



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2013**

TABLE OF CONTENTS	PAGE
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1 ST) QUARTER ENDED 30 SEPTEMBER 2013	1
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013	2
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1 ST) QUARTER ENDED 30 SEPTEMBER 2013	3
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1 ST) QUARTER ENDED 30 SEPTEMBER 2013	5
NOTES TO THE INTERIM FINANCIAL REPORT	7



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2013

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 30-09-2013 RM'000	(Unaudited) Preceding Year Quarter Ended 30-09-2012 RM'000	(Unaudited) Current Year To Date 30-09-2013 RM'000	(Unaudited) Preceding Year To Date 30-09-2012 RM'000
Revenue	14,403	57,748	14,403	57,748
Cost of sales	(13,137)	(24,328)	(13,137)	(24,328)
Gross profit	1,266	33,420	1,266	33,420
Other operating income	481	1,094	481	1,094
Administrative and other expenses	(5,956)	(7,170)	(5,956)	(7,170)
(Loss) / Profit from operations	(4,209)	27,344	(4,209)	27,344
Finance costs	(722)	(1,312)	(722)	(1,312)
(Loss) / Profit before tax ("LBT / PBT")	(4,931)	26,032	(4,931)	26,032
Tax expense	270	(3,316)	270	(3,316)
(Loss) / Profit for the financial period	(4,661)	22,716	(4,661)	22,716
Other comprehensive income, net of tax:-				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Fair value gain / (loss) on available-for-sale financial assets	2	-	2	-
• Foreign currency translations	5,004	(5,458)	5,004	(5,458)
Total comprehensive income	345	17,258	345	17,258
(Loss) / Profit attributable to:-				
• Owners of the parent	(4,655)	22,795	(4,655)	22,795
• Non-controlling interests	(6)	(79)	(6)	(79)
	(4,661)	22,716	(4,661)	22,716
Total comprehensive income / (loss) attributable to:-				
• Owners of the parent	351	17,337	351	17,337
• Non-controlling interests	(6)	(79)	(6)	(79)
	345	17,258	345	17,258
Earnings per ordinary share attributable to equity holders of the Company (sen)				
• Basic	(0.6)	2.8	(0.6)	2.8
• Diluted	(0.6)	2.8	(0.6)	2.8

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 2013 and the accompanying explanatory notes attached to the interim financial reports.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

	Unaudited As at 30-09-2013 RM'000	Audited As At 30-06-2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	216,509	214,079
Other investments	40	38
	<u>216,549</u>	<u>214,117</u>
Current assets		
Inventories	292,245	190,053
Land reclamation WIP	30,210	29,581
Trade and other receivables	493,459	483,241
Current tax assets	10,773	8,146
Fixed deposits	23,773	25,974
Cash and bank balances	18,008	14,190
	<u>868,468</u>	<u>751,185</u>
TOTAL ASSETS	<u>1,085,017</u>	<u>965,302</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	202,016	201,912
Non-distributable reserves/(losses)	20,288	15,070
Distributable reserve	332,399	337,054
Total equity attributable to owners of the parent	<u>554,703</u>	<u>554,036</u>
Non-controlling interests	2,902	2,908
TOTAL EQUITY	<u>557,605</u>	<u>556,944</u>
LIABILITIES		
Non-current liabilities		
Borrowings	10,610	11,725
Deferred tax liabilities	6,927	7,197
Trade and other payables	56,784	54,624
	<u>74,321</u>	<u>73,546</u>
Current liabilities		
Trade and other payables	156,461	162,575
Borrowings	18,570	19,537
Deferred revenue	277,927	152,521
Current tax liabilities	133	179
	<u>453,091</u>	<u>334,812</u>
TOTAL LIABILITIES	<u>527,412</u>	<u>408,358</u>
TOTAL EQUITY AND LIABILITIES	<u>1,085,017</u>	<u>965,302</u>
Net assets per RM0.25 share attributable to ordinary equity holders of the company	<u>0.69</u>	<u>0.69</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 2013 and the accompanying explanatory notes attached to the interim financial reports.



