



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND (2nd) QUARTER ENDED 31 DECEMBER 2013**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2013

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 31-12-2013 RM'000	(Unaudited) Preceding Year Quarter Ended 31-12-2012 RM'000	(Unaudited) Current Year To Date 31-12-2013 RM'000	(Unaudited) Preceding Year To Date 31-12-2012 RM'000
Revenue	95,057	66,357	109,460	124,105
Cost of sales	(64,548)	(38,529)	(77,685)	(62,857)
Gross profit	30,509	27,828	31,775	61,248
Other operating income	9,863	445	10,344	1,539
Administrative and other expenses	(5,854)	(5,690)	(11,810)	(12,860)
Profit from operations	34,518	22,583	30,309	49,927
Finance costs	(501)	(1,063)	(1,223)	(2,375)
Profit before tax (" PBT ")	34,017	21,520	29,086	47,552
Tax expense	(8,676)	(416)	(8,406)	(3,732)
Profit for the financial period	25,341	21,104	20,680	43,820
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	-
• Foreign currency translations	691	(502)	5,695	(5,960)
Total comprehensive income	26,032	20,602	26,377	37,860
Profit attributable to:-				
• Owners of the parent	25,342	21,106	20,687	43,901
• Non-controlling interests	(1)	(2)	(7)	(81)
	25,341	21,104	20,680	43,820
Total comprehensive income attributable to:-				
• Owners of the parent	26,033	20,604	26,384	37,941
• Non-controlling interests	(1)	(2)	(7)	(81)
	26,032	20,602	26,377	37,860
Earnings per ordinary share attributable to equity holders of the Company (sen)				
• Basic	3.1	2.6	2.6	5.5
• Diluted	3.1	2.6	2.6	5.5

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 31 DECEMBER 2013

	Unaudited As at 31-12-2013 RM'000	Audited As At 30-06-2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	212,694	214,079
Other investments	40	38
	<u>212,734</u>	<u>214,117</u>
Current assets		
Inventories	279,455	190,053
Land reclamation WIP	30,792	29,581
Trade and other receivables	438,176	483,241
Current tax assets	411	8,146
Fixed deposits	24,714	25,974
Cash and bank balances	16,763	14,190
	<u>790,311</u>	<u>751,185</u>
TOTAL ASSETS	<u>1,003,045</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)	20,979	15,070
Distributable reserve	341,611	337,054
Total equity attributable to owners of the parent	<u>564,606</u>	<u>554,036</u>
Non-controlling interests	2,901	2,908
TOTAL EQUITY	<u>567,507</u>	<u>556,944</u>
LIABILITIES		
Non-current liabilities		
Borrowings	9,551	11,725
Deferred tax liabilities	2,229	7,197
Trade and other payables	56,713	54,624
	<u>68,493</u>	<u>73,546</u>
Current liabilities		
Trade and other payables	100,771	162,575
Borrowings	18,377	19,537
Deferred revenue	246,184	152,521
Current tax liabilities	1,713	179
	<u>367,045</u>	<u>334,812</u>
TOTAL LIABILITIES	<u>435,538</u>	<u>408,358</u>
TOTAL EQUITY AND LIABILITIES	<u>1,003,045</u>	<u>965,302</u>
Net assets per RM0.25 share attributable to ordinary equity holders of the company	<u>0.70</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 SECOND (2ND) QUARTER ENDED 31 DECEMBER 2013

	← Non-Distributable Reserve →							Distributable Reserve		Non Controlling Interests Total RM'000	Total RM'000
	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	Distributable Retained Earnings RM'000	Total 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	-	-	-	-	-	-	-	43,901	43,901	(81)	43,820
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	(5,960)	-	-	-	-	(5,960)	-	(5,960)
Total comprehensive income	-	-	-	(5,960)	-	-	-	43,901	37,941	(81)	37,860
Transactions with owners:-											
• Share option granted under ESOS	-	-	269	-	-	(269)	-	-	-	-	-
• Share issuance for ESOS	556	-	1,802	-	-	-	-	-	2,358	-	2,358
• Buy back of shares	-	(219)	-	-	-	-	-	-	(219)	-	(219)
• Dividend payable	-	-	-	-	-	-	-	(24,106)	(24,106)	-	(24,106)
As at 31 Dec 2012	201,296	(1,465)	152,170	692	(146,070)	1,545	(29)	324,224	532,363	2,916	535,279



