



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2014**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2014

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 31-12-2014 RM'000	(Unaudited) Preceding Year Quarter Ended 31-12-2013 RM'000	(Unaudited) Current Year To Date 31-12-2014 RM'000	(Unaudited) Preceding Year To Date 31-12-2013 RM'000
Revenue	60,230	95,057	108,160	109,460
Cost of sales	(46,049)	(64,548)	(69,301)	(77,685)
Gross profit	14,181	30,509	38,859	31,775
Other operating income	610	9,863	3,176	10,344
Administrative and other expenses	(7,049)	(5,854)	(15,095)	(11,810)
Profit from operations	7,742	34,518	26,940	30,309
Finance costs	(215)	(501)	(722)	(1,223)
Profit before tax (" PBT ")	7,527	34,017	26,218	29,086
Tax (expense) / income	(4,067)	(8,676)	(10,733)	(8,406)
Profit for the financial period	3,460	25,341	15,485	20,680
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	(4)	-	(6)	2
• Foreign currency translations	7,056	691	9,204	5,695
Total comprehensive income	10,512	26,032	24,683	26,377
Profit/ (Loss) attributable to:-				
• Owners of the parent	3,460	25,342	15,487	20,687
• Non-controlling interests	-	(1)	(2)	(7)
	3,460	25,341	15,485	20,680
Total comprehensive income attributable to:-				
• Owners of the parent	10,512	26,033	24,685	26,384
• Non-controlling interests	-	(1)	(2)	(7)
	10,512	26,032	24,683	26,377
Earnings/ (Losses) per ordinary share attributable to equity holders of the Company (sen)				
• Basic	0.4	3.1	1.9	2.6
• Diluted	0.4	3.1	1.9	2.6

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 31 DECEMBER 2014**

	Unaudited As at 31-12-2014 RM'000	Audited As At 30-06-2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	200,175	187,609
Intangible assets	586	780
Other investments	38	44
Deferred tax assets	4,875	4,963
	205,674	193,396
Current assets		
Inventories	176,294	203,979
Land reclamation WIP	86,966	53,970
Trade and other receivables	380,627	399,666
Current tax assets	8,563	178
Fixed deposits	22,121	17,856
Short term funds	2,104	23,236
Cash and bank balances	6,053	17,575
	682,728	716,460
TOTAL ASSETS	888,402	909,856
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	202,900	202,853
Non-distributable reserves	19,307	11,878
Distributable reserve	342,090	328,689
Total equity attributable to owners of the parent	564,297	543,420
Non-controlling interests	2,893	2,895
TOTAL EQUITY	567,190	546,315
LIABILITIES		
Non-current liabilities		
Borrowings	6,743	7,603
Deferred tax liabilities	1,262	1,262
Trade and other payables	22,940	22,288
	30,945	31,153
Current liabilities		
Trade and other payables	152,973	94,500
Borrowings	6,438	24,333
Deferred revenue	130,812	204,312
Current tax liabilities	44	9,243
	290,267	332,388
TOTAL LIABILITIES	321,212	363,541
TOTAL EQUITY AND LIABILITIES	888,402	909,856
Net assets per RM0.25 share attributable to ordinary equity holders of the company	0.70	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 SECOND (2ND) QUARTER ENDED 31 DECEMBER 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	-	-	-	-	-	-	-	20,687	20,687	(7)	20,680
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	2	-	2	-	2
Foreign currency translation	-	-	-	5,695	-	-	-	-	5,695	-	5,695
Total comprehensive income	-	-	-	5,695	-	-	2	20,687	26,384	(7)	26,377
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)
• Dividend payable	-	-	-	-	-	-	-	(16,130)	(16,130)	-	(16,130)
As at 31 December 2013	202,016	(1,600)	154,822	12,625	(146,070)	1,224	(22)	341,611	564,606	2,901	567,607



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 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	-	-	-	-	-	-	-	15,487	15,487	(2)	15,485
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	(6)	-	(6)	-	(6)
Foreign currency translation	-	-	-	9,204	-	-	-	-	9,204	-	9,204
Total comprehensive income	-	-	-	9,204	-	-	(6)	15,487	24,685	(2)	24,683
Transactions with owners:-											
• 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)
As at 31 December 2014	202,900	(12,671)	157,394	18,889	(146,070)	1,789	(24)	342,090	564,297	2,893	567,190

