BENALEC HOLDINGS BERHAD (702653-V)

Annual Report 2012

INTEGRATED • QUALITY • SOLUTIONS

CORPORATE PROFILE

BENALEC HOLDINGS BERHAD was incorporated on 12 July 2005 as a private limited company under the name of Benalec Holdings Sdn Bhd. Subsequently, the Company was converted to a public limited company and assumed its present name on 29 September 2010. On 17 January 2011, Benalec Holdings Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad.

BENALEC SDN BHD was incorporated in 1978 as a contracting company, specialising in undertaking on civil engineering projects.

BENALEC GROUP was formed to realize the objective of becoming an integrated, one-stop centre for marine construction services.

With the combined knowledge and experience in marine and civil engineering works, coupled with its own wide range of marine equipment and marine vessels now at its disposal, Benalec Group has enhanced considerably its capacity and capability to deliver top-grade quality work to its customers.

Benalec has in a short span of time emerged as one of Malaysia's own top-notch home-grown integrated marine engineering and transportation specialists. It is a class "A" Civil and Marine Engineering Contractor registered with Pusat Khidmat Kontraktor (PKK) and a Grade G7 with the Construction Industry Development Board Malaysia (CIDB).

Managed by professionally qualified and skilled engineers with more than 25 years of hands-on experience and expertise, Benalec has proven itself capable of undertaking projects in the local as well as regional arena.

In the landmark case of the restoration of the damaged bund at Sungai Belukang, Bagan Datoh, Perak, which was widely recognised as one of the most difficult coastal protection works successfully carried out in Malaysia - the project was completed ahead of schedule and within budget under extreme circumstances- Benalec received high commendation and wide Press publicity for the accomplishment.

In September 2010 Benalec ventured into Singapore with the setting up of Benalec Sdn Bhd (Singapore Branch), which subsequently obtained both ISO 9001:2008 and OHSAS 18001:2007 accreditation, as well as registration with the Building and Construction Authority (BCA) Singapore under CW02-B1 and under SY01-L6. Through this strategic move, Benalec is well-positioned to take on contracts emanating from Singapore.

MISSION

Our mission is to be an integrated, one-stop centre for marine construction services with the competency and capability of delivering top-grade quality services to our customers at all times.

VISION

Our vision is to achieve and maintain a high degree of professional expertise, coupled with dedicated and very experienced management, with the objective of enhancing our commitment to participate actively as one of the foremost home-grown Marine Construction Specialists in the socio-economic development of Malaysia.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Aznam bin Mansor
(Chairman /
Independent Non-Executive Director)

Dato' Leaw Seng Hai
(Group Managing Director)

Datuk Leaw Tua Choon
(Executive Director)

Leaw Ah Chye
(Executive Director)

Koo Hoong Kwan
(Independent Non-Executive Director)

Wong Yoke Nyen
(Independent Non-Executive Director)

AUDIT COMMITTEE

Koo Hoong Kwan
(Chairman of Committee)

Aznam bin Mansor
(Member of Committee)

Wong Yoke Nyen
(Member of Committee)

REMUNERATION COMMITTEE

Koo Hoong Kwan
(Chairman of Committee)

Aznam bin Mansor
(Member of Committee)

Wong Yoke Nyen
(Member of Committee)

NOMINATION COMMITTEE

Koo Hoong Kwan
(Chairman of Committee)

Aznam bin Mansor
(Member of Committee)

Wong Yoke Nyen
(Member of Committee)

OPTION COMMITTEE

Koo Hoong Kwan
(Chairman of Committee)

Aznam bin Mansor
(Member of Committee)

Wong Yoke Nyen
(Member of Committee)

COMPANY SECRETARIES

Mak Boon Poh
(MAICSA No. 7060926)

Wong Wai Foong
(MAICSA No. 7001358)

Tham Wai Ying
(MAICSA No. 7016123)

REGISTERED OFFICE

Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No: 03-2264 8888
Fax No: 03-2282 2733

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No: 03-2264 3883
Fax No: 03-2282 1886

AUDITORS

BDO (AF0206)
Chartered Accountants
12th Floor, Menara Uni. Asia
No. 1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No: 03-2616 2888
Fax No: 03-2616 3190

PRINCIPAL BANKERS

AmBank (M) Berhad
Malayan Banking Berhad
United Overseas Bank Limited
United Overseas Bank
(Malaysia) Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code: 5190

COMPANY WEBSITE

www.benalec.com.my

CORPORATE STRUCTURE

BENALEC HOLDINGS BERHAD (702653-V)

100 %
BENALEC SDN BHD
(39054-A)

100 %
OCEANLINER PTE LTD
(200910031W)

100 %
BENALEC SHIPYARD SDN BHD
(49956-P)

100 %
OG MARINE SDN BHD
(597686-X)

100 %
BENALEC LAND SDN BHD
(674683-H)

100 %
BENALEC MARITIME SDN BHD
(786489-A)

100 %
PACIFIC MARINE LTD
(LL07032)

100 %
OCEANLINE (LABUAN) LTD
(LL06799)

100 %
PACIFIC LTD
(LL07033)

100 %
OCEAN MARINE LTD
(LL07031)

100 %
BENALEC DIVERSITY SDN BHD
(formerly known as Arus Kreatif Sdn Bhd)
(478285-A)

100 %
CRYSTAL LAND PROPERTY SDN BHD
(853792-T)

100 %
HERITAGE LAND DEVELOPMENT SDN BHD
(860345-V)

100 %
HERITAGE LAND REALTY SDN BHD
(860352-M)

100 %
KLEBANG PROPERTY SDN BHD
(853837-M)

100 %
OCEANFRONT PROPERTY SDN BHD
(898446-U)

100 %
OCEANVIEW PROJECT SDN BHD
(898848-K)

100 %
OCEANVIEW REALTY SDN BHD
(898879-K)

100 %
ORIENTALCOVE REALTY SDN BHD
(737382-W)

100 %
STRATEGIC COVE SDN BHD
(898838-A)

100 %
STRATEGIC LAND SDN BHD
(898845-T)

100 %
SENTOSACOVE DEVELOPMENT SDN BHD
(825663-A)

100 %
ORIENTALCOVE PROPERTY SDN BHD
(737375-M)

100 %
HERITAGE LAND SDN BHD
(858409-T)

100 %
HERITAGE PROPERTY SDN BHD
(853839-T)

100 %
WILAJATI SDN BHD
(824893-W)

100 %
PACIFIC SHIPPING LTD
(LL08038)

100 %
BENALEC CONSTRUCTION SDN BHD
(formerly known as Multi Achievement Sdn Bhd)
(967755-P)

100 %
JAYAMAS CEKAP SDN BHD
(929141-T)

100 %
INDERA TENGGARA SDN BHD
(901463-A)

100 %
INTEGRASI MEKAR SDN BHD
(927377-U)

100 %
JEWEL EAST SDN BHD
(946897-U)

- 100 % ICONIC ISLAND SDN BHD (948991-V)
- 100 % ONE WORLD ISLAND SDN BHD (946901-K)
- 100 % CHENG HO CITY SDN BHD (946282-W)
- 100 % ZHENG ISLAND SDN BHD (946281-X)

100 %
PENGERANG MARITIME INDUSTRIES SDN BHD
(944630-X)

- 70 % SPEKTRUM BUDI SDN BHD (940725-W)

100 %
TANJUNG PIAI MARITIME INDUSTRIES SDN BHD
(943274-D)

- 70 % SPEKTRUM KUKUH SDN BHD (941961-V)

100 %
BENALEC VENTURE SDN BHD
(formerly known as Sentosa Enigma Sdn Bhd)
(969382-X)

100 %
GOLDNET SYNERGY SDN BHD
(947383-W)

- 100 % NEPTUNE PARADISE SDN BHD (945160-M)

100 %
PACIFIC LINK LTD
(LL08037)

PROFILE OF DIRECTORS

AZNAM BIN MANSOR

Chairman and Independent Non-Executive Director

En Aznam bin Mansor, a Malaysian aged 53, was appointed to the Board as an Independent Non-Executive Chairman of the Company on 5 October 2010. He is also a member of the Audit Committee, Nomination Committee, Remuneration Committee and Option Committee of the Company. He graduated with a Bachelor of Arts (Hons) degree in Law from the North East London Polytechnic, London, UK in 1983 and was then admitted and enrolled by the Honourable Society of Lincoln's Inn as a Barrister-at-Law.

He started his career as an officer in Malayan Banking Berhad. He then joined Skrine & Co., a legal firm in Kuala Lumpur for eight (8) years before becoming a Partner of his present legal practice Lee Hishammuddin Allen & Gledhill.

His directorships in other public companies include Knusford Berhad, Mikro MSC Berhad, Focus Lumber Berhad, and Sentoria Group Berhad. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He does not hold any securities in the Company. He has not been convicted of any offences within the past ten (10) years. He attended all six (6) board meetings held during the financial year ended 30 June 2012.

DATO' LEAW SENG HAI

Group Managing Director

Dato' Leaw Seng Hai, a Malaysian aged 50, was appointed to the Board as a Director of the Company on 12 July 2005 and was re-designated as a Group Managing Director on 5 October 2010. He obtained a Bachelor of Science (Engineering) with Second Class Honours (Upper Division) degree from the University College of London, UK in 1985. Upon graduation, he joined the family's civil engineering business as a Site Engineer to oversee the overall site management. He was promoted to the position of Project Manager in 1992 and assumed the position of Managing Director in 1994. He has accumulated extensive marine construction and business management knowledge over these past twenty five (25) years. Currently, he leads the Group in conceptualising, formalising and implementing the strategies, planning and management with a focus on corporate development, apart from being actively involved in the overall co-ordination, execution and management of all projects undertaken by the Group. He has been the driving force behind the Group's remarkable growth and expansion. He maintains a close involvement in the overall contract implementation, execution and management ensuring that the reliable, cost-effective and efficient standards of the Group are consistently applied. His in-depth knowledge of marine construction works has contributed significantly to the Group in terms of securing major contracts for marine construction works.

He is not a director of any other public company. He is the brother of Datuk Leaw Tua Choon and Leaw Ah Chye, both of whom are Executive Directors of the Company. He is also a Director of Oceancove Sdn Bhd, a major shareholder of the Company. He holds securities in the Company and is an indirect major shareholder of the Company. Save as disclosed, he has no family relationship with any other director and/or major shareholder of the Company.

He has no conflict of interest with the Company except for certain recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group. He has not been convicted of any offences within the past ten (10) years. He attended all six (6) board meetings held during the financial year ended 30 June 2012.

PROFILE OF DIRECTORS *(continued)*

DATUK LEAW TUA CHOON

Executive Director

Datuk Leaw Tua Choon, a Malaysian aged 53, was appointed to the Board as an Executive Director of the Company on 5 October 2010. He obtained a degree of Bachelor of Science having followed an approved program in Civil Engineering from the North East London Polytechnic, UK in 1985. Upon graduation, he joined the family's civil engineering business and has since accumulated more than twenty five (25) years of experience in civil and marine construction works. He has extensive experience in managing the Group's wide spectrum of marine construction works, including dredging, reclamation, rock revetment works, marine structures and jetties, breakwaters, shore protection, beach nourishment, pre-bore and marine piling works. Spearheading the project team, his hands-on approach to project management underlines the Group's commitment to the timely delivery and completion of projects within budgeted costs. He is primarily responsible for all aspects of the Group's projects from planning stage to final completion. He is presently actively overseeing the Group's extensive reclamation works at Melaka. He oversees, manages, co-ordinates and monitors the performance of on-site staff, deployment of workforce to the project site and utilisation of the Group's vessels and equipment to ensure timely progress of the Group's projects.

