



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2014**

TABLE OF CONTENTS	PAGE
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3 RD) QUARTER ENDED 31 MARCH 2014	1
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014	2
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD (3 RD) QUARTER ENDED 31 MARCH 2014	3
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD (3 RD) QUARTER ENDED 31 MARCH 2014	5
NOTES TO THE INTERIM FINANCIAL REPORT	7



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2014

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 31-03-2014 RM'000	(Restated) Preceding Year Quarter Ended 31-03-2013 RM'000	(Unaudited) Current Year To Date 31-03-2014 RM'000	(Restated) Preceding Year To Date 31-03-2013 RM'000
Revenue	70,028	74,890	179,488	198,995
Cost of sales	(55,736)	(55,639)	(133,421)	(118,496)
Gross profit	14,292	19,251	46,067	80,499
Other operating income	595	503	10,939	2,042
Administrative and other expenses	(10,165)	(6,961)	(21,975)	(19,821)
Profit from operations	4,722	12,793	35,031	62,720
Finance costs	(459)	(836)	(1,682)	(3,211)
Profit before tax (" PBT ")	4,263	11,957	33,349	59,509
Tax expense	(2,119)	(3,148)	(10,525)	(6,880)
Profit for the financial period	2,144	8,809	22,824	52,629
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	-	6	2	6
• Foreign currency translations	(461)	2,090	5,234	(3,870)
Total comprehensive income	1,683	10,905	28,060	48,765
Profit attributable to:-				
• Owners of the parent	2,146	8,809	22,832	52,710
• Non-controlling interests	(2)	-	(8)	(81)
	2,144	8,809	22,824	52,629
Total comprehensive income attributable to:-				
• Owners of the parent	1,685	10,905	28,068	48,846
• Non-controlling interests	(2)	-	(8)	(81)
	1,683	10,905	28,060	48,765
Earnings per ordinary share attributable to equity holders of the Company (sen)				
• Basic	0.3	1.1	2.8	6.6
• Diluted	0.3	1.1	2.8	6.6

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 MARCH 2014

	Unaudited As at 31-03-2014 RM'000	Audited As At 30-06-2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	209,897	214,079
Other investments	40	38
	<u>209,937</u>	<u>214,117</u>
Current assets		
Inventories	239,999	190,053
Land reclamation WIP	33,065	29,581
Trade and other receivables	615,344	483,241
Current tax assets	180	8,146
Deferred tax assets	1,385	-
Fixed deposits	38,692	25,974
Cash and bank balances	4,953	14,190
	<u>933,618</u>	<u>751,185</u>
TOTAL ASSETS	<u>1,143,555</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)	22,533	15,070
Distributable reserve	343,756	337,054
Total equity attributable to owners of the parent	<u>568,305</u>	<u>554,036</u>
Non-controlling interests	2,900	2,908
TOTAL EQUITY	<u>571,205</u>	<u>556,944</u>
LIABILITIES		
Non-current liabilities		
Borrowings	8,495	11,725
Deferred tax liabilities	-	7,197
Trade and other payables	46,806	54,624
	<u>55,301</u>	<u>73,546</u>
Current liabilities		
Trade and other payables	68,277	162,575
Borrowings	13,090	19,537
Deferred revenue	420,737	152,521
Current tax liabilities	14,945	179
	<u>517,049</u>	<u>334,812</u>
TOTAL LIABILITIES	<u>572,350</u>	<u>408,358</u>
TOTAL EQUITY AND LIABILITIES	<u>1,143,555</u>	<u>965,302</u>
Net assets per RM0.25 share attributable to ordinary equity holders of the company	<u>0.71</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 THIRD (3RD) QUARTER ENDED 31 MARCH 2014

