



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD (3rd) QUARTER ENDED 31 MARCH 2019**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2019

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 31-03-2019 RM'000	(Unaudited) Preceding Year Quarter Ended 31-03-2018 RM'000	(Unaudited) Current Year To Date 31-03-2019 RM'000	(Unaudited) Preceding Year To Date 31-03-2018 RM'000
Revenue	11,553	39,645	40,228	88,897
Cost of sales	(12,933)	(27,951)	(37,528)	(55,864)
Gross profit	(1,380)	11,694	2,700	33,033
Other operating income	6,199	13,846	23,957	26,948
Administrative and other expenses	(9,196)	(14,269)	(26,823)	(34,233)
(Loss)/Profit from operations	(4,377)	11,271	(166)	25,748
Finance costs	(5,155)	(4,531)	(15,200)	(13,344)
(Loss)/Profit before tax ("PBT")	(9,532)	6,740	(15,366)	12,404
Tax income/(expense)	(1,044)	(5,128)	647	(6,115)
(Loss)/Profit for the financial period	(10,576)	1,612	(14,719)	6,289
Other comprehensive income, net of tax:-				
Items that may be reclassified subsequently to profit or loss				
• Fair value gain/(loss) on available-for-sale financial assets	2	-	(14)	5
• Foreign currency translations	(1,242)	(5,984)	1,434	(14,002)
Total comprehensive income	(11,817)	(4,372)	(13,299)	(7,708)
Profit attributable to:-				
• Owners of the parent	(10,355)	897	(14,359)	4,322
• Non-controlling interests	(221)	715	(360)	1,967
	(10,576)	1,612	(14,719)	6,289
Total comprehensive income attributable to:-				
• Owners of the parent	(11,481)	(4,734)	(13,044)	(8,878)
• Non-controlling interests	(336)	362	(255)	1,170
	(11,817)	(4,372)	(13,299)	(7,708)
Earnings per ordinary share attributable to equity holders of the Company (sen)				
• Basic	(1.24)	0.11	(1.72)	0.54
• Diluted	(1.24)	0.11	(1.72)	0.54

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 2018 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	Unaudited As at 31-03-2019 RM'000	Audited As At 30-06-2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	156,673	169,003
Other investments	32	46
Deferred tax assets	20,400	17,620
	<u>177,105</u>	<u>186,669</u>
Current assets		
Inventories	237,225	249,536
Land reclamation work in progress	414,910	405,735
Trade and other receivables	275,498	245,764
Current tax assets	6,907	7,101
Deposit with licensed bank	155,708	143,409
Short term funds	145	141
Cash and bank balances	826	13,359
	<u>1,091,219</u>	<u>1,065,045</u>
Non-current assets held for sale	-	11,279
TOTAL ASSETS	<u>1,268,324</u>	<u>1,262,993</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	371,489	365,489
Non-distributable reserves	(94,261)	(95,851)
Distributable reserve	337,326	351,404
Total equity attributable to owners of the parent	<u>614,554</u>	<u>621,042</u>
Non-controlling interests	13,504	13,759
TOTAL EQUITY	<u>628,058</u>	<u>634,801</u>
LIABILITIES		
Non-current liabilities		
Redeemable convertible secured bonds	170,837	164,973
Borrowings	12,990	13,989
Deferred tax liabilities	6,586	7,337
	<u>190,413</u>	<u>186,299</u>
Current liabilities		
Trade and other payables	192,907	239,202
Borrowings	36,790	17,223
Deferred revenue	220,156	185,388
Current tax liabilities	-	80
	<u>449,853</u>	<u>441,893</u>
TOTAL LIABILITIES	<u>640,266</u>	<u>628,192</u>
TOTAL EQUITY AND LIABILITIES	<u>1,268,324</u>	<u>1,262,993</u>
Net assets per share attributable to ordinary equity holders of the company (RM)	<u>0.75</u>	<u>0.78</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 2018 and the accompanying explanatory notes attached to the interim financial reports.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2019

