



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

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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 2012**

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**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST (1<sup>ST</sup>)  
QUARTER ENDED 30 SEPTEMBER 2012**

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 30-09-2012 RM'000	(Unaudited) Preceding Year Quarter Ended 30-09-2011 RM'000	(Unaudited) Current Year To Date 30-09-2012 RM'000	(Unaudited) Preceding Year To Date 30-09-2011 RM'000
<b>Revenue</b>	<b>57,748</b>	<b>74,580</b>	<b>57,748</b>	<b>74,580</b>
Cost of sales	(24,328)	(35,216)	(24,328)	(35,216)
<b>Gross profit</b>	<b>33,420</b>	<b>39,364</b>	<b>33,420</b>	<b>39,364</b>
Other operating income	1,094	1,853	1,094	1,853
Selling and administrative expenses	(7,170)	(4,447)	(7,170)	(4,447)
<b>Profit from operations</b>	<b>27,344</b>	<b>36,770</b>	<b>27,344</b>	<b>36,770</b>
Finance costs	(1,312)	(1,725)	(1,312)	(1,725)
<b>Profit before tax ("PBT")</b>	<b>26,032</b>	<b>35,045</b>	<b>26,032</b>	<b>35,045</b>
Income tax expense	(3,316)	(6,118)	(3,316)	(6,118)
<b>Profit for the period</b>	<b>22,716</b>	<b>28,927</b>	<b>22,716</b>	<b>28,927</b>
<b>Other comprehensive income, net of tax:-</b>				
• fair value loss on available-for-sale financial assets	-	(8)	-	(8)
• foreign currency translations	(5,458)	7,301	(5,458)	7,301
<b>Total comprehensive income for the period</b>	<b>17,258</b>	<b>36,220</b>	<b>17,258</b>	<b>36,220</b>
<b>Profit attributable to:-</b>				
• equity holders of the Company	22,795	28,927	22,795	28,927
• non-controlling interest	(79)	-	(79)	-
	<b>22,716</b>	<b>28,927</b>	<b>22,716</b>	<b>28,927</b>
<b>Total comprehensive income attributable to:-</b>				
• equity holders of the Company	17,337	36,220	17,337	36,220
• non-controlling interest	(79)	-	(79)	-
	<b>17,258</b>	<b>36,220</b>	<b>17,258</b>	<b>36,220</b>
<b>Earnings Per Share (sen)</b>				
• basic earnings per RM0.25 share	<b>2.8</b>	4.0	<b>2.8</b>	4.0
• diluted earnings per RM0.25 share	<b>2.8</b>	4.0	<b>2.8</b>	4.0

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial reports.



**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2012**

	Unaudited As at 30-09-2012 RM'000	<sup>(1)</sup> Restated As At 30-6-2012 RM'000	<sup>(1)</sup> Restated As at 1-7-2011 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	223,725	240,059	241,731
Other investments	32	34	37
	<u>223,757</u>	<u>240,093</u>	<u>241,768</u>
<b>Current assets</b>			
Lands held for sale	183,465	183,465	107,483
Inventories	4,186	2,461	11,040
Land reclamation work in progress	20,002	16,933	1,170
Trade and other receivables	254,469	200,201	206,957
Fixed deposit	25,814	26,346	48,271
Cash and bank balances	80,682	104,172	21,515
	<u>568,618</u>	<u>533,578</u>	<u>396,436</u>
<b>TOTAL ASSETS</b>	<b><u>792,375</u></b>	<b><u>773,671</u></b>	<b><u>638,204</u></b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders			
Share capital	200,740	200,740	182,500
Non-distributable reserves	5,544	11,220	(73,550)
Distributable reserve	327,224	304,429	237,810
<b>Total equity attributable to owners of the Company</b>	<b><u>533,508</u></b>	<b><u>516,389</u></b>	<b><u>346,760</u></b>
Non-controlling interests	2,918	3	-
	<u>536,426</u>	<u>516,392</u>	<u>346,760</u>
<b>Non-current liabilities</b>			
Borrowings	15,395	29,311	43,701
Deferred tax liabilities	8,967	8,967	10,202
Trade and other payables	57,071	56,646	28,757
	<u>81,433</u>	<u>94,924</u>	<u>82,660</u>
<b>Current liabilities</b>			
Trade and other payables	142,200	141,829	169,961
Borrowings	32,054	18,865	19,211
Tax liabilities	262	1,661	19,612
	<u>174,516</u>	<u>162,355</u>	<u>208,784</u>
<b>TOTAL LIABILITIES</b>	<b><u>255,949</u></b>	<b><u>257,279</u></b>	<b><u>291,444</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>792,375</u></b>	<b><u>773,671</u></b>	<b><u>638,204</u></b>
<b>Net assets per RM0.25 share attributable to ordinary equity holders of the company</b>	<b><u>0.66</u></b>	<b><u>0.64</u></b>	<b><u>0.48</u></b>

