



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2014**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2014

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 30-09-2014 RM'000	(Audited) Preceding Year Quarter Ended 30-09-2013 RM'000	(Unaudited) Current Year To Date 30-09-2014 RM'000	(Audited) Preceding Year To Date 30-09-2013 RM'000
Revenue	47,930	14,403	47,930	14,403
Cost of sales	(23,252)	(13,137)	(23,252)	(13,137)
Gross profit	24,678	1,266	24,678	1,266
Other operating income	2,566	481	2,566	481
Administrative and other expenses	(8,046)	(5,956)	(8,046)	(5,956)
Profit/(loss)from operations	19,198	(4,209)	19,198	(4,209)
Finance costs	(507)	(722)	(507)	(722)
Profit/ (loss) before tax (" P/ (L)BT ")	18,691	(4,931)	18,691	(4,931)
Tax (expense) / income	(6,666)	270	(6,666)	270
Profit/(Loss) for the financial period	12,025	(4,661)	12,025	(4,661)
Other comprehensive income, net of tax:-				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Fair value (loss)/ gain on available-for-sale financial assets	(2)	2	(2)	2
• Foreign currency translations	2,148	5,004	2,148	5,004
Total comprehensive income	14,171	345	14,171	345
Profit/ (Loss) attributable to:-				
• Owners of the parent	12,027	(4,655)	12,027	(4,655)
• Non-controlling interests	(2)	(6)	(2)	(6)
	12,025	(4,661)	12,025	(4,661)
Total comprehensive income attributable to:-				
• Owners of the parent	14,173	351	14,173	351
• Non-controlling interests	(2)	(6)	(2)	(6)
	14,171	345	14,171	345
Earnings/ (Losses) per ordinary share attributable to equity holders of the Company (sen)				
• Basic	1.5	(0.6)	1.5	(0.6)
• Diluted	1.5	(0.6)	1.5	(0.6)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Unaudited As at 30-09-2014 RM'000	Audited As At 30-06-2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	190,705	187,609
Intangible assets	748	780
Other investments	42	44
Deferred tax assets	5,494	4,963
	<u>196,989</u>	<u>193,396</u>
Current assets		
Inventories	188,958	203,979
Land reclamation WIP	67,599	53,970
Trade and other receivables	343,517	399,666
Current tax assets	216	178
Fixed deposits	53,706	17,856
Short term funds	5,296	23,236
Cash and bank balances	3,635	17,575
	<u>662,927</u>	<u>716,460</u>
TOTAL ASSETS	<u>859,916</u>	<u>909,856</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	202,900	202,853
Non-distributable reserves	12,570	11,878
Distributable reserve	340,716	328,689
Total equity attributable to owners of the parent	<u>556,186</u>	<u>543,420</u>
Non-controlling interests	2,893	2,895
TOTAL EQUITY	<u>559,079</u>	<u>546,315</u>
LIABILITIES		
Non-current liabilities		
Borrowings	7,206	7,603
Deferred tax liabilities	1,262	1,262
Trade and other payables	22,312	22,288
	<u>30,780</u>	<u>31,153</u>
Current liabilities		
Trade and other payables	99,837	94,500
Borrowings	7,660	24,333
Deferred revenue	159,034	204,312
Current tax liabilities	3,526	9,243
	<u>270,057</u>	<u>332,388</u>
TOTAL LIABILITIES	<u>300,837</u>	<u>363,541</u>
TOTAL EQUITY AND LIABILITIES	<u>859,916</u>	<u>909,856</u>
Net assets per RM0.25 share attributable to ordinary equity holders of the company	<u>0.70</u>	<u>0.67</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 2014 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 2014

	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	-	-	-	-	-	-	-	(4,655)	(4,655)	(6)	(4,661)
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	2	-	2	-	2
Foreign currency translation	-	-	-	5,004	-	-	-	-	5,004	-	5,004
Total comprehensive income	-	-	-	5,004	-	-	2	(4,655)	351	(6)	345
Transactions with owners:-											
• Share options granted under Share Issuance Scheme	-	-	359	-	-	(24)	-	-	335	-	335
• Ordinary shares issued pursuant to the Share Issuance Scheme	104	-	-	-	-	-	-	-	104	-	104
• Shares repurchased	-	(123)	-	-	-	-	-	-	(123)	-	(123)
As at 30 September 2013	202,016	(1,600)	154,822	11,934	(146,070)	1,224	(22)	332,399	554,703	2,902	557,605



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2014 (“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	-	-	-	-	-	-	-	12,027	12,027	(2)	12,025
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	(2)	-	(2)	-	(2)
Foreign currency translation	-	-	-	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 Sept 2014	202,900	(12,671)	157,393	11,833	(146,070)	2,105	(20)	340,716	556,186	2,893	559,079

