



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2012**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR
THE THIRD (3RD) QUARTER ENDED 31 MARCH 2012**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31-03-2012 RM'000	Preceding Year Quarter Ended 31-03-2011 RM'000	Current Year To Date 31-03-2012 RM'000	Preceding Year To Date 31-03-2011 RM'000
Revenue	28,911	51,104	130,384	148,532
Cost of sales	(13,787)	(19,950)	(69,577)	(61,162)
Gross profit	15,124	31,154	60,807	87,370
Other operating income	11,799	14,558	46,838	28,352
Selling and administrative expenses	(6,630)	(9,545)	(14,974)	(14,400)
Profit from operations	20,293	36,167	92,671	101,322
Finance costs	(1,377)	(1,125)	(4,591)	(2,636)
Interest income	512	181	770	402
Profit before tax	19,428	35,223	88,850	99,088
Income tax expense	(5,206)	(10,823)	(16,859)	(25,820)
Profit for the period	14,222	24,400	71,991	73,268
Other comprehensive income, net of tax:-				
• fair value gain/(loss) on available-for-sale financial assets	4	-	(2)	(5)
• foreign currency translations	(1,219)	(2,363)	1,062	(4,341)
Total comprehensive income for the period	13,007	22,037	73,051	68,922
Attributable to:-				
• equity holders of the company	14,222	24,400	71,991	73,268
Earnings Per Share (sen)				
• basic earnings per RM0.25 share	1.9	3.3	9.5	10.0

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial reports.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	Note	Unaudited As at 31-03-2012 RM'000	Audited As At 30-6-2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		217,296	241,731
Other investments		35	37
		<u>217,331</u>	<u>241,768</u>
Current assets			
Lands and properties held for sale		123,782	107,483
Inventories		11,335	11,040
Land reclamation work in progress	16.1	16,438	1,170
Trade and other receivables		254,888	206,957
Fixed deposit		25,165	48,271
Cash and bank balances		98,017	21,515
		<u>529,625</u>	<u>396,436</u>
TOTAL ASSETS		<u>746,956</u>	<u>638,204</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital		200,740	182,500
Non-distributable reserves		(1,266)	(79,455)
Distributable reserve		299,655	243,715
Total equity		<u>499,129</u>	<u>346,760</u>
Non-current liabilities			
Borrowings	23	41,440	43,701
Deferred tax liabilities		9,034	10,202
Trade and other payables		15,167	28,757
		<u>65,641</u>	<u>82,660</u>
Current liabilities			
Trade and other payables		167,799	169,961
Borrowings	23	10,742	19,211
Tax liabilities		3,645	19,612
		<u>182,186</u>	<u>208,784</u>
TOTAL LIABILITIES		<u>247,827</u>	<u>291,444</u>
TOTAL EQUITY AND LIABILITIES		<u>746,956</u>	<u>638,204</u>
Net assets per RM0.25 share attributable to ordinary equity holders of the company		<u>0.62</u>	<u>0.48</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 2011 and the accompanying explanatory notes attached to the interim financial reports.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2012

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						Distributable Reserve	Total
	Non-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	Available For-Sale Reserve RM'000	Distributable Retained Earnings RM'000	RM'000
At 1 July 2010	2,500	-	-	(1,564)	-	(20)	152,434	153,350
Profit for the financial year	-	-	-	-	-	-	96,081	96,081
Fair value of the available-for-sale financial assets	-	-	-	-	-	(5)	-	(5)
Foreign currency translation	-	-	-	(4,341)	-	-	-	(4,341)
Total comprehensive income	-	-	-	(4,341)	-	(5)	96,081	91,735
Transactions with owners:-								
• issue of share capital arising from bonus issue	4,800	-	-	-	-	-	(4,800)	-
• acquisition of subsidiaries, which have been accounted for as reverse acquisition	150,200	-	-	-	(146,070)	-	-	4,130
• ordinary shares issued pursuant to public issue	25,000	-	75,000	-	-	-	-	100,000
• share issue expenses – public issue	-	-	(2,455)	-	-	-	-	(2,455)
As at 30 June 2011	182,500	-	72,545	(5,905)	(146,070)	(25)	243,715	346,760



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2012 ("CONT'D")