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2013

	ATTRIBUTABLE TO OWNERS OF THE PARENT							Distributable Retained Earnings RM'000	Total RM'000	Non Controlling Interests Total RM'000	Total RM'000
	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	Share Option Reserve RM'000	Available For-Sale Reserve RM'000				
As at 1 July 2012	200,740	(1,246)	150,099	6,652	(146,070)	1,814	(29)	304,429	516,389	3	516,392
Funding from non-controlling interests	-	-	-	-	-	-	-	-	-	2,994	2,994
Profit for the financial year	-	-	-	-	-	-	-	22,795	22,795	(79)	22,716
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	(5,458)	-	-	-	-	(5,458)	-	(5,458)
Total comprehensive income	-	-	-	(5,458)	-	-	-	22,795	17,337	(79)	17,258
Transactions with owners:-											
• buy back of shares	-	(218)	-	-	-	-	-	-	(218)	-	(218)
As at 30 September 2012	200,740	(1,464)	150,099	1,194	(146,070)	1,814	(29)	327,224	553,508	2,918	536,426



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2013 (CONT'D)

	ATTRIBUTABLE TO OWNERS OF THE PARENT							Distributable Retained Earnings RM'000	Total RM'000	Non Controlling Interests Total RM'000	Total RM'000
	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	Share Option Reserve RM'000	Available For-Sale Reserve RM'000				
As at 1 July 2013	201,912	(1,477)	154,463	6,930	(146,070)	1,248	(24)	337,054	554,036	2,908	556,944
Profit for the financial year	-	-	-	-	-	-	-	(4,655)	(4,655)	(6)	(4,661)
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	2	-	2	-	2
Foreign currency translation	-	-	-	5,004	-	-	-	-	5,004	-	5,004
Total comprehensive income	-	-	-	5,004	-	-	2	(4,655)	351	(6)	345
Transactions with owners:-											
• share option granted under ESOS	-	-	359	-	-	(24)	-	-	335	-	335
• ordinary shares issued pursuant to ESOS	104	-	-	-	-	-	-	-	104	-	104
• buy back of shares	-	(123)	-	-	-	-	-	-	(123)	-	(123)
As at 30 September 2013	202,016	(1,600)	154,822	11,934	(146,070)	1,224	(22)	332,399	554,703	2,902	557,605

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial reports.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2013**

	Unaudited 30 Sept 2013 RM'000	Unaudited 30 Sept 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(LBT) / PBT	(4,931)	26,032
Adjustments for:-		
Depreciation of property, plant and equipment	2,658	2,845
PPE written off	20	-
Gain on disposal of unit trust :	(3)	-
Non-cash and operating items	1,565	3,209
Operating (loss)/profit before changes in working capital	(691)	32,086
Changes in working capital:-		
Consumables	-	(1,725)
Land reclamation work in progress	(629)	(3,069)
Land held for sale	(102,192)	-
Trade and other receivables	(10,218)	(54,253)
Trade and other payable	(6,153)	371
Deferred revenue	125,406	-
Cash generated from/(used in) operations	5,523	(26,590)
Tax paid – net	(2,674)	(4,712)
Net cash generated from/(used in) operating activities	2,849	(31,302)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	74	543
Disposal of unit trust	3	-
Disposal of property, plant and equipment	-	10,113
Purchase of property, plant and equipment	(211)	-
Advance from/(Repayments to) related parties	2,199	-
Net cash from investing activities	2,065	10,656
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings and hire-purchase – net	(1,949)	(727)
Funding from non-controlling interests	-	2,994
Interest expenses	(722)	(1,312)
Issue of new shares under ESOS	439	-
Shares repurchased	(123)	(218)
Net cash (used in)/ from financing activities	(2,355)	737
Net (decrease)/ increase in cash and cash equivalents	2,559	(19,909)
Cash and cash equivalents at beginning of period	21,912	110,792
Effects of exchange rate changes	(809)	(4,113)
Cash and cash equivalents at the end of period	23,662	86,770

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2013(CONT'D)**

	Unaudited 30 Sept 2013 RM'000	Unaudited 30 Sept 2012 RM'000
Cash and cash equivalents comprise the following:-		
Cash and bank balances ⁽¹⁾	18,008	79,882
Fixed deposits		
• pledged	17,394	19,726
• not pledged	6,380	6,888
	41,782	106,496
Less: Fixed deposits pledged	(17,394)	(19,726)
	24,388	86,770
Less: Bank overdraft	(726)	-
	<u>23,662</u>	<u>86,770</u>

Note:

- (1) *Included in the cash and bank balances are unit trusts quoted in Malaysia, which are held by the Group which are highly liquid, readily convertible to cash and are subject to insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents.*

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial reports.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2013

NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIC 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 2013. 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 2013.