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 SECOND (2ND) QUARTER ENDED 31 DECEMBER 2014

	Unaudited 31 Dec 2014 RM'000	Unaudited 31 Dec 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	26,218	29,086
Adjustments for:-		
Depreciation of property, plant and equipment	5,564	5,329
Amortisation of intangible asset	194	-
Property, plant and equipment written off	-	20
Inventories written off	74	-
(Gain)/Loss on disposal of property, plant and equipment	(486)	1,075
Loss/(Gain) on disposal of unit trust	40	(37)
Non-cash and operating items	3,261	1,819
Operating profit/ (loss) before changes in working capital	34,865	37,292
Changes in working capital:-		
Consumables	(1,590)	-
Land reclamation work in progress	(32,995)	(1,212)
Land held for sale	29,201	(89,402)
Trade and other receivables	20,626	45,065
Trade and other payable	58,388	(33,973)
Deferred revenue	(73,500)	93,663
Cash generated from operations	34,995	51,433
Tax paid – net	(28,232)	(4,106)
Net cash generated from operating activities	6,763	47,327
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	477	294
Disposal of unit trust	(40)	-
Disposal of property, plant and equipment	1,014	13
Purchase of property, plant and equipment	(12,572)	(224)
(Repayments to)/advances from related parties	(2,315)	(41,872)
Net cash from (used in)/ generated from investing activities	(13,436)	(41,789)
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of borrowings and hire purchase	2,722	-
Repayment of borrowings and hire-purchase	(22,592)	(3,858)
Interest expenses	(722)	(1,223)
Issue of new shares under ESOS	148	439
Shares repurchased	(1,556)	(123)
Net cash used in financing activities	(22,000)	(4,765)
Net increase in cash and cash equivalents	(28,673)	773
Cash and cash equivalents at beginning of period	40,811	21,912
Effects of exchange rate changes	(714)	15
Cash and cash equivalents at the end of period	11,424	22,700

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2014 (CONT'D)**

	Unaudited 31 Dec 2014 RM'000	Unaudited 31 Dec 2013 RM'000
Cash and cash equivalents comprise the following:-		
Short term funds ⁽¹⁾	2,104	3,670
Cash and bank balances	6,053	13,093
Fixed deposits		
• pledged	17,856	17,394
• not pledged	4,265	7,320
	<u>30,278</u>	<u>41,477</u>
Less: Fixed deposits pledged	(17,856)	(17,394)
	<u>12,422</u>	<u>24,083</u>
Less: Bank overdraft	(998)	(1,383)
	<u>11,424</u>	<u>22,700</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 SECOND (2ND) QUARTER ENDED
31 DECEMBER 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 31 December 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 31 December 2014.

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 800,256,600 ordinary shares of RM0.25 each approximately amounting of RM2,400,770 was approved by the shareholders on 22 December 2014 and to be 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 December 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	23,218	73,501	11,441	-	-	-	108,160
Inter - segment sales	76,954	-	9,236	-	-	(86,190)	-
Total revenue	100,172	73,501	20,677	-	-	(86,190)	108,160
Results							
Segment results	(8,578)	39,726	(2,584)	(1,116)	(985)	-	26,463
Interest and dividend income	444	-	15	9	9	-	477
Finance costs	(720)	-	(1)	(1)	-	-	(722)
(Loss)/Profit before tax	(8,854)	39,726	(2,570)	(1,108)	(976)	-	26,218
Income tax expense	-	(10,584)	(149)	-	-	-	(10,733)
(Loss)/Profit for the period	(8,854)	29,142	(2,719)	(1,108)	(976)	-	15,485
Other information							
• Depreciation	(1,888)	-	(3,502)	(174)	-	-	(5,564)

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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 2014.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 31 December 2014 and up to 4 February 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 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 31 December 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 31 December 2014, 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 subsidiary 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).