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY						Distributable Reserve	Total
	Non-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	Available For-Sale Reserve RM'000	Distributable Retained Earnings RM'000	
As at 1 July 2011	182,500	-	72,545	(5,905)	(146,070)	(25)	243,715	346,760
Profit for the financial period	-	-	-	-	-	-	71,991	71,991
Fair value of the available-for-sale financial assets	-	-	-	-	-	(2)	-	(2)
Foreign currency translation	-	-	-	1,062	-	-	-	1,062
Total comprehensive income	-	-	-	1,062	-	(2)	71,991	73,051
Transactions with owners:-								
• issue of share capital pursuant to private placement	18,240	-	78,067	-	-	-	-	96,307
• share issue expenses – private placement	-	-	(511)	-	-	-	-	(511)
• buy back of shares	-	(427)	-	-	-	-	-	(427)
• Dividend paid	-	-	-	-	-	-	(16,051)	(16,051)
As at 31 March 2012	200,740	(427)	150,101	(4,843)	(146,070)	(27)	299,655	499,129

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial reports.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2012

	Unaudited As at 31 March 2012 RM'000	Unaudited As At 31 March 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	88,850	99,088
Adjustments for:-		
depreciation	19,489	15,551
gain on disposal of lands	(46,166)	(17,703)
non-cash and operating items	3,386	(6,018)
Operating profit before working capital changes	65,559	90,918
Changes in working capital:-		
Development expenditure	-	912
Inventories and land reclamation work in progress	(15,563)	-
Trade and other receivables	(17,814)	(83,356)
Trade and other payables	(17,728)	8,936
Cash generated from operations	14,454	17,410
Tax paid	(34,320)	(13,408)
Interest paid	(4,591)	(2,636)
Net cash (used in) / generated from operating activities	(24,457)	1,366
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	770	402
Withdrawal of fixed deposits	1,206	-
Acquisition of other subsidiaries	-	1,728
Dividend received	-	5
Payment of listing expenses	-	(2,365)
Proceed from issuance shares	-	100,000
Disposal of property, plant and equipment	10,439	-
Purchase of property, plant and equipment	(6,658)	(159,642)
Net cash generated from / (used in) investing activities	5,757	(59,872)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment)/ Drawdown of borrowings and hire purchase – net	(10,730)	9,347
Dividend paid	(16,051)	-
Issue of new shares pursuant to the private placement - net	95,796	-
Share buy back	(427)	-
Related party balances	2,672	110,889
Net cash generated from financing activities	71,260	120,236
Net increase in cash and cash equivalents	52,560	61,730
Cash and cash equivalents at the beginning of period	54,315	15,200
Effects of exchange rate changes	2,042	(7,180)
Cash and cash equivalents at the end of period	108,917	69,750



**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2012 ("CONT'D")**

	Unaudited As at 31 March 2012 RM'000	Unaudited As At 31 March 2011 RM'000
Cash and cash equivalents comprise the following:-		
Cash and bank balances	96,617	46,260
Fixed deposits		
• pledged	14,265	23,490
• not pledged	12,300	15,323
	<u>123,182</u>	<u>85,073</u>
Less: Fixed deposits pledged	<u>(14,265)</u>	<u>(15,323)</u>
	<u>108,917</u>	<u>69,750</u>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial reports.



**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED
31 MARCH 2012**

NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards (“**FRS**”) 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 2011. 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 2011.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the annual financial statements for the financial year ended 30 June 2011.

The Group has not applied the following new/revised accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standard Board (MASB) but are not yet effective for the Group:-

i. FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

FRS 124	:	Related Party Disclosure (revised)
Amendments to FRS 1	:	First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	:	Financial Instrument: Disclosures - Transfer of Financial Assets
Amendments to FRS 112	:	Income Taxes - Deferred Tax : Recovery of Underlying Assets

ii. FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

Amendments to FRS 101	:	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
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iii. FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

FRS 9	:	Financial Instruments (2009)
FRS 9	:	Financial Instruments (2010)
FRS 10	:	Consolidated Financial Statements
FRS 11	:	Joint Arrangements
FRS 12	:	Disclosure of Interests in Other Entities
FRS 13	:	Fair Value Measurement
FRS 119	:	Employee Benefits (2011)
FRS 127	:	Separate Financial Statements (2011)
IC Interpretation 20	:	Stripping Costs in the Production Phase of a Surface Mine

The Group's financial statements for the annual period beginning on 1 July 2012 will be prepared in accordance with the Malaysia Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group will not be adopting the above FRSs, Interpretation and amendments.

