



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

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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2018**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2018**

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 30-06-2018 RM'000	(Audited) Preceding Year Quarter Ended 30-06-2017 RM'000	(Unaudited) Current Year To Date 30-06-2018 RM'000	(Audited) Preceding Year To Date 30-06-2017 RM'000
<b>Revenue</b>	<b>27,418</b>	<b>28,354</b>	<b>116,315</b>	<b>268,219</b>
Cost of sales	(11,232)	(11,392)	(67,096)	(189,490)
<b>Gross profit</b>	<b>16,186</b>	<b>16,962</b>	<b>49,219</b>	<b>78,729</b>
Other operating income	4,486	2,683	31,434	10,924
Administrative and other expenses	(23,743)	(14,821)	(57,976)	(50,963)
<b>(Loss)/Profit from operations</b>	<b>(3,071)</b>	<b>4,824</b>	<b>22,677</b>	<b>38,690</b>
Finance costs	(4,930)	(4,296)	(18,274)	(17,366)
<b>(Loss)/Profit before tax ("PBT")</b>	<b>(8,001)</b>	<b>528</b>	<b>4,403</b>	<b>21,324</b>
Tax income/(expense)	4,094	1,781	(2,021)	(9,988)
<b>(Loss)/Profit for the financial period</b>	<b>(3,907)</b>	<b>2,309</b>	<b>2,382</b>	<b>11,336</b>
<b>Other comprehensive income, net of tax:-</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Fair value gain/(loss) on available-for-sale financial assets	(8)	4	(3)	12
• Foreign currency translations	6,143	(2,264)	(7,859)	7,893
<b>Total comprehensive income</b>	<b>2,228</b>	<b>49</b>	<b>(5,480)</b>	<b>19,241</b>
<b>Profit attributable to:-</b>				
• Owners of the parent	(4,499)	1,708	(177)	9,691
• Non-controlling interests	592	601	2,559	1,645
	<b>(3,907)</b>	<b>2,309</b>	<b>2,382</b>	<b>11,336</b>
<b>Total comprehensive income attributable to:-</b>				
• Owners of the parent	1,299	(552)	(7,579)	17,273
• Non-controlling interests	929	601	2,099	1,968
	<b>2,228</b>	<b>49</b>	<b>(5,480)</b>	<b>19,241</b>
<b>Earnings per ordinary share attributable to equity holders of the Company (sen)</b>				
• Basic	<b>(0.6)</b>	0.2	<b>(0.1)</b>	1.2
• Diluted	<b>(0.6)</b>	0.2	<b>(0.1)</b>	1.2

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 2017 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	<b>Unaudited As at 30-06-2018 RM'000</b>	<b>Audited As At 30-06-2017 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	180,282	212,843
Other investments	46	49
Deferred tax assets	17,620	13,990
	<u><b>197,948</b></u>	<u><b>226,882</b></u>
<b>Current assets</b>		
Inventories	249,535	296,091
Land reclamation work in progress	405,735	287,043
Trade and other receivables	245,756	235,866
Current tax assets	7,101	9,432
Deposit with licensed bank	154,195	144,210
Short term funds	141	137
Cash and bank balances	1,583	9,100
	<u><b>1,064,046</b></u>	<u><b>981,879</b></u>
<b>TOTAL ASSETS</b>	<u><b>1,261,994</b></u>	<u><b>1,208,761</b></u>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the parent		
Share capital	365,489	360,489
Non-distributable reserves	(95,860)	(89,857)
Distributable reserve	351,404	354,436
<b>Total equity attributable to owners of the parent</b>	<u><b>621,033</b></u>	<u><b>625,068</b></u>
Non-controlling interests	13,759	11,660
<b>TOTAL EQUITY</b>	<u><b>634,792</b></u>	<u><b>636,728</b></u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Redeemable convertible secured bonds	164,973	157,830
Borrowings	14,082	17,583
Deferred tax liabilities	7,337	8,706
	<u><b>186,392</b></u>	<u><b>184,119</b></u>
<b>Current liabilities</b>		
Trade and other payables	239,201	210,314
Borrowings	16,140	7,256
Deferred revenue	185,389	170,297
Current tax liabilities	80	47
	<u><b>440,810</b></u>	<u><b>387,914</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>627,202</b></u>	<u><b>572,033</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>1,261,994</b></u>	<u><b>1,208,761</b></u>
<b>Net assets per share attributable to ordinary equity holders of the company (RM)</b>	<u><b>0.78</b></u>	<u><b>0.78</b></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 2017 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2018**