He is not a director of any other public company. He is a brother of Dato' Leaw Seng Hai, Group Managing Director of the Company and also of Leaw Ah Chye, Executive Director of the Company. He is a Director and major shareholder of Oceancove Sdn Bhd, which in turn is a major shareholder of Benalec. He is an indirect major shareholder of the Company. Save as disclosed above, he has no family relationship with any other director and/or major shareholder of the Company.

He has no conflict of interest with the Company except for certain recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group. He has not been convicted of any offences within the past ten (10) years. He attended all six (6) board meetings held during the financial year ended 30 June 2012.

LEAW AH CHYE

Executive Director

Mr Leaw Ah Chye, a Malaysian aged 51, was appointed to the Board as a Director of the Company on 12 July 2005 and was re-designated as an Executive Director on 5 October 2010. After completing secondary school, he joined the family's civil engineering business and has since accumulated more than thirty (30) years of experience in civil and marine construction works. He is in charge of maintenance, repair servicing of the extensive range of vessels, heavy machinery, plant and equipment used in the Group's marine construction works. With more than twenty five (25) years of experience and involvement in the construction industry, he has extensive technical knowledge in shipbuilding, ship repair and maintenance, heavy machinery mechanics and heavy equipment. His expertise and efficient management ensure that there is minimal machinery downtime on-site and serve to facilitate the acquisition of the latest vessels, plant and equipment. He also manages the repair and maintenance of tugboats and steel barges including the construction of several units of vessels which are used for the dredging and land reclamation works. He is also in charge of vessel spare parts procurement and oversees the construction of new vessels in the areas of hull construction, installation of main engines and propulsion system.

He is not a director of any other public company. He is a brother of Dato' Leaw Seng Hai, Group Managing Director of the Company and of Datuk Leaw Tua Choon, Executive Director of the Company. He is a Director and major shareholder of Oceancove Sdn Bhd, a major shareholder of Benalec. He is an indirect major shareholder of the Company. Save as disclosed above, he has no family relationship with any other director and/or major shareholder of the Company.

He has no conflict of interest with the Company except for certain recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group. He has not been convicted of any offences within the past ten (10) years. He attended all six (6) board meetings held during the financial year ended 30 June 2012.

PROFILE OF DIRECTORS *(continued)*

WONG YOKE NYEN

Independent Non-Executive Director

Mr Wong Yoke Nyen, a Malaysian aged 53, was appointed as an Independent Non-Executive Director of the Company on 5 October 2010. He is also a member of the Audit Committee, Nomination Committee, Remuneration Committee and Option Committee of the Company.

He obtained his degree in Bachelor of Arts with Second Class Honours (First Division), having completed a course in Accountancy from City of London Polytechnic, UK (now known as London Metropolitan University). He is also a graduate of the Wharton Advance Management Program from The Wharton School of the University of Pennsylvania, US. In 1981, he started his career in Baker Rooke, a firm of chartered accountants in London where he gained wide experience and exposure in the areas of auditing, accountancy and management consultancy work. In 1983, he joined Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad). He is a seasoned investment banker with more than twenty (20) years of dedicated corporate finance and investment banking experience. He was the Executive Vice President cum Head of Corporate Finance Division in Aseambankers Malaysia Berhad. He was an Honorary Advisor to the Master Builders Association Malaysia from July 2008 to June 2010. In 2004, he started WYNCORP Advisory Sdn Bhd, a private company licensed to provide investment advisory services. He is currently the Managing Director of WYNCORP Advisory Sdn Bhd.

His directorships in other public companies include New Hoong Fatt Holdings Berhad, Xidelang Holdings Limited, Focus Lumber Berhad and Sentoria Group Berhad. Except for his shareholding interest in the Company, he has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all six (6) board meetings held during the financial year ended 30 June 2012.

KOO HOONG KWAN

Independent Non-Executive Director

Mr Koo Hoong Kwan, a Malaysian aged 67, was appointed as an Independent Non-Executive Director on 5 October 2010. He is also the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee and Option Committee of the Company.

He obtained a degree in Bachelor of Economics in Statistics (Second Class Honours) from the University of Malaya in 1969. He is a Fellow Member of The Chartered Institute of Management Accountants of United Kingdom and is also a member of the Malaysian Institute of Accountants (MIA). Additionally, he is a Certified Financial Planner and a Certified Quality Trainer. He commenced his career as a Statistician in the Department of Statistics in 1969. In 1979, he worked as an audit senior in Miller, Brener & Co, a London firm of Chartered Accountants and gained audit experience in a wide range of industries. During the period from 1983 to 1987 he extended his auditing experience with McLaren & Stewart, a firm of Chartered Accountants in Perth when he relocated to Australia. He subsequently joined Hughes Group (Australia) Ltd, a group of diversified companies as a Finance Manager. In 1989, he joined W. James & Associates, a firm of financial and business consultants as a freelance consultant advising on corporate debt restructuring strategies. Upon his return to Malaysia in 1992, he worked as a Financial Controller in Pesaka Jardine Shipping Agencies Sdn Bhd, an international shipping agency. Between 1998 and 2000, he worked for Pancaran Ikrab Berhad as the Group Financial Controller and later joined Mercury Industries Berhad in a similar capacity. He is currently a freelance consultant providing wide-ranging business and financial advisory services.

His directorships in other public companies include Mercury Industries Berhad. Except for his shareholding interest in the Company, he has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all six (6) board meetings held during the financial year ended 30 June 2012.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I have pleasure in presenting the Annual Report and audited financial statements of Benalec Holdings Berhad ("Benalec" or "the Company") for the financial year ended 30 June 2012.

Despite the adverse repercussions of the Eurozone crisis which caused, among others, a tightening of Asian economies, including those of China and India, the Malaysian economy continued to be resilient, registering an average GDP growth of 5.3% during the financial year.

Malaysia's construction industry continued to grow strongly, supported by demand for civil and residential construction activities. The industry registered single digit growth in the third and fourth quarters of 2011, followed by 15.5% and 22.2% in the first and second quarters of 2012 respectively. On average, the industry grew by 12.3% during the year under review.

Growth in the construction industry was predominantly driven by projects undertaken within the oil & gas, transportation, infrastructure and other sectors with some of the projects being Entry Point Projects (EPP) under the Economic Transformation Programme (ETP).

Operating against this economic backdrop, Benalec succeeded in continuing to secure new jobs and augment its order book. By way of leveraging on our unique competencies, coupled with effective cost control mechanisms and strategic harnessing of synergies throughout our operations, we continued to secure new projects while successfully completing jobs on hand.

Financial Performance

For the year ended 30 June, 2012, Group revenue was RM155.86 million. Profit after tax (PAT) attributable to equity holders was RM82.67 million.

The decrease in our revenue and profit is mainly attributable to the non-recognition of revenue & profits from a reclamation project in Melaka, in which the concession rights to reclaim land were secured through a wholly-owned subsidiary of Benalec. Revenue and profits deriving from this project will only be recognised upon sale of the said reclaimed land. Apart from this project, the decrease is also partly due to the late commencement of a project in Pulau Indah, which did not start until the 4th Quarter of Financial Year 2012. Consequently, contributions from this project will only be reflected in our upcoming financial year and beyond.

I wish to reassure shareholders that Benalec's financial position remains sound with healthy cash flows and an ample cash position. Gearing remains low and the Company's order book is also strong. In addition, we have a sizeable landbank of reclaimed land, which is a strategic asset for the Company going forward.

The Board is confident that the Company possesses the core competencies, the required asset base and the financial stability to compete and operate effectively in the upcoming financial year.

CHAIRMAN'S STATEMENT *(continued)*

Dividends

The Board is recommending a final single tier dividend of 3 sen per Ordinary Share, amounting to RM24.05 million, in respect of Financial Year 2012, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

Prospects and Outlook

The global economy is expected to remain sluggish, vulnerable to the volatile conditions in the Eurozone and in the US. However, given the positive measures taken by the European Union central banks, in tandem with the expected recovery in the India and China markets, there is a good likelihood of a global economic recovery, albeit slowly and marginally.

On the domestic front, the Malaysian economy is expected to realise a GDP growth of between 4.5% and 5.5%, as forecasted by the private sector and the Malaysian government.

Domestic demand, fuelled predominantly by private sector consumption and investment, is expected to be the key growth driver. Public sector expenditure may decrease as the government seeks to reduce the national deficit to 4% from 4.5% of GDP in 2013 and to 3% by 2015.

The outlook within the construction sector is expected to remain bullish and the sector will probably maintain its growth trajectory, spurred by demand for civil and residential construction jobs. According to the Construction Industry Development Board (CIDB), Malaysia, the industry is poised to secure RM120 billion worth of projects in 2012.

Likewise, we believe that the upcoming financial year will present ample opportunities for Benalec. We look forward to participate in the forthcoming projects, particularly those in the area of marine engineering, construction and civil works.

As we prepare ourselves to face the future with confidence and optimism, we will continue to operate in a manner that safeguards the best interests of the Company and of its valued shareholders.

The Board remains steadfast in ensuring that Benalec remains vigilant and prudent in its risk management and in enhancing shareholder value. We will, as always, strive to ensure that the Company is one that maintains a healthy financial position with low gearing, delivers profitability and secures its long-term future.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to thank our staff for their dedication and commitment; our Management Team for steering the Company to another year of profitability, the relevant Board Committees for their professionalism, our business partners and our clients for their support. Last but not least, the Board wishes to express its gratitude to our shareholders for their continued confidence and support during the year under review.

AZNAM BIN MANSOR
Chairman

OPERATIONS REVIEW

During the year under review, we continued to perform well. The operational focus was to grow our order book while ensuring that all jobs on hand were completed on schedule. Significantly, upcoming projects and new initiatives will further bolster our order book, securing our business for the next 10-15 years and in the process ensuring the sustainability of our business.

The Company has an established track record for professionalism and excellence in the undertaking and delivery of projects. This serves as a competitive advantage in securing new projects and sustaining our order book.

We are pleased to report that during the year, we raised RM100 million from a private placement exercise conducted in December 2011 to fund internal company operations.

Our current landbank has increased as a result of our on-going reclamation works and in line with our business model, we have been disposing of our reclaimed land in a timely manner to finance our current projects and to meet the working capital requirements of the Company.

Being an integrated marine engineering, construction and transportation specialist and operating in a niche market environment, with a limited number of players, Benalec continues to enjoy a healthy margin on our projects.

We currently maintain a net cash position with a low gearing ratio of 0.1. Our present resources of vessel fleets, equipment and machinery are sufficient to meet current and future project and operating requirements.

UPDATE OF PROJECTS

Completed Projects

During the financial year, Benalec successfully completed three land reclamation projects measuring 564 acres in the area of Klebang, Melaka. The three jobs, which were completed successfully on schedule, are as follows:

1. Construction, Completion & Maintenance of Reclamation & Shore Protection Works for 180 acres at Klebang Besar, Melaka

2. Construction, Completion & Maintenance of Reclamation & Shore Protection Works for 204 acres (Phase 3) between Kuala Sungai Melaka and Kuala Sungai Seri Melaka

3. Construction, Completion & Maintenance of Reclamation & Shore Protection Works for 180 acres at Pantai Limbongan Pekan Klebang, Seksyen IV Daerah Melaka Tengah, Melaka

Now completed, the large tract of beachfront area is ideal for property developers looking to increase their landbank in view of the rapid development taking place in Melaka, especially in the areas of Kota Laksamana and Limbongan.