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 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 2012.

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 of amounts reported in prior financial years that have had a material effect in the current financial period.



7. DIVIDEND PAID

On 23 December 2011, the shareholders of the Company had approved a final tax exempt (single tier dividend) in respect of the financial year ended 30 June 2011. The dividend amounting to RM16,059,200 was paid on 19 March 2012.

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**8. SEGMENTAL REPORTING**

The Group's segmental report for the current financial period ended 31 March 2012 as follows:-

	Marine Construction RM'000	⁽¹⁾ Vessels Chartering RM'000	Ship Maintenance and Ship Building RM'000	Investment Holdings RM'000	Elimination RM'000	Total RM'000
Revenue						
External - Sales	125,135	5,249	-	-	-	130,384
Inter - segment sales	91,935	-	4,500	-	(96,435)	-
Total revenue	217,070	5,249	4,500	-	(96,435)	130,384
Results						
Segment results	108,019	(6,045)	(8,348)	(955)	-	92,671
Interest income	599	-	18	153	-	770
Finance costs	(4,513)	-	(78)	-	-	(4,591)
Profit /(loss) before tax	104,105	(6,045)	(8,408)	(802)		88,850
Income tax expense	(17,698)	-	839	-	-	(16,859)
Profit /(loss) for the period	86,407	(6,045)	(7,569)	(802)		71,991

Following are the major components included in the respective segmental results:-

Depreciation	(17,613)	⁽¹⁾ (1,694)	(182)	-	-	(19,489)
Gain on disposal of lands	46,166	-	-	-	-	46,166

Note:-

- (1) Mainly comprised chartering to external customer. During Q3'2012, the entire internal vessel chartering in the previous and current quarter for FYE 2012 have been classified as part of Marine Construction's segment.



9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment loss.

There were no valuations of the property, plant and equipment in the current financial quarter.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENTS

There were no material events subsequent to the end of the financial period ended 31 March 2012 and up to 29 May 2012, 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.

11. DEBT AND EQUITY SECURITIES

11.1 Current Financial Period

There were no issuance, cancellations, repurchases, resale nor repayments of debt and equity securities for the current financial period-to-date other than as disclosed below:-

Date	No. of share buy-back	Average price paid (RM) ⁽¹⁾	Total consideration paid (RM)
As at 1 January 2012	400,000	1.035	414,000
29 February 2012	10,000	1.289	12,890
	410,000	1.041	426,890

Note:-

(1) Include brokerage commission and other miscellaneous expenses related to share buyback.

11.2 End Of Financial Period Ended 31 March 2012 And Up To LPD

There were no issuance, cancellations, repurchases, resale nor repayments of debt and equity securities subsequent to the end of the financial period ended 31 March 2012 and up to the LPD which is not earlier than seven (7) days from the date of issuance of this quarterly report, other than as disclosed below:-

11.2.1 Share Issuance Scheme

On 16 April 2012, the Company had announced that 15,132,000 options have been offered to the eligible employees, directors and persons connected to a director of Benalec Group (as defined in the By-Laws set out in Benalec’s Prospectus dated 28 December 2010).

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**11.2.2 Share Buy Back**

Date	No. of share buy back	Average price paid (RM)⁽¹⁾	Total consideration paid (RM)
24 April 2012	20,000	1.118	22,363
26 April 2012	30,000	1.128	33,846
27 April 2012	446,600	1.114	497,472
30 April 2012	51,300	1.117	57,343
2 May 2012	120,000	1.115	133,774
3 May 2012	55,000	1.118	61,497
18 May 2012	15,300	1.128	17,262
	738,200	1.116	823,557

Note:-

(1) Including brokerage commission and other miscellaneous expenses related to share buyback.

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 2012, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material contingent liabilities or contingent assets as at 31 March 2012.

14. CAPITAL COMMITMENTS

There were no material capital commitments not provided for as at 31 March 2012.

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

The related party transactions during the financial period under review in which certain directors of the Company have substantial financial interest are in next page.

