



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2016**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2016

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 30-06-2016 RM'000	(Audited) Preceding Year Quarter Ended 30-06-2015 RM'000	(Unaudited) Current Year To Date 30-06-2016 RM'000	(Audited) Preceding Year To Date 30-06-2015 RM'000
Revenue	97,170	59,447	323,083	180,540
Cost of sales	(58,932)	(29,453)	(232,410)	(112,478)
Gross profit	38,238	29,994	90,673	68,062
Other operating income	3,424	8,800	9,531	17,901
Administrative and other expenses	(24,411)	(31,432)	(50,292)	(61,269)
Profit from operations	17,251	7,362	49,912	24,694
Finance costs	(5,604)	(4,431)	(17,900)	(5,533)
Profit before tax ("PBT")	11,647	2,931	32,012	19,161
Tax expense	(6,582)	(823)	(13,957)	(10,687)
Profit for the financial period	5,065	2,108	18,055	8,474
Other comprehensive income, net of tax:-				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Fair value gain/(loss) on available-for-sale financial assets	1	(1)	(3)	(5)
• Foreign currency translations	3,915	1,537	7,333	17,682
	8,981	3,644	25,385	26,151
Total comprehensive income				
Profit attributable to:-				
• Owners of the parent	4,531	1,984	17,118	8,458
• Non-controlling interests	534	124	937	16
	5,065	2,108	18,055	8,474
Total comprehensive income attributable to:-				
• Owners of the parent	8,447	3,520	24,448	26,135
• Non-controlling interests	534	124	937	16
	8,981	3,644	25,385	26,151
Earnings per ordinary share attributable to equity holders of the Company (sen)				
• Basic	0.6	0.2	2.1	1.1
• Diluted	0.6	0.2	2.1	1.1

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Unaudited As at 30-06-2016 RM'000	Audited As At 30-06-2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	215,002	209,525
Other investments	36	39
Deferred tax assets	7,905	4,896
	<u>222,943</u>	<u>214,460</u>
Current assets		
Inventories	411,063	209,073
Land reclamation work in progress	150,105	106,346
Trade and other receivables	392,091	738,316
Current tax assets	15,887	16,609
Deposit with licensed bank	139,930	200,302
Short term funds	132	128
Cash and bank balances	23,210	8,397
	<u>1,132,418</u>	<u>1,279,171</u>
TOTAL ASSETS	<u>1,355,361</u>	<u>1,493,631</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	202,951	202,951
Non-distributable reserves	60,596	53,441
Distributable reserve	350,094	335,209
Total equity attributable to owners of the parent	<u>613,641</u>	<u>591,601</u>
Non-controlling interests	7,488	6,551
TOTAL EQUITY	<u>621,129</u>	<u>598,152</u>
LIABILITIES		
Non-current liabilities		
Redeemable convertible secured bonds	151,365	145,537
Borrowings	4,761	6,637
Deferred tax liabilities	9,532	8,683
Trade and other payables	-	27,746
	<u>165,658</u>	<u>188,603</u>
Current liabilities		
Trade and other payables	179,059	179,144
Borrowings	32,809	30,925
Deferred revenue	356,569	496,439
Current tax liabilities	137	368
	<u>568,574</u>	<u>706,876</u>
TOTAL LIABILITIES	<u>734,232</u>	<u>895,479</u>
TOTAL EQUITY AND LIABILITIES	<u>1,355,361</u>	<u>1,493,631</u>
Net assets per RM0.25 share attributable to ordinary equity holders of the company	<u>0.77</u>	<u>0.74</u>