	ATTRIBUTABLE TO OWNERS OF THE PARENT								Distributable Reserve	Total	Non-Controlling Interests Total	Total
	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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1 July 2016</b>	<b>202,951</b>	<b>(12,690)</b>	<b>157,538</b>	<b>34,456</b>	<b>(146,070)</b>	<b>1,918</b>	<b>(26)</b>	<b>25,226</b>	<b>350,095</b>	<b>613,398</b>	<b>7,731</b>	<b>621,129</b>
Profit for the financial year	-	-	-	-	-	-	-	-	9,691	9,691	1,645	11,336
Fair value loss of the available-for-sale financial assets, net of tax	-	-	-	-	-	-	12	-	-	12	-	12
Foreign currency translations, net of tax	-	-	-	7,570	-	-	-	-	-	7,570	323	7,893
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,570</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>9,691</b>	<b>17,273</b>	<b>1,968</b>	<b>19,241</b>
<b>Transactions with owners:-</b>												
• Shares repurchased	-	(9)	-	-	-	-	-	-	-	(9)	-	(9)
• Reversal of share options reserve	-	-	-	-	-	(244)	-	-	244	-	-	-
• Dividend paid	-	-	-	-	-	-	-	-	(5,594)	(5,594)	-	(5,594)
• Arising from dilution of equity interest in subsidiary	-	-	-	-	-	-	-	-	-	-	1,960	1,960
• Effects of the new Companies Act, 2016	157,538	-	(157,538)	-	-	-	-	-	-	-	-	-
<b>As at 30 June 2017</b>	<b>360,489</b>	<b>(12,699)</b>	<b>-</b>	<b>42,026</b>	<b>(146,070)</b>	<b>1,674</b>	<b>(14)</b>	<b>25,226</b>	<b>354,436</b>	<b>625,068</b>	<b>11,660</b>	<b>636,728</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2018 (“CONT’D”)**

	ATTRIBUTABLE TO OWNERS OF THE PARENT							Distributable Reserve	Total	Non-Controlling Interests Total	Total
	Non-Distributable Reserve				Distributable Reserve						
	Share Capital RM'000	Treasury Share 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	Non-Controlling Interests Total RM'000	Total RM'000
<b>As at 1 July 2017</b>	<b>360,489</b>	<b>(12,699)</b>	<b>42,026</b>	<b>(146,070)</b>	<b>1,674</b>	<b>(14)</b>	<b>25,226</b>	<b>354,436</b>	<b>625,068</b>	<b>11,660</b>	<b>636,728</b>
Profit for the financial year	-	-	-	-	-	-	-	(177)	(177)	2,559	2,382
Fair value of the available-for-sale financial assets, net of tax	-	-	-	-	-	(3)	-	-	(3)	-	(3)
Foreign currency translations, net of tax	-	-	(7,399)	-	-	-	-	-	(7,399)	(460)	(7,859)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(7,399)</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>(177)</b>	<b>(7,579)</b>	<b>2,099</b>	<b>(5,480)</b>
<b>Transactions with owners:-</b>											
• Option forfeited under the Share Issuance Scheme	-	-	-	-	(341)	-	-	341	-	-	-
• Issuance of share capital pursuant to private placement	5,000	-	-	-	-	-	-	-	5,000	-	5,000
• Options granted under the Share Issuance Scheme	-	-	-	-	1,744	-	-	-	1,744	-	1,744
• Share repurchased	-	(4)	-	-	-	-	-	-	(4)	-	(4)
• Dividend paid	-	-	-	-	-	-	-	(3,196)	(3,196)	-	(3,196)
<b>As at 30 JUNE 2018</b>	<b>365,489</b>	<b>(12,703)</b>	<b>34,627</b>	<b>(146,070)</b>	<b>3,077</b>	<b>(17)</b>	<b>25,226</b>	<b>351,404</b>	<b>621,033</b>	<b>13,759</b>	<b>634,792</b>