	Non-Distributable Reserve						Distributable Reserve		Total	Non-Controlling Interests Total	Total
	Share Capital	Treasury Share	Foreign Exchange Reserve	Reverse Acquisition Reserve	Share Options Reserve	Available-For-Sale Reserve	Equity Component Of Convertible Bonds	Distributable Retained Earnings			
	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 2017	360,489	(12,699)	42,026	(146,070)	1,674	(14)	25,226	354,436	625,068	11,660	636,728
Profit for the financial year	-	-	-	-	-	-	-	4,322	4,322	1,967	6,289
Fair value of the available-for-sale financial assets, net of tax	-	-	-	-	-	5	-	-	5	-	5
Foreign currency translation, net of tax	-	-	(13,206)	-	-	-	-	-	(13,206)	(796)	(14,002)
Total comprehensive income	-	-	(13,206)	-	-	5	-	4,322	(8,879)	1,171	(7,708)
Transactions with owners:-											
• Option forfeited under the Share Issuance Scheme	-	-	-	-	(78)	-	-	78	-	-	-
• Options granted under the Share Issuance Scheme	-	-	-	-	1,745	-	-	-	1,745	-	1,745
• Shares repurchased	-	(4)	-	-	-	-	-	-	(4)	-	(4)
• Dividend paid	-	-	-	-	-	-	-	(3,196)	(3,196)	-	(3,196)
As at 31 March 2018	360,489	(12,703)	28,820	(146,070)	3,340	(9)	25,226	355,640	614,733	12,830	627,563

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2019 (“CONT’D”)

	← Non-Distributable Reserve →						Distributable Reserve	Total	Non-Controlling Interests Total	Total	
	Share Capital	Treasury Share	Foreign Exchange Reserve	Reverse Acquisition Reserve	Share Options Reserve	Available-For-Sale Reserve	Equity Component Of Convertible Bonds				Distributable Retained Earnings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 July 2018	365,489	(12,703)	34,635	(146,070)	3,077	(16)	25,226	351,404	621,042	13,759	634,801
Profit for the financial year	-	-	-	-	-	-	-	(14,359)	(14,359)	(360)	(14,719)
Fair value of the available-for-sale financial assets, net of tax	-	-	-	-	-	(14)	-	-	(14)	-	(14)
Foreign currency translation, net of tax	-	-	1,329	-	-	-	-	-	1,329	105	1,434
Total comprehensive income	-	-	1,329	-	-	(14)	-	(14,359)	(13,044)	(255)	(13,299)
Transactions with owners:-											
• Option forfeited under the Share Issuance Scheme	-	-	-	-	(281)	-	-	281	-	-	-
• Issuance of shares pursuant to Private Placement	6,000	-	-	-	-	-	-	-	6,000	-	6,000
• Options granted under the Share Issuance Scheme	-	-	-	-	556	-	-	-	556	-	556
As at 31 March 2019	371,489	(12,703)	35,964	(146,070)	3,352	(30)	25,226	337,326	614,554	13,504	628,058

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2019**

	Unaudited 31 Mar 2019 RM'000	Unaudited 31 Mar 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(15,366)	12,404
Adjustments for:-		
Depreciation of property, plant and equipment	10,103	10,952
PPE written off	28	-
Loss/ (Gain) on disposal of property, plant and equipment	(13,173)	363
Impairment losses on property, plant and equipment	879	4,000
Impairment losses on other receivables and prepayments	566	-
Reversal of impairment losses on trade receivable	(396)	-
Non-cash and operating items	12,520	4,996
Operating profit before changes in working capital	(4,839)	32,715
Changes in working capital:-		
Inventories	1,098	(3,870)
Land reclamation work in progress	(9,176)	(106,844)
Land held for sale	11,212	41,410
Trade and other receivables	(29,839)	(104,444)
Trade and other payables	(34,764)	59,326
Deferred revenue	34,767	86,350
Cash generated from operations	(31,541)	4,643
Tax paid – net	(2,772)	(2,783)
Net cash generated from operating activities	(34,313)	1,860
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	2,679	2,705
Proceed from disposal of property, plant and equipment	29,774	-
Placement of short term fund	(4)	(3)
Uplift of fixed deposits pledged with licensed financial institution	500	-
(Placement)/Withdrawal of deposits charged in favour of the Security Trustee pursuant to RCSB	(2,009)	(2,652)
Repayment to related party	(15,325)	-
Purchase of property, plant and equipment	(1,304)	(4,842)
Net cash used in investing activities	14,311	(4,792)
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of borrowings and hire purchase	19,511	10,952
Repayment of borrowings and hire purchase	(15,170)	(2,873)
Interest paid	(5,613)	(8,036)
Dividend paid	-	(3,196)
Issuance of share capital pursuant to Private Placement	6,000	-
Shares repurchased	-	(4)
Net cash used in financing activities	4,728	(3,157)
Net (decrease)/increase in cash and cash equivalents	(15,274)	(6,089)
Cash and cash equivalents at beginning of period	1,566	9,232
Effects of exchange rate changes	736	(1,472)
Cash and cash equivalents at the end of period	(12,972)	1,671