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2016

	ATTRIBUTABLE TO OWNERS OF THE PARENT											
	Non-Distributable Reserve						Distributable Reserve					
	Share Capital	Treasury Shares	Share Premium	Foreign Exchange Reserve	Reverse Acquisition Reserve	Share Options Reserve	Available-For-Sale Reserve	Equity Component Of Convertible Bonds	Distributable Retained Earnings	Total	Non-Controlling Interests Total	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	-	-	-	8,458	8,458	16	8,474
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	(5)	-	-	(5)	-	(5)
Foreign currency translations	-	-	-	17,682	-	-	-	-	-	17,682	-	17,682
Total comprehensive income	-	-	-	17,682	-	-	(5)	-	8,458	26,135	16	26,151
Transactions with owners:-												
• Ordinary shares issued pursuant to the Share Issuance Scheme	98	-	278	-	-	(67)	-	-	-	309	-	309
• Option granted under the Share Issuance Scheme	-	-	-	-	-	471	-	-	-	471	-	471
• Ordinary shares contributed by non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	3,640	3,640
• Reversal of share options reserve	-	-	-	-	-	(459)	-	-	459	-	-	-
• Shares repurchased	-	(1,564)	-	-	-	-	-	-	-	(1,564)	-	(1,564)
• Issuance of convertible bonds	-	-	-	-	-	-	-	25,226	-	25,226	-	25,226
• Dividend payable	-	-	-	-	-	-	-	-	(2,397)	(2,397)	-	(2,397)
As at 30 June 2015	202,951	(12,679)	157,538	27,367	(146,070)	2,082	(23)	25,226	335,209	591,601	6,551	598,152

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2016 (“CONT’D”)

	ATTRIBUTABLE TO OWNERS OF THE PARENT							Distributable Reserve		Total RM'000	Non-Controlling Interests Total RM'000	Total RM'000
	Non-Distributable Reserve							Distributable Reserve	Distributable Reserve			
	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Reverse Acquisition Reserve RM'000	Share Options Reserve RM'000	Available-For-Sale Reserve RM'000	Equity Component Of Convertible Bonds RM'000	Distributable Retained Earnings RM'000	Total RM'000		
As at 1 July 2015	202,951	(12,679)	157,538	27,367	(146,070)	2,082	(23)	25,226	335,209	591,601	6,551	598,152
Profit for the financial year	-	-	-	-	-	-	-	-	17,118	17,118	937	18,055
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	(3)	-	-	(3)	-	(3)
Foreign currency translations	-	-	-	7,333	-	-	-	-	-	7,333	-	7,333
Total comprehensive income	-	-	-	7,333	-	-	(3)	-	17,118	24,448	937	25,385
Transactions with owners:-												
• Options forfeited under the Share Issuance Scheme	-	-	-	-	-	(164)	-	-	164	-	-	-
• Shares repurchased	-	(11)	-	-	-	-	-	-	-	(11)	-	(11)
• Dividend paid	-	-	-	-	-	-	-	-	(2,397)	(2,397)	-	(2,397)
As at 30 June 2016	202,951	(12,690)	157,538	34,700	(146,070)	1,918	(26)	25,226	350,094	613,641	7,488	621,129

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2016**

	Unaudited 30 June 2016 RM'000	Restated 30 Jun 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	32,012	19,161
Adjustments for:-		
Depreciation of property, plant and equipment	14,096	11,650
Amortisation of intangible asset	-	780
Inventories written off	1,648	372
Impairment losses on property, plant and equipment	4,414	13,651
Impairment losses on trade and other receivables	2,419	2,260
Loss/(gain) on disposal of property, plant and equipment	7,603	(253)
Non-cash and operating items	15,759	9,797
Operating profit before changes in working capital	77,951	57,418
Changes in working capital:-		
Land reclamation work in progress	(43,759)	(74,493)
Land held for sale	(201,989)	16,151
Trade and other receivables	346,227	(331,723)
Trade and other payable	(27,830)	78,012
Deferred revenue	(139,870)	292,127
Cash generated from operations	10,730	37,492
Tax paid – net	(15,633)	(36,461)
Net cash (used in)/generated from operating activities	(4,903)	1,031
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	4,768	1,852
Proceed from disposal of property, plant and equipment	21,052	2,320
Purchase of property, plant and equipment	(44,814)	(22,557)
Advances from/(repayments to) related parties	-	(4,785)
Net cash used in investing activities	(18,994)	(23,170)
CASH FLOW FROM FINANCING ACTIVITIES		
(Withdrawal)/placement of deposits – pledged	65,045	(182,446)
Drawdown of borrowings and hire purchase	28,444	29,051
Repayment of borrowings and hire purchase	(29,046)	(35,180)
Interest expense	(17,900)	(2,029)
Proceed from issuance of new shares under ESOS	-	308
Shares repurchased	(11)	(1,564)
Dividend paid	(2,397)	(2,397)
Proceed from issuance of convertible bond	-	181,170
Fund from non-controlling interests	-	56
Net cash generated from/(used in) financing activities	44,135	(13,031)
Net increase/(decrease) in cash and cash equivalents	20,238	(35,170)
Cash and cash equivalents at beginning of period	6,357	40,811
Effects of exchange rate changes	(1,358)	716
Cash and cash equivalents at the end of period	25,237	⁽²⁾ 6,357