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2018**

	<b>Unaudited 30 Jun 2018 RM'000</b>	<b>Audited 30 Jun 2017 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>4,403</b>	<b>21,324</b>
Adjustments for:-		
Depreciation of property, plant and equipment	14,379	14,375
Inventories written off	-	222
Inventories written down	667	3,175
Impairment losses/written off on property, plant and equipment	16,207	7,747
Impairment losses on other receivables and prepayments	-	121
Loss/ (Gain) on disposal of property, plant and equipment	96	(1,514)
Reversal of impairment losses on trade receivable	(3,178)	(722)
Non-cash and operating items	11,023	16,232
<b>Operating profit before changes in working capital</b>	<b>43,597</b>	<b>60,960</b>
<b>Changes in working capital:-</b>		
Inventories	507	2,057
Land reclamation work in progress	(118,692)	(136,938)
Land held for sale	45,381	109,518
Trade and other receivables	(4,744)	156,718
Trade and other payables	28,888	28,173
Deferred revenue	15,090	(186,271)
<b>Cash generated from operations</b>	<b>10,028</b>	<b>34,217</b>
Tax paid – net	(4,657)	(10,534)
<b>Net cash generated from operating activities</b>	<b>5,371</b>	<b>23,683</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest and dividend received	3,893	4,458
Proceed from disposal of property, plant and equipment	-	8,507
Placement of short term fund	(5)	(5)
Placement of fixed deposits pledged with licensed financial institution	(2,652)	(389)
(Placement)/Withdrawal of deposits charged in favour of the Security Trustee pursuant to RCSB	(7,466)	(8,432)
Purchase of property, plant and equipment	(4,843)	(8,855)
<b>Net cash used in investing activities</b>	<b>(11,073)</b>	<b>(4,716)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings and hire purchase	11,925	5,862
Repayment of borrowings and hire purchase	(6,541)	(26,742)
Interest paid	(11,130)	(10,901)
Dividend paid	(3,196)	(5,594)
Funding from NCI	-	1,960
Proceeds from shares issued pursuant to private placement	5,000	-
Shares repurchased	(4)	(9)
<b>Net cash used in financing activities</b>	<b>(3,946)</b>	<b>(35,424)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,648)</b>	<b>(16,457)</b>
Cash and cash equivalents at beginning of period	9,232	25,105
Effects of exchange rate changes	1,999	584
<b>Cash and cash equivalents at the end of period</b>	<b>1,583</b>	<b>9,232</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED 30 JUNE 2018 (CONT'D)**

	<b>Unaudited 30 Jun 2018 RM'000</b>	<b>Audited 30 Jun 2017 RM'000</b>
<b>Cash and cash equivalents comprise the following:-</b>		
Cash and bank balances	1,583	9,100
Deposit with licensed bank	154,195	144,209
Bank overdraft	-	-
	<u>155,778</u>	<u>153,309</u>
Less: Deposits pledged as collateral	(30,190)	(22,724)
Less: Deposits charged in favour of the Security Trustee pursuant to Redeemable Convertible Secured Bonds	(124,005)	(121,353)
	<u>1,583</u>	<u>9,232</u>

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED  
30 JUNE 2018**
**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 2017. 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 2017.

**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 2017.

**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:-

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates 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 2018.

**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 2018.

**7. DIVIDENDS PAID**

At the Twelve (12<sup>th</sup>) Annual General Meeting of the Company, a final tax exempt (single tier) dividend in respect of the financial year ended 30 June 2017 of 0.4 sen on 799,087,100 ordinary shares, amounting to RM3,196,348.28 was approved by shareholders on 22 November 2017 and paid on 2 February 2018 to shareholders whose name appear on the Record of Depositors on 5 January 2018.