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Nature of transactions⁽¹⁾	Transaction value based on billings RM'000	Balance outstanding as at 31-03-2012 RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	77,497	186,512
Provision of marine construction works (progress payment) to a company in which certain directors of the company have substantial financial interest	204	576
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(79,900)
Provision of marine construction work from a company in which certain directors of the company have substantial financial interest	-	(127)

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 reclassified as "land held for sale" following the alienation process.

16. REVIEW OF PERFORMANCE OF THE GROUP

16.1 CURRENT YEAR-TO-DATE VERSUS PREVIOUS YEAR-TO-DATE

	Current Year-To-Date 31 March 2012 RM'000	Previous Year-To-Date 31 March 2011 RM'000	Variance	
			RM'000	%
Revenue	130,384	148,532	(18,148)	(12.22)
Profit before tax	88,850	99,088	(10,238)	(10.33)

For the nine (9) months ended 31 March 2012, the Group registered revenue of RM130.38 million (Financial Year Ended ("FYE") 2011 of the same period: RM148.53), representing a decrease of approximately RM18.15 million or 12.22%. The decrease in revenue was mainly due to:-

- during this quarter, a significant land reclamation works have been undertaken within the subsidiaries of the Group for a project located at Kawasan Kota Laksamana, Bandar Melaka ("**Project DMDI**"). The development costs of RM16.44 million incurred as at to date in relation to the Project DMDI have been capitalised as land reclamation work in progress.

Jayamas Cekap Sdn. Bhd., being a wholly owned subsidiary of Benalec Sdn. Bhd. is a concessionaire for the Project DMDI. Hence, any unrealised profit arising from the land reclamation works in relation to Project DMDI will be eliminated in full. The revenue and profit from Project DMDI will only be recognised upon the subsequent disposal of the land to the end buyer. For further details, please refer to the announcement made to Bursa Securities on 13 March 2011;



- completion of certain projects located in Melaka, except for following on-going project i.e. Sentosacove, Glenmarie Cove, Port Klang and Boon Siew – Phase 1A; and
- pending relevant approvals from the authorities to commence reclamation works at Pulau Indah, Port Klang for 144 acres of land.

The Group registered profit before taxation of RM88.85 million (FYE 2011 of the same period: RM99.09 million), representing a decrease of RM10.24 million or 10.33%. The decrease was mainly due to the decrease in the gross profit of RM26.56 million to RM60.81 million, increase in finance cost of RM1.96 million to RM4.6 million and one (1) off gain of RM6.02 million recognised in prior year in relation to gain on bargain purchase arising from acquisitions of subsidiaries. However, the decrease was offset by an increase in gain on disposal of lands of RM28.46 million to RM46.17 million.

16.2 CURRENT YEAR THIRD (3RD) QUARTER VERSUS PREVIOUS YEAR THIRD (3RD) QUARTER

	Current Third (3 rd) Quarter 31 March 2012 RM'000	Previous Third (3 rd) Quarter 31 March 2011 RM'000	Variance	
			RM'000	%
Revenue	28,911	51,104	(22,193)	(43.42)
Profit before tax	19,428	35,223	(15,795)	(44.84)

For the current quarter under review with comparison to last year corresponding quarter, the Group registered revenue of RM28.91 million (Q3 FYE 2011: RM51.10 million), representing a decrease of RM22.19 million or 43.42%. The decrease was mainly due to factor as stated in Section 16.1 above.

The Group registered a lower profit before taxation of RM19.4 million (Q3 FYE 2011: RM35.2 million), representing a decrease of RM15.8 million. The decrease was mainly due to:-

- decrease in gross profit of RM16.03 million to RM15.12 million; and
- one (1) off gain of RM6.02 million recognised in the prior year in relation to gain on bargain purchase arising from acquisitions of subsidiaries.

However, the decrease is offset by the following:-

- an increase in gain on sale of lands of RM7.80 million to RM12.55 million; and
- lower selling and administrative expenses of RM2.92 million to RM6.63 million. The lower selling and administrative expenses was mainly due to expenses incurred in prior year in relation to the listing of the Company on the Main Board of the Bursa Securities.

17. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current Third (3 rd) Quarter 31 March 2012 RM'000	Preceding Second (2 nd) Quarter 31 December 2011 RM'000	Variance	
			RM'000	%
Revenue	28,911	26,893	2,018	7.50
Profit before tax	19,428	34,377	(14,949)	(43.49)
Profit after tax	14,222	28,842	(14,620)	(50.69)



The current revenue of RM28.91 million reflected an increase of approximately RM2.02 million or 7.50% against preceding quarter revenue of RM26.89 million. The higher revenue for the current quarter as compared to preceding quarter was mainly due to contribution from Phase 1A.

The Group's current quarter profit before tax of RM19.43 million reflected a decrease of RM14.95 million. The decrease was mainly due to:-

- during the current quarter, the Group recorded a lower gain on sale of lands of RM12.55 million as compared to preceding quarter of RM33.61 million, representing a decrease of RM21.06 million; and
- higher selling and administrative expenses of RM2.73 million to RM6.63 million.

But the decrease is off set with an improvement in the gross profit of RM8.81 million due to contribution from Phase 1A.

18. PROSPECTS

The prospects for growth are bright based on the future projects in the pipeline that exists particularly in Penang, Melaka, Iskandar, Port Klang and the Sarawak Corridor of Renewable Energy ("**SCORE**").

The 10th Malaysia Plan has ports and harbour industry as a key economic sector for targeted growth in Malaysia and has allocated a substantial amount of funding in support of the industry.

The Government is committing resources towards making Malaysia a high income, high Gross Domestic Product ("**GDP**") nation by the announcement of the five (5) economic regions during the 9th Malaysia Plan, by which the development of these regions encompasses coastal, rivals and waterfront development as well as the upgrade of infrastructure such as the construction of power plants and energy stations, better drainage control and flood mitigation systems.

On the regional front, the opportunities that exist in Asia Pacific with future projects estimated at over RM170 billion, are a compelling incentive for the Company to invest and expand its operations beyond domestic borders.

The recent land reclamation concession rights secured from UPENJ for a proposed petroleum and petrochemical hubs and maritime industrial parks, which is strategically situated at the coasts of Tanjung Piai and Pengerang with an area measuring 5,245 acres which is adjacent to the vibrant petrochemical hub in Jurong is expected to provide the Group a sustainable order-book for the next 10 to 15 years.

We also note from the Economic Report 2011/2012, Ministry of Finance Malaysia in relation to property sector that:-

- four (4) states recorded improved sales performance in residential units, with Johor registering a higher take-up rate of 39.7% followed by Kuala Lumpur (38.8%), Perak (38.8%) and Sarawak (34.4%);
- the Malaysia All House Price Index rose 7.5%; and
- landed property prices in urban area such as Johor Bahru, Kuala Lumpur, Penang and Selangor appreciated between 10% to 30% over the past six (6) months.



Barring any unforeseen circumstances, the Group expects its overall financial performance for the current financial year to remain positive.

19. PROFIT FORECAST AND PROFIT GUARANTEE

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

20. PROFIT FOR THE PERIOD

Included in the profit before tax for the period are:-

	Current Quarter RM'000	Year-To-Date RM'000
Depreciation	(6,023)	(19,489)
Other income including investment income	-	34
Gain on disposal of lands	12,552	46,166
Interest expense	(1,377)	(4,591)
Interest income	512	770
Realised exchange (loss)/gain – net	(44)	6
Unrealised exchange (loss)/gain – net	(516)	477
Amortisation	N/A	N/A
Provision for and write off of receivables	N/A	N/A
Gain or loss on disposal of quoted or unquoted investment properties	N/A	N/A
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

Note:

N/A = Not applicable.

21. TAXATION

	Current Quarter RM'000	Year-To-Date RM'000
Current year tax	4,320	17,874
Under provision of tax in prior year	886	-
Deferred tax	-	(1,015)
	<u>5,206</u>	<u>16,859</u>
Effective tax rate (%)	<u>(1)26.80</u>	<u>(2)18.97</u>

Notes:-

- (1) The Group's effective tax rate was higher than the statutory tax rate of 25% mainly due to under-provision of tax in prior year.
- (2) The lower effective tax rates of the Group than the prevailing statutory tax rate is mainly due to lower tax rate in accordance with Labuan Offshore Business Activity Act 1990 for vessel chartering division.