OPERATIONS REVIEW *(continued)*

Ongoing Projects

Benalec is currently undertaking reclamation works at Melaka measuring approximately 1,050 acres and in Pulau Indah, Selangor, measuring approximately 144 acres.

• Reclamation Works at Melaka

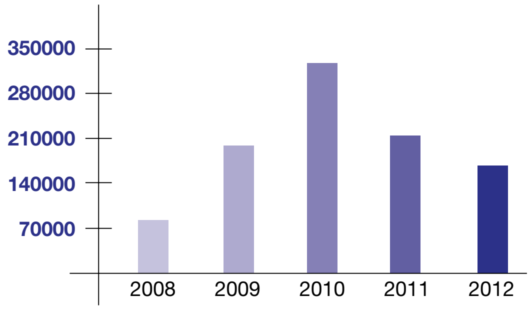
• Reclamation Works at Pulau Indah, Selangor

The Company is also involved in earthworks, river protection & associated works at Glenmarie Cove, Klang, Selangor.

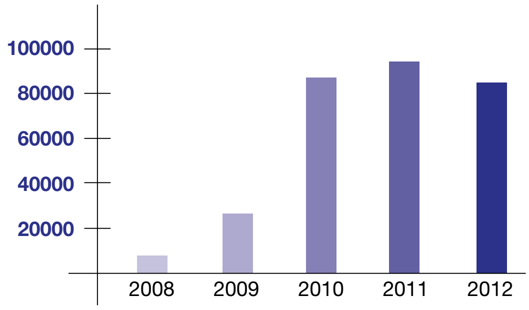
• Earthwork, River Protection and Associated Works at Glenmarie Cove, Klang, Selangor

In May 2012, Benalec was awarded a contract of Affreightment for Carriage of Bulk Carrier by TNB Fuel Services Sdn Bhd ("TNBF") for carriage of bulk coal for TNBF. The Contract period will be for a term of three (3) years with an option for extension of another two (2) years. The Contract is expected to contribute positively to the future earnings and net assets of Benalec Group.

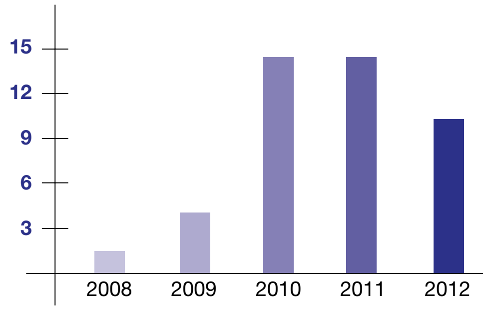
GROUP FINANCIAL HIGHLIGHTS



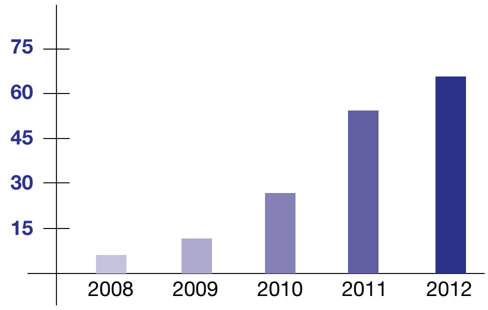
Revenue (RM'000)



Profit Attributable to Owners of the Parent (RM'000)



Basic Earnings Per Share (Sen)



Net Assets Per Share (Sen)

Year ended 30 June		2012	2011	2010*	2009*	2008*
Revenue	(RM'000)	155,858	210,963	308,637	202,242	76,754
Profit Before Taxation	(RM'000)	100,241	126,091	121,526	34,729	17,975
Profit After Taxation	(RM'000)	82,667	96,081	105,818	26,220	14,527
Profit Attributable to Owners of the Parent	(RM'000)	82,670	96,081	86,066	26,220	14,527
Paid-up Capital	(RM'000)	200,740[(1)]	182,500	2,500	2,500	2,500
No. of Shares (units)	('000)	802,960[(1)]	668,949[(2)]	613,478[(2)]	613,478[(2)]	613,478[(2)]
Equity Attributable to Owners of the Parent	(RM'000)	516,389	346,760	153,370	77,498	51,659
Basic Earnings Per Share	(Sen)	11	14	14	4	2
Diluted Earnings Per Share	(Sen)	11	N/A	N/A	N/A	N/A
Net Assets Per Share	(Sen)	64	52	25	13	8

* *Based on the audited consolidated Financial Information of Benalec Sdn Bhd and its subsidiaries prior to the listing of Benalec Holdings Berhad ("BHB") as disclosed in the Prospectus of BHB dated 28 December 2010.*

Notes:

(1) *Includes 1,148,200 treasury shares of RM0.25 each, repurchased from the open market for a total consideration of RM1,246,550 at average price of RM1.0857 per ordinary share.*

(2) *It is assumed that the issuance of 613,478,236 new BHB ordinary shares for the acquisition of Benalec Sdn Bhd has been taken place since the inception of the Group.*

N/A *Not Applicable*

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors of Benalec Holdings Berhad ("Board") is committed to ensuring that high standards of corporate governance are practiced throughout Benalec Holdings Berhad ("Benalec" or "Company") and its subsidiaries ("Group"). The Board is of the view that this is fundamental for the protection and enhancement of shareholders' value. The Board fully supports the recommendations set out in the Malaysian Code on Corporate Governance 2012 ("Code"). The Company and the Group have complied with all relevant recommendations set out in the Code, except for Recommendation 2.1 of the Code. The Board, having duly considered the rationale for the said exception, is fully convinced of the justification as set out on page 13 of this Annual Report.

THE BOARD

1. Board Composition

The Board has overall responsibility for the corporate governance, strategic direction and overseeing the investments and operations of the Company and the Group.

Presently, the Board comprises three (3) Executive Directors and three (3) Independent Non-Executive Directors as set out below:

Name of Director	Directorship
Aznam bin Mansor *(Chairman)*	Independent and Non-Executive
Dato' Leaw Seng Hai *(Group Managing Director)*	Executive Director
Leaw Ah Chye	Executive Director
Datuk Leaw Tua Choon	Executive Director
Koo Hoong Kwan	Independent and Non-Executive
Wong Yoke Nyen	Independent and Non-Executive

The present composition of the Board complies with the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") where at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, should comprise independent directors.

The Board consists of qualified individuals with diverse skill-sets, experience and knowledge necessary to govern the Company to good effect. The composition and size of the Board are such that the decision-making processes of the Company are facilitated thereby.

The Board is of the opinion that the composition of the current Board fairly reflects a balance of executive and non-executive to ensure that the interest of not only the Company, but also that of the stakeholders and of the public in general are represented as each independent director brings invaluable judgment to bear on issues of strategy, performance, resource allocation, risk management and standard of conduct. In the opinion of the Board, the minority shareholders are fairly represented by the presence of these highly competent and credible Independent Non-Executive Directors.

The composition and size of the Board are reviewed from time to time to ensure their appropriateness and effectiveness. The profiles of the Directors are set out on pages 4 to 6 of this Annual Report.

THE BOARD *(continued)*

2. Directors' Duties and Responsibilities

The Board is led by a team of experienced members from different professional backgrounds, all of whom provide the Group with a wealth of professional expertise and experience which are conducive for efficient deliberations at Board meetings, giving rise to effective decision making and providing multi-faceted perspectives to the business operations of the Group.

All Board members participate fully in decisions on key issues involving the Company. The Executive Directors are responsible for implementing the policies and decisions of the Board and managing the Company's day-to-day operations. Together with the Independent Non-Executive Directors, they ensure that strategies are fully discussed and examined after taking into account the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the company conducts its business.

The Independent Non-Executive Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations to the exclusion of other relevant factors. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board. They also ensure that the Board practices good governance in discharging its duties and responsibilities. The Board, as a whole, retains overall control of the Group.

The Board has not appointed a senior independent non-executive director to whom concerns may be conveyed as there is no combination or overlapping of roles between the current Chairman who is an Independent Non-Executive Director and the Group Managing Director of the Company since these two (2) positions are held by separate individuals. The Board takes note that the Code recommends that the Chair of the Nomination Committee should be the senior independent non-executive director identified by the Board, which will from time to time review the recommendation and make the necessary appointment as and when it deems fit.

3. Board Charter

The Board has adopted a Charter, which sets out the roles, functions, compositions, operation and processes of the Board and which is intended to ensure that all the Board members acting on behalf of the Company are fully aware of discharging their duties and responsibilities to the Company. The Charter serves as a source of reference and primary induction literature to provide insights to prospective Board members and senior management. In addition, it also assists the Board in the assessment of its own performance and that of its individual Directors.

The Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Charter is available for reference at the Company's website at www.benalec.com.my.

4. Board Meetings

The Board conducts at least five (5) scheduled meetings annually, with additional matters being addressed by way of circular resolutions and additional meetings to be convened as and when necessary.

The Board met six (6) times during the financial year ended 30 June 2012. A summary of attendance for each of the Board of Directors is as follows:

Name of Director	No. of meetings attended
Aznam bin Mansor *(Chairman)*	6 out of 6
Dato' Leaw Seng Hai *(Group Managing Director)*	6 out of 6
Leaw Ah Chye	6 out of 6
Datuk Leaw Tua Choon	6 out of 6
Koo Hoong Kwan	6 out of 6
Wong Yoke Nyen	6 out of 6

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

THE BOARD *(continued)*

5. Board Committees

The Board may from time to time establish Board Committees as it considers appropriate to assist the Board in discharging its duties and responsibilities.

The Board has formed the following Committees, each with its own functions and responsibilities. The Committees operate within their respective defined terms and reference approved by the Board and, where necessary, by way of specific authority delegated by the Board. The Chairman of the respective Committees reports to the Board on the outcomes of the Committee meetings and such reports or minutes are included in the Board papers.

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Option Committee

Audit Committee

The Audit Committee was established on 30 November 2010 and comprises three (3) Independent Non-Executive Directors. The functions of the Audit Committee include reviewing audit findings of the external and internal auditors together with management response thereon, deliberation on financial statements and review of accounting policies. The Audit Committee has full access to both internal and external auditors and is empowered to conduct investigations of any activities within its terms of reference.

The terms of reference and summary of activities of the Audit Committee are set out in the Audit Committee Report on pages 26 to 32 of this Annual Report.

Nomination Committee

The Nomination Committee was established on 30 November 2010 and comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of the Nomination Committee are as follows:

- **Koo Hoong Kwan**
  (Independent Non-Executive Director) - Chairman
- **Wong Yoke Nyen**
  (Independent Non-Executive Director) - Member
- **Aznam bin Mansor**
  (Independent Non-Executive Director) - Member

The Nomination Committee met once during the year under review with the attendance of all the Nomination Committee members.

The terms of reference of the Nomination Committee are reviewed by the Board annually and are updated as appropriate. Among others, the responsibilities of the Nomination Committee include:

- Identifying, nominating and orientating new Directors;
- Reviewing the mix of skills, knowledge, expertise and experience of the Directors and other qualities, including core competencies required for the Board;
- Recommending to the Board, directors to fill the seats on the various Board committees; and
- Assessing the effectiveness of the Board as a whole, as well as that of the Board Committees and the contribution of each individual Director, including the Independent Non-Executive Directors and the Group Managing Director.