	← 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	-	-	-	-	-	-	-	52,710	52,710	(81)	52,629
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	6	-	6	-	6
Foreign currency translation	-	-	-	(3,870)	-	-	-	-	(3,870)	-	(3,870)
Total comprehensive income	-	-	-	(3,870)	-	-	6	52,710	48,846	(81)	48,765
Transactions with owners:-											
• Share option granted under ESOS	-	-	307	-	-	(307)	-	-	-	-	-
• Share issuance for ESOS	635	-	2,058	-	-	-	-	-	2,693	-	2,693
• Buy back of shares	-	(231)	-	-	-	-	-	-	(231)	-	(231)
• Dividend paid	-	-	-	-	-	-	-	(24,125)	(24,125)	-	(24,125)
As at 31 March 2013	201,375	(1,477)	152,464	2,782	(146,070)	1,507	(23)	333,014	543,572	2,916	546,488



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2014 (“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	-	-	-	-	-	-	-	22,832	22,832	(8)	22,824
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	2	-	2	-	2
Foreign currency translation	-	-	-	5,234	-	-	-	-	5,234	-	5,234
Total comprehensive income	-	-	-	5,234	-	-	2	22,832	28,068	(8)	28,060
Transactions with owners:-											
• Share option granted under ESOS	-	-	24	-	-	(24)	-	-	-	-	-
• Ordinary shares issued pursuant to ESOS	104	-	335	-	-	2,159	-	-	2,598	-	2,598
• Buy back of shares	-	(267)	-	-	-	-	-	-	(267)	-	(267)
• Dividend paid	-	-	-	-	-	-	-	(16,130)	(16,130)	-	(16,130)
As at 31 March 2014	202,016	(1,744)	154,822	12,164	(146,070)	3,383	(22)	343,756	568,305	2,900	571,205

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 THIRD (3RD) QUARTER ENDED 31 MARCH 2014**

	Unaudited 31 Mar 2014 RM'000	Restated 31 March 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
PBT	33,349	59,509
Adjustments for:-		
Depreciation of property, plant and equipment	7,994	8,115
PPE written off	20	-
Gain on disposal of unit trust	(35)	-
Loss on disposal of PPE	1,008	-
Non-cash and operating items	6,999	3,940
Operating profit before changes in working capital	49,335	71,564
Changes in working capital:-		
Consumables	-	(770)
Land reclamation work in progress	(3,484)	(3,637)
Land held for sale	(49,945)	(3,008)
Trade and other receivables	(132,103)	(270,456)
Trade and other payable	(50,442)	10,219
Deferred revenue	268,216	152,522
Cash generated from/(used in) operations	81,577	(43,566)
Tax refund / (paid) – net	3,625	(15,258)
Net cash generated from/(used in) operating activities	85,202	(58,824)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	548	1,477
Withdrawal/(Placement) of fixed deposits – pledged	2	3,155
Disposal of unit trust	35	-
Disposal of property, plant and equipment	80	9,194
Purchase of property, plant and equipment	(340)	(560)
(Repayments to)/advance from related parties	(51,674)	(2,373)
Net cash from (used in)/from investing activities	(51,349)	10,893
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings and hire-purchase – net	(9,445)	(16,744)
Funding from non-controlling interests	-	2,994
Interest expenses	(1,682)	(3,211)
Issue of new shares under ESOS	439	2,693
Shares repurchased	(267)	(231)
Dividend paid	(16,130)	(24,125)
Net cash (used in)/ from financing activities	(27,085)	(38,624)
Net (decrease)/ increase in cash and cash equivalents	6,768	(86,555)
Cash and cash equivalents at beginning of period	21,912	110,792
Effects of exchange rate changes	(3,054)	(2,638)
Cash and cash equivalents at the end of period	25,626	21,599

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2014 (CONT'D)**

	Unaudited 31 Mar 2014 RM'000	Restated 31 Mar 2013 RM'000
Cash and cash equivalents comprise the following:-		
Cash and bank balances ⁽¹⁾	4,953	18,585
Fixed deposits		
• pledged	17,392	16,571
• not pledged	21,300	4,000
	<u>43,645</u>	<u>39,156</u>
Less: Fixed deposits pledged	<u>(17,392)</u>	<u>(16,571)</u>
	26,253	22,585
Less: Bank overdraft	<u>(627)</u>	<u>(986)</u>
	<u><u>25,626</u></u>	<u><u>21,599</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.