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 30 JUNE 2016 (CONT'D)**

	Unaudited 30 Jun 2016 RM'000	Restated 30 June 2015 RM'000
Cash and cash equivalents comprise the following:-		
Short term funds ⁽¹⁾	132	128
Cash and bank balances	23,210	8,397
Deposit with licensed bank	139,930	200,302
Bank overdraft	(2,778)	(2,168)
	<u>160,494</u>	<u>206,659</u>
Less: Deposits pledged as collateral	(22,336)	(18,317)
Less: Deposits charged in favour of the Security Trustee pursuant to Redeemable Convertible Secured Bonds	(112,921)	(181,985)
	<u>25,237</u>	<u>⁽²⁾ 6,357</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.*
- (2) *The Cash and cash equivalents previously reported has been restated to conform with current presentation.*

	RM'000
Cash and cash equivalents as previously reported	188,342
Less: Deposits charged in favour of the Trustee pursuant to Redeemable Convertible Bonds	(181,985)
Cash and cash equivalents as restated	<u>6,357</u> =====

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

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED
30 JUNE 2016**
NOTES TO THE INTERIM FINANCIAL REPORT
1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for financial year ended 30 June 2015. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2015.

2.1 MFRSs, Amendments to MFRSs and IC Interpretation

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:-

Title	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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 June 2016.

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 June 2016.

7. DIVIDENDS PAID

At the Tenth (10th) Annual General Meeting of the Company, a final tax exempt (single tier) dividend in respect of the financial year ended 30 June 2015 of 0.3 sen on 799,127,100 ordinary shares of RM0.25 each amounting of RM2,397,381 was approved by the shareholders on 25 November 2015 and paid on 15 February 2016 to shareholders whose name appear in the Record of Depositors on 20 January 2016.

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8. SEGMENTAL REPORTING

The Group's segmental report for the current financial period ended 30 June 2016 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	105,022	210,813	7,247	-	1	-	323,083
Inter - segment sales	146,965	17,076	15,429	1,065	-	(180,535)	-
Total revenue	251,987	227,889	22,676	1,065	1	(180,535)	323,083
Results							
Segment results	(10,597)	75,898	(14,982)	(3,578)	(1,597)	-	45,144
Interest and dividend income	1,251	-	2	22	3,493	-	4,768
Finance costs	(1,812)	-	(1,233)	(3)	(14,852)	-	(17,900)
(Loss)/Profit before tax	(11,158)	75,898	(16,213)	(3,559)	(12,956)	-	32,012
Income tax expense	-	(14,329)	170	(26)	228	-	(13,957)
(Loss)/Profit for the period	(11,158)	61,569	(16,043)	(3,585)	(12,728)	-	18,055
Other information							
• Depreciation	(6,666)	-	(7,081)	(349)	-	-	(14,096)

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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.

At the current quarter, the Group has made an assessment on the carrying amounts of the vessels. A write down of RM4.41 million is recognised as other expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 30 June 2016 and up to 19 August 2016, being the latest practicable date (“LPD”) which is not earlier than seven (7) days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report, except as disclosed in Note 22 and Note 24.