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 FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2014

	Unaudited 30 Sept 2014 RM'000	Unaudited 30 Sept 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	18,691	(4,931)
Adjustments for:-		
Depreciation of property, plant and equipment	2,638	2,658
Amortisation of intangible asset	32	-
Property, plant and equipment written off	-	20
Inventories written off	74	-
Loss/(Gain) on disposal of unit trust	24	(3)
Non-cash and operating items	819	1,565
Operating profit/ (loss) before changes in working capital	22,278	(691)
Changes in working capital:-		
Consumables	(301)	-
Land reclamation work in progress	(13,629)	(629)
Land held for sale	15,248	(102,192)
Trade and other receivables	57,696	(10,218)
Trade and other payable	8,237	(6,153)
Deferred revenue	(45,278)	125,406
Cash generated from operations	44,251	5,523
Tax paid – net	(12,951)	(2,674)
Net cash generated from operating activities	31,300	2,849
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	341	74
Disposal of unit trust	(24)	3
Disposal of property, plant and equipment	7	-
Purchase of property, plant and equipment	(5,705)	(211)
(Repayments to)/advances from related parties	(2,899)	2,199
Net cash from (used in)/ generated from investing activities	(8,280)	2,065
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of borrowings and hire purchase	1,261	-
Repayment of borrowings and hire-purchase	(21,302)	(1,949)
Interest expenses	(507)	(722)
Issue of new shares under ESOS	148	439
Shares repurchased	(1,556)	(123)
Net cash used in financing activities	(21,956)	(2,355)
Net increase in cash and cash equivalents	1,064	2,559
Cash and cash equivalents at beginning of period	40,811	21,912
Effects of exchange rate changes	12	(809)
Cash and cash equivalents at the end of period	41,887	23,662

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2014 (CONT'D)**

	Unaudited 30 Sept 2014 RM'000	Unaudited 30 Sept 2013 RM'000
Cash and cash equivalents comprise the following:-		
Short term funds ⁽¹⁾	5,296	3,657
Cash and bank balances	3,635	14,351
Fixed deposits		
• pledged	17,856	17,394
• not pledged	35,850	6,380
	<u>62,637</u>	<u>41,782</u>
Less: Fixed deposits pledged	(17,856)	(17,394)
	<u>44,781</u>	<u>24,388</u>
Less: Bank overdraft	(2,894)	(726)
	<u>41,887</u>	<u>23,662</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 FIRST (1ST) QUARTER ENDED
30 SEPTEMBER 2014**

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 30 September 2014.

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 2014.

7. DIVIDENDS PAID

A final tax exempt (single tier) dividend of RM0.02 per ordinary share amounting to RM16,130,252 in respect of the financial year ended 30 June 2013 was paid on 14 March 2014.

The Directors proposed a final single tier dividend of 0.3 sen per ordinary share, amounting to RM2,400,770 in respect of the financial year ended 30 June 2014, which is subject to the approval of the shareholders 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 2014 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	1,006	45,278	1,646	-	-	-	47,930
Inter - segment sales	26,492	-	4,716	-	-	(31,208)	-
Total revenue	27,498	45,278	6,362	-	-	(31,208)	47,930
Results							
Segment results	(7,325)	29,091	(1,718)	(668)	(523)	-	18,857
Interest and dividend income	323	-	6	5	7	-	341
Finance costs	(506)	-	-	(1)	-	-	(507)
(Loss)/Profit before tax	(7,508)	29,091	(1,712)	(664)	(516)	-	18,691
Income tax expense	629	(7,273)	(22)	-	-	-	(6,666)
(Loss)/Profit for the period	(6,879)	21,818	(1,734)	(664)	(516)	-	12,025
Other information							
• Depreciation	(830)	-	(1,721)	(87)	-	-	(2,638)

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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 2014.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 30 September 2014 and up to 12 November 2014, 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 current quarter and financial period to date, the Group buy-back 1,500,000 shares at an average exercise price of RM1.04, as well as issued additional 187,500 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 Sept 2014	Share buyback ⁽¹⁾	(500)	0.92	(462)
		(1,312)	1.07	(1,408)

Note (1):-

As at 30 September 2014, the Company holds 12,655,400 shares as treasury shares at an average price of RM1.00.

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

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial period ended 30 September 2014, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.



13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	RM'000
Corporate guarantees given to licensed financial institutions	
For credit facilities granted to subsidiaries	<u>11,035</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 30-09-2014 RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	1,006	222,130
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(41,812)
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 Sept 2014 RM'000	Previous First (1 st) Quarter 30 Sept 2013 RM'000	Variance	
			RM'000	%
Revenue	47,930	14,403	33,527	232.78
PBT	18,691	(4,931)	23,622	479.05

For the cumulative three (3) months ended 30 September 2014, the Group had shown an increase of revenue by 232.78% against last year, with total revenue registered at RM47.93 million (FPE Q1'2014: RM14.40 million). The increase in revenue was mainly due to recognition of land sales in the current quarter (Q1'15: RM45.28 million; Q1'14: RM3.81 million).

