
Increase in other operating income	5,314	2
Increase in administrative and other expenses	(7,693)	3
Increase in finance costs	(165)	Negligible
Net increase in LBT	(17,516)	

Notes:-

- (1) Decrease in gross profit was mainly due to factors as stated above.
- (2) Increase in other income was mainly due to:-
 - Gain on unrealised forex (Q3 '15: RM5.7 million; Q2 '15: nil).
- (3) Increase in administrative and other expenses was mainly due to:-
 - Losses on unrealised forex recognised in preceding quarter (Q3'15: RM8.2 million; Q2 '15: RM2.1 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 287.06 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 RM523 million. Added to that, the recent land reclamation contract secured by the Group covering 415 acres of land for a contract sum of RM203 million, will ensure that the Group has a stable stream of revenue of approximately RM726 million which can be recognised in the financial years 2015 through 2017. Further positive developments from the Group's perspectives are the advanced stages of business negotiations which are likely to come to fruition in the current financial year.

The continuing uptrend in the demand for, and pricing of, 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 February 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.



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	37	497
Other income including investment income	2	30
Interest expense	(380)	(1,102)
Depreciation and amortisation	(3,405)	(9,163)
Gain/(loss) on disposal of fixed assets	(230)	257
Gain/(loss) on unit trust investments	21	(19)
Unrealised exchange gain/(loss)– net	(2,429)	(5,445)
Realised exchange gain/(loss) – net	34	(24)
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
Over provision in prior years		
- Current income tax	95	95
Current year provision		
- Current income tax	2,229	(8,417)
- Current deferred tax	(1,455)	(1,542)
	<u>869</u>	<u>(9,864)</u>
Effective tax rate (%)	<u>8.70</u>	<u>(1) 60.78</u>

Note:-

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



22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS

22.1 Disposal of land (8 parcels)

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 second (2nd) quarter of calendar year 2015.

22.2 Extension of the Term-Sheet duration

Spektrum Kukuh Sdn Bhd (“SKSB”), a 70% owned-subsiary of Tanjung Piai Maritime Industries Sdn Bhd, which itself is a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary of Benalec, had on 12 March 2013 entered into a binding term sheet with The State Secretariat, Johor (Incorporated) (“S.S.I”) and 1MY Strategic Oil Terminal Sdn Bhd (“the Purchaser”) to undertake the reclamation works and sale of approximately 1,000 acres of land off the coast of Tanjung Piai, Johor Darul Ta’zim (“the land”) for the purpose of constructing and operating a crude oil and petroleum storage facility together with a private jetty (“Project”).

(SKSB, S.S.I and the Purchaser are collectively referred to as “the Parties”).

Further to the nine (9) separate announcements made with regards to the Term Sheet, the Parties have mutually agreed to extend the period of validity of the Term Sheet for an additional duration of six (6) months from the expiry date to finalise the terms and conditions of the Sale and Purchase Agreement.

The extended duration shall come into effect from 12 December 2014 until 11 June 2015 or such other date as the Parties may agree in writing.

22.3 Disposal of land (22 parcels)

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.

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



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

22.4 Disposal of land (9 parcels)

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 (4th) 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.

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%.

22.5 Disposal of land (9 parcels)

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 (1st) quarter of calendar year 2016.

22.6 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:-

**22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS (CONT'D)****22.6 Utilisation of proceeds from Redeemable Convertible Secured Bond issuance (cont'd)**

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	-	146,500	100.00	Within 24 months	(i)
Working capital and reserve requirement for a debt service account	31,170	(4,500)	26,670	85.56	Within 12 months	(ii)
Defray expenses	3,500	-	3,500	100.00	Within 12 months	(iii)
Total	181,170	(4,500)	176,670	97.52		

(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, but no funding commitment or financing facility has been obtained to finance the said reclamation works.

(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 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 31 March 2015 presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• hire purchase and lease creditors	3,579
• term loans	3,499
	<u>7,078</u>



23. BORROWINGS (CONT'D)

Short Term Borrowings

Secured:-

• bank overdraft	9,741
• term loans	4,215
• hire purchase and lease creditors	2,150
• trust receipt	3,216
• banker acceptance	3,826
	23,149

(1) Total **30,227**

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.

Based on legal advice, the Group has a reasonably good chance of successfully challenging and/or repudiating the claim if the Group is able to show that on or around 5 June 2008, the relevant vessels of the Group were not working in the vicinity of the said location; and/or that there were other vessels (which had nothing whatsoever to do with the Group) working in the vicinity of the said location; and/or that technically, the suction method of extraction used by the Group would in all probability not have caused the alleged damage to the telecommunication company’s Submerged Fibre Optic Cable. Nevertheless, the Group has Marine Hull policy to indemnify the claim of the telecommunications company. 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.

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.

- b. On 7 May 2015, the Group announced that Benalec Sdn. Bhd. (“BSB” or “the Defendant”), a wholly-owned subsidiary of Benalec had on 30 April 2015 received a Writ of Summons and Statement of Claim dated 21 April 2015 filed by Sentosacove Sdn.Bhd. (“SSB” or “the Plaintiff”).

The Plaintiff is alleging that the Defendant had breached its contractual and implied duties under an agreement (“Reclamation Agreement”) which was entered into between the Defendant and Plaintiff on 10 September 2010. Under the Reclamation Agreement, the Defendant 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 Plaintiff’s claims are without merit. The Group has a valid and strong defence against the Plaintiff’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”).

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

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.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 March 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
	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Net (loss)/profit attributable to equity holders of the parents for the period (RM'000)	<u>(9,014)</u>	2,146	<u>6,473</u>	22,832
Weighted average number of ordinary shares ('000)	<u>799,131</u>	804,566	<u>799,131</u>	804,566
Basic (LPS)/EPS (sen)	<u>(1.1)</u>	0.3	<u>0.8</u>	2.8

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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 31-03-2015	Ended 31-03-2014	Ended 31-03-2015	Ended 31-03-2014
Net (loss)/ profit attributable to equity holders of the parents for the period (RM'000)	(9,014)	2,146	6,473	22,832
Weighted average number of ordinary shares as per basic EPS ('000)	799,131	804,566	799,131	804,566
Effect of dilution on employee share options	3	2,005	3	2,005
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	799,134	806,571	799,134	806,571
Diluted (LPS)/ EPS (sen)	(1.1)	0.3	0.8	2.8

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 31-03-2015 RM'000	As at 31-03-2014 RM'000
Total retained profits of the Company and its subsidiaries:-		
• realised	335,843	337,339
• unrealised	(566)	(2,322)
	<u>335,277</u>	<u>335,017</u>
Add: Consolidation adjustments	(2,068)	8,739
	<u>333,209</u>	<u>343,756</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.