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## 8. SEGMENTAL REPORTING

The Group's segmental report for the current financial period ended 30 June 2018 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
<b>Revenue</b>							
External – Sales	3,610	81,530	31,175	-	-	-	116,315
Inter - segment sales	114,380	-	9,031	-	-	(123,411)	-
Total revenue	117,990	81,530	40,206	-	-	(123,411)	116,315
<b>Results</b>							
Segment results	(5,967)	27,417	(938)	75	(1,803)	-	18,784
Interest and dividend income	624	-	3	20	3,246	-	3,893
Finance costs	(17,100)	-	-	(100)	(1,074)	-	(18,274)
<b>Profit/(Loss) before tax</b>	<b>(22,443)</b>	<b>27,417</b>	<b>(935)</b>	<b>(5)</b>	<b>369</b>	-	<b>4,403</b>
Income tax expense	3,560	(6,954)	726	29	618	-	(2,021)
<b>(Loss)/Profit for the period</b>	<b>(18,883)</b>	<b>20,463</b>	<b>(209)</b>	<b>24</b>	<b>987</b>	-	<b>2,382</b>
<b>Other information</b>							
• Depreciation	(7,775)	-	(6,346)	(258)	-	-	(14,379)

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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.

In the current quarter, the Group has made an assessment on the carrying amounts of the vessels and an impairment loss of RM12.2 million is recognised as other operating expenses. A cumulative one-off impairment of vessels totalling RM16.2 million is recognised as other expenses in the year-to-date 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 2018 and up to 23 August 2018, 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, the share buyback by the Company as presented below:-

Date	Description	No. of shares	Average price paid (RM)	Total consideration paid (RM)
30 Aug 2017	Share buyback <sup>(1)</sup>	(10,000)	0.42	(4,249)
		(10,000)	0.42	(4,249)

**Note (1):-**

As at 30 June 2018, the Company holds 12,715,400 shares as treasury shares at an average price of RM1.00 per share.

#### 11.1.2 Share Issuance Scheme

On 18 July 2017, the Group announced that 17,680,000 options have been offered to its eligible Directors and employees of Benalec and its subsidiaries in accordance with the Scheme’s By-Laws.

For further details, please refer to the announcement made to Bursa Securities.

## 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 2018, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

**13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**
**RM'000**

Corporate guarantees given to licensed financial institutions For credit facilities granted to subsidiaries	22,745
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**14. CAPITAL COMMITMENTS**
**RM'000**

Capital expenditure in respect of purchase of property, plant & equipment: Contracted but not provided for	12,039
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**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:-

<b>Nature of transactions<sup>(1)</sup></b>	<b>Transaction value based on billings RM'000</b>	<b>Balance Outstanding as at 30-06-2018 RM'000</b>
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest <sup>(2)</sup>	1,605	71,498
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(46,319)
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.

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

	Cumulative Fourth (4 <sup>th</sup> ) Quarter 30 June 2018 RM'000	Cumulative Fourth (4 <sup>th</sup> ) Quarter 30 June 2017 RM'000	Variance	
			RM'000	%
Revenue	116,315	268,219	(151,904)	(56.63)
PBT	4,403	21,324	(16,921)	(79.35)

For the cumulative twelve (12) months ended 30 June 2018, the Group has recorded a decrease in revenue against the corresponding period for last year, with total revenue registered at RM 116.3 million (FPE Q4'2017: RM268.2 million). The decrease in revenue was mainly due to lesser land disposal recognition in the current period (FPE Q4'2018: RM65.6 million, FPE Q4'2017: RM171.4 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 405.7 million of development costs have been incurred and capitalised as land reclamation work-in-progress. As the Development Agreements for these projects (which grant us 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. Any revenue or profit can only be recognised upon successful disposal and/or leasing of the said land to third parties.