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2013
 (“CONT’D”)

	← ATTRIBUTABLE TO OWNERS OF THE PARENT →							Distributable Reserve	Total	Non Controlling Interests	Total
	Non-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	Distributable Retained Earnings RM'000	RM'000	RM'000	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	-	-	-	-	-	-	-	20,687	20,687	(7)	20,680
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	2	-	2	-	2
Foreign currency translation	-	-	-	5,695	-	-	-	-	5,695	-	5,695
Total comprehensive income	-	-	-	5,695	-	-	2	20,687	26,384	(7)	26,377
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)
• Dividend payable	-	-	-	-	-	-	-	(16,130)	(16,130)	-	(16,130)
As at 31 Dec 2013	202,016	(1,600)	154,822	12,625	(146,070)	1,224	(22)	341,611	564,606	2,901	567,507

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 SECOND (2ND) QUARTER ENDED 31 DECEMBER 2013**

	Unaudited 31 Dec 2013 RM'000	Restated 31 Dec 2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
PBT	29,086	47,552
Adjustments for:-		
Depreciation of property, plant and equipment	5,329	5,469
PPE written off	20	-
Gain on disposal of unit trust	(37)	-
Loss on disposal of PPE	1,075	-
Non-cash and operating items	1,819	3,887
Operating profit before changes in working capital	37,292	56,908
Changes in working capital:-		
Consumables	-	(1,371)
Land reclamation work in progress	(1,212)	(3,125)
Land held for sale	(89,402)	-
Trade and other receivables	45,065	(236,513)
Trade and other payable	(33,973)	26,669
Deferred revenue	93,663	119,055
Cash generated from/(used in) operations	51,433	(38,377)
Tax paid – net	(4,106)	(11,086)
Net cash generated from/(used in) operating activities	47,327	(49,463)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	257	890
Disposal of unit trust	37	-
Disposal of property, plant and equipment	13	9,204
Purchase of property, plant and equipment	(224)	(425)
(Repayments to)/advance from related parties	(41,872)	803
Net cash from (used in)/from investing activities	(41,789)	10,472
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of borrowings and trust receipts	-	2,157
Repayment of borrowings and hire-purchase – net	(3,858)	(4,549)
Funding from non-controlling interests	-	2,994
Interest expenses	(1,223)	(2,375)
Issue of new shares under ESOS	439	2,358
Shares repurchased	(123)	(219)
Net cash (used in)/ from financing activities	(4,765)	366
Net (decrease)/ increase in cash and cash equivalents	773	(38,625)
Cash and cash equivalents at beginning of period	21,912	110,792
Effects of exchange rate changes	15	(3,658)
Cash and cash equivalents at the end of period	22,700	68,509

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2013 (CONT'D)**

	Unaudited 31 Dec 2013 RM'000	Restated 31 Dec 2012 RM'000
Cash and cash equivalents comprise the following:-		
Cash and bank balances ⁽¹⁾	16,763	29,751
Fixed deposits		
• pledged	17,394	19,726
• not pledged	7,320	38,758
	<u>41,477</u>	<u>88,235</u>
Less: Fixed deposits pledged	<u>(17,394)</u>	<u>(19,726)</u>
	24,083	68,509
Less: Bank overdraft	<u>(1,383)</u>	<u>-</u>
	<u><u>22,700</u></u>	<u><u>68,509</u></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 SECOND (2nd) QUARTER ENDED 31 DECEMBER 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 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 Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
MFRS 9 Financial Instruments	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 31 December 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 31 December 2013.

7. DIVIDENDS

At the Eighth (8th) Annual General Meeting of the Company, a final tax exempt (single tier) dividend in respect of the financial year ended 30 June 2013 of RM0.02 on 806,303,600 ordinary shares of RM0.25 each, approximately amounting of RM16,126,072 was approved by the shareholders on 27 December 2013 and to be paid on 14 March 2014 to shareholders whose name appear in the Record of Depositors on 18 February 2014.