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 RM57.32 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, being a wholly owned subsidiary of Benalec Sdn Bhd is a concessionaire for the project DMDI. Hence, any unrealised profit arising from the land reclamation works in relation to Project DMDI will be eliminated in full.

For information purpose, the Group has as of LPD, managed to dispose the Group's entitled nett saleable 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 73.08 acres 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 3 months, the Group recorded a PBT of RM18.69 million, representing an increase of approximately RM23.62 million against last year, mainly attributable by:-

Description	RM' 000	Note
Increase in gross profit	23,412	1
Increase in other operating income	2,085	2
Increase in administrative and other expenses	(2,090)	3
Decrease in finance costs	215	
Net increase in PBT	23,622	

**16. REVIEW OF PERFORMANCE OF THE GROUP (CONT'D)****16.1 CURRENT YEAR-TO-DATE VERSUS PREVIOUS YEAR-TO-DATE (CONT'D)****Notes:-**

- (1) Increase in gross profit was mainly due to the factor as stated above.
- (2) Increase in other income was mainly due to:-
- Realised & unrealised of forex gain (Q1'15: RM2.2 million; Q1'14: RM0.4 million)
 - Interest income and dividend income from short-term investment (Q1'15: RM0.341 million; Q1'14: RM0.074 million)
- (3) Increase in administrative and other expenses was mainly due to loss on unrealised forex (Q1'15: RM2.9 million; Q1'14: RM1.3 million).

17. VARIATION RESULTS AGAINST PRECEDING QUARTER

	Current First (1 st) Quarter 30 Sept 2014 RM'000	Previous Fourth (4 th) Quarter 30 June 2014 RM'000	Variance	
			RM'000	%
Revenue	47,930	31,529	16,401	52.02
PBT	18,691	(15,146)	33,837	223.41

For the current quarter under review with comparison to preceding quarter, the Group registered an increase in revenue of approximately RM16.40 million.

The increase in revenue was mainly due to recognition of land sales in the current quarter (Q1'15: RM45.28 million; Q4'14: RM26.83 million).

The Group registered PBT of RM18.69 million (FPE Q4 '2014 LBT: RM15.15 million) representing an increase of RM33.84 million. The increase was mainly due to:-

Description	RM' 000	Note
Increase in gross profit	14,044	1
Decrease in other operating income	(2,568)	2
Decrease in administrative and other expenses	21,669	3
Decrease in finance costs	692	Negligible
Net increase in PBT	33,837	

Notes:-

- (1) Increase in gross profit was mainly due to the factor as stated above.
- (2) Decrease in other income was mainly due to:-
- Fair value gain on amount owing to a related party in preceding quarter (Q1 '15: nil; Q4 '14: RM2.6 million).
- (3) Decrease in administrative and other expenses was mainly due to:-
- Impairment losses on vessel recognised in preceding quarter (Q1'15: nil; Q4 '14: RM16.2 million).
 - Impairment losses on receivable in preceding quarter (Q1'15: nil; Q4'14: RM3.0 million)
 - Loss on disposal of PPE in preceding quarter (Q1'15: nil; Q4'14: RM2.4 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 173.06 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 RM312 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 RM515 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 recently submitted the Detailed Environmental Impact Assessment (“DEIA”) to the Department of Environment (“DOE”) for the Tanjung Piai Integrated Petroleum & Petrochemical Hub and Maritime Industrial Park spanning a total reclamation area of 3,485 acres in Johor. Upon receiving the anticipated approvals from DOE, the said substantial reclamation project is expected to propel the Group into the next phase of growth, enabling the Group to capitalise on the opportunities that abound within the Oil and Gas industry.

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 RM’000	Year-To-Date RM’000
Interest income	340	340
Other income including investment income	7	7
Interest expense	(507)	(507)
Depreciation and amortisation	(2,670)	(2,670)
Gain/(loss) on disposal of fixed assets	-	-
Gain/(loss) on unit trust investments	(24)	(24)
Unrealised exchange gain/(loss)– net	(653)	(653)
Realised exchange gain/(loss) – net	(16)	(16)
Impairment losses and write-off of receivables	-	-
Impairment losses and write-off of assets	-	-
Write-off of inventories	(74)	(74)
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 income tax	(7,198)	(7,198)
Current deferred tax	532	532
	<u>(6,666)</u>	<u>(6,666)</u>
Effective tax rate (%)	<u>(1) 35.66</u>	<u>(1) 35.66</u>

Note:-

(1) *The higher effective tax rate than the statutory tax rate of 25% for the current quarter is mainly due to certain subsidiaries were making losses.*

22. STATUS OF CORPORATE PROPOSALS

22.1 Disposal of land (8 parcels)

On 28 October 2013, the Group announced the disposal of eight (8) parcels of leasehold vacant 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 by 1st 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 Secretary, 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 seven (7) 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 June 2014 until 11 December 2014 or such other date as the Parties may agree in writing.