**22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS****22.1 Utilisation of Proceeds from Private Placement**

On 7 December 2011, the Company announced the completion of the Private Placement upon the listing and quotation of the first and final tranche, comprising 72,960,000 new Benalec shares on the Main Market of the Bursa Securities.

The utilisation of gross proceeds of RM96,307,200 raised from the Private Placement by the Company as at the LPD is next page.

Description	Proposed utilisation	Actual utilisation	Balance/ Deviation		⁽³⁾ Estimated timeframe for utilisation upon Listing	Note
	RM'000	RM'000	RM'000	%		
Working capital	95,607	3,481	92,126	96.36	Within 12 months	1
Estimated expenses	700	576	124	17.71	Within 6 months	2
Total	96,307	4,057	92,250	95.79		

Notes:-

- (1) Working capital mainly utilised for the following:-
- (i) land reclamation projects, purchase of vessels, purchase of materials such as diesel, spare parts for the repairs of vessels as well as plant and machinery, sand, rocks, materials such as brick, cement, culverts, hardware, piles and other materials utilised in the Group's operations, transport and consumables;
- (ii) the payment for sub-contracted services for loading, unloading and levelling sea sand, rock revetment/replacement works, electrical infrastructure, earthwork, dredging and land reclamation and lorry hire;
- (2) The estimated expenses consist of professional fees, fees payable to authorities and other miscellaneous expenses. Any variation in the actual amount of the estimated expenses will be adjusted in the portion of the proceeds to be utilised for working capital and vice versa. The total private placement expenses were RM0.576 million, approximately RM0.511 million and RM0.065 million was written off against share premium account and expensed off respectively in the current period. The excess of approximately RM0.124 million will be re-allocated for working capital purposes; and
- (3) From the date of full receipt of the gross proceeds on 8 December 2011 pursuant to the completion of the Private Placement.

23. BORROWINGS

The Group's borrowings as at 31 March 2012 were presented at an ensuing page as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• hire purchase and lease creditors	741
• term loans	40,699
	41,440

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Short Term Borrowings

Secured:-

• bank overdraft	399
• hire purchase and lease creditors	911
• term loans	9,432
	<u>10,742</u>

Total

52,182

The total borrowings denominated in foreign and local currency as at 31 March 2012 as presented below: -

	RM'000
Foreign currency – SGD 1,049,236 @ RM2.4343/SGD1	2,554
Local currency	49,628
	<u><u>52,182</u></u>

24. MATERIAL LITIGATION

There were no pending material litigations as at the date of issuance of this quarterly report that have a material effect on the financial position of the Group. The Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings, which might materially affect the position or business of the Group.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 March 2012.

26. EARNINGS PER SHARE (“EPS”)

26.1 Basic EPS

The basic earnings per share are calculated based on the net profit attributable to ordinary shareholders for the period divided by the weighted average number of ordinary shares and as presented below:-

	Three (3) Months		Nine (9) Months	
	Ended	Ended	Ended	Ended
	31-03-2012	31-03-2011	31-03-2012	31-03-2011
Net profit attributable ordinary shareholders for the period (RM'000)	<u>14,222</u>	<u>24,400</u>	<u>71,991</u>	<u>73,268</u>
Weighted average number of shares ('000)	<u>760,497</u>	<u>730,000</u>	<u>760,497</u>	<u>730,000</u>
Basic EPS (sen)	<u>1.9</u>	<u>⁽¹⁾3.3</u>	<u>9.5</u>	<u>⁽¹⁾10.0</u>

Note:-

(1) EPS was computed based on issued and paid-up share capital of 730,000,000 Benalec shares at RM0.25 each.



26.2 Diluted EPS

The Group has no dilution in the EPS for the financial period under review as there are no dilutive potential ordinary shares.

27. REALISED AND UNREALISED PROFIT / LOSSES DISCLOSURE

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

	As at 31-03-2012 RM'000	As at 31-03-2011 RM'000
Total retained profits of the Company and its subsidiaries:-		
• realised	314,966	237,098
• unrealised	(9,343)	(9,234)
	<u>305,623</u>	<u>227,864</u>
Add: Consolidation adjustments	(5,968)	(6,977)
	<u>299,655</u>	<u>220,887</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 Securities 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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