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 2013.

2.1 MFRS, Amendments to MFRS and IC Interpretation

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

MFRS, Amendments to MFRS and IC Interpretation		Effective for annual periods beginning on or after
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Mandatory MFRS 9	Effective Date of MFRS 9 and Transition Disclosures Financial Instruments	1 January 2015 1 January 2015

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 September 2013.

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 September 2013.

7. DIVIDENDS

On 19 December 2012, the shareholders of the Company had approved a final tax exempt (single tier dividend) of 3 sen per ordinary share in respect of the financial year ended 30 June 2012. The dividend amounting to approximately RM24,124,968 was paid on 15 March 2013.

The Directors proposed a final single tier dividend of 2 sen per ordinary share, amounting to RM16,126,072 in respect of the financial year ended 30 June 2013, which is subject to the approval of members at the forthcoming Annual General Meeting.

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8. SEGMENTAL REPORTING

The Group's segmental report for the current financial period ended 30 September 2013 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	7,330	3,810	3,263	-	-	-	14,403
Inter - segment sales	152	-	1,191	1,750	-	(3,093)	-
Total revenue	7,482	3,810	4,454	1,750	-	(3,093)	14,403
Results							
Segment results	(142)	248	(3,263)	(934)	(192)	-	(4,283)
Interest and dividend income	63	-	3	6	2	-	74
Finance costs	(580)	-	(141)	(1)	-	-	(722)
(Loss)/profit before tax	(659)	248	(3,401)	(929)	(190)	-	(4,931)
Income tax expense	270	-	-	-	-	-	270
(Loss)/profit for the period	(389)	248	(3,401)	(929)	(190)	-	(4,661)
Other information							
• Depreciation	(823)	-	(1,738)	(97)	-	-	(2,658)

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9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

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

There were no valuation of the property, plant & equipment in the current financial quarter ended 30 September 2013.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENTS

There were no material events subsequent to the current financial quarter ended 30 September 2013 and up to 21 November 2013, 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.

11. DEBT AND EQUITY SECURITIES

11.1 Current Financial Period

During the current quarter and financial period to date, the Group buy back of 100,000 shares and issued additional 414,000 new shares pursuant to the exercise of ESOS, at an average exercise price of RM1.21 and RM1.06 each respectively.

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

Date	Description	No. of shares ('000)	Average price paid (RM)	Total consideration paid (RM'000)
5 July 2013	Share issued pursuant to ESOS	217	1.06	230
2 Aug 2013	Share issued pursuant to ESOS	139	1.06	147
22 Aug 2013	Share issued pursuant to ESOS	58	1.06	62
26 Aug 2013	Share buyback ⁽¹⁾	(70)	1.26	(88)
27 Aug 2013	Share buyback ⁽¹⁾	(30)	1.17	(35)
		314	1.01	316

Note 1:-

As at 30 September 2013, the Company holds 1,444,900 shares as treasury shares at an average price of RM1.11

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

12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial period ended 30 September 2013, 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 30 September 2013.

14. CAPITAL COMMITMENTS

	RM'000
Capital expenditure in respect of purchase of property, plant & equipment :	
Contracted but not provided for	<u>6,014</u>

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Nature of transactions⁽¹⁾	Transaction value based on billings RM'000	Balance outstanding as at 30-09-2013 RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	7,282	232,601
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(64,066)
Provision of marine construction work from a company in which certain directors of the company have substantial financial interest	-	(19)

Notes:-

(1) *The related party transactions reflect transactions of all the subsidiaries with the respective group of companies; and*

(2) *This amount represents the value of the land portion pending land Alienation Process which the Group entities to receive as settlement for the marine construction contracts. It would subsequently 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**

	Current First (1 st) Quarter 30 Sept 2013 RM'000	Previous First (1 st) Quarter 30 Sept 2012 RM'000	Variance	
			RM'000	%
Revenue (LBT)/ PBT	14,403 (4,931)	57,748 26,032	(43,345) (30,963)	(75.06) (118.94)

For the cumulative three (3) months ended 30 Sept 2013, the Group had shown a decrease of revenue by 75.1% against last year, with total revenue registered at RM14.4 million (FPE Q1'2013: RM57.7 million). The decrease in revenue was mainly due to:-

- Completion of certain projects located in Melaka, as well as lesser progress of work recognition in the current year to-date.
- Current year revenue was mainly contributed by Sentosacove (47.86%) and TNB Fuel's contract of Affreightment (22.65%).