11. DEBT AND EQUITY SECURITIES

11.1 Current financial period

11.1.1 Movement of shares

During the financial period to date, the Group has executed a buy-back of 20,000 shares at an average exercise price of RM0.54.

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

Date	Description	No. of shares	Average price paid (RM)	Total consideration paid (RM)
26 Aug 2015	Share buyback ⁽¹⁾	(10,000)	0.54	(5,400)
26 Feb 2016	Share buyback ⁽¹⁾	(10,000)	0.53	(5,300)
		(20,000)	0.54	(10,700)

Note (1):-

As at 30 June 2016, the Company holds 12,685,400 shares as treasury shares at an average price of RM1.00.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial period ended 30 June 2016, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations, other than as disclosed below :-

12.1 Incorporation of new subsidiaries by Benalec Sdn Bhd (“BSB”), a wholly-owned subsidiary of Benalec

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

As of LPD, APL has not commenced operation.

**13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS****RM'000**Corporate guarantees given to licensed financial institutions
For credit facilities granted to subsidiaries31,408**14. CAPITAL COMMITMENTS****RM'000**

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

Contracted but not provided for

13,164**15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The related party transactions during the financial year under review in which certain directors of the Company have substantial financial interest as presented below:-

Nature of transactions⁽¹⁾	Transaction value based on billings	Balance Outstanding as at 30-06-2016
	RM'000	RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	10,020	55,665
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(45,911)
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.****The rest of this page has been intentionally left blank***

16. REVIEW OF PERFORMANCE OF THE GROUP
16.1 CURRENT YEAR-TO-DATE VERSUS PREVIOUS YEAR-TO-DATE

	Current Fourth (4 th) Quarter 30 Jun 2016 RM'000	Previous Fourth (4 th) Quarter 30 Jun 2015 RM'000	Variance	
			RM'000	%
Revenue	323,083	180,540	142,543	78.95
PBT	32,012	19,161	12,851	67.07

For the cumulative twelve (12) months ended 30 June 2016, the Group has recorded an increase in revenue by 78.95% as against the corresponding period for last year, with total revenue registered at RM323.1 million (FPE Q4'2015: RM180.5 million). The increase in revenue was mainly due to land disposal recognition in the current year to-date (FPE Q4'2016: RM210.8 million; FPE Q4'2015: RM121.6 million).

For the cumulative 12 months, the Group recorded a PBT of RM32.0 million, representing an increase of approximately RM12.9 million against the corresponding period for last year, mainly attributable by the following:-

Description	RM'000	Note
Increase in gross profit	22,611	1
Decrease in other operating income	(8,370)	2
Decrease in administrative and other expenses	10,977	2
Increase in finance costs	(12,367)	3
Net increase in PBT	12,851	

Notes:-

(1) Increase in gross profit was mainly due to factors as stated above.

(2) The decrease in other income as well as admin & other expenses were mainly due to:

	Q4'16 RM'mil	Q4'15 RM'mil	Variance RM'mil
Unrealised & realised loss on forex (nett)	(1.4)	(5.7)	4.3
Impairment losses on PPE	(4.4)	(13.7)	9.3
Depreciation of PPE	(6.8)	(3.0)	(3.8)
Loss on disposal of PPE (nett)	(7.6)	(0.2)	(7.4)
	(20.2)	(22.6)	2.4

(3) Increase in finance cost was mainly due to bond interest expense recognised in current year to-date (Q4'16: RM14.9 million; Q4'15: RM2.4 million).

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16. REVIEW OF PERFORMANCE OF THE GROUP (CONT'D)
16.2 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER

	Current Fourth (4 th) Quarter 30 Jun 2016 RM'000	Previous Fourth (4 th) Quarter 30 Jun 2015 RM'000	Variance	
			RM'000	%
Revenue	97,170	59,447	37,723	63.46
PBT	11,647	2,931	8,716	297.37

For the current quarter under review, the Group recorded an increase of revenue by 63.46% against last year's corresponding quarter, with total revenue registered at RM97.2 million. The increase in revenue was mainly due to land disposal recognition in the current year to-date (Q4'2016: RM58.7 million; Q4'2015: RM44.1 million).