For the cumulative twelve (12) months ended 30 June 2018, the Group recorded a PBT of RM4.4 million, representing a decrease of approximately RM16.9 million against the corresponding period for last year, mainly attributable to:-

Description	RM'000	Note
Decrease in gross profit	(29,510)	1
Increase in other operating income	20,510	2
Increase in administrative and other expenses	(7,013)	2
Increase in finance costs	(908)	
<b>Net decrease in PBT</b>	<b>(16,921)</b>	

**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 Q4'18 RM'mil	Cumulative Q4'17 RM'mil	Variance RM'mil
Unrealised/realised gain/(loss) on forex (net)	0.8	(6.3)	7.1
Disposal of non-current assets (net)	-	1.5	(1.5)
Reversal of impairment losses on receivables	3.2	0.8	2.4
Impairment of properties held for sale	(0.6)	(3.2)	2.6
	<u>3.4</u>	<u>(7.2)</u>	<u>10.6</u>

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

	Current Fourth (4 <sup>th</sup> ) Quarter 30 June 2018 RM'000	Previous Fourth (4 <sup>th</sup> ) Quarter 30 June 2017 RM'000	Variance	
			RM'000	%
Revenue (LBT)/ PBT	27,418 (8,001)	28,354 528	(936) (8,529)	(3.30)

For the current quarter under review, the Group recorded a decrease of revenue by 3.3% against last year's corresponding quarter, with total revenue registered at RM 27.4 million. The decrease in revenue was mainly due to the fact that there was no disposal of any properties held for sale in the current period (FPE Q4'2018: Nil; FPE Q4'2017: RM12.5 million).

The current quarter recorded a LBT of RM8.0 million, representing a decrease of RM8.5 million, mainly attributable to:-

Description	RM' 000	Note
Decrease in gross profit	(776)	1
Decrease in other operating income	(740)	
Increase in administrative and other expenses	(6,379)	2
Increase in finance costs	(634)	
<b>Net decrease in PBT</b>	<b>(8,529)</b>	

**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:

	Q4'18 RM'mil	Q4'17 RM'mil	Variance RM'mil
Unrealised/realised gain/(loss) on forex (net)	(2.9)	1.1	(4.0)
Impairment of vessels	(12.2)	(7.3)	(4.9)
	<u>(15.1)</u>	<u>(6.2)</u>	<u>(8.9)</u>

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

	Current Fourth (4 <sup>th</sup> ) Quarter 30 Jun 2018 RM'000	Previous Third (3 <sup>rd</sup> ) Quarter 31 Mar 2018 RM'000	Variance	
			RM'000	%
Revenue (LBT)/PBT	27,418 (8,001)	39,645 6,740	(12,227) (14,741)	(30.84) (218.71)

For the current quarter under review, in comparison with the preceding quarter, the Group registered a decrease in revenue of approximately RM 12.2 million. The decrease in revenue was mainly due to lesser land disposal recognition in the current period (FPE Q4'18: RM6.3 million, FPE Q3'18: RM28.5 million).

The Group registered a LBT of RM 8.0 million, representing a decrease of RM 14.7 million, mainly attributable to:-

Description	RM'000	Note
Increase in gross profit	4,492	1
Decrease in other operating income	(9,360)	2
Increase in administrative and other expenses	(9,474)	2
Increase in finance costs	(399)	
<b>Net decrease in PBT</b>	<b>(14,741)</b>	

**Notes:-**

- (1) *The increase in gross profit was mainly due to the cost savings arising from the completion of an infrastructure project in Melaka.*
- (2) *The decrease in other income and increase in administrative and other expenses were mainly due to:*

	Q4'18 RM'mil	Q3'18 RM'mil	Variance RM'mil
<i>Sale of vessels and machinery parts</i>	-	7.1	(7.1)
<i>Unrealised/realised gain/(loss) on forex (net)</i>	(1.5)	-	(1.5)
<i>Impairment of properties held for sale</i>	(0.7)	-	(0.7)
<i>Impairment of vessels</i>	(12.2)	(4.0)	(8.2)
	<u>(14.4)</u>	<u>3.1</u>	<u>(17.5)</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 95.32 acres of land, forming the subject matter of Sale & Purchase Agreements (“Land Sale SPAs”) already signed, will generate sales revenue of approximately RM120.22 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 a new rock revetment contract of RM20.33 million secured in April 2018, will ensure that the Group has a stable stream of revenue of approximately RM207.05 million to be recognised.