The rest of this page has been intentionally left blank



UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 MARCH 2014

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 31 March 2014.

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

There were no changes in estimates that had any material effect on the current financial period ended 31 March 2014.

7. DIVIDENDS PAID

A final tax exempt (single tier) dividend of RM0.02 per ordinary share amounting to RM16,130,252 in respect of the financial year ended 30 June 2013 was paid on 14 March 2014.

The rest of this page has been intentionally left blank

**8. SEGMENTAL REPORTING**

The Group's segmental report for the current financial period ended 31 March 2014 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	14,572	148,817	16,099	-	-	-	179,488
Inter - segment sales	9,468	-	2,323	1,750	-	(13,541)	-
Total revenue	24,040	148,817	18,422	1,750	-	(13,541)	179,488
Results							
Segment results	(2,321)	47,446	(7,682)	(1,592)	(1,368)	-	34,483
Interest and dividend income	426	-	46	19	57	-	548
Finance costs	(1,453)	-	(221)	(8)	-	-	(1,682)
Profit/(loss) before tax	(3,348)	47,446	(7,857)	(1,581)	(1,311)	-	33,349
Income tax expense	-	(10,232)	(294)	1	-	-	(10,525)
Profit/(loss) for the period	(3,348)	37,214	(8,151)	(1,580)	(1,311)	-	22,824
Other information							
• Depreciation	(2,466)	-	(5,233)	(295)	-	-	(7,994)

The rest of this page has been intentionally left blank



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 March 2014.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 31 March 2014 and up to 15 May 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 in Note 22 and Note 24.

11. DEBT AND EQUITY SECURITIES

11.1 Current Financial Period

11.1.1 Movement of shares

During the current quarter and financial period to date, the Group buy back of 255,000 shares and issued additional 414,000 new shares pursuant to the exercise of ESOS, at an average exercise price of RM1.04 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)
6 Jan 2014	Share buyback ⁽¹⁾	(5)	1.00	(5)
8 Jan 2014	Share buyback ⁽¹⁾	(100)	0.93	(93)
4 Mar 2014	Share buyback ⁽¹⁾	(50)	0.89	(45)
		159	1.09	173

Note (1):-

As at 31 March 2014, the Company holds 1,599,900 shares as treasury shares at an average price of RM1.09.



11. DEBT AND EQUITY SECURITIES (CONT'D)

11.1 Current Financial Period (cont'd)

11.1.2 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.

11.2 End of Financial Period Ended 31 March 2014 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 May 2014	Share buyback	(3,000)	0.94	(2,824)
7 May 2014	Share buyback	(1,686)	0.96	(1,614)
8 May 2014	Share buyback	(1,187)	0.95	(1,131)
9 May 2014	Share buyback	(300)	0.97	(290)
12 May 2014	Share buyback	(1,083)	0.98	(1,065)
14 May 2014	Share buyback	(2,000)	1.05	(2,107)
		(9,256)	0.98	(9,031)

11.2.2 Share issued pursuant to ESOS

Date	Description	No. of shares ('000)	Average price paid (RM)	Total consideration paid (RM'000)
2 Apr 2014	Share issued pursuant to ESOS	55	0.79	44
17 Apr 2014	Share issued pursuant to ESOS	117	0.79	92
5 May 2014	Share issued pursuant to ESOS	168	0.79	133
		340	0.79	269

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 March 2014, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	RM'000
Corporate guarantees given to licensed financial institutions	
For credit facilities granted to subsidiaries	<u>20,874</u>

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 31-03-2014 RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	11,557	197,491
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(54,089)
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 Third (3 rd) Quarter 31 Mar 2014 RM'000	Previous Third (3 rd) Quarter 31 Mar 2013 RM'000	Variance	
			RM'000	%
Revenue	179,488	198,995	(19,507)	(9.80)
PBT	33,349	59,509	(26,160)	(43.96)