The current quarter recorded a PBT of RM11.6 million, representing an increase of RM8.7 million against last year's corresponding quarter, mainly attributable by:-

Description	RM' 000	Note
Increase in gross profit	8,244	1
Decrease in other operating income	(5,376)	2
Decrease in administrative and other expenses	7,021	3
Increase in finance costs	(1,173)	4
Net increase in PBT	8,716	

Notes:-

- (1) Increase in gross profit was mainly due to factors as stated above.
- (2) Decrease in other income was mainly due to unrealised gain on forex (Q4'16: RM1.0 million; Q4'15: RM7.6 million)
- (3) Decrease in administrative and other expenses were mainly due to:-
 - Decrease in impairment losses on PPE (Q4'16: RM1.1 million; Q4'15: RM13.7 million)
 Against:-
 - Increase in loss on disposal of PPE - nett (Q4'16: RM6.3 million; Q4'15: nil).
- (4) Increase in finance costs was mainly due to bond interest expense recognised in current quarter (Q4'16: RM3.8 million; Q4'15: RM2.4 million).

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17. VARIATION IN RESULTS AGAINST PRECEDING QUARTER

	Current Fourth (4 th) Quarter 30 Jun 2016 RM'000	Current Third (3 rd) Quarter 31 Mar 2016 RM'000	Variance	
			RM'000	%
Revenue	97,170	102,464	(5,294)	(5.17)
PBT	11,647	9,479	2,168	22.87

For the current quarter under review, in comparison with the preceding quarter, the Group registered a decrease in revenue of approximately RM5.3 million. The decrease in revenue was mainly due to lesser land disposal recognition in the current year quarter (Q4' 16: RM58.7 million, FPE Q3'16: RM71.5 million).

The Group registered PBT of RM11.6 million (FPE Q3 '2016 PBT: RM9.5 million) representing an increase of RM2.2 million. The increase was mainly due to:-

Description	RM'000	Note
Increase in gross profit	18,849	1
Decrease in other operating income	(7,020)	2
Increase in administrative and other expenses	(7,972)	2
Increase in finance costs	(1,689)	
Net increase in PBT	2,168	

Notes:-

- (1) Increase in gross profit was mainly due to recognition of unrealised profit that was eliminated in prior years upon consolidation. The unrealised profit will be realised upon completion of land disposal recognition to third party buyer.
- (2) The movement in other income as well as admin & other expenses were mainly due to:-

	Q4'16 RM'mil	Q3'16 RM'mil	Variance RM'mil
Reclassification of unrealised forex (loss)/gain - nett	(1.7)	3.8	(5.5)
(Loss)/gain on disposal of PPE	(6.3)	0.1	(6.4)
Impairment losses on receivable	(2.3)	(0.2)	(2.1)
	<u>(10.3)</u>	<u>3.7</u>	<u>(14.0)</u>

18. PROSPECTS

Despite the challenging business environment, the Board and Management of the Group remain optimistic in assessing the outlook for the Group over the next several years. This optimism is based on the fact that 160.54 acres of land, forming the subject matter of Sale & Purchase Agreements ("Land Sale SPAs") already signed and publicly announced, will generate sales revenue of in excess of RM300 million. Added to that, the land reclamation contract secured by the Group in May 2014 covering 415 acres of land for a contract sum of RM203.9 million of which RM103.4 million has yet to be recognised as revenue, will ensure that the Group has a stable stream of revenue of approximately RM400 million which can be recognised in the financial years 2017 and 2018.

The continuing resilience in the demand for the Group's reclaimed land-bank in Melaka is an added source of optimism for the Group both in the near term, as well as in the mid-term.