As of LPD, OPL has not commenced operation.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	RM’000
Corporate guarantees given to licensed financial institutions	
For credit facilities granted to subsidiaries	<u>10,408</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 31-12-2014 RM’000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	23,396	244,520
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(42,784)
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 Second (2 nd) Quarter 31 Dec 2014 RM'000	Previous Second (2 nd) Quarter 31 Dec 2013 RM'000	Variance	
			RM'000	%
Revenue	108,160	109,460	(1,300)	(1.19)
PBT	26,218	29,086	(2,868)	(9.86)

For the cumulative six (6) months ended 31 December 2014, the Group has recorded a decrease of revenue by 1.19% as against the corresponding period for last year, with total revenue registered at RM108.2 million (FPE Q2'2014: RM109.5 million). The decrease in revenue was mainly due to lower land disposal recognition in the current year to-date (FPE Q2'2014: RM88.2 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 RM80.8 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, 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 84.0 acres, i.e. 65.4% 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 6 months, the Group recorded a PBT of RM26.2 million, representing a decrease of approximately RM2.9 million against the corresponding period for last year, mainly attributable to the following:-

Description	RM' 000	Note
Increase in gross profit	7,084	1
Decrease in other operating income	(7,168)	2
Increase in administrative and other expenses	(3,285)	3
Decrease in finance costs	501	Negligible
Net decrease in PBT	(2,868)	

Notes:-

- (1) Increase in gross profit was mainly due to 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 (Q2'15: nil; Q2'14: RM5.4 million)
 - Discount received from sub-contractors in previous year to-date (Q2'15: nil; Q2'14: RM3.7 million)



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

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

(3) *Increase in administrative and other expenses was mainly due to loss on unrealised forex (Q2'15: RM5.0 million; Q2'14: RM1.3 million).*

16.2 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER

	Current Second (2 nd) Quarter 31 Dec 2014 RM'000	Previous Second (2 nd) Quarter 31 Dec 2013 RM'000	Variance	
			RM'000	%
Revenue	60,230	95,057	(34,827)	(36.64)
PBT	7,527	34,017	(26,490)	(77.87)

For the current quarter under review, the Group recorded a decrease of revenue by 36.64% against last year's corresponding quarter, with total revenue registered at RM60.2 million (FPE Q2'2014: RM95.1 million). The decrease in revenue was mainly due to the absence of land disposal recognition in the current year quarter (FPE Q2'2014: RM84.4 million).

The current quarter recorded a PBT of RM7.5 million, representing a decrease of RM26.5 million against last year's corresponding quarter, mainly attributable to:-

Description	RM' 000	Note
Decrease in gross profit	(16,328)	1
Decrease in other operating income	(9,253)	2
Increase in administrative and other expenses	(1,195)	3
Decrease in finance costs	286	<i>Immaterial</i>
Net decrease in PBT	(26,490)	

Notes:-

- (1) *Decrease in gross profit was mainly due to factors as stated above.*
- (2) *Decrease in other income was mainly due to:-*
- *Deposit received from forfeited land disposal transactions recognised in previous year to-date (Q2'15: nil; Q2'14: RM5.4 million).*
 - *Discount received from sub-contractors in previous year to-date (Q2'15: nil; Q2'14: RM3.7 million).*
- (3) *Increase in administrative and other expenses was mainly due to loss on unrealised forex translation (Q2'15: RM2.1 million; Q2'14: RM0.02 million).*

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17. VARIATION IN RESULTS AGAINST PRECEDING QUARTER

	Current Second (2 nd) Quarter 31 Dec 2014 RM'000	Previous First (1 st) Quarter 30 Sept 2014 RM'000	Variance	
			RM'000	%
Revenue	60,230	47,930	12,300	25.66
PBT	7,527	18,691	(11,164)	(59.73)

For the current quarter under review, in comparison with the preceding quarter, the Group registered an increase in revenue of approximately RM12.3 million. The increase in revenue was mainly attributable to progress of works recognition in the current quarter & freight charges income derived from the TNB contract of affreightment.

The Group registered PBT of RM7.5 million (FPE Q1 '2015 PBT: RM18.7 million) representing a decrease of RM11.2 million. The decrease was mainly due to:-

Description	RM' 000	Note
Decrease in gross profit	(10,497)	1
Decrease in other operating income	(1,956)	2
Decrease in administrative and other expenses	997	3
Decrease in finance costs	292	Negligible
Net decrease in PBT	(11,164)	