**Note:-**

(1) Restated due to adoption of the MFRS Framework.

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 2012 and the accompanying explanatory notes attached to the interim financial reports.



**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY  
AS AT 30 SEPTEMBER 2012**

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							Distributable Reserve	Total	Non Controlling interests Total	Total
	Non-Distributable Reserve			Distributable Reserve							
	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Reverse Acquisition Reserve RM'000	Share Option Reserve RM'000	Available For-Sale Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	RM'000	RM'000
<b>As at 1 July 2011 (Restated)</b>	<b>182,500</b>	-	<b>72,545</b>	-	<b>(146,070)</b>	-	<b>(25)</b>	<b>237,810</b>	<b>346,760</b>	-	<b>346,760</b>
Profit/(loss) for the financial year	-	-	-	-	-	-	-	82,670	82,670	(3)	82,667
Fair value of the available-for-sale financial assets	-	-	-	-	-	-	(4)	-	(4)	-	(4)
Foreign currency translation	-	-	-	6,652	-	-	-	-	6,652	-	6,652
<b>Total comprehensive income</b>	-	-	-	<b>6,652</b>	-	-	<b>(4)</b>	<b>82,670</b>	<b>89,318</b>	<b>(3)</b>	<b>89,315</b>
<b>Transactions with owners:-</b>											
• issue of share capital pursuant to private placement	18,240	-	78,067	-	-	-	-	-	96,307	-	96,307
• share issue expenses – private placement	-	-	(513)	-	-	-	-	-	(513)	-	(513)
• share options granted under ESOS	-	-	-	-	-	1,814	-	-	1,814	-	1,814
• Issuance of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	6	6
• share repurchased	-	(1,246)	-	-	-	-	-	-	(1,246)	-	(1,246)
• dividend paid	-	-	-	-	-	-	-	(16,051)	(16,051)	-	(16,051)
<b>As at 30 June 2012</b>	<b>200,740</b>	<b>(1,246)</b>	<b>150,099</b>	<b>6,652</b>	<b>(146,070)</b>	<b>1,814</b>	<b>(29)</b>	<b>304,429</b>	<b>516,389</b>	<b>3</b>	<b>516,392</b>



**UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY  
AS AT 30 SEPTEMBER 2012 (“CONT’D”)**

	← 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		
<b>As at 1 July 2012 (restated)</b>	<b>200,740</b>	<b>(1,246)</b>	<b>150,099</b>	<b>6,652</b>	<b>(146,070)</b>	<b>1,814</b>	<b>(29)</b>	<b>304,429</b>	<b>516,389</b>	<b>3</b>	<b>516,392</b>
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)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,458)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,795</b>	<b>17,337</b>	<b>(79)</b>	<b>17,258</b>
<b>Transactions with owners:-</b>											
• buy back of shares	-	(218)	-	-	-	-	-	-	(218)	-	(218)
<b>As at 30 September 2012</b>	<b>200,740</b>	<b>(1,464)</b>	<b>150,099</b>	<b>1,194</b>	<b>(146,070)</b>	<b>1,814</b>	<b>(29)</b>	<b>327,224</b>	<b>533,508</b>	<b>2,918</b>	<b>536,426</b>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial reports.