The Group has on 23 January 2015 and 17 June 2016, received from the Department of Environment's ("DOE") official approval of the Detailed Environmental Impact Assessment ("DEIA") report, permitting the reclamation works for the Group's Tanjung Piai Integrated Petroleum & Petrochemical Hub and Maritime Industrial Park ("TPMIP") project to proceed. The DEIA approval encompasses the reclamation works for all 3 phases TPMIP with a total area of 3,487 acres, to be

18. PROSPECTS (CONT'D)

sited off the south-western coast of Johor.

Separately, in relation to the Group's reclamation and development works for its Pengerang Maritime Industrial Park ("PMIP") project at Teluk Ramunia, Johor, measuring 1,672 acres, the Group has secured the approval from the DOE on 7 January 2016.

These two projects are expected to propel the Group to the next level of growth, enabling the Group to capitalise on the opportunities that abound within the Oil and Gas sector despite the prevailing challenges.

19. PROFIT FORECAST AND PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee in any public document.

20. PROFIT / (LOSS) FOR THE PERIOD

Included in the PBT for the period are as presented below:-

	Current Quarter RM'000	Year-To-Date RM'000
Interest income	1,565	4,762
Other income including investment income	24	455
Interest expense	(5,605)	(17,900)
Depreciation	(3,497)	(14,096)
Loss on disposal of fixed assets	(6,328)	(7,603)
Unrealised exchange loss – net	(1,692)	(2,628)
Realised exchange gain – net	908	1,262
Impairment losses and write-off of receivables	(2,264)	(2,419)
Impairment losses and write-off of assets	(1,147)	(4,414)
Write-off of inventories	-	(1,648)
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
Over/ (Under) provision in prior year		
- Income tax	14	(225)
Current year provision		
- Income tax	(4,675)	(15,893)
- Deferred tax	(1,921)	2,161
	(6,582)	(13,957)
Effective tax rate (%)	56.51	⁽¹⁾ 43.60

Note:-

(1) The higher effective tax rate than the statutory tax rate of 24% 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 Utilisation of proceeds from Redeemable Convertible Secured Bond issuance

On 29 April 2015, the Company announced the completion of the RM 200 million nominal value of 7-year Redeemable Convertible Secured Bond (“RCSB”) issuance.

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

Description	Proposed utilisation RM'000	Reallocate of utilisation RM'000	Actual utilisation RM'000	Deviation		Estimated timeframe for utilisation	Note
				RM'000	%		
Land reclamation projects of the Benalec Group	146,500	-	(83,306)	63,194	43.14	Within 24 months	(i)
Working capital and reserve requirement for a debt service account	31,170	9	(31,179)	-	-	Within 12 months	(ii)
Defray expenses	3,500	(9)	(3,491)	-	-	Within 12 months	(iii)
Total	181,170	-	(117,976)	63,194	34.88		

(i) Land reclamation projects of the Benalec Group

The Group intends to utilise the proceeds to fund its ongoing and future land reclamation projects. Expenditures relating to land reclamation works include operating expenses such as cost of raw materials, payments to license holders or sand concessionaires for the rights to dredge sand ex-seabed, payments to suppliers, direct labour costs, payment for sub-contracted services for loading, unloading and levelling sea sand, rock revetment/replacement works, and lorry hire.

The utilisation of proceeds will include the funding of the reclamation works in respect of lands (to be reclaimed) for which sale and purchase agreement(s) or contracts or letter of award (“Agreements”) have been entered into, and assigned as collateral for the RCSB.

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

The amount shall be utilised:

- as additional working capital to finance the day-to-day operations of the Group including the payment of salaries, administrative and other operating expenses, such as tax payment and finance costs; and
- to maintain an amount equivalent to 6 months’ coupon payment of all the outstanding RCSB, which shall be maintained throughout the tenure of the RCSB in a debt service reserve account that may be utilised to pay coupon due under the RCSB in the event that the Company has insufficient operational funds.

(iii) Defray expenses

The estimated expenses comprise, among others, professional fees, fees payable to the relevant authorities, printing costs and other miscellaneous expenses.