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22. STATUS OF CORPORATE PROPOSALS (CONT'D)

22.3 Disposal of land (22 parcels)

On 20 March 2014, the Group announced the disposal of twenty-two (22) parcels of leasehold vacant 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, which in turn is a wholly-owned subsidiary of Benalec, 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, which in turn is a wholly-owned subsidiary of Benalec 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 in 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.

22.4 Proposed issuance of up to RM200 million nominal value of 7-year Redeemable Convertible Secured Bonds

On 12 September 2014, the Company proposed to issue up to RM200 million nominal value of 7-year Redeemable Convertible Secured Bonds (“CB”). The CB are convertible into new ordinary shares of RM0.25 each in the Company at the option of the holders of the CB at any time after the issuance date of CB and up to the maturity date, at a conversion price, which will be at a premium of between 15% and 20% over the five (5)-day volume weighted average market price of the ordinary shares of the Company on a price-fixing date to be determined later by the Board.

The application to the Securities Commission Malaysia for the proposed CB issuance and the listing application to Bursa Securities in respect of the listing of and quotation for the new ordinary shares of RM0.25 each in the Company to be issued pursuant to the conversion of the CB were submitted on 9 October 2014 and 10 October 2014 respectively.

23. BORROWINGS

The Group’s borrowings as at 30 September 2014 presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• hire purchase and lease creditors	1,565
• term loans	5,641
	7,206

**23. BORROWINGS (CONT'D)****Short Term Borrowings**

Secured:-

• hire purchase and lease creditors	691
• term loans	4,075
• bank overdraft	2,894
	<u>7,660</u>

⁽¹⁾ **Total** **14,866**

Note:-

(1) The borrowings are denominated in local currency

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 telecommunication company, who 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 damaged has interrupted the national network communication and the telecommunication company claimed an amount of RM2,041,000 for losses suffered from the interruption.

Following case management on 25 June 2014, 9 July 2014, 16 July 2014, 18 September 2014, 20 October 2014, the Court has further fixed this matter for case management on 20 November 2014.

Based on the legal advice, the Group has a reasonably good chance of overcoming and/or knocking out the claim if the Group is able to show that in or thereabouts 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 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 to the telecommunication company. Consequently, management is of the view that it is not probable that an outflow of economic benefits is required and that 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 2014.

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26. EARNINGS/ (LOSSES) PER SHARE (“EPS/ (LPS)”)

26.1 Basic EPS/ (LPS)

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 30-09-2014	Ended 30-09-2013	Ended 30-09-2014	Ended 30-09-2013
Net profit/ (loss) attributable to equity holders of the parents for the period (RM'000)	<u>12,027</u>	<u>(4,655)</u>	<u>12,027</u>	<u>(4,655)</u>
Weighted average number of ordinary shares ('000)	<u>799,395</u>	<u>806,588</u>	<u>799,395</u>	<u>806,588</u>
Basic EPS/ (LPS) (sen)	<u>1.5</u>	<u>(0.6)</u>	<u>1.5</u>	<u>(0.6)</u>

26.2 Diluted EPS/ (LPS)

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 30-09-2014	Ended 30-09-2013	Ended 30-09-2014	Ended 30-09-2013
Net profit/ (loss) attributable to equity holders of the parents for the period (RM'000)	<u>12,027</u>	<u>(4,655)</u>	<u>12,027</u>	<u>(4,655)</u>
Weighted average number of ordinary shares as per basic EPS ('000)	<u>799,395</u>	<u>806,588</u>	<u>799,395</u>	<u>806,588</u>
Effect of dilution on employee share options	<u>(1)606</u>	<u>1,698</u>	<u>(1)606</u>	<u>1,698</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	<u>800,001</u>	<u>808,286</u>	<u>800,001</u>	<u>808,286</u>
Diluted EPS/ (LPS) (sen)	<u>1.5</u>	<u>(0.6)</u>	<u>1.5</u>	<u>(0.6)</u>

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 full exercise of the balance of 9,893,000 options under the ESOS 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 30-09-2014 RM'000	As at 30-09-2013 RM'000
Total retained profits of the Company and its subsidiaries:-		
• realised	330,434	330,924
• unrealised	6,250	(7,843)
	<u>336,684</u>	<u>323,081</u>
Add: Consolidation adjustments	4,032	9,318
	<u>340,716</u>	<u>332,399</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.