**UNAUDITED CONDENSED STATEMENTS OF CASH FLOW  
FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 2012**

	Unaudited As at 30 September 2012 RM'000	Audited As at 30 June 2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>PBT</b>	<b>26,032</b>	<b>100,241</b>
Adjustments for:-		
Depreciation	2,845	10,831
Gain on disposal of lands	-	(64,179)
Non-cash and operating items	3,209	9,095
<b>Operating profit before working capital changes</b>	<b>32,086</b>	<b>55,988</b>
<b>Changes in working capital:-</b>		
Inventories	(1,725)	4,996
Land reclamation work in progress	(3,069)	(15,763)
Land held for sale	-	(5,110)
Trade and other receivables	(54,253)	(117,759)
Trade and other payables	371	106,502
<b>Cash generated from operations</b>	<b>(26,590)</b>	<b>28,854</b>
Tax paid – net	(4,712)	(36,959)
Interest paid	(1,312)	(5,791)
<b>Net cash used in operating activities</b>	<b>(32,614)</b>	<b>(13,896)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest and dividend received	543	1,809
Placement of fixed deposits - pledged	-	(4,254)
Repayments to related parties	-	8,901
Disposal of property, plant and equipment	10,113	11,045
Purchase of property, plant and equipment	-	(10,204)
<b>Net cash generated from investing activities</b>	<b>10,656</b>	<b>7,297</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings and hire-purchase – net	(727)	(15,653)
Dividend paid	-	(16,051)
Funding from non-controlling interests	2,994	6
Issue of new shares pursuant to private placement (net)	-	96,307
Shares repurchased	(218)	(1,246)
Share issue expenses	-	(513)
<b>Net cash generated from financing activities</b>	<b>2,049</b>	<b>62,850</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(19,909)</b>	<b>56,251</b>
Cash and cash equivalents at the beginning of period	110,792	54,315
Effects of exchange rate changes	(4,113)	226
<b>Cash and cash equivalents at the end of period</b>	<b>86,770</b>	<b>110,792</b>



**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 2012 (“CONT”D”)**

	<b>Unaudited As at 30 September 2012 RM'000</b>	<b>Audited As at 30 June 2012 RM'000</b>
<b>Cash and cash equivalents comprise the following:-</b>		
Cash and bank balances <sup>(1)</sup>	79,882	104,171
Fixed deposits		
• pledged	19,726	19,726
• not pledged	6,888	6,621
	<u>106,496</u>	<u>130,518</u>
Less: Fixed deposits pledged	<u>(19,726)</u>	<u>(19,726)</u>
	<u><u>86,770</u></u>	<u><u>110,792</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 cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial reports.



**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1<sup>ST</sup>) QUARTER ENDED 30 SEPTEMBER 2012**

**NOTES TO THE INTERIM FINANCIAL REPORT PURSUANT TO MFRS 134**

**1. FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”)**

This interim financial report is unaudited and has been prepared in accordance with MFRS 134 - Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

For the periods up to and including the financial year ended 30 June 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“**FRS**”). This interim financial report is the Group’s first MFRS compliant for the three (3) months ended 30 September 2012 and hence MFRS 1: First Time Adoption of Malaysian Financial Reporting Standards (“**MFRS 1**”) has been applied.