For the cumulative Nine (9) months ended 31 Mar 2014, the Group had shown a decrease of revenue by 9.8% against last year, with total revenue registered at RM179.5 million (FPE Q3'2013: RM199.0 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 9 months recorded a PBT of RM33.3 million, representing a decrease of approximately RM26.2 million against last year, mainly attributable by:-

Description	RM' 000	Note
Decrease in gross profit	(34,432)	1
Increase in other operating income	8,897	2
Increase in administrative and other expenses	(2,154)	3
Decrease in finance costs	1,529	
Net decrease in PBT	(26,160)	

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 (Q3 '14 : RM5.4 million; Q3 '13 : nil).*
 - *Discount received from sub-contractors in current year-to-date (Q3 '14 : RM3.7 million ; Q3 '13 : nil).*
- (3) *Increase in administrative and other expenses was mainly due to:-*
- *Loss on unrealised forex recognised in previous year-to-date (Q3 '14 : 4.0 million ; Q3 '13 : RM0.9 million).*

16.2 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER

	Current Third (3 rd) Quarter 31 Mar 2014 RM'000	Previous Third (3 rd) Quarter 31 Mar 2013 RM'000	Variance	
			RM'000	%
Revenue	70,028	74,890	(4,862)	(6.49)
PBT	4,263	11,957	(7,694)	(64.35)

For the current quarter under review, the Group had shown a decrease of revenue by 6.49% against last year corresponding quarter, with total revenue registered at RM70.0 million (FPE Q3'2013: RM74.9 million). The decrease in revenue was mainly due to lesser progress of work recognition (Q3 '14: RM4.87 million, Q3 '13: RM55.2 million).



16.2 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER (CONT'D)

The current quarter recorded a PBT of RM4.3 million, representing a decrease of RM7.7 million against last year corresponding quarter, mainly attributable by:-

Description	RM' 000	Note
Decrease in gross profit	(4,959)	1
Increase in other operating income	92	Negligible
Increase in administrative and other expenses	(3,204)	2
Decrease in finance costs	377	Negligible
Net decrease in PBT	(7,694)	

Notes:-

- (1) *Decrease in gross profit was mainly due to factors as stated above.*
- (2) *Increase in administrative and other expenses was mainly due to loss on unrealised forex recognised in current quarter (Q3' 14 : RM2.7 million; Q3 '13 : nil).*

17. VARIATION RESULTS AGAINST PRECEDING QUARTER

	Current Third (3 rd) Quarter 31 Mar 2014 RM'000	Previous Second (2 nd) Quarter 31 Dec 2013 RM'000	Variance	
			RM'000	%
			Revenue	70,028
PBT	4,263	34,017	(29,754)	(87.47)

For the current quarter under review with comparison to preceding quarter, the Group registered revenue of approximately RM70.0 million, representing a decrease of 26.33%. The decrease in revenue was mainly due to decrease in land disposal recognition in the current quarter (Q3 '14 : RM60.6 million , Q2 '14 : RM88.2 million).

The Group registered PBT of RM4.3 million (FPE Q2 '2014 PBT: RM34.0 million) representing a decrease of RM29.7 million. The decrease against revenue was mainly due to:-

Description	RM' 000	Note
Decrease in gross profit	(16,217)	1
Decrease in other operating income	(9,268)	2
Increase in administrative and other expenses	(4,311)	3
Decrease in finance costs	42	Negligible
Net decrease in PBT	(29,754)	

Notes:-

- (1) *Decrease in gross profit was mainly due to lesser land disposal recognition in the current quarter.*
- (2) *Decrease in other income was mainly due to:-*
 - *Deposit received from forfeited land disposal transactions recognised in current quarter (Q3 '14 : nil; Q2 '14 : RM5.4 million).*
 - *Discount received from sub-contractors in current quarter (Q3 '14 : nil ; Q2 '14: RM3.7 million).*
- (3) *Increase in administrative and other expenses was mainly due to:-*
 - *Loss on unrealised forex (Q3 '14 :RM2.67 million; Q2 '14 : RM0.015 million).*
 - *Share options expenses recognised in current quarter (Q3 '14 : RM2.2 million ; Q2 '14 :nil).*



18. PROSPECTS

The Group feels entirely justified in maintaining a very positive outlook in terms of its prospects for the next several years. This positive outlook is based on the fact that 212.93 acres of land, forming the subject matter of Sale & Purchase Agreements (“Land Sale SPAs”) already signed and publicly announced, will generate sales revenue of approximately RM390 million. Added to that, the recent land reclamation contract secured by the Group covering 415 acres of land for a contract sum of RM203 million, will ensure that the Group has a stable stream of revenue of approximately RM593 million which can be recognised in the financial years 2014 through 2017.