23. BORROWINGS

The Group's borrowings as at 30 June 2016 presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• Hire purchase and lease creditors	2,817
• Term loans	1,944
	4,761
	RM'000
Short Term Borrowings	
Secured:-	
• Revolving credit	19,312
• Term loans	4,803
• Hire purchase and lease creditors	3,465
• Bank overdraft	2,778
• Trust receipt	2,451
	32,809
 (1) Total	 37,570

Note:-

(1) The borrowings are denominated in Ringgit Malaysia.

24. MATERIAL LITIGATION

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

SSB is alleging that BSB had breached its contractual and implied duties under an agreement ('Reclamation Agreement') which was entered into between BSB and SSB on 10 September 2010. Under the Reclamation Agreement, BSB was appointed as a contractor to carry out marine reclamation works to reclaim a total area spanning 720 acres in Daerah Klebang, Melaka. SSB is claiming for, inter alia, a Declaration that BSB had breached the Reclamation Agreement and for other consequential and ancillary reliefs.

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

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

This suit is heard together with another suit (Dato' Leaw Seng Hai v. Sentosacove Sdn Bhd & 3 Ors. Suit No. WA-22NCC-62-02/2016)

The Judge has rescheduled the trial dates of this suit to 16 to 18 and 23 to 25 January 2017, 12 to 13 April 2017 and 22 to 25 May 2017. The next case management date is fixed on 24 August 2016.

24. MATERIAL LITIGATION (CONT'D)

In relation to the potential financial/operational impact of the cited litigation on the Group, it is difficult to estimate accurately such impact as the final outcome is dependent on the Court's decision. It is, however, instructive to be guided by the sharing ratio between BSB and SSB of 95% to 5% of the reclaimed land after allocating one-sixth of all reclaimed land to the Melaka state Government, and the strong grounds on which the Group is basing its legal action.

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

The 2nd Defendant was hired as a sub-contractor to carry out earthwork, river protection works and other associated works and hired a dumb barge owned by the 1st Defendant for the purpose of transporting and/or storing materials used in carrying out the sub-contracted works. The subject barge was anchored approximately 0.6 nautical miles away from the jetty owned and operated by the Plaintiff.

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

- (i) Special damages in the sum of RM735,813.12;
- (ii) Interest calculated on the sum of RM709,813.12 at the rate of 5% p.a. from 25 February 2012 to the date of judgement and thereafter at the rate of 8% p.a. to the date of full payment;
- (iii) Interest calculated on the sum of RM26,000 at the rate of 5% p.a. from 30 January 2013 to the date of judgement and thereafter at the rate of 8% p.a. to the date of full payment;
- (iv) Cost of this action; and
- (v) Such further and/or other reliefs as the Court deems fit to grant.

BSB intends to transfer application to the Admiralty Court as the Admiralty Court is the appropriate court to deal with the subject matter of the claim. Despite that, during the application hearing, the Admiralty High Court Judge dismissed the transfer application with no order as to costs. Consequently, our Solicitors have filed an appeal to the Court of Appeal against the Admiralty High Court Judge's decision. However, during the hearing on 07 April 2016, the Appeal has been dismissed with no order as to costs and with the deposit to be refunded to the Appellants. This proceeding is decided to be remained at the Sessions Court. The trial date was fixed on 17 August 2016. However, during the trial date, the judge decided to vacate the date and fixed 15th, 16th and 22nd, 23rd November 2016 to hear the matter.

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

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

In September 2010, the 4 Cos entered reclamation agreement respectively with BSB to carry out land reclamation in Pulau Indah ("Pulau Indah project"). The subject matter of the suit pertains to Pulau Indah project. The initial period for BSB to complete the works under the

24. MATERIAL LITIGATION (CONT'D)

Reclamation Agreements was 36 months from the date of each agreement; that is sometime in September/October 2013. There was an extension granted for an additional period of 36 months for completion of the reclamation works under the Reclamation Agreements ("Extension of Time") and that is in September 2016.