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**8. SEGMENTAL REPORTING**

The Group's segmental report for the current financial period ended 31 December 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	9,708	88,240	11,512	-	-	-	109,460
Inter - segment sales	12,665	-	1,616	1,750	-	(16,031)	-
Total revenue	22,373	88,240	13,128	1,750	-	(16,031)	109,460
Results							
Segment results	5,918	32,056	(6,120)	(1,328)	(474)	-	30,052
Interest and dividend income	234	-	8	12	3	-	257
Finance costs	(1,069)	-	(146)	(8)	-	-	(1,223)
Profit/(loss) before tax	5,083	32,056	(6,258)	(1,324)	(471)	-	29,086
Income tax expense	(209)	(8,014)	(183)	-	-	-	(8,406)
Profit/(loss) for the period	4,874	24,042	(6,441)	(1,324)	(471)	-	20,680
Other information							
• Depreciation	(1,647)	-	(3,486)	(196)	-	-	(5,329)

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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 31 December 2013.

10. SIGNIFICANT EVENTS AND TRANSACTIONS

10.1 Material Events During the Year

a. 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.

(HCSB and GRSB are collectively referred to as the “Purchasers”)

On 10 December 2013, HLSB has issued a notice to the Purchasers to terminate the SPAs due to the Purchasers’ failure to settle the payment of balance of the sale consideration amounting to RM44,883,075.56 on or before the extended completion date i.e. 10 December 2013.

Subsequently on 12 December 2013, the Group announced on the termination of the SPAs to Bursa Securities. Upon the termination of the SPAs, the Group is entitled to forfeit the deposits amounting to RM5,431,452.84 paid by the Purchasers, being a sum equal to 10% of the sale consideration pursuant to the terms of the SPAs. The Purchasers shall henceforth have no interest in the said properties and neither party shall have any claim against each other.

b. 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.

This Sale and Purchase agreement has been completed on 6 February 2014 following full payment by UHDSB to OPSB.

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10. SIGNIFICANT EVENTS AND TRANSACTIONS (CONT'D)

10.1 Material Events During the Year (Cont'd)

c. Termination of Service Agreement of Executive Directors and removal of Directors

On 7 October 2013, the Group announced the Service Agreement 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 7 October 2013, the Group announced to convene an Extraordinary General Meeting ("EGM") for the purpose removing both Datuk Leaw Tua Choon and Datuk Leaw Ah Chye as Directors.

Subsequently, on 4 December 2013, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye resigned as the Executive Director of the Benalec Holdings Berhad and its subsidiaries. In view of the said directors resignation, the Group announced the call off of the intended Extraordinary General Meeting as it is no longer necessary.

d. Change in shareholding structure of substantial shareholders

On 3 January 2014, the Group announced that Datuk Leaw Tua Choon, a substantial shareholder of Benalec, had on 24 December 2013 made the following disposals:-

- i) the disposal of 482 ordinary shares of RM1.00 each in Oceancove Sdn Bhd ("Oceancove") ("Oceancove shares") to Dato' Leaw Seng Hai and 1,218 Oceancove shares to Datuk Leaw Ah Chye. Oceancove is a major shareholder of the Company holding 52.90% of the shares in Benalec; and
- ii) the disposal of his entire shareholding in Oceanview Cove Sdn Bhd ("Oceanview") comprising 2,157 ordinary shares of RM1.00 each to Dato' Leaw Seng Hai. Oceanview is the ultimate holding company of Benalec and the holding company of Oceancove.

The disposals are made in accordance with terms and conditions agreed by the three Leaw brothers, namely Datuk Leaw Tua Choon, Datuk Leaw Ah Chye and Dato' Leaw Seng Hai under a private Heads of Agreement signed by all three of them on 4 December 2014.

In consequence of Datuk Leaw Tua Choon's disposal of all his shares in Oceancove and Oceanview, he has thereby ceased to be a substantial shareholder of Benalec. Both Dato's Leaw Seng Hai and Datuk Leaw Ah Chye have, through the abovementioned share sale transactions, increase their indirect shareholdings in Benalec Holdings Berhad. In the case of Dato's Leaw Seng Hai, the increase in his indirect interest in Benalec shares is from 15.34% or 123,760,341 shares to 23.71% or 191,261,841 shares, while Datuk Leaw Ah Chye has increased his indirect interest in Benalec shares from 14.82% or 119,501,499 shares to 21.26% or 171,501,499 shares.