The MFRS are effective for the Group from 1 July 2012 and the date of transition to the MFRS Framework for the purpose of the first (1<sup>st</sup>) MFRS compliant Interim Financial Report is 1 July 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note 2.1 below.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The audited financial statements of the Group for the financial year ended 30 June 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this interim financial report are consistent with those of the audited financial statements for the financial year ended 30 June 2012 except as discussed below:-

**2.1. Application of MFRS 1 – Foreign Currency Translation**

Under FRS, the Group recognised translation differences on foreign operations as a separate component of equity. Foreign currency translation differences were adjusted to retained earnings.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:-

**(a) Reconciliation of equity as at 1 July 2012**

	<b>FRS as at 1 July 2012</b>	<b>Reclassifications</b>	<b>MFRS as at 1 July 2012</b>
	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
Exchange translation reserve	747	5,905	6,652
Retained earnings	310,334	(5,905)	304,429



**(b) Reconciliation of equity as at 30 September 2011**

	<b>FRS as at 30 September 2011</b>	<b>Reclassifications</b>	<b>MFRS as at 30 September 2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Exchange translation reserve	1,396	5,905	7,301
Retained earnings	272,642	(5,905)	266,737

**(c) Reconciliation of equity as at 1 July 2011**

	<b>FRS as at 1 July 2011</b>	<b>Reclassifications</b>	<b>MFRS as at 1 July 2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Exchange translation reserve	(5,905)	5,905	-
Retained earnings	243,715	(5,905)	237,810

**2.2. 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:-

<b>MFRS, Amendments to MFRS and IC Interpretation</b>		<b>Effective for annual periods beginning on or after</b>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013



**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 2012.

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

There were no changes in estimates that had any material effect on the current financial period ended 30 September 2012.

**7. DIVIDENDS**

The amount of dividend paid by the Company in respect of financial year ended 30 June 2011 was as follow:-

	<b>RM</b>
In respect of the financial year ended 30 June 2011:	
Final single tier dividend of 2 sen per ordinary share, paid on 19 March 2012	<u>16,051,200</u>

The Directors proposed a final dividend of 3 sen per ordinary share, amounting to RM24,048,753 in respect of the financial year ended 30 June 2012, 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 2012 as follows:-

	<b>Marine Construction RM'000</b>	<b>Vessel Chartering RM'000</b>	<b>Ship Building RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>						
External – Sales	52,805	4,943	-	-	-	57,748
Inter - segment sales	37,081	19,964	1,500	-	(58,545)	-
Total revenue	<u>89,886</u>	<u>24,907</u>	<u>1,500</u>	<u>-</u>	<u>(58,545)</u>	<u>57,748</u>
<b>Results</b>						
Segment results	35,376	(5,840)	(1,579)	(1,156)	-	26,801
Interest and dividend income	503	-	6	34	-	543
Finance costs	(879)	(415)	(18)	-	-	(1,312)
<b>Profit /(loss) before tax</b>	<b>35,000</b>	<b>(6,255)</b>	<b>(1,591)</b>	<b>(1,122)</b>	<b>-</b>	<b>26,032</b>
Income tax expense	(3,316)	-	-	-	-	(3,316)
<b>Profit /(loss) for the period</b>	<b>31,684</b>	<b>(6,255)</b>	<b>(1,591)</b>	<b>(1,122)</b>	<b>-</b>	<b>22,716</b>

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

**Depreciation:-**

• Depreciation charge for financial quarter ended 30 September 2012	(827)	(1,961)	(57)	-	-	(2,845)
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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 valuations of the property, plant and equipment in the current financial quarter ended 30 September 2012.

## 10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENTS

There were no material events subsequent to the current financial quarter ended 30 September 2012 and up to 23 November 2012, being the latest practicable date (“LPD”) which is not earlier than seven (7) days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report.