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

Both BSB and BHB have appointed a firm of Solicitors and have entered appearance on 19 February 2016. Besides defending the suit, the Group also filed a striking out application. This striking out application will be heard together with the striking out application for another suit also relating to the 4 Cos in WA-22NCC-92-03/2016 described below.

The hearing for all striking out applications is fixed on 9 September 2016 at 9.30 a.m.

On 3 March 2016, BHB and BSB were served with a Writs of Summons and Statement of Claim dated 1 March 2016 filed by the Plaintiff. The Plaintiff, being the same person in both suits is bringing legal action in his different capacity. In this Suit, the Plaintiff is suing in his representative capacity for and on behalf of Benalec Holdings Berhad, whereas in the previous suit the Plaintiff is bringing an action in his representative capacity for and on behalf of 4 Cos. The Group has filed a striking out application for this suit which will be heard together with the striking out application for WA-22NCC-44-02/2016 on 9 September 2016.

In the event the striking out application for both suits is not successful, the trial dates for both suits are fixed on 19 to 22 December 2016 and 23 to 25 January 2017. WA-22NCC-92-03/2016 suit and WA-22NCC-44-02/2016 suit will be tried together.

The Group remain steadfast that the Plaintiff's claims are without merits.

- (d) On 6 April 2016, Benalec Sdn Bhd ("BSB"), Benalec Maritime Sdn Bhd ("BMSB"), Benalec Holdings Berhad ("BHB") and Dato' Leaw Seng Hai ("DLSH"), the Group Managing Director/CEO of BHB were served with a Writ of Summons and Statement of Claim dated 4 April 2016 by Datuk Leaw Ah Chye ("Plaintiff") through the Plaintiff's Solicitors.

The subject matter of the suit pertains to an allegation that DLSH had allegedly breached his fiduciary duties, thereby affecting the interest of BSB, BMSB & BHB. The Plaintiff is claiming for inter alia, a declaration that DLSH had acted in breach of his statutory and fiduciary duties to BSB, BMSB and/or BHB and for other consequential and ancillary reliefs arising from the breach.

BSB, BMSB and BHB have appointed a firm of Solicitors and have entered appearance on 12 April 2016. Besides defending the suit, the Group also filed a striking out application. This striking out application hearing is fixed on 6 September 2016 at 9:00 a.m.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 30 June 2016.

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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 30-06-2016	Ended 30-06-2015	Ended 30-06-2016	Ended 30-06-2015
Net profit attributable to equity holders of the parents for the period (RM'000)	4,531	1,984	17,118	8,458
Weighted average number of ordinary shares ('000)	799,125	799,133	799,125	799,133
Basic EPS (sen)	0.6	0.2	2.1	1.1

26.2 Diluted EPS

The diluted earnings per share has been calculated by dividing the Group's profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares as presented below:-

	Three (3) Months		Year-to-date	
	Ended 30-06-2016	Ended 30-06-2015	Ended 30-06-2016	Ended 30-06-2015
Net profit attributable to equity holders of the parents for the period (RM'000)	4,531	1,984	17,118	8,458
Weighted average number of ordinary shares as per basic EPS ('000)	799,125	799,133	799,125	799,133
Effect of dilution on shares under :				
- Share Issuance Scheme ('000)	- (1)	4	- (1)	3
- Redeemable Convertible Secured Bonds (“RCSB”) ('000)	- (1)	-	- (1)	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	799,125	799,137	799,125	799,137
Diluted EPS (sen)	0.6	0.2	2.1	1.1

Note:-

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

27. REALISED AND UNREALISED PROFITS / (LOSSES) DISCLOSURE

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

	As at 30-06-2016 (Unaudited) RM'000	As at 30-06-2015 (Audited) RM'000
Total retained profits of the Company and its subsidiaries:-		
• realised	341,810	337,422
• unrealised	<u>(4,255)</u>	<u>(9,449)</u>
	337,555	327,973
Add: Consolidation adjustments	<u>12,539</u>	<u>7,236</u>
	<u><u>350,094</u></u>	<u><u>335,209</u></u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

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