Pursuant to the said private Heads of Agreement as stated in note 24(e) herein, Datuk Leaw Ah Chye has granted an option, which is exercisable within a 2-year period from the date of the Agreement, to Dato' Leaw Seng Hai to purchase at least 30% of the indirect interest in Benalec shares currently held by Datuk Leaw Ah Chye through his shareholding in Oceanview Cove Sdn Bhd.



10. SIGNIFICANT EVENTS AND TRANSACTIONS (CONT'D)

10.2 Material Events Not Reflected in the Financial Statement

There were no material events subsequent to the current financial quarter ended 31 December 2013 and up to 21 February 2014, 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 above, Note 22 and Note 24.

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 RM1.23 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 31 December 2013, the Company holds 1,444,900 shares as treasury shares at an average price of RM1.11.

11.2 End of Financial Period Ended 31 December 2013 and Up to LPD

11.2.1 Share Buy Back

Date	Description	No. of shares ('000)	Average price paid (RM)	Total consideration paid (RM'000)
6 Jan 2014	Share buyback	(5)	1.00	(5)
8 Jan 2014	Share buyback	(100)	0.93	(93)
		(105)	0.93	(98)



11. DEBT AND EQUITY SECURITIES (CONT'D)

11.2 End of Financial Period Ended 31 December 2013 and Up to LPD (Cont'd)

11.2.2 Share Issuance Scheme

- a) On 3 January 2014, the Group announced that 600,000 options have been offered to the Independent Directors of Benalec.

For further details, please refer to announcement made to Bursa Securities on 3 January 2014.

- b) On 28 January 2014, the Group announced that 16,000,000 options have been offered to the Eligible Employees and Executive Director of Benalec (as defined in the By-Laws set out in Benalec Prospectus dated 28 December 2010).

For further details, please refer to announcement made to Bursa Securities on 28 January 2014.

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 31 December 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 31 December 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>

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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:-

Nature of transactions ⁽¹⁾	Transaction value based on billings RM'000	Balance outstanding as at 31-12-2013 RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	9,659	195,592
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(63,996)
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.

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

	Current Second (2 nd) Quarter 31 Dec 2013 RM'000	Previous Second (2 nd) Quarter 31 Dec 2012 RM'000	Variance	
			RM'000	%
Revenue	109,460	124,105	(14,645)	(11.80)
PBT	29,086	47,552	(18,466)	(38.83)

For the cumulative six (6) months ended 31 Dec 2013, the Group had shown a decrease of revenue by 11.8% against last year, with total revenue registered at RM109.5 million (FPE Q2'2013: RM124.1 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.

The cumulative 6 months recorded a PBT of RM29.0 million, representing a decrease of approximately RM18.5 million against last year, mainly attributable by:-

Description	RM' 000	Note
Decrease in gross profit	(29,473)	1
Increase in other operating income	8,805	2
Decrease in administrative and other expenses	1,050	3
Decrease in finance costs	1,152	
Net decrease in PBT	(18,466)	



16. REVIEW OF PERFORMANCE OF THE GROUP (CONT'D)

16.1 CURRENT YEAR-TO-DATE VERSUS PREVIOUS YEAR-TO-DATE (CONT'D)

Notes:-

- (1) *Decrease in gross profit was mainly due to lesser progress of work recognition in the current year-to-date.*
- (2) *Increase in other income was mainly due to:-*
 - *Deposit received from forfeited land disposal transactions recognised in current year- to-date (Q2 '14 : RM5.4 million; Q2 '13 : nil).*
 - *Discount received from sub-contractors in current year-to-date (Q2 '14: RM3.7 million ; Q2 '13 : nil).*
- (3) *Decrease in administrative and other expenses was mainly due to:-*
 - *Loss on disposal of PPE recognised in previous year-to-date (Q2 '14:1.07 million ; Q2 '13 : RM1.6 million).*

16.2 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER

	Current Second (2 nd) Quarter 31 Dec 2013 RM'000	Previous Second (2 nd) Quarter 31 Dec 2012 RM'000	Variance	
			RM'000	%
Revenue	95,057	66,357	28,700	43.25
PBT	34,017	21,520	12,497	58.07

For the current quarter under review, the Group had shown an increase of revenue by 43.2% against last year corresponding quarter, with total revenue registered at RM95.1 million (FPE Q2'2013: RM66.3 million). The increase in revenue was mainly due to increase in land disposal (Q2 '14: RM84.4 million, Q2 '13: nil), which contributed about 88.8% of current quarter revenue.