Given the circumstances cited above, the lower profit for the current quarter under review, as compared to that of the previous quarter, is understandable and is a direct consequence of the deferral of the recognition of the revenue and profits attributable to the recently announced major land sales. However, the Group’s earnings from the next financial year onwards are expected to reflect the financial benefit of the said land sale transactions and land reclamation contract.

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 PBT for the period are as presented below:-

	Current Quarter	Year-To-Date
	RM’000	RM’000
Interest income	207	437
Other income including investment income	3,823	13,425
Interest expense	(459)	(1,682)
Depreciation	(2,665)	(7,994)
Gain/(loss) on disposal of fixed assets	67	(1,008)
Gain/(loss) on unit trust investments	(2)	35
Unrealised exchange gain/(loss)– net	(2,854)	(3,707)
Realised exchange gain/(loss) – net	1	(32)
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.*

The rest of this page has been intentionally left blank



21. TAXATION

	Current Quarter RM'000	Year-To-Date RM'000
Current income tax	(5,733)	(19,107)
Current deferred tax	3,614	8,582
	<u>(2,119)</u>	<u>(10,525)</u>
Effective tax rate (%)	<u>(1) 49.72</u>	<u>(1) 31.56</u>

Note:-

- (1) *The higher effective tax rate than the statutory tax rate of 25% for the current quarter is mainly due to :*
- a. *certain subsidiaries were making losses ;*
 - b. *increase of certain expenses in the current quarter (e.g. share options expenses) that is non tax deductible.*

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

22.2 Extension of the Term-Sheet duration

Spektrum Kukuh Sdn Bhd (“SKSB”), a 70% owned-subsi-dary of Tanjung Piai Maritime Industries Sdn Bhd , had on 12 March 2013 entered into a 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, 11 September 2013, 12 December 2013 and 19 March 2014 with regards to the Term Sheet, the Parties are in the midst of finalising the terms and conditions of the Sale and Purchase Agreement.

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.

This land disposal transaction is expected to be completed by 2nd quarter of calendar year 2014.



22. STATUS OF CORPORATE PROPOSALS (CONT'D)

22.4 Disposal of land (4 parcels)

On 13 March 2014, the Group announced the disposal of four (4) parcels of leasehold vacant land, measuring in aggregate approximately 23.01 acres, held by Strategic Land Sdn Bhd ("SLSB") a wholly-owned subsidiary of Benalec Sdn Bhd ("BSB"), which in turn is a wholly-owned subsidiary of Benalec, to Teobros Development Sdn Bhd ("TDSB") for a total disposal consideration of RM48,115,196.18.

This land disposal transaction is expected to be completed by 3rd quarter of calendar year 2014.

22.5 Disposal of land (22 parcels)

On 20 March 2014, the Group announced the disposal of twenty-two (22) parcels of leasehold vacant land which have been or will be reclaimed by Benalec Sdn Bhd ("BSB"), a wholly-owned subsidiary of Benalec, measuring in aggregate approximately 128.52 acres to be held by Jayamas Cekap Sdn Bhd ("JCSB" or "Vendor"), a wholly-owned subsidiary of BSB, which in turn is a wholly-owned subsidiary of Benalec, to Ultra Harmony Development Sdn Bhd ("UHDSB" or "Purchaser") for a total disposal consideration of RM235,129,910.40 ("Second SPA").

Further to the above announcement, the Group had on 31 March 2014 announced that the valuation report for the above disposal lands by Messrs Jones Lang Wootton has been submitted to Bursa Securities for review.