## 11. DEBT AND EQUITY SECURITIES

### 11.1 Current Financial Period

During the current financial period, the share buy-back by the Company as presented below:-

Date	No. of share buy-back ('000)	Average price paid (RM)	Total consideration paid (RM'000)
3 September 2012	186	1.17	218
	186	1.17	218

**Note:-**

*As at 30 September 2012, the Company holds 1,334,900 shares as treasury shares at an average price of RM1.0974.*

### 11.2 End Of Financial Period Ended 30 September 2012 And Up To LPD

- On 2 November 2012, the Company issued 250,000 shares pursuant to the exercise of share options by the eligible employees who have been granted the options.
- On 16 November 2012, the Company issued 623,000 shares pursuant to the exercise of share options by the eligible employees who have been granted the options.
- On 23 November 2012, the Company issued 243,000 share pursuant to the exercise of share options by the eligible employees who have been granted the options.

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



**13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no material contingent liabilities or contingent assets as at 30 September 2012.

**14. CAPITAL COMMITMENTS**

There were no material capital commitments not provided for as at 30 September 2012.

**15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

<b>Nature of transactions<sup>(1)</sup></b>	<b>Transaction value based on billings RM'000</b>	<b>Balance outstanding as at 30-09-2012 RM'000</b>
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest <sup>(2)</sup>	51,059	181,795
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(64,338)
Provision of marine construction work from a company in which certain directors of the company have substantial financial interest	-	(73)

**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 QUARTER VERSUS PREVIOUS YEAR QUARTER**

	<b>Current First (1<sup>st</sup>) Quarter 30 September 2012 RM'000</b>	<b>Previous First (1<sup>st</sup>) Quarter 30 September 2011 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	57,748	74,580	(16,832)	(22.57)
PBT	26,032	35,045	(9,013)	(25.72)

For the current quarter under review with comparison to last year corresponding quarter, the Group registered revenue of approximately RM57.75 million (FPE Q1'2012:RM74.58 million), representing a decrease of RM16.83 million or 22.57%. The decrease was mainly due to:-

- completion of certain projects located in Melaka, except for following on-going projects i.e. Sentosacove, Glenmarie Cove, Port Klang and Boon Siew – Phase 1A;



- preliminary expenses for various studies have been incurred for our Tanjung Piai and Pengerang reclamation works in Johor. These projects have yet to contribute significant revenue as it is still at preliminary stage; and
- current quarter revenue was mainly contributed from Sentosacove (73.30%), new Pulau Indah project (15.13%) and TNBF's Contract of Affreightment (8.56%)

The Group registered PBT of RM26.03 million (FPE Q1'2012:RM35.05 million) representing a decrease of RM9.01 million. The decrease was mainly due to:-

Description	RM' million	Note
Decrease in gross profit	(5,944)	1
Decrease in other operating income	(759)	2
Increase in selling and administrative expenses	(2,723)	3
Decrease in finance costs	413	Negligible
<b>Net decrease in PBT</b>	<b>(9,013)</b>	

**Notes:-**

- (1) Decrease in gross profit was mainly due to factors as stated above.
- (2) Decrease in other income was mainly due to lower unrealised gain as compared to last year corresponding quarter. This quarter recorded unrealised gain of RM0.358million as compared to last year corresponding quarter of RM1.574, representing decrease of RM1.216 million but offset with increase in interest income of RM0.527million to RM0.689 million.
- (3) Increase in selling and administrative expenses was mainly due to one-off loss on disposal of vessels of RM1.65 million (Q1'2011:nil)

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

	Current First (1 <sup>st</sup> ) Quarter 30 September 2012 RM'000	Preceding Fourth (4 <sup>th</sup> ) Quarter 30 June 2012 RM'000	Variance	
			RM'000	%
Revenue	57,748	25,474	32,274	126.70
PBT	26,032	11,391	14,641	128.54
Profit after tax	22,716	10,676	12,040	112.78

The current revenue of approximately RM57.75 million represents an increase of RM32.27 million or 126.70% against preceding quarter revenue of RM25.47 million. The increase in revenue was mainly due to:-

- kick-off of new project from Pulau Indah which contributed 15.13% of the revenue;
- kick-off of TNBF's Contract of Affreightment during this quarter which contributed 8.56% of the revenue; and
- Sentosacove which contributed 73.30% of the revenue.