The current quarter recorded a PBT of RM34.0 million, representing an increase of RM12.5 million against last year corresponding quarter, mainly attributable by:-

Description	RM' 000	Note
Increase in gross profit	2,681	1
Increase in other operating income	9,418	2
Increase in administrative and other expenses	(164)	Negligible
Decrease in finance costs	562	Negligible
Net increase in PBT	12,497	

Notes:-

- (1) *Increase in gross profit was mainly due to factors as stated above.*
- (2) *Increase in other income was mainly due to:-*
 - *Deposit received from forfeited land disposal transactions recognised in current quarter (Q2 '14 : RM5.4 million; Q2 '13 : nil).*
 - *Discount received from sub-contractors in current quarter (Q2 '14:RM3.7 million; Q2 '13: nil).*

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17. VARIATION RESULTS AGAINST PRECEDING QUARTER

	Current Second (2 nd) Quarter 31 Dec 2013 RM'000	Previous First (1 st) Quarter 30 Sept 2013 RM'000	Variance	
			RM'000	%
Revenue	95,057	14,403	80,654	559.98
PBT/(LBT)	34,017	(4,931)	38,948	789.86

For the current quarter under review with comparison to preceding quarter, the Group registered revenue of approximately RM95.1 million, representing an increase of 559.98%. The increase in revenue was mainly due to increase in land disposal recognition in the current quarter (Q2 '14 : RM84.4 million , Q1 '14 : nil).

The Group registered PBT of RM34.0 million (FPE Q1 '2014 LBT: RM4.9 million) representing an increase of RM38.9 million. The increase against revenue was mainly due to:-

Description	RM' 000	Note
Increase in gross profit	29,243	1
Increase in other operating income	9,382	2
Decrease in administrative and other expenses	102	Negligible
Decrease in finance costs	221	Negligible
Net Increase in PBT	38,948	

Notes:-

- (1) *Increase in gross profit was mainly due to land disposal recognition in the current quarter.*
- (2) *Increase in other income was mainly due to:-*
 - *Deposit received from forfeited land disposal transactions recognised in current quarter (Q2 '14 : RM5.4 million; Q2 '13 : nil).*
 - *Discount received from sub-contractors in current quarter (Q2 '14:RM3.7 million; Q1 '14: nil).*

18. PROSPECTS

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 107.1 acres of land, forming the subject matter of Sale & Purchase Agreements already signed and publicly announced, will generate revenue (approx. RM182 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 uptrend is expected to be sustained in the foreseeable future, given the pace and scale at which development within the State is taking place. This, in turn, has to augur very 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 PBT for the period are as presented below:-

	Current Quarter RM'000	Year-To-Date RM'000
Interest income	168	230
Other income including investment income	9,590	9,602
Interest expense	(501)	(1,223)
Depreciation	(2,671)	(5,329)
Gain/(loss) on disposal of fixed assets	(1,075)	(1,075)
Gain/(loss) on unit trust investments	37	37
Unrealised exchange gain/(loss)– net	63	(853)
Realised exchange gain/(loss) – net	(53)	(33)
Impairment losses of receivables	-	-
Impairment losses and write-off of assets	-	(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	(13,374)	(13,374)
Current deferred tax	4,698	4,968
	<u>(8,676)</u>	<u>(8,406)</u>
Effective tax rate (%)	<u>25.50</u>	<u>(¹) 28.90</u>

Note:-

(1) The higher effective tax rate than the statutory tax rate of 25% for the current quarter is mainly due to certain subsidiaries were making losses.

22. STATUS OF CORPORATE PROPOSALS

22.1 Disposal of land (8 parcels)

On 28 October 2013, the Group announced the disposal of eight (8) parcels 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.