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2019 (CONT'D)**

	Unaudited 31 Mar 2019 RM'000	Unaudited 31 Mar 2018 RM'000
Cash and cash equivalents comprise the following:-		
Cash and bank balances	826	1,630
Deposit with licensed bank	155,708	146,770
Bank overdraft	(13,798)	-
	<u>142,736</u>	<u>148,400</u>
Less: Deposits pledged as collateral	(22,814)	(22,724)
Less: Deposits charged in favour of the Security Trustee pursuant to Redeemable Convertible Secured Bonds	(132,894)	(124,005)
	<u>(12,972)</u>	<u>1,671</u>

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED
 31 MARCH 2019**
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 2018. 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 2018.

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 2018.

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 16 Leases	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 3 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 11 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 112 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 123 Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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 31 March 2019.

6. CHANGES IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR INTERIM PERIODS OF THE CURRENT FINANCIAL YEAR OR IN PRIOR FINANCIAL YEARS

There were no changes in estimates that had any material effect on the current financial period ended 31 March 2019.

7. DIVIDENDS PAID

No dividend was paid during the current quarter ended 31 March 2019.

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8. SEGMENTAL REPORTING

The segmental report of the Group for the current financial period ended 31 March 2019 is 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	17,479	21,478	1,271	-	-	-	40,228
Inter - segment sales	4,334	-	276	-	-	(4,610)	-
Total revenue	21,813	21,478	1,547	-	-	(4,610)	40,228
Results							
Segment results	(8,667)	14,914	(8,104)	(72)	(915)	-	(2,844)
Interest and dividend income	8	-	-	4	2,666	-	2,678
Finance costs	(2,061)	-	-	(6)	(13,133)	-	(15,200)
Profit/(Loss) before tax	(10,720)	14,914	(8,104)	(74)	(11,382)	-	(15,366)
Income tax expense	2,051	(1,118)	122	(1,258)	850	-	647
(Loss)/Profit for the period	(8,669)	13,796	(7,982)	(1,332)	(10,532)	-	(14,719)
Other information							
• Depreciation	(6,043)	-	(4,005)	(55)	-	-	(10,103)

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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 was no valuation of the property, plant & equipment in the current financial quarter ended 31 March 2019.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 31 March 2019 and up to 24 May 2019, 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 Share buyback

During the current financial period, there is no share buyback by the Company. As at 31 March 2019, the Company holds 12,715,400 shares as treasury shares at an average price of RM1.00 per share.

11.1.2 Private Placement

Other than the issuance of Private Placement as disclosed in Note 22.2 below, the Company did not undertake any issuance and/ or repayment of debt and equity securities, share buy-back, share cancellations and/or resale of treasury shares subsequent to the end of current financial period ended and up to LPD which is not earlier than seven (7) days from the date of issuance of this quarterly report.

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial period ended 31 March 2019, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

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**13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS****RM'000**Corporate guarantees given to licensed financial institutions
For credit facilities granted to subsidiaries

42,035

14. CAPITAL COMMITMENTS**RM'000**Capital expenditure in respect of purchase of property, plant & equipment:
Contracted but not provided for

6,026

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-Mar-2019 RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	47	75,532
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(46,276)
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 is entitled to receive as settlement for the marine construction contracts undertaken. 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

	Cumulative Third (3 rd) Quarter 31-Mar-2019 RM'000	Cumulative Third (3 rd) Quarter 31-Mar-2018 RM'000	Variance	
			RM'000	%
Revenue (LBT)/PBT	40,228 (15,366)	88,897 12,404	(48,669) (27,770)	(54.75) (223.88)

For the cumulative nine (9) months ended 31 March 2019, the Group has recorded a decrease in revenue against the corresponding period for the previous year, with total revenue registered at RM 40.3 million (FPE Q3'2018: RM88.9 million). The decrease in revenue was mainly due to a decrease in land disposal recognition in the current period (FPE Q3'2019: RM17.7 million, FPE Q3'2018: RM59.2 million) and decrease in vessel chartering income of RM23.9 million.