Description	RM' million	Note
Increase in gross profit	28,136	1
Decrease in other operating income	(20,058)	2
Decrease in selling and administrative expenses	6,675	3
Increase in finance cost	(112)	Negligible
<b>Net increase in PBT</b>	<b>14,641</b>	

**Notes:-**

- (1) Increase in gross profit was mainly due to contribution from Sentosa Cove, new Pulau Indah projects and TNBF's contract of Affreightment;
- (2) Decrease in other operating income was mainly due to there were no disposals of lands transactions in this quarter (Q4'2011:RM18.01million);
- (3) Decrease in selling and administrative expenses was mainly due to:-
  - one-off share option reserve charge in Q4'2012 of RM1.814 million; and
  - decrease in unrealised loss of RM2.423million to RM1.151 million.

**18. PROSPECTS**

**18.1. OVERVIEW AND OUTLOOK OF THE MALAYSIAN ECONOMY**

The Malaysian economy recorded a steady pace of growth of 5.1% in 2011 (2010:7.2%), despite the challenging international economic environment. Domestic demand registered a strong growth of 8.2% in 2011 (2010:6.3%), driven by both household, business spending and higher public sector consumption. Private consumption is strengthened in 2011, growing by 6.9% (2010:6.5%), supported by a broad-based growth in income following the overall improvement in labour market conditions and higher commodity prices.

Malaysia's economy is projected to experience a steady pace of growth of 4% - 5% in 2012. Domestic demand is expected to remain resilient and will continue to be the anchor for growth. Several measures announced in Budget 2012 are expected to provide support to private consumption. Private investment will be supported by domestic oriented industries and the ongoing implementation of projects under the Economic Transformation Programmes. The public sector will remain supportive of growth in 2012, with higher capital expenditure by both the Federal Government and the non-financial public enterprises. The implementation of the Special Stimulus Package through Private Financing Initiative that was announced in 2012 Budget would provide further impetus to real activity during the year.

*(Source: Bank Negara Malaysia Annual Report 2011)*

**18.2. OVERVIEW AND OUTLOOK OF THE MALAYSIAN PROPERTY MARKET**

The Malaysian property market had shown remarkable growth in 2011. The property market had maintained double digit growth 14.3% in volume and 28.3% in value. Year 2011 had registered 430,403 transactions worth RM137.83 billion, surpassing year 2010 of 376,583 transactions worth RM107.44 billion. All property sub-sectors recorded positive growths. Residential and development land sub-sectors recorded double digit growth of 18.9% and 14.7% respectively and followed by commercial sub-sector of 9.7%, industry sub-sector of 6.5% and agriculture sub-sector of 4.6%.

The better property market was supported by various implementations of ETP Projects. The newly launched infrastructure projects, such as the Klang Valley Mass Rapid Transit project starting with Sungai Buloh-Kajang Line, Senai-Pasir Gudang-Desaru Expressway and coastal road connection Johor Bahru and Nusajaya stimulated market activities in the Klang Valley and Johor Bahru respectively. This



development activities will served as attraction for investment to the multinational corporation.

The residential sub-sector spearheaded the property market activities taking up 62.7% share of the activity. Residential transaction of below RM250,000 formed 75.5% share of the market transactions. Government's initiatives to promote home ownership through My First Home Schemes as well as accommodative interest rates were supportive of housing activity. Loan disbursed by commercial banks for residential properties increased from 57.8% to 64.5%.