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

THE BOARD *(continued)*

5. Board Committees *(continued)*

Remuneration Committee

The Remuneration Committee was established on 30 November 2010 and comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of the Remuneration Committee are as follows:

- **Koo Hoong Kwan**
  (Independent Non-Executive Director) - Chairman
- **Wong Yoke Nyen**
  (Independent Non-Executive Director) - Member
- **Aznam bin Mansor**
  (Independent Non-Executive Director) - Member

The terms of reference of the Remuneration Committee are reviewed by the Board annually and are updated as appropriate. Among others, the responsibilities of the Remuneration Committee are as follows:

- Recommending to the Board the remuneration package for Non-Executive Directors and remuneration packages for each Executive Director and Senior Management;
- Ensuring that the compensation and other benefits encourage Executive Directors to act in ways that enhance the Company's long term profitability and value; and
- Recommending to the Board a Remuneration Framework on the fee structure and level of remuneration for the Executive Directors and Senior Management.

Option Committee

The Option Committee was established on 1 December 2010 and comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of the Option Committee are as follows:

- **Koo Hoong Kwan**
  (Independent Non-Executive Director) - Chairman
- **Wong Yoke Nyen**
  (Independent Non-Executive Director) - Member
- **Aznam bin Mansor**
  (Independent Non-Executive Director) - Member

The Option Committee met once during the year under review, with the attendance of all the Option Committee members.

The primary responsibility of the Option Committee is to administer the implementation of the Employees' Share Option Scheme ("ESOS") in accordance with the objectives and regulations as set out in the By-Laws of the ESOS and in such manner as it shall in its absolute discretion deem fit and within such powers and duties as are conferred upon it by the Board.

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

THE BOARD *(continued)*

6. Appointment to the Board

The Code recommends that the assessment of new candidates for appointment as directors is to be made by the Nomination Committee. The decision in respect of the appointment of new directors is a matter for deliberation by the Board as a whole.

The authorities, functions and responsibilities of the Nomination Committee are set out in its terms of reference. The main objectives of the Nomination Committee are to review, recommend and consider candidates for appointment to the Board and Board Committees, to assess the effectiveness thereof and to continually seek ways to upgrade the effectiveness of the Board as a whole, and of the respective Committees of the Board. It also assesses the contribution of each individual Director, both executive and independent non-executive.

The Nomination Committee met in August 2012 to review the performance of all the Board members and of the Board Committees, both individually and collectively.

7. Appointment and Re-election of the Directors

In accordance with the Company's Articles of Association ("Articles"), all Directors appointed by the Board either to fill a casual vacancy or as an additional Director to the existing Board are subject to re-election by the shareholders at the Annual General Meeting ("AGM") following their appointment. The Articles also provide that at least one-third (1/3) of the remaining directors be subject to re-election by rotation at each AGM provided always that all Directors including the Managing Director shall retire from office at least once every three (3) years but be eligible for re-election.

Directors who are over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM, pursuant to Section 129 of the Companies Act, 1965.

The tenure of an independent director shall not exceed a cumulative term of nine (9) years. Subject to the assessment of the Nomination Committee and the shareholders' approval, the Board may retain an independent director who has served nine (9) years or more.

The composition and size of the Board are reviewed from time to time to ensure their effectiveness.

8. Directors' Training and Development

The Board as a whole will evaluate and establish or recommend development programmes, the attendance of which may be required of each Board member so as to better equip him for discharging his duties and responsibilities. The Board members will also, from time to time, review programmes suitable for their development needs for furtherance of their duties and responsibilities as directors. In addition to attending seminars and other training programmes, the Board members are expected to constantly keep up to date with articles on market development, industry news, changes in the regulations and related issues.

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

THE BOARD *(continued)*

8. Directors' Training and Development *(continued)*

All of the Directors have attended the Directors' Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad ("Bursa Securities"). During the financial year, the Directors have attended various training programmes, forums and seminars as follows:

Name of Director	Title of Seminar/Forum/Courses	Date of Attendance
Aznam bin Mansor	Malaysian Code on Corporate Governance 2012	13 June 2012
	Transforming Your Organizations Through The Y Generation	18 June 2012
Dato' Leaw Seng Hai	Oil & Gas Marine Terminals Operation	12 & 13 September 2011
	Forum on Effective Dispute Resolution for Corporate Malaysia	25 April 2012
	Malaysian Code on Corporate Governance 2012	13 June 2012
Leaw Ah Chye	Malaysian Code on Corporate Governance 2012	13 June 2012
Datuk Leaw Tua Choon	Forum on Effective Dispute Resolution for Corporate Malaysia	25 April 2012
	Malaysian Code on Corporate Governance 2012	26 June 2012
Koo Hoong Kwan	Effective Dispute Resolution for Corporate Malaysia	25 April 2012
	Law Governing Directors in a Nutshell: Duties and Liabilities Under Malaysia Companies Act 1965	12 June 2012
	Malaysian Code on Corporate Governance 2012	13 June 2012
	Case Studies For Boardroom Excellence: Related Party Transactions – Doing It Right For Results	18 June 2012
Wong Yoke Nyen	Corporate Directors Training Programme	8 August 2011
	Law Governing Directors in a Nutshell: Duties and Liabilities Under Malaysia Companies Act 1965	12 June 2012
	Malaysian Code on Corporate Governance 2012	13 June 2012

All the Directors will continue to attend relevant training and education programmes in order to keep themselves abreast with the latest developments in the market place covering laws, rules and regulations, capital market developments, business environment, corporate governance, risk management, general economic, industry and technical developments. The Board is also regularly updated on new and relevant statutory as well as regulatory guidelines from time to time during the Board meetings. This will enable the Board to discharge their duties effectively and ensure the sustenance of active participation in Board deliberations.

9. Supply and Dissemination of Information

Board meetings are structured with the circulation of pre-determined agendas. Appropriate and complete Board papers are prepared prior to each Board meeting. These are distributed to the Board in sufficient time to enable the Directors to obtain further information and explanation, where necessary. The Board also has unfettered access to all information within the Group in furtherance of their duties.

There are matters reserved specifically for the Board's decision, including the approval of acquisitions and disposals of assets and investments that are material to the Group.

The Directors or the Board as a whole, in furtherance of their duties, may take independent professional advice, as and when they deem necessary, at the Group's expense. All Directors have access to the advice and services of the Company Secretary and of the Internal Auditor, namely RA Consulting.

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

THE BOARD *(continued)*

10. Directors' Remuneration

The Company has adopted the recommendations of the Code in relation to Directors' remuneration, whereby the level of remuneration of the Directors is such as to be sufficient to attract and retain Directors needed to manage the Group effectively. The remuneration system is structured to link rewards to corporate and individual performance in the case of executive directors. In the case of non-executive directors, the level of remuneration shall reflect the level of responsibilities undertaken by the particular non-executive director concerned.

The authority, functions and responsibilities of the Remuneration Committee are set out in its terms of reference. The Remuneration Committee will review the remuneration packages of each individual Executive Director from time to time to ensure that the remuneration packages remain competitive in order to attract and retain competent executives who can manage the Group successfully. Executive Directors play no part in decisions in relation to their own remuneration.

The determination of remuneration packages of non-executive directors is a matter of the Board as a whole. The non-executive directors concerned do not partake in decisions affecting their remuneration.

The Remuneration Committee met twice to discuss the remuneration structure and packages for the financial year ended 30 June 2012 for review by the Board.

The aggregate remuneration of Directors for the financial year ended 30 June 2012 is as follows:

Category	Executive Directors RM	Non-Executive Directors RM	Total RM
Directors' Fees	-	168,000	168,000
Directors' Salaries	3,777,755	-	3,777,755
Other Emoluments	2,112,920	21,000	2,133,920
Share Options granted under ESOS	508,620	-	508,620
Benefits in kind	109,475	21,250	130,725
Total	**6,508,770**	**210,250**	**6,719,020**

The number of Directors whose total remuneration falls within the following bands is as follows:

	No. of Directors		
Range of Remuneration	**Executive Directors**	**Non-Executive Directors**	**Total**
RM1,000 to RM50,000	-	1	1
RM50,001 to RM100,000	-	2	2
RM1,500,000 to RM2,000,000	1	-	1
RM2,000,001 to RM2,500,000	2	-	2
Total	**3**	**3**	**6**

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

DIALOGUE BETWEEN THE COMPANY AND INVESTORS

The Board values and encourages dialogue with the shareholders in order to promote better understanding of the Company's objectives and performance parameters.

The AGM and Extraordinary General Meetings provide appropriate forums for the shareholders to participate in questions and answers sessions. The Company is committed to disseminate information in strict adherence to the disclosure standards of the Listing Requirements. The Company ensures that material information relating to the Group is disclosed by way of announcement to the Bursa Securities, annual report as well as, where appropriate, circulars and press releases. The Board will regularly review the information disseminated to ensure that consistent and accurate information is provided to shareholders of the Company.

The Company has established its website, www.benalec.com.my which allows shareholders and the public access to corporate information, financial statements, news and events relating to the Group.

CORPORATE RESPONSIBILITY

The Board recognises the importance of the Group as a socially and environmentally responsible corporate citizen. The Group's business and operational practices reflect its values and the interests of all stakeholders including customers, investors, employees, the community at large and the environment.

The Group is committed to conduct its business with a socially and environmentally responsible approach. The Board is aware that as the Group continues to grow, so will its social responsibility efforts. It will have to make frequent adjustments in response to economic and regulatory changes. It reviews its marine construction solutions, operational practices and procedures from time to time, considers and adopts sustainable methods and processes where applicable and feasible. As a responsible and conscientious civil and marine engineering contractor, the Group strives to enhance its environmentally friendly methods particularly in its land reclamation works, dredging, beach nourishment and shore protection works. This is in line with the Environmental Quality Act 1974 (Act 127), Fisheries Act 1985 and Land Conservation Act 1960.

The Group will, from time to time, continue to review and monitor all environmental issues and support humanitarian causes and community activities as we believe that our success is not ours alone, and that it should be shared among the Malaysian community.

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

In presenting the annual financial statements and quarterly results, the Board aims to present a balanced and comprehensible assessment of the Group's position and prospects.

The Audit Committee assists the Board in examining information to be disclosed to ensure the completeness, accuracy and authenticity of such information.

2. Relationship with the External Auditors

The Board has established a formal and transparent relationship with the auditors of the Company. The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

INTERNAL CONTROL & RISK MANAGEMENT

The Board has the overall responsibility of monitoring a sound internal control system that covers effective and efficient operations, compliance with the Law, relevant Regulations and risk management. This is to safeguard shareholders' investments and the Group's assets apart from assuring financial controls.

Detailed information on internal control is set out in the Statement on Internal Control on pages 23 to 25 of this Annual Report.

Risk management is given priority by the establishment of policies to identify, evaluate and manage the Company's corporate risk profile in order to mitigate any possible effects arising therefrom.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of proceeds

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 Bursa Securities.

The utilisation of the gross proceeds of RM96,307,200 raised from the Private Placement by the Company as at 22 August 2012 is as follows:

Description	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Balance %	Estimated timeframe for utilisation upon listing[3]	Note
Working capital	95,607	14,777	80,830	84.54	Within 12 months	1
Estimated expenses	700	576	124	17.71	Within 6 months	2
Total	96,307	15,353	80,954	84.05		

Notes:

[1] Working capital is 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.

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

ADDITIONAL COMPLIANCE INFORMATION *(continued)*

2. Share Buy-back

During the financial year ended 30 June 2012, the Company bought back 1,148,200 of its own ordinary shares of RM0.25 each at the total consideration of RM1,252,016 (including transaction costs). The shares bought back were held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the shares purchased were sold or cancelled during the financial year under review.