To date, the Group also has in excess of 180 acres of land bank in Melaka already reclaimed, issued with land titles and available for sale, and more than 200 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, being adjacent to 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 to that, 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, which is slated to come on-stream in the first quarter of 2019, whereupon PMIP 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:-

	<b>Current Quarter</b>	<b>Year-To-Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	1,187	3,886
Other income including investment income	3,696	11,996
Interest expense	(4,930)	(18,274)
Depreciation	(3,427)	(14,379)
Impairment/write-off of property, plant and equipment	(12,207)	(16,207)
Impairment of property held for sale	(667)	(667)
Reversal of impairment losses of receivables	-	(3,178)
Gain or Loss on disposal of quoted or unquoted investments or properties	N/A	N/A
Unrealised exchange gain – net	(495)	3,714
Realised exchange loss – net	(997)	(2,971)
Loss on disposal of property, plant and equipment	(96)	(96)
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

**Note:**

N/A = Not applicable.

**21. TAXATION**

	<b>Current Quarter</b>	<b>Year-To-Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Over/ (Under) provision in prior year		
- Income tax	(56)	(1,918)
- Deferred tax	(78)	34
Current year provision		
- Income tax	3,877	(5,102)
- Deferred tax	351	4,965
	<u>4,094</u>	<u>(2,021)</u>
Effective tax rate (%)	<u>-</u>	<u>(1) 45.90%</u>

**Note:-**

(1) The higher effective tax rate than the statutory tax rate of 24% is mainly attributable to certain subsidiaries which were making losses and certain non-deductible expenses such as unrealised loss of forex.

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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 48 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)
<b>Total</b>	<b>181,170</b>	<b>-</b>	<b>(139,058)</b>	<b>42,112</b>	<b>23.24</b>		

**(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.

**22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS (CONT'D)****22.2 Proposed Private Placement**

On 11 April 2018, the Company announced a proposal to undertake a private placement of up to 112,221,000 new ordinary shares in the Company, representing up to 10% of the total number of issued shares of the Company (excluding treasury shares).

On 27 June 2018, the Company has issued 20,000,000 new ordinary shares at the issue price of RM0.25 per share, amounting to RM5,000,000 under the first tranche of the placement. As at LPD, the utilisation of this proceed is as follow: -

Details of Utilisation	Proposed Utilisation RM'000 (1)	Actual Utilisation RM'000	Intended Timeframe for Utilisation	Deviation Amount		Explanation
				RM	%	
Proceeds from the first tranche of placement		5,000				NIL
Land reclamation projects	12,074	1,056	Within months 12	11,018	49%	
Working capital requirements	10,000	3,866	Within months 12	6,134	27%	
Estimated expenses in relation to the Private Placement	300	78	Within month 1	222	1%	
<b>Total Gross Proceeds</b>	<b>22,374</b>	<b>5,000</b>		<b>17,374</b>	<b>78%</b>	

**Note: -**

(1) The proposed utilisation is as per the Minimum Scenario detailed in the Company's announcement to Bursa Securities dated 11 April 2018.

**23. BORROWINGS**

The Group's borrowings as at 30 June 2018 presented as follows:-

	<b>RM'000</b>
<b>Long Term Borrowings</b>	
Secured:-	
• Hire purchase and lease creditors	3,360
• Term loans	10,722
	<u>14,082</u>
	<b>RM'000</b>
<b>Short Term Borrowings</b>	
Secured:-	
• Term loans	761
• Revolving Credit	10,000
• Hire purchase and lease creditor	4,325
• Trust receipt	1,054
	<u>16,140</u>
<b>(1) Total</b>	<b><u>30,222</u></b>

**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 Holdings Berhad, 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. 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 trial of this suit has been completed on 29 March 2018. Subsequently, the Court fixed a date for Decision/Clarification on 4 September 2018.