*(Source: Property Market Report 2011, Valuation and Property Services Department, Ministry of Finance)*

### **18.3. OVERVIEW AND OUTLOOK OF OIL AND GAS SECTORS IN MALAYSIA**

The oil, gas and energy sector was identified as one of the twelve National Key Economic Areas ("NKEAs") under the ETP which was launched in October 2010. The oil, gas and energy sector NKEA is targeting 5% annual growth from 2010 to 2010. Moving forward, oil, gas and energy sectors NKEA has set various critical critical targets to bolster the oil and gas industry. Furthermore, the implementation of Malaysian Government's initiatives under the 10<sup>th</sup> Malaysian Plan 2011 – 2015 and the ETP and the prospects of world oil demand and supply will see renewed activities in the oil and gas sector and construction sector shall augur well for Benalec Group's land reclamation in relation to the concession rights secured from UPENJ for a proposed petroleum and petrochemical hubs and maritime industrial parks, which is strategically situated at the coasts of Tanjung Piai and Pengerang with an area measuring 5,245 acres which is adjacent to the vibrant petrochemical hub in Jurong is expected to provide the Group a sustainable order-book for the next 10 to 15 years.

The Group is positive on its outlook given Malaysia's stable economic forecast for 2012. With the Government's commitment towards property markets and oil, gas and energy sectors, Benalec will continue to focus on its goal to enhance its performance level while continuously strengthening our balance sheet. On operational front, the Group is set to be integrated service provider in land reclamation works, focus to streamline its operational activities with effort towards effective cost saving measures. While on international front, Benalec is optimistic to achieve collaborations with established foreign partners which result in positive outcomes.

### **19. PROFIT FORECAST AND PROFIT GUARANTEE**

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

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**20. PROFIT FOR THE PERIOD**

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

	<b>Current Quarter RM'000</b>	<b>Year-To-Date RM'000</b>
Depreciation for the current financial period ended 30 September 2012	(2,845)	(2,845)
Other income	183	183
Gain on disposal of lands	-	-
Interest expense	(1,312)	(1,312)
Interest and dividend income	543	543
Realised exchange loss – net	(121)	(121)
Unrealised exchange loss– net	(793)	(793)
Amortisation	N/A	N/A
Provision for and write off of receivables	N/A	N/A
Gain or loss on disposal of quoted or unquoted investment properties	N/A	N/A
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

**Note:**

N/A = Not applicable.

**21. TAXATION**

	<b>Current Quarter RM'000</b>	<b>Year-To-Date RM'000</b>
Current year tax	(3,316)	(3,316)
	<u>(3,316)</u>	<u>(3,316)</u>
Effective tax rate (%)	<u><sup>(1)</sup>12.74</u>	<u><sup>(1)</sup>12.74</u>

**Note:-**

(1) The lower effective tax rates of the Group than the prevailing statutory tax rate is mainly due to lower tax rate in accordance with Labuan Offshore Business Activity Act 1990 for vessel chartering division.

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## 22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS

### 22.1 Utilisation of Proceeds from Private Placement

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

The utilisation of gross proceeds of RM96,307,200 raised from the Private Placement by the Company as at the LPD as presented below:-

Description	Proposed utilisation	Actual utilisation	Deviation		<sup>(3)</sup> Estimated timeframe for utilisation upon Listing	Note
	RM'000	RM'000	RM'000	%		
Working capital	95,607	20,889	74,718	78.16	Within 12 months	1
Estimated expenses	700	576	124	17.71	Within 6 months	2
<b>Total</b>	<b>96,307</b>	<b>21,465</b>	<b>74,842</b>	<b>77.72</b>		

**Notes:-**

- (1) Working capital mainly utilised for the following:-
  - (i) land reclamation projects, purchase of vessels, purchase of materials such as diesel, spare parts for the repairs of vessels as well as plant and machinery, sand, rocks, materials such as brick, cement, culverts, hardware, piles and other materials utilised in the Group's operations, transport and consumables;
  - (ii) the payment for sub-contracted services for loading, unloading and levelling sea sand, rock revetment/replacement works, electrical infrastructure, earthwork, dredging and land reclamation and lorry hire;
- (2) The estimated expenses consist of professional fees, fees payable to authorities and other miscellaneous expenses. Any variation in the actual amount of the estimated expenses will be adjusted in the portion of the proceeds to be utilised for working capital and vice versa. The total private placement expenses were RM0.576 million, approximately RM0.513 million and RM0.063 million was written off against share premium account and expensed off respectively in the current period. The excess of approximately RM0.124 million will be re-allocated for working capital purposes; and
- (3) From the date of full receipt of the gross proceeds on 8 December 2011 pursuant to the completion of the Private Placement.