The cumulative 3 months recorded a LBT of RM4.9 million, representing a decrease of RM31 million against last year, mainly attributable by:-

Description	RM' 000	Note
Decrease in gross profit	(32,154)	1
Decrease in other operating income	(613)	
Decrease in administrative and other expenses	1,214	2
Decrease in finance costs	590	
Net decrease in LBT	(30,963)	

Notes:-

- (1) *Decrease in gross profit was mainly due to factors as stated above.*
- (2) *Decrease in administrative and other expenses was mainly due to:-*
- *Loss on disposal of PPE recognised in previous year-to-date (Q1 '14 : nil ; Q1' 13 : RM1.7 million).*

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17. VARIATION RESULTS AGAINST PRECEDING QUARTER

	Current First (1 st) Quarter 30 Sept 2013 RM'000	Previous Fourth (4 th) Quarter 30 June 2013 RM'000	Variance	
			RM'000	%
Revenue (LBT)/PBT	14,403 (4,931)	66,840 6,051	(52,437) (10,982)	(78.45) (181.49)

For the current quarter under review with comparison to last year corresponding quarter, the Group registered revenue of approximately RM14.4 million, representing an decrease of 78.45%. The decrease in revenue was mainly due to lesser progress of works recognition from the Pulau Indah and Sentosacove project in the current quarter.

The Group registered LBT of RM4.9 million (FPE Q4'2013 PBT: RM6.1 million) representing a decrease of RM11 million. The decrease against revenue was mainly due to:-

Description	RM' 000	Note
Decrease in gross profit	(15,104)	1
Decrease in other operating income	(1,889)	
Decrease in administrative and other expenses	6,080	2
Increase in finance costs	(69)	
Net decrease in LBT	(10,982)	

Notes:-

- (1) *Decrease of gross profit was mainly due to factors as stated above.*
- (2) *Decrease in administrative and other expenses was mainly due to:-*
 - a. *Recognition of impairment losses of vessels in preceding quarter (Q1' 14: nil; Q4'13: RM4.7million)*
 - b. *Decrease in admin expenses by RM576,000.*

18. PROSPECTS

Despite Benalec having, for the first time since IPO, to record a relatively small loss by way of quarterly financial reporting, the Group maintains a very positive outlook vis-à-vis its prospects for the rest of the financial year. This positive outlook is based on the fact that 180.59 acres of land, forming the subject matter of Sale & Purchase Agreements already signed and publicly announced, will generate revenue (approx. RM254 million) and profits for recognition over the subsequent quarters.

Adding to the positive outlook is the uptrend in the demand for, and pricing of, the Group's reclaimed land-bank in Melaka. This, in turn, augurs well for the Group's financial performance in the near term.

19. PROFIT FORECAST AND PROFIT GUARANTEE

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



20. PROFIT / (LOSS) FOR THE PERIOD

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

	Current Quarter RM'000	Year-To-Date RM'000
Interest income	62	62
Other income including investment income	12	12
Interest expense	(722)	(722)
Depreciation	(2,658)	(2,658)
Gain/loss on disposal of fixed assets	-	-
Gain/loss on unit trust investments	3	3
Unrealised exchange gain/loss– net	(916)	(916)
Realised exchange gain/ loss – net	20	20
Impairment losses of receivables	-	-
Impairment losses and write-off of assets	(20)	(20)
Write-down and write-off of inventories	N/A	N/A
Amortisation	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 income tax	-	-
Current deferred tax	270	270
Over/(under) provision of previous year	-	-
	<u>270</u>	<u>270</u>
Effective tax rate (%)	<u>⁽¹⁾(5.48)</u>	<u>⁽¹⁾(5.48)</u>

Note:-

(1) The lower effective tax rates than the statutory tax rate of 25% for the current quarter is mainly due to:-

- a). No provision of tax is recognised in the current quarter.
- b). Recognition of deferred tax asset by certain subsidiary in the Group as it is probable that the company will be able to generate sufficient taxable profit in future to set-off the DTA.
- c). Lower tax rate in accordance with Labuan Offshore Business Activity Act 1990 for vessel chartering division.