Details of the movement of treasury shares during the financial year were as follows:

Monthly breakdown	No. of shares purchased	Par value per share RM	Lowest price paid for each share RM	Highest price paid for each share RM	Average price per share RM	Total consideration paid (including transaction costs) RM
September 2011	400,000	0.25	1.020	1.050	1.038	415,566
February 2012	10,000	0.25	1.280	1.280	1.289	12,894
April 2012	547,900	0.25	1.100	1.120	1.115	611,024
May 2012	190,300	0.25	1.110	1.120	1.116	212,532
Total	**1,148,200**					**1,252,016**

As at 30 June 2012, the total treasury shares held by the Company was 1,148,200 shares.

3. Options, Warrants or Convertible Securities

There were no warrants or convertible securities issued during the financial year ended 30 June 2012.

The number of share options issued by the Company during the year under review is disclosed in the Directors' Report and Note 21 to the Financial Statements for the financial year ended 30 June 2012.

4. Depository Receipt Programme ("DRP")

The Company did not sponsor any DRP during the financial year ended 30 June 2012.

5. Sanctions and/or Penalties

Save for traffic compounds, there were no public sanctions and/or penalties imposed on the Company or its subsidiary companies, Directors or management by relevant regulatory bodies during the financial year ended 30 June 2012.

6. Non-Audit Fees Paid

During the financial year ended 30 June 2012, non-audit fees incurred for services rendered to the Company and/or its subsidiaries by the Company's external auditors, Messrs BDO or a firm affiliated to BDO amounted to RM48,089.

7. Profit Estimate, Forecast or Projection or Unaudited Results

There was no variation of 10% or more between the Group's unaudited results announced earlier and the audited results for the financial year ended 30 June 2012. The Company did not release any profit estimate, forecast or projection for the financial year ended 30 June 2012.

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

ADDITIONAL COMPLIANCE INFORMATION *(continued)*

8. Profit Guarantee

There was no profit guarantee given by the Company during the financial year ended 30 June 2012.

9. Material Contracts

There were no material contracts entered into by the Company involving the interests of the Directors and substantial shareholders during the financial year ended 30 June 2012, save as disclosed in the Prospectus dated 28 December 2010 and Related Party Disclosure presented in the Financial Statements of this Annual Report.

10. Revaluation Policy on Landed Properties

The Company does not have any revaluation policy on its landed properties.

11. Recurrent Related Party Transactions

The Recurrent Related Party Transactions conducted during the financial year ended 30 June 2012 are as follows:

Nature of transaction	Relationship	Aggregated Amount RM
^Rental of properties from Orientalcrest Realty Sdn Bhd	(a), (b), (c) & (d)*	29,600

The relationships (designated by the alphabelts from (a) to (d) above) represent the following persons who have controls or significant influence over the related parties, or persons who have or are deemed to have interest in the related parties that transacted with the Group/Company

(a) Dato' Leaw Seng Hai – a substantial shareholder and Group Managing Director of the Company and Director of certain subsidiaries. He is also a brother of Datuk Leaw Tua Choon and Leaw Ah Chye, both of whom are Executive Directors of the Company.

(b) Leaw Ah Chye – a substantial shareholder and Executive Director of the Company and Director of certain subsidiaries. He is also a brother of Dato' Leaw Seng Hai, Group Managing Director of the Company and Datuk Leaw Tua Choon, Executive Director of the Company.

(c) Datuk Leaw Tua Choon - a substantial shareholder and Executive Director of the Company and Director of certain subsidiaries. He is also a brother of Dato' Leaw Seng Hai, Group Managing Director of the Company and Leaw Ah Chye, Executive Director of the Company.

(d) Foo Polin – a substantial shareholder of the Company.

* via G-Plex Venture Sdn Bhd

^ The computation on the percentage ratio does not necessitate the Company to seek shareholders' approval at the forthcoming Annual General Meeting pursuant to paragraph 10.09 of the Listing Requirements.

STATEMENT ON INTERNAL CONTROL

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") requires the Board of Directors of public listed companies to include in the Annual Report a "statement about the state of internal control of the listed issuers as a group".

Consequently, the Board of Directors ("the Board") of Benalec Holdings Berhad is pleased to present the Statement on Internal Control of the Company and its subsidiaries ("the Group"), which has been prepared in compliance with the Listing Requirements.

Board Responsibility

The Board is committed to maintaining a sound internal control system to safeguard the shareholders' interest and the Group's assets. The Board is responsible for Benalec Group's system of internal control including the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The system of internal control does not only cover financial controls but also organisational, operational and compliance controls and risk management procedures. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board, through its Audit Committee, reviews the results of this process. The Board confirms that this process is in place for the year under review and that it accords with the Statement on Internal Control: Guidance for Directors of Public Listed Companies (the 'Internal Control Guidance') published by the Task Force on Internal Control.

The Board has established an appropriate control environment and risk management framework, ensuring through a review process the adequacy and integrity thereof.

1. Control Environment and Risk Management Framework

The Board recognises that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the achievement of the Group's business objectives within defined risk parameters in a timely and effective manner.

Accordingly, the Board has put in place a formal enterprise risk management framework that allows a more structured and focused approach to identify, evaluate, monitor and report the principal risks that affect the achievement of the Group's business objectives and enables the adoption of a risk-based internal control system. The following activities have taken place as part of establishing this formal framework:

- Risk profile has been developed for the Company.
- Risk Management Policy has been developed which incorporates amongst others a structured process for identifying, evaluating and prioritising risks as well as clearly defining the risk responsibilities and escalation process.
- Risk Manager has been appointed with key roles and responsibilities to champion risk awareness and training efforts of the Group which include the identification of risk, reviewing action plans and ensuring that the action plans are acted upon and addressed.
- A Risk Management Report is tabled to the Board on an annual basis summarizing identified risks and controls taken to mitigate the identified risks.

STATEMENT ON INTERNAL CONTROL *(continued)*

2. Group Structure

This is achieved through clearly defined operating and reporting structures with clear lines of accountability and responsibilities. Changes in the Group structure are duly communicated to the management team of the Group. In addition, details of directorships within the Group are regularly updated and highlighted to ensure that related parties are duly identified on a timely basis, as necessary.

The Board is responsible for setting the business direction and for overseeing the conduct of the Group's operations through various Board Committees.

3. Internal Audit Function

In addition, the Group has engaged an independent professional firm which carries out the internal audit function in the Group by providing independent advice and assurance on the effectiveness of the Group's system of internal controls. The findings of the internal auditors are regularly reported to the Audit Committee. In particular, the internal auditors appraise and contribute towards improving the Group's risk management and internal control systems and report to the Audit Committee on a quarterly basis. The Audit Committee meets with the Board to discuss significant issues found during the internal audit process and makes necessary recommendations to the Board. The internal audit also reviews the internal controls on the key activities and processes of the Group's businesses and presents an annual internal audit plan to the Audit Committee for prior approval before carrying out the review. The internal audit function adopts a risk-based approach and prepares its internal audit plan based on the risk profiles of the Company.

The Audit Committee reviews the results of the risk monitoring and compliance procedure, and ensures that an appropriate mix of effective techniques is used to obtain the level of assurance required by the Board. The Audit Committee considers reports from internal audit and from the Management, before reporting and making recommendations to the Board in strengthening the risk management, internal control and governance systems. The Committee presents its findings to the Board on a quarterly basis, or earlier, as appropriate.

4. Control Framework

(a) Financial Information and Information System

Management constantly monitors financial performances, business plan achievement and the progress of corrective actions/implementation for highlighted issues and is committed to rectify the highlighted issues. In addition, communication channels such as email and teleconferencing are used to encourage effective and "free-flow" or open communication within the organisation.

Proposals for major capital expenditure and new investment by the Group are reviewed and approved by the Board of Directors.

(b) Performance Reporting and Monitoring

Quarterly financial statements are presented to the Audit Committee and the Board for review and discussion.

(c) Standardisation of Policies and Procedures

Standardised policies and procedures are implemented to address the financial and operational controls of the Group.

STATEMENT ON INTERNAL CONTROL *(continued)*

Board Conclusion

The Board is pleased to conclude that the state of the Group's internal control system was generally adequate and effective. There were no material losses incurred during the current financial year as a result of weaknesses in internal controls. The Management will continue to ensure proper management of risks and take adequate measures to ensure ongoing adequacy and effectiveness of internal controls.

The above Statement is made in accordance with the approval given by the Directors during the Board Meeting held on 29 October 2012.

Review of the Statement by the External Auditors

As required by the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external auditors have reviewed this Statement on Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants (MIA). Their review has been conducted to assess whether the Statement on Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal controls for the Group.

RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Benalec Holdings Berhad is pleased to present the report on the Audit Committee of the Board for the financial year ended 30 June 2012.

MEMBERSHIP AND MEETINGS

The Audit Committee comprises three (3) Independent Non-Executive Directors as follows:

- **Koo Hoong Kwan**
  (Independent Non-Executive Director) - Chairman
- **Wong Yoke Nyen**
  (Independent Non-Executive Director) - Member
- **Aznam bin Mansor**
  (Independent Non-Executive Director) - Member

The Audit Committee was established on 30 November 2010 and the present Audit Committee consists entirely of Independent Non-Executive Directors. The Company has complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), which require all the Audit Committee members to be non-executive directors, with a majority of them being independent directors. In addition, one of the members of the Audit Committee is a member of the Malaysian Institute of Accountants (MIA).

In the event of any vacancy in the Audit Committee resulting in the non-compliance with Paragraph 15.09 of the Listing Requirements, the Board shall appoint a new member within three (3) months.

The Audit Committee met five (5) times during the financial year ended 30 June 2012 and the attendance of the members of the Audit Committee is set out below.

Name	No. of meetings attended
Koo Hoong Kwan	5 out of 5
Aznam bin Mansor	5 out of 5
Wong Yoke Nyen	5 out of 5

TERMS OF REFERENCE

1.0 Purpose

The purpose of the establishment of Audit Committee ("AC" or "Committee") is to assist the Board of Directors in discharging its responsibilities to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group. The AC also provides a channel of communication between the Board of Directors, Management, External Auditors and Internal Auditors.

2.0 Composition And Size

The members of the AC should be appointed by the Board of Directors based on the recommendation of the Nomination Committee from amongst the Directors of the Company who fulfil the following requirements:

(i) the AC must be composed of no fewer than 3 members;

(ii) all Committee Members must be Non-Executive Directors, with a majority of them being Independent Directors;

(iii) all Committee Members should be financially literate; and

AUDIT COMMITTEE REPORT *(continued)*

TERMS OF REFERENCE *(continued)*

2.0 Composition And Size *(continued)*

(iv) at least one member of the AC must fulfill the financial expertise requisite of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("LR") as follows:

(a) he must be a member of the Malaysian Institute of Accountants ("MIA"); or

(b) if he is not a member of the MIA, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

(bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(c) fulfils such other requirements as prescribed or approved by the Bursa Securities.

In the absence of a Nomination Committee, the Board appoints the AC Members from amongst its number.

The Board of Directors must ensure that no Alternate Director is appointed as a Committee Member.

In the event of any vacancy in the Committee resulting in the non-compliance of the LR pertaining to composition of AC, the Board of Directors must fill the vacancy within 3 months of the occurrence of that event.

The Board of Directors should assess the effectiveness of the AC and of each of its Members at least once every 3 years to determine whether such Committee and Members have carried out their duties in accordance with their Terms of Reference.

3.0 Chairman

The Board of Directors or members of the AC must elect a Chairman among Committee members who is an Independent Non-Executive Director.

In the absence of the Chairman of the AC in a Meeting, the members present shall elect one of their numbers to be chairman of the Meeting.