In the meantime, significant reclamation works have been undertaken by the subsidiaries of the Group for our projects located at Tanjung Piai and Pengerang (both in Johor), whereby approximately RM 414.9 million of development costs have been incurred and capitalised as land reclamation work-in-progress. As the Development Agreements for these projects (which grant to Benalec the exclusive right to undertake the reclamation and development of the projects) were entered into with the State Government of Johor directly, no revenue or profit can be recognised throughout the reclamation and development process according to accounting standards. All revenues and profits can only be recognised upon successful completion of disposals and/or leasing of the said land to third parties.

For the cumulative nine (9) months ending 31 March 2019, the Group recorded a loss before tax of RM15.4 million, representing a decrease of approximately RM27.8 million against the corresponding period for last year, mainly attributable to:-

Description	RM'000	Note
Decrease in gross profit	(30,333)	1
Decrease in other operating income	(2,991)	2
Decrease in administrative and other expenses	7,410	2
Increase in finance costs	(1,856)	
Net decrease in LBT	(27,770)	

Notes:-

- (1) The decrease in gross profit was mainly due to the factor stated above.
 (2) The movements in other income as well as administrative and other expenses were mainly due to:

	Cumulative Q3'19 RM'mil	Cumulative Q3'18 RM'mil	Variance RM'mil
Unrealised/realised gain/(loss) on forex (net)	(2.0)	2.2	(4.2)
Gain on disposal of non-current assets (net)	13.2	1.4	11.8
Impairment on Property, Plant and Equipment	(0.9)	(4.0)	3.1
Reversal of impairment losses on receivables	0.4	3.2	(2.8)
Sales of scrap metal	2.9	8.3	(5.4)
Fair value of Options granted	(0.5)	(1.5)	1.0
	<u>13.1</u>	<u>9.6</u>	<u>3.5</u>

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

	Current Third (3 rd) Quarter 31-Mar-2019 RM'000	Previous Third (3 rd) Quarter 31-Mar-2018 RM'000	Variance	
			RM'000	%
Revenue (LBT)/ PBT	11,553 (9,532)	39,645 6,740	(28,092) (16,272)	(70.86) (241.42)

For the current quarter under review, the Group recorded a decrease of revenue by 70.86% against last year's corresponding quarter, with total revenue registered at RM11.6 million. The decrease in revenue was mainly due to no recognition of land disposal in the current period (FPE Q3'2019: Nil; FPE Q3'2018: RM59.2 million).

The current quarter recorded a LBT of RM9.5 million, representing a decrease of RM16.3 million against last year's corresponding quarter, mainly attributable to:-

Description	RM' 000	Note
Decrease in gross profit	(13,074)	1
Decrease in other operating income	(7,647)	2
Decrease in administrative and other expenses	5,073	2
Increase in finance costs	(624)	
Net decrease in LBT	(16,272)	

Notes:-

- (1) Decrease in gross profit was mainly due to factor as stated above.
 (2) The movements in other income as well as admin and other expenses were mainly due to:

	Q3'19 RM'mil	Q3'18 RM'mil	Variance RM'mil
Unrealised/realised gain/(loss) on forex (net)	1.0	-	1.0
Gain on disposal of non-current assets (net)	1.6	1.8	(0.2)
Impairment on Property, Plant and Equipment	(0.9)	(4.0)	3.1
Reversal of impairment losses on receivables	0.4	-	0.4
Sales of used machinery parts	-	7.1	(7.1)
	<u>2.1</u>	<u>4.9</u>	<u>(2.8)</u>

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17. VARIATION IN RESULTS AGAINST PRECEDING QUARTER

	Current Third (3 rd) Quarter 31-Mar-2019 RM'000	Previous Second (2 nd) Quarter 31-Dec-2018 RM'000	Variance	
			RM'000	%
Revenue (LBT)	11,553 (9,532)	4,801 (4,522)	6,752 (5,010)	140.64 110.79

For the current quarter under review, in comparison with the preceding quarter, the Group registered an increase in revenue of approximately RM 6.8 million. The increase in revenue was mainly due to property disposal recognition in the current period (FPE Q3'2019: RM5.8 million, FPE Q2'2019: Nil).