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) Benalec Construction Sdn Bhd (“BCSB”) and Benalec Diversity Sdn Bhd (“BDSB”) (collectively referred to as “Defendants”), both wholly-owned subsidiaries of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary of Benalec Holdings Berhad, had on 3 August 2017 and 7 August 2017 respectively, been served with two (2) separate Writ of Summons and Statements of Claims (collectively referred to as “Actions”) by Hailong Shipping Sdn Bhd (“Plaintiff”).

The Actions pertains to the Plaintiff’s alleged claim for the retention sum arising from two (2) work contracts entered into between the Plaintiff and the Defendants, wherein the Plaintiff was responsible for carrying out sand deliveries for Defendants from the sand concession area to the Defendants’ land reclamation project sites.

In relation to the BCSB Writ, the Plaintiff’s claims against BCSB are as follows:

- a. Settlement of an outstanding balance amount of RM285,904.75;
- b. Interest on the outstanding amount at the rate of 5% per annum from the date of filing of the writ until the date of completion of the Action;
- c. Cost of this Action; and
- d. Any other order or relief that the Court deems just and proper.

In relation to the BDSB Writ, the Plaintiff’s claims against BDSB are as follows:

- a. Settlement of an outstanding balance amount of RM117,626.46;
- b. Interest on the outstanding amount at the rate of 5% per annum from the date of filing of the writ until the date of completion of the Action;
- c. Cost of this Action; and
- d. Any other order or relief that the Court deems just and proper.

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

The Group had also served a sealed Writ of Summons and Statement of Claims against the Plaintiff on 18 September 2017 for the recovery of, inter alia, the sum of RM565,908.56 and the interest on the said sum at such rate and for such period deemed fit by the Court.

The Group has instructed its legal counsel to file an application to consolidate this case with the BCSB Writ and BDSB Writ. On 23 April 2018, the learned judge granted orders for the consolidation and also ordered that the costs be in the cause.

The learned judge has fixed full trial on 17 and 18 October 2018.

The Group takes the view that it has strong and compelling arguable cases against the Plaintiff and is currently in the process of procuring advice from its legal counsel. Further, the Board and the Management are of the opinion that the Actions have minimal potential financial and operational impact, as the maximum expected claim arising from the Actions, if any, is insignificant (as quantified above) and the Group has more than adequate resources to meet this commitment if circumstances so dictate.

- (c) 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.

The matter is now fixed for third Case Management on 20 September 2018.

The Group takes the view that the claim of RM100,000.00 will not have a material effect on the financial position of the Group.

#### 25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 30 June 2018.

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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 30-06-2018	Ended 30-06-2017	Ended 30-06-2018	Ended 30-06-2017
Net profit attributable to equity holders of the parent for the period (RM'000)	<b>(4,499)</b>	1,708	<b>(177)</b>	9,691
Weighted average number of ordinary shares ('000)	<b>799,308</b>	799,109	<b>799,308</b>	799,109
Basic EPS (sen)	<b>(0.6)</b>	0.2	<b>(0.1)</b>	1.2

### 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 30-06-2018	Ended 30-06-2017	Ended 30-06-2018	Ended 30-06-2017
Net profit attributable to equity holders of the parent for the period (RM'000)	<b>(4,499)</b>	1,708	<b>(177)</b>	9,691
Weighted average number of ordinary shares as per basic EPS ('000)	<b>799,308</b>	799,109	<b>799,308</b>	799,109
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)	<b>799,308</b>	799,109	<b>799,308</b>	799,125
Diluted EPS (sen)	<b>(0.6)</b>	0.2	<b>(0.1)</b>	1.2

**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:-

	<b>As at 30-06-2018 (Unaudited) RM'000</b>	<b>As at 30-06-2017 (Audited) RM'000</b>
Total retained profits of the Company and its subsidiaries:-		
• realised	330,779	327,329
• unrealised	13,997	1,759
	<u>344,776</u>	<u>329,088</u>
Add: Consolidation adjustments	6,628	25,348
	<u>351,404</u>	<u>354,436</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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