This significant land disposal transaction is expected to be completed by the 1st quarter of calendar year 2015.

22.2 Extension of the Term-Sheet duration

Spektrum Kukuh Sdn Bhd (“SKSB”), a 70% owned-subsiary of Tanjung Piai Maritime Industries Sdn Bhd, which itself is a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary of Benalec, had on 12 March 2013 entered into a



22. STATUS OF CORPORATE PROPOSALS (CONT'D)

22.2 Extension of the Term-Sheet duration (Cont'd)

binding term sheet with The State Secretary, Johor (Incorporated) ("S.S.I") and 1MY Strategic Oil Terminal Sdn Bhd ("the Purchaser") to undertake the reclamation works and sale of approximately 1,000 acres of land off the coast of Tanjung Piai, Johor Darul Ta'zim ("the land") for the purpose of constructing and operating a crude oil and petroleum storage facility together with a private jetty ("Project").

(SKSB, S.S.I and the Purchaser are collectively referred to as "the Parties".)

Further to the announcements made on 12 March 2013, 12 June 2013, 17 June 2013 and 11 September 2013 with regards to the Term Sheet, the Parties have mutually agreed to extend the period of validity of the Term Sheet by an additional duration of six (6) months from the expiry date to enable finalisation of the terms and conditions of the Sale and Purchase Agreement.

The extended duration shall come into effect from 12 December 2013 until 11 June 2014 or such other date as the Parties may agree in writing.

22.3 Disposal of land (4 parcels)

On 17 December 2013, the Group announced the disposal of four (4) parcels of leasehold vacant land, measuring in aggregate approximately 31.86 acres, held by Oceanfront Property Sdn Bhd ("OPSB") a wholly-owned subsidiary of Benalec Sdn Bhd ("BSB"), which in turn is a wholly-owned subsidiary of Benalec, to Faithview Concept Development Sdn Bhd ("FCDSB") for a total disposal consideration of RM55,531,011.20.

Barring unforeseen circumstances, this land disposal transaction is expected to be completed by the 2nd quarter of calendar year 2014.

23. BORROWINGS

The Group's borrowings as at 31 Dec 2013 presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• hire purchase and lease creditors	791
• term loans	8,760
	<u>9,551</u>
Short Term Borrowings	
Secured:-	
• hire purchase and lease creditors	491
• bank overdraft	1,383
• term loans	16,503
	<u>18,377</u>
Total	<u><u>27,928</u></u>

The total borrowings denominated in foreign and local currency as at 31 Dec 2013 are: -

	RM'000
Foreign currency – SGD 85,087 @ RM2.5895/SGD1	220
Local currency	27,708
	<u>27,928</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 payment of RM8,447,916.11 for the alleged works done for the proposed coastal reclamation works in Melaka.

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 (“KLHC”) 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.

Refer to note 24 (e) herein for the latest update of this case.

- c) On 18 November 2013, the Group announced that Benalec and 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 KLHC 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 (“Writ of Summons”).

A separate civil suit was also filed in KLHC on 6 November 2013 by BDSB against CESB, to dispute inter alia, the demanded sum by CESB for the cost of services rendered, on the grounds that the sum was dubious, exorbitant and unjustified (“Originating Summons”).

On 21 November 2013, the Group 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 being costs of services rendered for the proposed coastal reclamation works in Melaka.

Subsequently on 5 December 2013, the Group announced and stated that it has reached a settlement with CESB in respect of its claim against CESB under the Writ of Summons and accordingly, CESB would withdraw the Notice of Demand served on BDSB. By virtue of the settlement and withdrawal of the Notice of Demand, BDSB will withdraw the Originating Summons and Writ of Summons in due course.

Refer to note 24 (e) herein for the latest update of this case.