The Group registered a LBT of RM 9.5 million, mainly attributable by:-

Description	RM'000	Note
Decrease in gross profit	5,285	1
Decrease in other operating income	(8,793)	2
Increase in administrative and other expenses	(1,404)	2
Increase in finance costs	(98)	
Net increase in LBT	(5,010)	

Notes:-

- (1) The decrease in gross profit was mainly due to the factor stated above.
 (2) The decrease in other income and increase in administrative and other expenses were mainly due to:

	Q3'19 RM'mil	Q2'19 RM'mil	Variance RM'mil
Unrealised/realised gain/(loss) on forex (net)	1.0	-	1.0
Gain on disposal of non-current assets (net)	1.6	11.5	(9.9)
Impairment on Property, Plant and Equipment	(0.9)	-	(0.9)
	<u>1.7</u>	<u>11.5</u>	<u>(9.8)</u>

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18. PROSPECTS

Despite the prevailing challenges faced by the Group within its operating environment, the Board and Management remain optimistic in assessing the outlook for the Group. The positive outlook is in sync with the continued and sustained recovery of the overall economy and is based on the fact that 112.38 acres of land, forming the subject matter of Sale & Purchase Agreements (“Land Sale SPAs”) already signed, will generate sales revenue of approximately RM152.18 million. In addition, a 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 RM68.5 million has yet to be recognised as revenue, as well as the revenue yet to be recognised arising from several contracts secured in 2018, amounting to RM22.4 million (out of the total contract sum of RM38.33 million), will ensure that the Group has a stable stream of revenue of approximately RM243.03 million to be recognised in the ensuing financial periods.

To date, the Group also has in excess of 129 acres of land bank in Melaka already reclaimed, issued with land titles and available for sale, and more than 228 acres which have yet to be reclaimed under its own concession agreements. The continued resilience in demand for the Group’s reclaimed land bank in Melaka arising from surrounding upcoming developments is an added source of optimism for the Group.

Several large parcels of river-fronting land reclaimed by the Group in Pulau Indah, Port Klang, measuring approximately 90 acres have also garnered strong interest and demand due to their strategic location alongside the Pulau Indah Highway and in close proximity to Westport, one of Malaysia’s busiest ports. Management is confident that some of these land banks can be monetised in the near to medium term.

Further, the Group’s Tanjung Piai Maritime Industrial Park (“TPMIP”) project, has commenced since the DOE’s approval on its DEIA was secured. The Management is currently in discussions with a number of interested parties to sell and/or jointly develop the first 100-acre plot at TPMIP.

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 approval from the DOE and reclamation works are currently underway. The Management is bullish on PMIP’s potential due to its close proximity to Petronas’ RAPID project, whereby it will be well placed to capture the spill-over demand for downstream support services which are necessitated by such a catalytic development like RAPID.

With energy deals picking up pace more broadly in recent months and as the oil and gas industry is gradually becoming more optimistic on a global scale, the Group’s two (2) main flagship projects in Johor, namely TPMIP and PMIP, are expected to propel the Group to the next level of growth, enabling the Group to capitalise on the abundant opportunities stemming from downstream activities 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.