22. STATUS OF CORPORATE PROPOSALS

22.1 Disposal of land (8 parcels)

On 10 July 2013, the Group announced the disposal of eight (8) parcels of leasehold vacant land, measuring in aggregate approximately 41.55 acres, held by Heritage Land Sdn Bhd (“HLSB”) a wholly-owned subsidiary of Benalec Sdn Bhd (“BSB”), which in turn is a wholly-owned subsidiary of Benalec, to Highbond Capital Sdn Bhd (“HCSB”) and Gigayear Revenue Sdn Bhd (“GRSB”) for a total disposal consideration of RM54,314,528.



22. STATUS OF CORPORATE PROPOSALS (Cont'd)

22.2 Disposal of land (6 parcels)

On 24 September 2013, the Group announced the disposal of six (6) parcels of leasehold vacant land, measuring in aggregate approximately 30 acres, held by Orientalcove Property Sdn Bhd (“OPSB”) a wholly-owned subsidiary of Benalec Sdn Bhd (“BSB”), which in turn is a wholly-owned subsidiary of Benalec, to Ultra Harmony Development Sdn Bhd (“UHDSB”) for a total disposal consideration of RM50,965,200.

22.3 Disposal of land (9 parcels)

On 28 October 2013, the Group announced the disposal of eight (8) pieces of leasehold vacant land, measuring in aggregate approximately 29.54 acres, held by Heritage Land Realty Sdn Bhd (“HLRSB”) a wholly-owned subsidiary of Benalec Sdn Bhd (“BSB”), which in turn is a wholly-owned subsidiary of Benalec, to Faithview Supreme Development Sdn Bhd (“FSDSB”) for a total disposal consideration of RM51,470,496.

22.4 Termination of Service Agreement of Executive Directors and removal of Directors

On 7 October 2013, the Group announced that the Service Agreements of two of the Executive Directors, namely Datuk Leaw Tua Choon and Datuk Leaw Ah Chye, have been terminated with immediate effect.

Further on 6 November 2013, the Group announced that to convene an Extraordinary General Meeting (“EGM”) for the purpose removing both Datuk Leaw Tua Choon and Datuk Leaw Ah Chye as Directors.

23. BORROWINGS

The Group’s borrowings as at 30 September 2013 presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• hire purchase and lease creditors	859
• term loans	9,751
	<u>10,610</u>
Short Term Borrowings	
Secured:-	
• hire purchase and lease creditors	608
• trust receipts	-
• bank overdraft	726
• term loans	17,236
	<u>18,570</u>
Total	<u>29,180</u>

The total borrowings denominated in foreign and local currency as at 30 September 2013 are: -

	RM'000
Foreign currency – SGD 121,843.43 @ RM2.5958/SGD1	316
Local currency	28,864
	<u>29,180</u>



24. MATERIAL LITIGATION

- a) On 30 October 2013, the Group announced that a Notice pursuant to Section 218 of the Companies Act, 1965 dated 29 October 2013 has been served on Benalec Diversity Sdn Bhd (“BDSB”) (formally known as Arus Kreatif Sdn Bhd), a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary of Benalec, by Sheng Lee Law Office, Advocates & Solicitors acting for KTG Marine (M) Sdn Bhd (“KTG”), demanding for the payment RM8,447,916.11 as at 10 July 2013 for the alleged works done for the proposed coastal reclamation works in Melaka, including but not limited to the extraction of sea land, loading, transporting and unloading sea sand at the designated stockpile area.

Further to the announcement made, the Group is disputing some of the supporting documents in respect of the claims by KTG and awaiting the advice from the solicitor. For further details, please refer to the announcements made by the Group to Bursa Securities on 30 October 2013 and 4 November 2013.