For information purposes, the Group had also on 24 September 2013 announced that Orientalcove Property Sdn Bhd ("OPSB"), a wholly-owned subsidiary of BSB, which in turn is a wholly-owned subsidiary of Benalec has entered into a conditional SPA with the same buyer, UHDSB for the disposal of six (6) parcels of leasehold vacant land measuring in aggregate approx. 30 acres for a total disposal consideration of RM50,965,200 ("First SPA"). This SPA has subsequently been completed on 6 February 2014 following full payment by UHDSB to OPSB.

The disposal considerations from both SPAs will be aggregated in pursuant to paragraph 10.12 of Chapter 10 and Practice Note 14 of the Bursa Listing Requirements on the Aggregation of Transactions, resulting in an aggregated percentage ratio of 51.64%.

In this regard, a circular will be issued to the shareholders of Benalec to seek their approval for the transaction contemplated under the Second SPA, at an EGM to be convened in due course.

23. BORROWINGS

The Group's borrowings as at 31 Mar 2014 presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• hire purchase and lease creditors	725
• term loans	7,770
	8,495



23. BORROWINGS (CONT'D)

Short Term Borrowings

Secured:-

• hire purchase and lease creditors	380
• bank overdraft	627
• term loans	12,083
	<u>13,090</u>
Total	<u>21,585</u>

The total borrowings denominated in foreign and local currency as at 31 Mar 2014 are: -

	RM'000
Foreign currency – SGD 57,095 @ RM2.5903/SGD1	148
Local currency	21,437
	<u>21,585</u>

24. MATERIAL LITIGATION

a) As announced on 30 October 2013 & 4 November 2013, 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 for the alleged works done for the proposed coastal reclamation works in Melaka.

Subsequently, both Parties have discussed and agreed that the final settlement sum to be of RM7,984,457 (after deducting discount given at RM243,972). BDSB has as of to-date, fully settled the agreeable settlement sum. Pursuant thereto, this suit is deemed as resolved and there is no longer any obligation between both parties under this suit.

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”).



24. MATERIAL LITIGATION (CONT'D)

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.

- 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.



24. MATERIAL LITIGATION (CONT'D)

- 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.
- f) On 31 March 2014, the Group announced that a Proposed Ratification of the Heads of Agreement ("HoA") that serves as the Global Settlement framework, is deemed to be a related party transaction and shall therefore be subject to the shareholders's ratification.

Kindly refer to the details of the announcement in relation to the Proposed HoA Ratification.

Further announcement on development pertaining to the above matter will be made to Bursa Securities in due course.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 March 2014.

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
	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Net profit attributable to ordinary shareholders for the period (RM'000)	<u>2,146</u>	8,809	<u>22,832</u>	52,710
Weighted average number of ordinary shares ('000)	<u>804,566</u>	802,754	<u>804,566</u>	802,754
Basic EPS (sen)	<u>0.3</u>	1.1	<u>2.8</u>	6.6



26. EARNINGS PER SHARE (“EPS”) (CONT’D)

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 31-03-2014	Ended 31-03-2013	Ended 31-03-2014	Ended 31-03-2013
Net profit attributable to ordinary shareholders for the period (RM’000)	2,146	8,809	22,832	52,710
Weighted average number of ordinary shares as per basic EPS (‘000)	804,566	802,754	804,566	802,754
Effect of dilution on employee share options	⁽¹⁾ 2,005	1,264	⁽¹⁾ 2,005	1,264
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	806,571	804,018	806,571	804,018
Diluted EPS (sen)	0.3	1.1	2.8	6.6

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 16,346,000 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 31-03-2014 RM’000	As at 31-03-2013 (Restated) RM’000
Total retained profits of the Company and its subsidiaries:-		
• realised	337,339	356,224
• unrealised	(2,322)	(9,412)
	<u>335,017</u>	<u>346,812</u>
Add: Consolidation adjustments	8,739	(13,798)
	<u>343,756</u>	<u>333,014</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.