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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	1,172	2,672
Other income including investment income	5,028	21,278
Interest expense	(5,155)	(15,200)
Depreciation	(3,205)	(10,103)
Impairment on other receivables	-	(566)
Impairment of property, plant and equipment	(879)	(879)
Write-off of property, plant and equipment	-	(28)
Reversal of impairment losses of receivables	397	397
Gain or Loss on disposal of quoted or unquoted investments or properties	N/A	N/A
Unrealised exchange gain – net	4,130	1,842
Realised exchange loss – net	(3,166)	(3,864)
Gain on disposal of property, plant and equipment	1,225	13,173
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	(135)	(136)
- Deferred tax	-	(98)
Current year provision		
- Income tax	(1,763)	(2,749)
- Deferred tax	854	3,630
	(1,044)	647
Effective tax rate (%)	-	-

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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 (iv)	Note
				RM'000	%		
Land reclamation projects of the Benalec Group	146,500	-	(104,388)	42,112	28.75	Within 60 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	-	(139,058)	42,112	23.24		

(i) Land reclamation projects of the Benalec Group

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

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

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

The amount shall be utilised:

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

(iii) Defray expenses

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

(iv) Estimated timeframe for utilisation:-

- (a) From the date of RCSB issuance i.e. 29 April 2015.
- (b) On 16 May 2017, the Company announced the extension of time for utilisation of the balance of proceeds arising from the RCSB for another twenty-four (24) months until 29 April 2019.
- (c) On 30 May 2019, the Company announced the extension of time for utilisation of the balance of proceeds arising from the RCSB for another twelve (12) months until 29 April 2020.

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

22.2 Proposed Private Placement

On 26 April 2019, the Company announced the completion of the Private Placement following the expiry of the approval from Bursa Securities for the listing of and quotation for up to 112,221,000 new ordinary shares of the Company.

Pursuant to the Private Placement, a total of 50,000,000 new ordinary shares were placed out via three (3) tranches raising gross proceeds of RM11,000,000

The utilisation of the proceeds is as follows: -

Description	Proposed utilisation	Proposed utilisation of actual proceeds	Actual Utilisation	Deviation	
	(i)	(ii)		RM'000	%
	RM'000	RM'000	RM'000	RM'000	%
Land reclamation projects	12,074	4,616	(4,616)	-	-
Working capital requirement	10,000	6,260	(6,260)	-	-
Expenses in relation to Private Placement	300	124	(124)		
Total Gross Proceeds	22,374	11,000	(11,000)	-	-

Note: -

- (i) *The proposed utilisation is as per the Minimum Scenario detailed in the Company's announcement to Bursa Securities dated 11 April 2018 for the issuance of up to 112,221,000 new ordinary shares.*
- (ii) *The proposed utilisation is as per the actual proceeds of RM11,000,000 raised from the three (3) tranches of share placements.*

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23. BORROWINGS

The Group's borrowings as at 31 March 2019 is presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• Hire purchase and lease creditors	10,672
• Term loans	2,318
	12,990
Short Term Borrowings	
Secured:-	
• Term loans	871
• Revolving Credit	10,000
• Hire purchase and lease creditors	5,511
• Trust receipt	5,110
• Invoice Financing	1,500
• Bank Overdraft	13,798
	36,790
(1) Total	49,780

Note:-

(1) The borrowings are denominated in Ringgit Malaysia.

24. MATERIAL LITIGATION

- (a) On 30 April 2015, BSB received a Writ of Summons and Statement of Claim dated 21 April 2015 filed by Sentosacove Sdn. Bhd. ("SSB").

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 and had filed a defence and counter claim in the High Court of Malaya at Kuala Lumpur on 15 May 2015 against SSB, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye.

The trial of this suit has been completed on 29 March 2018 and fixed for decision on 30 October 2018. During the Decision date, the learned Judge, substantially dismissed SSB claims against BSB in respect of the Reclamation Agreement as follows:

The learned Judge allowed BSB's counterclaim for specific performance of the Reclamation Agreement to specifically perform the Reclamation Agreement. The Judge ordered SSB to pay costs of RM30,000.00 to BSB. The Judge also allowed interest of 5% per annum on costs of RM30,000.00 to be calculated from the date of judgment until the date of settlement. The learned Judge did not allow all other prayers in BSB's Re-Re-Amended Defence and Counterclaim. Additionally, the learned Judge dismissed SSB's claims against BSB for a declaration that the Reclamation Agreement was lawful, for damages and other related relief.