The Chairman of the AC should assume, amongst others, the following responsibilities:

(i) Planning and conducting meetings;

(ii) Overseeing reporting to the Board of Directors;

(iii) Encouraging open discussion during Meetings; and

(iv) Developing and maintaining an active on-going dialogue with Senior Management and both the Internal and External Auditors.

4.0 Secretary

The Company Secretary shall be the Secretary of the AC or in his/her absence, the Chairman of the Committee or chairman of the Meeting shall choose another person as the secretary of the Meeting.

AUDIT COMMITTEE REPORT *(continued)*

TERMS OF REFERENCE *(continued)*

5.0 Meetings

(i) The AC should meet at least 4 times in each financial year, i.e. on a quarterly basis, to properly carry out its duties and ensure effective discharge of its responsibilities as spelt out in its Terms of Reference. More frequent meetings may be called as the need arises.

(ii) Sufficient time must be allocated to thoroughly address all items in the Agenda and for all parties involved to ask questions or provide input.

(iii) The quorum shall comprise a majority of the Independent Non-Executive Directors.

(iv) The AC may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting. Minutes of such a meeting signed by the Chairman of the Committee shall be conclusive evidence of any resolution of any meeting conducted in the manner as aforesaid.

(v) The Finance Director, the Internal Auditors and External Auditors should normally attend the Meetings. Other Board Members may attend any particular meeting only at the Committee's invitation.

(vi) The AC should meet with the External Auditors without the presence of the executive Board Members and employees at least twice a year and whenever deemed necessary.

(vii) Upon the request of the Internal Auditors and/or External Auditors, the Chairman of the AC must convene a Meeting to consider any matter the Internal Auditors and/or External Auditors believe should be brought to the attention of the Board of Directors or the Shareholders.

(viii) The Minutes of each Meeting shall be made available to all members of the Board upon request.

(ix) The Board of Directors should be kept aware of the Committee's activities by way of the Committee Minutes being circulated together with the board meeting papers.

(x) A resolution in writing signed or approved via letter, telex or facsimile by all Committee members shall be effective for all purposes as a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may be contained in a single document or may consist of several documents all in the like form signed by one or more members.

6.0 Rights

(i) The AC should have explicit authority to investigate any matter within its Terms of Reference, the resources to do so and full access to information.

(ii) Each Committee Member has full and unrestricted access to information and is entitled to ask for further information required to make informed decisions and has right to obtain independent professional or other advice for the performance of its duties.

(iii) The AC may use the services of outside experts or advisors and invite outsiders with relevant experience to attend Meetings, if necessary, at the cost of the Company in accordance with a procedure to be determined by the Board of Directors towards performance of its duties.

AUDIT COMMITTEE REPORT *(continued)*

TERMS OF REFERENCE *(continued)*

6.0 Rights *(continued)*

(iv) The AC must have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any, which can be outsourced).

(v) The Committee must be able to convene Meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees, whenever deemed necessary.

7.0 Responsibilities And How The Committee Works

(i) The Terms of Reference of AC should be reviewed by the Committee annually and updated as appropriate. The Committee should recommend any change to the Terms of Reference to the Board of Directors for approval. The annual review of its Terms of Reference should be a robust process, reflecting changes to the Company's circumstances and any new regulations that may impact upon the AC's responsibilities.

(ii) The AC is responsible for:

(a) assessing the risks and control environment;

(b) overseeing financial reporting;

(c) evaluating the internal and external audit process;

(d) reviewing conflict of interest situations and related party transactions;

(e) reviewing the quarterly results and year end financial statements, before submission to the Board of Directors for approval, focusing particularly on:

(i) changes in or implementation of major accounting policies and practices;

(ii) major risk areas;

(iii) significant and unusual events;

(iv) significant adjustments resulting from the audit; and

(v) compliance with accounting standards, LR and other legal requirements.

(f) reviewing the following with the External Auditors and reporting the same to the Board of Directors:

(i) the audit plan;

(ii) the audit report;

(iii) evaluation of the system of internal controls;

(iv) Letter to Management and the Management's response;

(v) the assistance given by the employees to the External Auditors; and

AUDIT COMMITTEE REPORT *(continued)*

TERMS OF REFERENCE *(continued)*

7.0 Responsibilities And How The Committee Works *(continued)*

(vi) any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's and the Group's operating results or financial position, and Management's response.

(g) reviewing the following with the Internal Auditors and report the same to the Board of Directors:

(i) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work effectively; and

(ii) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(h) undertaking such other reviews and projects as may be requested by the Board of Directors, and reporting to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC.

(i) establishing procedures for receipt, retention and treatment of complaints received by the Company and the Group regarding, inter alia, criminal offences involving the Company and the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Company and the Group.

(j) monitoring, reviewing and assessing that the utilisation of proceeds are consistent with the intention presented to investors for any fund raising exercise.

(k) considering and recommending the appointment or re-appointment of the Internal and External Auditors and matters relating to the resignation or dismissal of the auditors.

(l) reviewing any resignation letter from the External Auditors.

(m) undertaking such other functions and duties as may be required by statute or the LR, or by such amendments as may be made thereto from time to time.

(iii) Where the AC is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the LR, the Committee must promptly report such matter to Bursa Securities.

8.0 Risk Management Responsibilities

Objectives

- To ensure that a risk management framework is embedded throughout the Company;
- To ensure that the risk management framework is consistently adopted throughout the organisation and is within the parameters established by the Board; and
- To ensure compliance with external requirements such as Bursa Securities' Statement of Internal Control – Guidance for Directors of Public Listed Companies.

Authority and Scope

Whilst the Board still retains the ultimate responsibility for risk management and for determining the appropriate level of risk appetite, the Audit Committee is established to provide assurance concerning the Company's risk profile to the Board.

The Board has delegated authority to the Audit Committee with a remit that encompasses risk management activities within the Company including compliance with the risk management framework. The Audit Committee reports to the Board.

AUDIT COMMITTEE REPORT *(continued)*

TERMS OF REFERENCE *(continued)*

8.0 Risk Management Responsibilities *(continued)*

Roles and Responsibilities

The Audit Committee advises the Board and makes recommendation with respect to the adequacy of the Company's approach in identifying and managing risks. Specific responsibilities include:

(i) Establishing risk management structure:

- Formalising Risk Management Policy & Procedures ; and
- Ensuring that the Company's risk management framework has been implemented and is consistently applied.

(ii) Establishing risk management processes:

- Ensuring that there is a structured and systematic process for identifying, evaluating and managing risks facing the Company; and
- Receiving reports on the outcome of the risk assessment exercises and reviewing the results to ensure alignment with the Company's risk management policy.

(iii) Embedding risk management process & culture throughout the Company:

- Ensuring Risk Management Policy & Procedures is clearly communicated to relevant personnel of the Company; and
- Ensuring that appropriate training in risk management is conducted at key levels to create and reinforce awareness.

(iv) Establishing reporting and monitoring mechanism:

- Ensuring that appropriate reporting and feedback is received from the Management on a half-yearly basis with regard to risk management activity carried out;
- Being responsible for reporting the Company's Risk Profile to the Board on half-yearly basis; and
- Being responsible for reporting immediately to the Board on any major changes to the risk profile that requires immediate attention.

PROCEDURE OF AUDIT COMMITTEE

The Audit Committee regulates its own procedures which include:

(i) the calling of meetings;

(ii) the notice to be given of such meetings;

(iii) the voting and proceedings of such meetings;

(iv) the keeping of minutes; and

(v) the custody, protection and inspection of such minutes.

STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME ("ESOS") BY THE AUDIT COMMITTEE

The Audit Committee has reviewed and verified that the allocation of options granted during the financial year under the Company's ESOS was in accordance with the criteria for allocation of options pursuant to the ESOS.

AUDIT COMMITTEE REPORT *(continued)*

SUMMARY OF ACTIVITIES

The Audit Committee has carried out its duties in accordance with its Terms of Reference.

During the financial year ended 30 June 2012, the activities undertaken by the Committee include the following:

- Reviewed the quarterly results and financial statements for recommendation to the Board of Directors;
- Reviewed the quarterly financial results announcements;
- Approved the audit plan of the Group and reviewed audit findings and matters brought up by the external and internal auditors;
- Met regularly with the Board of Directors to discuss issues discovered during the internal audit process and made the necessary recommendations;
- Met with the external auditors twice without the presence of Executive Board members or Management;
- Reviewed related party transactions within the Group;
- Reviewed the Company's compliance with Listing Requirements, applicable accounting standards issued by Malaysian Accounting Standards Board and other relevant legal and regulatory requirements; and
- Considered and made recommendations to the Board for approval of the audit fees payable to external and internal auditors.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS

The Group engaged the internal audit services from a professional internal audit service provider to ensure that the outsourced internal auditor is independent as it has no involvement in the operations of the Group. The outsourced internal auditor is responsible for the review and appraisal of the effectiveness of risk management, internal control and governance processes in the Group and reports directly to the Audit Committee.

The Audit Committee has full and direct access to the Internal Auditors, reviews the reports on all audits performed and monitors its performance. The Audit Committee also reviews the adequacy of the scope, functions, competency and resources of outsourced internal audit functions.

The outsourced internal auditors carried out internal audits within the Group based on a risk-based audit plan approved by the Audit Committee.

During the financial year ended 30 June 2012, the Internal Auditors carried out its audit on the following functions:

(i) Purchasing to Receiving;
(ii) Project Management; and
(iii) Maintenance.

Based on these audits, the outsourced internal auditors provided the Audit Committee with reports highlighting observations, recommendations and management action plans to improve the system of internal controls.

The Audit Committee met five (5) times during the year to carry out its responsibility in reviewing the function and results of the internal audit assignments and to assure itself of the soundness of the internal control system. The costs incurred for the outsourced internal audit function in respect of the financial year amounted to RM53,000.

A summary of the Internal Audit activities undertaken during the financial year is as follows:

(i) preparation of an annual audit plan for consideration by the Audit Committee;

(ii) performing operational audits on business units of the Group to ascertain the adequacy and integrity of their system of internal controls and made recommendations for improvement where weaknesses were found; and

(iii) conducting follow-up reviews to determine the adequacy, effectiveness and timeliness of action taken by the Management on audit recommendations and provided updates on their status to the Audit Committee.

STATEMENT OF DIRECTORS' RESPONSIBILITY

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors are required to take reasonable steps to ensure that the financial statements of the Company and the Group are properly drawn up in accordance with the provisions of the Companies Act, 1965, applicable approved Financial Reporting Standards ("FRSs") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and of the Group as at the end of financial year and of the results and the cash flow of the Company and of the Group for the financial year.

In preparing the financial statements for the year ended 30 June 2012, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- exercised judgment and made estimates that are reasonable and prudent;
- ensured adoption of applicable accounting standards; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company and the Group maintain accounting records that disclose with reasonable accuracy at all times the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965 and FRSs.

The Directors have general responsibilities for taking such steps to ensure that appropriate systems are reasonably available to them to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement, loss or fraud.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS OF OPERATIONS

	Group RM	Company RM
Profit for the financial year	82,667,124	28,670,773
Attributable to:		
Owners of the parent	82,670,257	28,670,773
Non-controlling interests	(3,133)	-
	82,667,124	28,670,773

DIVIDENDS

The amount of dividend paid by the Company since the end of the previous financial year was as follows:

	Company RM
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	16,051,200

The Directors proposed a final single tier 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.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

DIRECTORS' REPORT *(continued)*

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM182,500,000 to RM200,740,000 by way of the issuance of 72,960,000 new ordinary shares of RM0.25 each at an issue price of RM1.32 per share for cash pursuant to its private placement exercise, which was completed on 7 December 2011 ("Private Placement"). The newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the Employees' Share Option Scheme ("ESOS") as disclosed below.