- b) On 18 November 2013, the Group announced that Benalec and Benalec Sdn Bhd (“BSB”) and Strategic Land Sdn Bhd (“SLSB”), a wholly-owned subsidiary of BSB, which in turn is a wholly-owned subsidiary of Benalec (“the Plaintiffs”) had commenced a civil suit in the Kuala Lumpur High Court on the 6 November 2013 against Datuk Leaw Tua Choon, Datuk Leaw Ah Chye, Leaw Yongene, Sunshine 2000 Sdn Bhd, Seaside Synergy Sdn Bhd, Su Seong Lin, Low Kim Yeok and Pong Kim Siew for inter alia loss and damage as well as an account for secret profits arising from the sale of certain lands to Sunshine 2000 Sdn Bhd and Seaside Synergy Sdn Bhd (“the said Lands”) and as against Datuk Leaw Tua Choon and Datuk Leaw Chye, for loss and damage and an account of all secret profits, arising from the breach of their contractual, statutory, fiduciary and/ or common law duties and/ or obligations as Executive Directors of the Plaintiffs in respect of the said Lands.
- c) On 18 November 2013, the Group announced that Benalec Diversity Sdn Bhd (“BDSB”), a wholly-owned subsidiary of BSB, which in turn is a wholly-owned subsidiary of Benalec (“the Plaintiffs”) commenced a civil suit in the Kuala Lumpur High Court on the 6 November 2013 against Datuk Leaw Tua Choon, Datuk Leaw Ah Chye, Leaw Yongene and Citypoint Engineering Sdn Bhd (“CESB”) for inter alia, a declaration that the Letter of Award dated 16 May 2012 between BDSB and CESB was void ab initio and/or for loss and damage as well as an account for secret profits arising from the breach of on the part of Datuk Leaw Tua Choon and Datuk Leaw Ah Chye of their contractual, statutory, fiduciary and/ or common law duties and/ or obligations as Executive Directors of the Plaintiffs in respect of certain dealings concerning CESB.

Further to the announcement made, the Group had on 21 November 2013, announced that a Notice pursuant to Section 218(2)(a) of the Companies Act, 1965 dated 18 November 2013 (“Notice of Demand”) has been served on BDSB, on 19 November 2013 by Messrs. Chin Yeow Chong & Co., Advocates & Solicitors acting for CESB, demanding payment of RM18,804,281.86 (“Claim”) being costs of services rendered for the proposed coastal reclamation works in Melaka.

BDSB has been given twenty one (21) days from receipt of this Notice of Demand to settle the outstanding Claim, failing which winding up proceedings will be taken against BDSB. The Claim originated from a purported Letter of Award dated 16 May 2012 between BDSB and CESB of which the Company is now strongly disputing. The Company is seeking legal advice and will take the appropriate course of actions as abovementioned to resist the Claim including defending the Claim made against BDSB in court.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 30 September 2013.



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 presented as below:-

	Three (3) Months		Year-to-date	
	Ended	Ended	Ended	Ended
	30-09-2013	30-09-2012	30-09-2013	30-09-2012
Net (loss)/profit attributable to ordinary shareholders for the period (RM'000)	(4,655)	22,795	(4,655)	22,795
Weighted average number of ordinary shares ('000)	806,588	801,758	806,588	801,758
Basic EPS (sen)	(0.6)	2.8	(0.6)	2.8

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	Ended	Ended	Ended
	30-09-2013	30-09-2012	30-09-2013	30-09-2012
Net (loss)/profit attributable to ordinary shareholders for the period (RM'000)	(4,655)	22,795	(4,655)	22,795
Weighted average number of ordinary shares as per basic EPS ('000)	806,588	801,758	806,588	801,758
Effect of dilution on employee share options	⁽¹⁾ 1,698	1,290	⁽¹⁾ 1,698	1,290
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	808,286	803,048	808,286	803,048
Diluted EPS (sen)	(0.6)	2.8	(0.6)	2.8

Note:-

- (1) *The diluted earnings per share has been calculated by dividing the Group's profit attributable to owners of the parent by the weighted average number of shares that would have been issue upon full exercise of the balance of 9,865,500 options under the ESOS granted, adjusted for the number of such shares that would have been issued at fair value.*

**27. REALISED AND UNREALISED PROFIT / LOSSES DISCLOSURE**

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

	As at 30-09-2013	As at 30-09-2012
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:-		
• realised	330,924	343,242
• unrealised	(7,843)	(8,174)
	<u>323,081</u>	<u>335,068</u>
Add: Consolidation adjustments	9,318	(7,844)
	<u><u>332,399</u></u>	<u><u>327,224</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.