### 22.2. Amendments to the ESOS By-Laws, Grant of Options, Renewal of Authority of Share Buy Back and Amendments to the Articles of Association of the Company

On 29 October 2012, the Company announced the following corporate proposals:-

- (1) Proposed amendments to the ESOS By-Laws of the Company;
- (2) Proposed grant of options to all the independent directors of the Company;
- (3) Proposed renewal of authority of share buy-back of up to 10% of the total issued and paid-up share capital (excluding treasury shares) of the Company; and
- (4) Proposed amendment to the Articles of Association of the Company

(Collectively referred to as the "Proposals")

The Proposals are subject to the shareholders' approvals at the forthcoming Annual General Meeting. For further details, please refer to an announcement made by the Company to Bursa Securities on 29 October 2012.



**23. BORROWINGS**

The Group's borrowings as at 30 September 2012 presented as follows:-

	<b>RM'000</b>
<b>Long Term Borrowings</b>	
Secured:-	
• hire purchase and lease creditors	437
• term loans	14,958
	15,395
<b>Short Term Borrowings</b>	
Secured:-	
• hire purchase and lease creditors	765
• trust receipts	1,698
• term loans	29,591
	32,054
<b>Total</b>	<b>47,449</b>

The total borrowings denominated in foreign and local currency as at 30 September 2012 as presented below: -

	<b>RM'000</b>
Foreign currency – SGD 219,842 @ RM2.5018/SGD1	550
Local currency	46,899
	<b>47,449</b>

**24. MATERIAL LITIGATION**

There was no pending material litigations as at the date of issuance of this quarterly report ended 30 September 2012 that have a material effect on the financial position of the Group. The Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings, which might materially affect the position or business of the Group.

**25. DIVIDEND**

The Board does not recommend any interim dividend for the current period ended 30 September 2012.

**26. EARNINGS PER SHARE (“EPS”)**

**26.1 Basic EPS**

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



	Three (3) Months		Year-to-date	
	Ended	Ended	Ended	Ended
	30-09-2012	30-09-2011	30-09-2012	30-09-2011
Net profit attributable ordinary shareholders for the period (RM'000)	<b>22,795</b>	28,927	<b>22,795</b>	28,927
Weighted average number of ordinary shares ('000)	<b>801,758</b>	729,967	<b>801,758</b>	729,967
Basic EPS (sen)	<b>2.8</b>	4.0	<b>2.8</b>	4.0

## 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
	30-09-2012	30-09-2011	30-09-2012	30-09-2011
Net profit attributable ordinary shareholders for the period (RM'000)	<b>22,795</b>	28,927	<b>22,795</b>	28,927
Weighted average number of ordinary shares as per basic EPS ('000)	<b>801,758</b>	729,967	<b>801,758</b>	729,967
Effect of dilution on employee share options	<sup>(1)</sup> <b>1,290</b>	-	<sup>(1)</sup> <b>1,290</b>	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	<b>803,048</b>	729,967	<b>803,048</b>	729,967
Diluted EPS (sen)	<b>2.8</b>	4.0	<b>2.8</b>	4.0

**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 14,968,000 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:-

	<b>As at 30-09-2012 RM'000</b>	<b>As at 30-09-2011 RM'000</b>
Total retained profits of the Company and its subsidiaries:-		
• realised	343,242	280,685
• unrealised	(8,174)	(8,704)
	<u>335,068</u>	<u>271,981</u>
Add: Consolidation adjustments	(7,844)	(5,244)
	<u>327,224</u>	<u>266,737</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

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