24. MATERIAL LITIGATION (CONT'D)

- d) On 26 November 2013, the Group announced that Benalec and Benalec Sdn Bhd (“BSB”), a wholly-owned subsidiary of Benalec (“the Plaintiffs”) had commenced a civil suit in the KLHC on 21 November 2013 against 1. Datuk Leaw Tua Choon, 2. Datuk Leaw Ah Chye, 3. Oceanic Sdn Bhd, 4. Altantic Property Sdn Bhd, 5. Oceanfront Realty Sdn Bhd, 6. Oceanview Property Sdn Bhd and 7. Oriental Grandeur Sdn Bhd for inter alia orders for Oceanic Sdn Bhd, Altantic Property Sdn Bhd, Oceanfront Realty Sdn Bhd and Oceanview Property Sdn Bhd to comply with any and / or all obligations under their respective sale and purchase agreements for lands with Central Spectrum (M) Sdn Bhd, and their obligations under the respective land reclamation agreements with BSB.

Refer to note 24 (e) herein for the latest update of this case.

- e) On 5 December 2013, the Group announced that a Heads of Agreement (“HoA”) has been signed on 4 December 2013 (“HoA”) between the Company (on behalf of itself and all subsidiaries), Datuk Leaw Tua Choon, Datuk Leaw Ah Chye and Leaw Yongene (collectively refer to as “the Parties”).

The objective of the HoA is to set out the framework to settle all legal suits, grievances, disputes and claims as between the Company and the aforesaid parties.

Further to the announcement made, on 10 January 2014, the Group announced the status and the implementation of settlement pursuant to the HoA as follows:-

- i. The Parties had recorded consent judgement (“Judgement”) in KLHC under Suit No.22NCVC-610-11/2013. The Judgement stipulated, *inter alia*, that –
 - (i)(a) the land sales to Sunshine 2000 Sdn Bhd and Seaside Synergy Sdn Bhd (collectively refer to as “Said Companies”) be rescinded and cancelled;
 - (i)(b) the original issue document of titles for the said Lands be re-transferred back to Strategic Land Sdn Bhd (“SLSB”) and the full purchase price approximately RM28 million (“Refund Sum”) be returned to the Said Companies; and
 - (i)(c) Pong Kim Siew to refund approximately RM561,000 to SLSB failing which it will be set-off against the Refund Sum.
- ii. Pursuant to the withdrawal of Notice of Demand by CESB as stated in Note 24(c) above, the Originating Summons were subsequently withdrawn on 9 December 2013. In view of the foregoing, Benalec and BDSB further intends to withdraw the abovementioned Writ of Summon.
- iii. The Parties under KLHC Suit No. 22NCVC-631-11/2013, agreed to Oceanic Sdn Bhd, Altantic Property Sdn Bhd, Ocenfront Realty Sdn Bhd and Oceanview Property Sdn Bhd (collectively refer to as “Related Companies”) executing an irrevocable power of attorney in favour of Benalec to enable it to carry out the terms and obligations stipulated under various land reclamation agreements executed by parties therein. Messrs. Wong, Beh & Toh shall hold the RM22 million as stakeholder and act in accordance with the instructions of Benalec.
- iv. The Parties had successfully resolved and implemented major terms thereby negating further needs to execute other settlement agreement.



25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 December 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 31-12-2013	Ended 31-12-2012	Ended 31-12-2013	Ended 31-12-2012
Net profit attributable to ordinary shareholders for the period (RM'000)	25,342	21,106	20,687	43,901
Weighted average number of ordinary shares ('000)	806,603	802,179	806,603	802,179
Basic EPS (sen)	3.1	2.6	2.6	5.5

26.2 Diluted EPS

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

	Three (3) Months		Year-to-date	
	Ended 31-12-2013	Ended 31-12-2012	Ended 31-12-2013	Ended 31-12-2012
Net profit attributable to ordinary shareholders for the period (RM'000)	25,342	21,106	20,687	43,901
Weighted average number of ordinary shares as per basic EPS ('000)	806,603	802,179	806,603	802,179
Effect of dilution on employee share options	-	⁽¹⁾ 2,737	-	⁽¹⁾ 2,737
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	806,603	804,916	803,603	804,916
Diluted EPS (sen)	3.1	2.6	2.6	5.5

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 12,743,500 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 31-12-2013	As at 31-12-2012
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:-		
• realised	335,643	345,337
• unrealised	<u>(3,082)</u>	<u>(6,973)</u>
	332,561	338,364
Add: Consolidation adjustments	<u>9,050</u>	<u>(14,140)</u>
	<u><u>341,611</u></u>	<u><u>324,224</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.