24. MATERIAL LITIGATION (CONT'D)

Application for clarification/ consequential order has been filed on 15 November 2018 in order to seek extension of time from the High Court to BSB to complete the reclamation works under the Reclamation Agreement. During the clarification hearing on 1 April 2019, the High Court Judge granted the Order for an extension of time of one year to BSB.

With regards the High Court Judgment on 30 October 2018, SSB has filed an appeal against the Judgment and also the clarification/consequences order. The date for both hearings in Court of Appeal has yet to be fixed.

- (b) Klebang Property Sdn Bhd (“Defendant”), a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is wholly-owned by Benalec, has been served with a Writ of Summons (“Writ”) and a Statement of Claim (“SOC”) dated 10 July 2018, filed by one individual named Mak Hoong Weng (“Plaintiff”) through his solicitors against the Defendant. The Writ and SOC was served and received by the Defendant’s Solicitor on 11 July 2018.

The Plaintiff’s claim is for a refund of the sum of RM100,000.00 allegedly paid by the Plaintiff pursuant to an Offer to Purchase five (5) plots of land known as Plot 25, 26, 27, 28 & 29 in Pekan Klebang, Sek II, Daerah Melaka, Melaka Tengah dated 19 August 2011.

The Plaintiff’s allegations in the SOC are that negotiations were initially in the works but subsequently the Defendant had failed, refused and/or neglected to follow through on the negotiation which otherwise would have led to a concluded Sale and Purchase Agreement and following that, had forfeited the Plaintiff’s Deposit.

Thus, the Plaintiff is claiming for, inter alia, a refund of the Deposit and for other consequential and ancillary reliefs.

The Group has filed a Statement of Defence and Counterclaim through its solicitors against the Plaintiff. In its Counterclaim, the Defendant is seeking costs, damages, interest and any other reliefs as the Court deems fit, amongst others.

During the mediation on 20 December 2018, both the Plaintiff and the Defendant (the “Parties”) had reached a settlement wherein the Defendant had agreed to pay a sum of RM70,000.00 as a full and final settlement between the Parties on a without prejudice and without admission of liability basis.

On 10 January 2019, the Plaintiff withdrew his claim without liberty to file a fresh and with no order as to costs. In return, the Defendant also withdrew its counterclaim against the Plaintiff without liberty to file afresh and with no orders as to costs.

On the same day, the Court struck out both the Plaintiff’s claim and the Defendant’s counterclaim without liberty to file afresh and with no orders as to costs.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 March 2019.

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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 parent for the period divided by the weighted average number of ordinary shares and presented as below: -

	Three (3) Months		Year-to-date	
	Ended 31-Mar-2019	Ended 31-Mar-2018	Ended 31-Mar-2019	Ended 31-Mar-2018
Net profit attributable to equity holders of the parent for the period (RM'000)	(10,355)	897	(14,359)	4,322
Weighted average number of ordinary shares ('000)	835,073	799,089	835,073	799,089
Basic EPS (sen)	(1.24)	0.11	(1.72)	0.54

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-Mar-2019	Ended 31-Mar-2018	Ended 31-Mar-2019	Ended 31-Mar-2018
Net profit attributable to equity holders of the parent for the period (RM'000)	(10,355)	897	(14,359)	4,322
Weighted average number of ordinary shares as per basic EPS ('000)	835,073	799,089	835,073	799,089
Effect of dilution on shares under :				
- Share Issuance Scheme ('000)	- (1)	- (1)	- (1)	- (1)
- Redeemable Convertible Secured Bonds ("RCSB") ('000)	- (1)	- (1)	- (1)	- (1)
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	835,073	799,089	835,073	799,089
Diluted EPS (sen)	(1.24)	0.11	(1.72)	0.54

Note:-

- (1) *The Share Issuance Scheme and RCSB which could potentially dilute the earnings per ordinary share were not included in the calculation of diluted earnings per ordinary share 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 31-Mar-2019 (Unaudited) RM'000	As at 31-Mar-2018 (Unaudited) RM'000
Total retained profits of the Company and its subsidiaries:-		
• realised	318,983	339,631
• unrealised	<u>15,656</u>	<u>14,217</u>
	334,639	353,848
Add: Consolidation adjustments	<u>2,687</u>	<u>1,792</u>
	<u><u>337,326</u></u>	<u><u>355,640</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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