Notes:-

- (1) *Decrease in gross profit was mainly due to no land disposal recognition in the current quarter.*
- (2) *Decrease in other income was mainly due to:-*
 - *Gain on unrealised forex (Q2 '15: RM0.3 million; Q1 '15: RM2.2 million).*
 - *Interest income (Q2 '15: RM0.1 million; Q1 '15: RM0.3 million).*
- (3) *Decrease in administrative and other expenses was mainly due to:-*
 - *Losses on unrealised forex recognised in preceding quarter (Q2'15: RM:2.1 million; Q1 '15: RM2.9 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 216.69 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 RM394 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 RM597 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 RM'000	Year-To-Date RM'000
Interest income	120	460
Other income including investment income	21	28
Interest expense	(215)	(722)
Depreciation and amortisation	(3,089)	(5,758)
Gain/(loss) on disposal of fixed assets	486	486
Gain/(loss) on unit trust investments	(16)	(40)
Unrealised exchange gain/(loss)– net	(2,363)	(3,016)
Realised exchange gain/(loss) – net	(42)	(58)
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 RM'000	Year-To-Date RM'000
Current income tax	(3,448)	(10,646)
Current deferred tax	(619)	(87)
	<u>(4,067)</u>	<u>(10,733)</u>
Effective tax rate (%)	<u>(1) 54.03</u>	<u>(1) 40.94</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 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 first (1st) quarter of calendar year 2015.



22. STATUS OF CORPORATE PROPOSALS (CONT'D)

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 eight (8) 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.

22.4 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 to be determined by the Board in accordance with specified Bursa rules.



22. STATUS OF CORPORATE PROPOSALS (CONT'D)

22.4 Proposed issuance of up to RM200 million nominal value of 7-year Redeemable Convertible Secured Bonds (cont'd)

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").

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 CB Issue.

On 5 January 2015, the Company announced that the conversion price of the CB has been fixed at RM0.705. The conversion price of RM0.705 represents a premium of approximately 16.3% over the five (5)-day VWAMP of Benalec shares up to and including 2 January 2015 of RM0.6061 per Benalec share.

This proposed transaction is expected to be completed by the second (2nd) quarter of calendar year 2015.

22.5 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 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%.



23. BORROWINGS

The Group's borrowings as at 31 December 2014 presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• hire purchase and lease creditors	2,162
• term loans	4,581
	6,743
Short Term Borrowings	
Secured:-	
• bank overdraft	998
• term loans	4,144
• hire purchase and lease creditors	1,296
	6,438
(1) Total	13,181

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, 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.

Following case management on 25 June 2014, 9 July 2014, 16 July 2014, 18 September 2014, 20 October 2014 & 20 November 2014, the Court has further fixed this matter for case management on 6 February 2015 for the parties to finalise the Bundle of Documents, Agreed Facts, Trialable Issues and List of Witnesses.

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.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 December 2014.



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 31-12-2014	Ended 31-12-2013	Ended 31-12-2014	Ended 31-12-2013
Net profit/ (loss) attributable to equity holders of the parents for the period (RM'000)	<u>3,460</u>	<u>25,342</u>	<u>15,487</u>	<u>20,687</u>
Weighted average number of ordinary shares ('000)	<u>799,170</u>	<u>806,603</u>	<u>799,170</u>	<u>806,603</u>
Basic EPS/ (LPS) (sen)	<u>0.4</u>	<u>3.1</u>	<u>1.9</u>	<u>2.6</u>

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 31-12-2014	Ended 31-12-2013	Ended 31-12-2014	Ended 31-12-2013
Net profit/ (loss) attributable to equity holders of the parents for the period (RM'000)	<u>3,460</u>	<u>25,342</u>	<u>15,487</u>	<u>20,687</u>
Weighted average number of ordinary shares as per basic EPS ('000)	<u>799,170</u>	<u>806,603</u>	<u>799,170</u>	<u>806,603</u>
Effect of dilution on employee share options	-	-	-	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	<u>799,170</u>	<u>806,603</u>	<u>799,170</u>	<u>806,603</u>
Diluted EPS/ (LPS) (sen)	<u>0.4</u>	<u>3.1</u>	<u>1.9</u>	<u>2.6</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 31-12-2014 RM'000	As at 31-12-2013 RM'000
Total retained profits of the Company and its subsidiaries:-		
• realised	336,741	335,643
• unrealised	3,294	(3,082)
	<u>340,035</u>	<u>332,561</u>
Add: Consolidation adjustments	2,055	9,050
	<u>342,090</u>	<u>341,611</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.