During the financial year, the Company created an ESOS which is in force for a period of five years commencing from 17 January 2011 until 16 January 2016. The main features of the ESOS are as follows:

(a) Eligible Directors and executives ("Eligible Executives") are those who are confirmed employees of the Group and have served full time for at least a period of six (6) months of continuous services before the date of offer;

(b) The total number of ordinary shares offered under the ESOS shall not, in aggregate, exceed 10% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS;

(c) The option price under the ESOS shall be the five-day weighted average market price of the ordinary shares as quoted on the Main Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10% if deemed appropriate, or at the par value of the ordinary shares, whichever is higher;

(d) The aggregate number of ordinary shares that may be offered and allotted to any of the eligible executives of the Group shall not exceed the allowable allotment set out in By-Laws and subject to the followings:

    (i) not more than 50% of the ordinary shares available under the ESOS shall be allocated in aggregate to Executive Directors and senior management of the Company and its subsidiaries;

    (ii) not more than 10% of the ordinary shares available under the ESOS shall be allocated to any individual Executive Director or eligible employees who, either singly or collectively through persons connected with that Executive Director or eligible employee, holds 20% or more of the issued and paid-up share capital of the Company;

(e) The options granted to eligible executives will lapse when they are no longer in employment with the Group;

(f) Upon exercise of the options, the ordinary shares issued will rank pari passu in all respects with the then existing ordinary shares of the Company (except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, which may be declared, made or paid to the shareholders, of which the entitlement date is prior to the date of the listing ordinary shares on the Main Market of Bursa Malaysia Securities Berhad through exercising the options); and

(g) The Eligible Executives to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company.

DIRECTORS' REPORT *(continued)*

OPTIONS GRANTED OVER UNISSUED SHARES *(continued)*

Details of the ESOS movements of the Company are as follows:

		Number of options over ordinary shares of RM0.25 each				
Date of offer	**Exercise price**	**Outstanding as at 1 July 2011**	**Granted**	**Exercised**	**Forfeited**	**Outstanding as at 30 June 2012**
16 April 2012	RM1.06	-	15,132,000	-	(164,000)	14,968,000

The Company was granted exemption by the Companies Commission of Malaysia vide its letter dated 21 September 2012 from having to disclose in this report the names of persons (other than directors) to whom options have been granted during the financial year and details of their holdings pursuant to Section 169(11) of the Companies Act, 1965 except for information of employees who were individually granted in aggregate of 388,000 options and above.

Other than those disclosed in the Directors' interests below, the following employees of the subsidiaries who were granted 388,000 options and above under the ESOS during the financial year are as follows:

	Number of options over ordinary shares of RM0.25 each			
Name	**Outstanding as at 1 July 2011**	**Granted**	**Exercised**	**Outstanding as at 30 June 2012**
Bernard Boey Weng Onn	-	650,000	-	650,000
Kenneth Chin Kah Kiong	-	596,000	-	596,000
Ng Huat Hoe	-	554,000	-	554,000
Teoh Ban Tat	-	398,000	-	398,000
Cheong Yew Huat	-	390,000	-	390,000
Tang Yek Soo	-	388,000	-	388,000
Teh Siew Yuen	-	388,000	-	388,000

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 23 December 2011, approved the Company's plan to repurchase and/or held as treasury shares up to 10% of the existing issued and paid-up share capital of the Company ("Share Buy Back").

The Directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders. The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended.

During the financial year, the Company repurchased 1,148,200 of its own ordinary shares of RM0.25 each from the open market for a total consideration of RM1,246,550 at an average price of RM1.0857 per ordinary share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia. None of the treasury shares held were re-sold or cancelled during the financial year.

Of the total 802,960,000 issued and fully paid ordinary shares of RM0.25 each as at 30 June 2012, 1,148,200 ordinary shares of RM0.25 each amounting to RM1,246,550 are held as treasury shares by the Company. The number of outstanding ordinary shares of RM0.25 each in issue after deducting the treasury shares is 801,811,800.

DIRECTORS' REPORT *(continued)*

DIRECTORS

The Directors who have held office since the date of the last report are:

Dato' Leaw Seng Hai
Datuk Leaw Tua Choon
Leaw Ah Chye
Aznam bin Mansor
Koo Hoong Kwan
Wong Yoke Nyen

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 30 June 2012 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	Number of ordinary shares of RM0.25 each			
	Balance as at 1.7.2011	**Bought**	**Sold**	**Balance as at 30.6.2012**
Shares in the Company				
Direct interests:				
Dato' Leaw Seng Hai	26,483,475	-	(15,539,375)	10,944,100
Datuk Leaw Tua Choon	21,086,075	-	(21,086,075)	-
Leaw Ah Chye	21,374,550	-	(21,374,550)	-
Koo Hoong Kwan	1,000,000	-	(145,000)	855,000
Wong Yoke Nyen	500,000	-	-	500,000
Indirect interests:				
Dato' Leaw Seng Hai	420,000,000[(1)]	216,900	-	420,216,900
Datuk Leaw Tua Choon	420,050,000[(2)]	216,900	-	420,266,900
Leaw Ah Chye	420,000,000[(3)]	216,900	-	420,216,900

(1) *Deemed interest by virtue of his interest in Oceancove Sdn. Bhd. ("Oceancove") via Oceanview Cove Sdn. Bhd. ("Oceanview").*

(2) *Deemed interest by virtue of his interest in Oceancove and Oceanview, and his immediate family members' interest in the Company pursuant to Section 134 (12)(c) of the Companies Act, 1965.*

(3) *Deemed interest by virtue of his interest in Oceancove and Oceanview.*

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS *(continued)*

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 30 June 2012 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows *(continued)*:

	Number of options over ordinary shares of RM0.25 each			
	Balance as at 1.7.2011	Granted	Exercised	Balance as at 30.6.2012
Options in the Company				
Direct interests:				
Dato' Leaw Seng Hai	-	1,500,000	-	1,500,000
Datuk Leaw Tua Choon	-	1,350,000	-	1,350,000
Leaw Ah Chye	-	1,350,000	-	1,350,000
Indirect interests:				
Dato' Leaw Seng Hai	-	390,000[(4)]	-	390,000
Datuk Leaw Tua Choon	-	336,000[(4)]	-	336,000

(4) *Deemed interest by virtue of options held by his immediate family member.*

	Number of ordinary shares of RM1 each			
	Balance as at 1.7.2011	Bought	Sold	Balance as at 30.6.2012
Shares in the immediate holding company, Oceancove				
Direct interests:				
Datuk Leaw Tua Choon	1,700	-	-	1,700
Leaw Ah Chye	1,700	-	-	1,700
Indirect interests:				
Dato' Leaw Seng Hai	5,100[(5)]	-	-	5,100[(5)]
Datuk Leaw Tua Choon	5,100[(5)]	-	-	5,100[(5)]
Leaw Ah Chye	5,100[(5)]	-	-	5,100[(5)]

(5) *Deemed interest by virtue of their interest in Oceanview.*

	Number of ordinary shares of RM1 each			
	Balance as at 1.7.2011	Bought	Sold	Balance as at 30.6.2012
Shares in the ultimate holding company, Oceanview				
Direct interests:				
Dato' Leaw Seng Hai	5,687	-	-	5,687
Datuk Leaw Tua Choon	2,157	-	-	2,157
Leaw Ah Chye	2,156	-	-	2,156

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS *(continued)*

By virtue of their interests in the ordinary shares of the Company, Dato' Leaw Seng Hai, Datuk Leaw Tua Choon and Leaw Ah Chye are also deemed to be interested in the ordinary shares of all subsidiaries to the extent the Company has an interest.

The other Director holding office at the end of the financial year did not hold any interest in the ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the remuneration received by certain Directors as directors of a wholly-owned subsidiary and the transactions entered into in the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the ESOS as disclosed in Note 21 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that provision need not be made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from revisions in the estimated useful lives of certain barges and dredgers, which resulted in a decrease in depreciation expenses and correspondingly an increase in the Group's profit for the financial year by RM16,640,673 as disclosed in Note 6.1 to the financial statements.

DIRECTORS' REPORT *(continued)*

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY *(continued)*

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature, which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 38 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

The subsequent event to the date of this report are disclosed in Note 39 to the financial statements.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Oceancove and Oceanview as the immediate and ultimate holding companies respectively. Both companies are incorporated and domiciled in Malaysia.

DIRECTORS' REPORT *(continued)*

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dato' Leaw Seng Hai
Director

Leaw Ah Chye
Director

Selangor
29 October 2012

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 46 to 135 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2012 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Leaw Seng Hai
Director

Leaw Ah Chye
Director

Selangor
29 October 2012

STATUTORY DECLARATION

I, Kenneth Chin Kah Kiong, being the Officer primarily responsible for the financial management of Benalec Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 135 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur on)
29 October 2012)

Before me:
S.Ideraju
W-451

INDEPENDENT AUDITORS' REPORT

to the Members of Benalec Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Benalec Holdings Berhad, which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 134.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2012 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT *(continued)*
to the Members of Benalec Holdings Berhad

Other Reporting Responsibilities

The supplementary information set out in Note 41 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Ooi Thiam Poh
2495/01/14 (J)
Chartered Accountant

Kuala Lumpur
29 October 2012

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2012

	Note	Group 2012 RM	Group 2011 RM (restated)	Company 2012 RM	Company 2011 RM
ASSETS					
Non-current assets					
Property, plant and equipment*	7	240,058,711	245,313,392	-	-
Investments in subsidiaries	8	-	-	157,499,998	157,499,998
Other investments	9	33,745	37,404	-	-
Goodwill on consolidation	10	-	-	-	-
		240,092,456	245,350,796	157,499,998	157,499,998
Current assets					
Land held for sale	11	183,465,208	107,482,881	-	-
Inventories*	12	2,460,622	7,456,842	-	-
Land reclamation work in progress	13	16,933,390	1,170,000	-	-
Trade and other receivables	14	199,804,101	206,760,220	218,236,563	114,960,274
Current tax assets		396,809	196,905	11,000	-
Cash and cash equivalents	16	130,517,735	69,786,571	5,980,495	165,862
		533,577,865	392,853,419	224,228,058	115,126,136
TOTAL ASSETS		773,670,321	638,204,215	381,728,056	272,626,134
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	200,740,000	182,500,000	200,740,000	182,500,000
Reserves	18	315,649,084	164,260,414	180,635,619	89,894,460
Total equity attributable to owners of the parent		516,389,084	346,760,414	381,375,619	272,394,460
Non-controlling interests		2,867	-	-	-
TOTAL EQUITY		516,391,951	346,760,414	381,375,619	272,394,460

* *Please refer to Note 40 to the financial statements for details of the restatements.*

STATEMENTS OF FINANCIAL POSITION *(continued)*
as at 30 June 2012

	Note	Group 2012 RM	Group 2011 RM (restated)	Company 2012 RM	Company 2011 RM
LIABILITIES					
Non-current liabilities					
Borrowings	19	29,311,114	43,701,244	-	-
Deferred tax liabilities	22	8,967,165	10,202,128	-	-
Trade and other payables	23	56,645,551	28,757,219	-	-
		94,923,830	82,660,591	-	-
Current liabilities					
Trade and other payables	23	141,828,021	169,961,060	352,437	231,674
Borrowings	19	18,864,838	19,210,602	-	-
Current tax liabilities		1,661,681	19,611,548	-	-
		162,354,540	208,783,210	352,437	231,674
TOTAL LIABILITIES		257,278,370	291,443,801	352,437	231,674
TOTAL EQUITY AND LIABILITIES		773,670,321	638,204,215	381,728,056	272,626,134

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the Financial Year ended 30 June 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	26	155,858,253	210,962,751	30,787,136	29,200,000
Cost of sales	27	(89,767,135)	(88,879,155)	-	-
Gross profit		66,091,118	122,083,596	30,787,136	29,200,000
Other income		68,759,549	28,594,005	176,603	87,633
Administrative and other expenses		(28,818,593)	(20,700,508)	(1,505,830)	(4,623,700)
Finance costs	28	(5,790,799)	(3,886,554)	-	-
Profit before tax	29	100,241,275	126,090,539	29,457,909	24,663,933
Tax expense	30	(17,574,151)	(30,009,583)	(787,136)	(7,300,000)
Profit for the financial year		82,667,124	96,080,956	28,670,773	17,363,933
Other comprehensive income:					
Fair value loss on available-for-sale financial assets		(3,659)	(4,387)	-	-
Foreign currency translations		6,651,686	(4,340,667)	-	-
Other comprehensive income/(loss), net of tax		6,648,027	(4,345,054)	-	-
Total comprehensive income		89,315,151	91,735,902	28,670,773	17,363,933
Profit/(Loss) attributable to:					
Owners of the parent		82,670,257	96,080,956	28,670,773	17,363,933
Non-controlling interests		(3,133)	-	-	-
		82,667,124	96,080,956	28,670,773	17,363,933
Total comprehensive income/(loss) attributable to:					
Owners of the parent		89,318,284	91,735,902	28,670,773	17,363,933
Non-controlling interests		(3,133)	-	-	-
		89,315,151	91,735,902	28,670,773	17,363,933

Earnings per ordinary share attributable to owners of the parent

	Note	2012 sen	2011 sen
Basic	31	10.72	14.36
Diluted	31	10.71	-

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year ended 30 June 2012

		Attributable to owners of the parent						
Group	Note	Share capital RM	Share premium RM	Exchange translation reserve RM	Reverse acquisition debit RM	Available-for-sale reserve RM	Retained earnings RM	Total equity RM
Balance at 1 July 2010		2,500,000	-	(1,564,008)	-	(20,488)	152,433,567	153,349,071
Profit for the financial year		-	-	-	-	-	96,080,956	96,080,956
Fair value of available-for-sale financial assets		-	-	-	-	(4,387)	-	(4,387)
Foreign currency translations		-	-	(4,340,667)	-	-	-	(4,340,667)
Total comprehensive income		-	-	(4,340,667)	-	(4,387)	96,080,956	91,735,902
Transactions with owners								
Issuance of shares by Benalec Sdn. Bhd. pursuant to bonus issue	17	4,800,000	-	-	-	-	(4,800,000)	-
Acquisitions of subsidiaries, accounted for as reverse acquisition	17	150,200,000	-	-	(146,069,559)	-	-	4,130,441
Ordinary shares issued pursuant to public issue	17	25,000,000	75,000,000	-	-	-	-	100,000,000
Share issue expenses		-	(2,455,000)	-	-	-	-	(2,455,000)
Total transactions with owners		180,000,000	72,545,000	-	(146,069,559)	-	(4,800,000)	101,675,441
Balance at 30 June 2011		182,500,000	72,545,000	(5,904,675)	(146,069,559)	(24,875)	243,714,523	346,760,414

STATEMENTS OF CHANGES IN EQUITY *(continued)*
for the Financial Year ended 30 June 2012

		Attributable to owners of the parent										
Group	**Note**	**Share capital RM**	**Treasury shares RM**	**Share premium RM**	**Exchange translation reserve RM**	**Reverse acquisition debit RM**	**Share options reserve RM**	**Available-for-sale reserve RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
Balance at 1 July 2011		182,500,000	-	72,545,000	(5,904,675)	(146,069,559)	-	(24,875)	243,714,523	346,760,414	-	346,760,414
Profit for the financial year		-	-	-	-	-	-	-	82,670,257	82,670,257	(3,133)	82,667,124
Fair value of available-for-sale financial assets		-	-	-	-	-	-	(3,659)	-	(3,659)	-	(3,659)
Foreign currency translations		-	-	-	6,651,686	-	-	-	-	6,651,686	-	6,651,686
Total comprehensive income		-	-	-	6,651,686	-	-	(3,659)	82,670,257	89,318,284	(3,133)	89,315,151
Transactions with owners												
Issuance of new shares pursuant to Private Placement	17	18,240,000	-	78,067,200	-	-	-	-	-	96,307,200	-	96,307,200
Share options granted under ESOS	21	-	-	-	-	-	1,813,760	-	-	1,813,760	-	1,813,760
Share issue expenses		-	-	(512,824)	-	-	-	-	-	(512,824)	-	(512,824)
Share repurchased	18	-	(1,246,550)	-	-	-	-	-	-	(1,246,550)	-	(1,246,550)
Issuance of shares by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	6,000	6,000
Dividend paid	32	-	-	-	-	-	-	-	(16,051,200)	(16,051,200)	-	(16,051,200)
Total transactions with owners		18,240,000	(1,246,550)	77,554,376	-	-	1,813,760	-	(16,051,200)	80,310,386	6,000	80,316,386
Balance at 30 June 2012		200,740,000	(1,246,550)	150,099,376	747,011	(146,069,559)	1,813,760	(28,534)	310,333,580	516,389,084	2,867	516,391,951

STATEMENTS OF CHANGES IN EQUITY *(continued)*

for the Financial Year ended 30 June 2012

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Share options reserve RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
Balance at 30 June 2010		2	-	-	-	(14,473)	(14,471)
Profit for the financial year/ total comprehensive income		-	-	-	-	17,363,933	17,363,933
Transactions with owners							
Ordinary shares issued pursuant to:							
- acquisitions of subsidiaries	17	157,499,998	-	-	-	-	157,499,998
- public issue	17	25,000,000	-	75,000,000	-	-	100,000,000
Share issue expenses		-	-	(2,455,000)	-	-	(2,455,000)
Total transactions with owners		182,499,998	-	72,545,000	-	-	255,044,998
Balance at 30 June 2011		182,500,000	-	72,545,000	-	17,349,460	272,394,460
Profit for the financial year/ total comprehensive income		-	-	-	-	28,670,773	28,670,773
Transactions with owners							
Issuance of new shares pursuant to Private Placement	17	18,240,000	-	78,067,200	-	-	96,307,200
Share options granted under ESOS	21	-	-	-	1,813,760	-	1,813,760
Share issue expenses		-	-	(512,824)	-	-	(512,824)
Share repurchased	18	-	(1,246,550)	-	-	-	(1,246,550)
Dividend paid	32	-	-	-	-	(16,051,200)	(16,051,200)
Total transactions with owners		18,240,000	(1,246,550)	77,554,376	1,813,760	(16,051,200)	80,310,386
Balance at 30 June 2012		200,740,000	(1,246,550)	150,099,376	1,813,760	29,969,033	381,375,619

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the Financial Year ended 30 June 2012

	Note	Group 2012 RM	Group 2011 RM (restated*)	Company 2012 RM	Company 2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		100,241,275	126,090,539	29,457,909	24,663,933
Adjustments for:					
Bad debts written off		-	430,503	-	-
Depreciation of property, plant and equipment	7	10,831,348	20,884,584	-	-
Share options granted under ESOS	21	1,813,760	-	-	-
Dividend income	29	(299,012)	(6,126)	(30,787,136)	(29,200,000)
Gain on bargain purchase arising from acquisitions of subsidiaries	29	-	(6,023,712)	-	-
Gain on disposal of land held for sale	29	(64,179,469)	(17,975,491)	-	-
Loss/(Gain) on disposal of property, plant and equipment	29	988,043	(1,771,010)	-	-
Goodwill on consolidation written off	10	-	82,338	-	-
Interest expense	28	5,790,799	3,886,554	-	-
Interest income		(1,562,592)	(956,658)	(176,603)	(87,633)
Inventories written down		-	3,325,467	-	-
Listing expenses		-	3,793,107	-	3,793,107
Loss on disposal of a subsidiary	8(b)	-	2,067	-	-
Property, plant and equipment written off	7	12,240	320,776	-	-
Unrealised loss/(gain) on foreign exchange		2,351,388	(733,586)	-	-
Operating profit/(loss) before changes in working capital		55,987,780	131,349,352	(1,505,830)	(830,593)
Changes in working capital:					
Inventories		4,996,220	(1,404,740)	-	-
Land reclamation work in progress		(15,763,390)	(1,170,000)	-	-
Land held for sale	11	(5,109,568)	(632,847)	-	-
Trade and other receivables		(117,759,021)	(141,984,732)	(417,200)	(15,088)
Trade and other payables		106,502,208	41,697,862	120,763	217,201
Cash generated from/(used in) operations		28,854,229	27,854,895	(1,802,267)	(628,480)
Tax refunded		1,556	-	-	-
Tax paid		(36,960,441)	(20,404,793)	(11,000)	-
Interest paid		(5,790,799)	(3,886,554)	-	-
Net cash (used in)/from operating activities		(13,895,455)	3,563,548	(1,813,267)	(628,480)

* *Please refer to Note 40 to the financial statements for details of the restatements.*

STATEMENTS OF CASH FLOWS *(continued)*
for the Financial Year ended 30 June 2012

	Note	Group 2012 RM	Group 2011 RM (restated*)	Company 2012 RM	Company 2011 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of subsidiaries	8(a)	-	2,228,302	-	-
Dividend received		299,012	6,126	-	-
Interest received		1,510,088	956,658	176,603	87,633
Placements of fixed deposits pledged to licensed financial institutions		(4,254,287)	(840,296)	-	-
Proceeds from disposal of property, plant and equipment		11,045,261	3,577,625	-	-
Purchase of property, plant and equipment	7(a)	(10,204,095)	(30,455,033)	-	-
Advances to a subsidiary		-	-	(71,045,329)	(93,045,186)
Advances from/(Repayments to) related parties		8,901,386	(37,907,330)	-	-
Net cash from/(used in) investing activities		7,297,365	(62,433,948)	(70,868,726)	(92,957,553)
CASH FLOWS FROM FINANCING ACTIVITIES					
Shares repurchased	18	(1,246,550)	-	(1,246,550)	-
Dividend paid	32	(16,051,200)	-	(16,051,200)	-
Proceeds from issuance of shares		96,307,200	100,000,000	96,307,200	100,000,000
Share issue and listing expenses		(512,824)	(6,248,107)	(512,824)	(6,248,107)
Repayments of hire purchase liabilities		(901,934)	(990,903)	-	-
Issuance of shares by subsidiaries to non-controlling interests		6,000	-	-	-
Drawdown of term loans		4,014,727	16,508,434	-	-
Drawdown of trust receipts		1,333,526	-	-	-
Repayments of term loans		(16,927,386)	(10,379,383)	-	-
Repayments of trust receipts		(3,171,904)	(1,282,963)	-	-
Net cash from financing activities		62,849,655	97,607,078	78,496,626	93,751,893
Net increase in cash and cash equivalents		56,251,565	38,736,678	5,814,633	165,860
Effects of exchange rate changes		225,312	269,410	-	-
Cash and cash equivalents at beginning of financial year		54,315,160	15,309,072	165,862	2
Cash and cash equivalents at end of financial year	16	110,792,037	54,315,160	5,980,495	165,862

* *Please refer to Note 40 to the financial statements for details of the restatements.*

STATEMENTS OF CASH FLOWS *(continued)*
for the Financial Year ended 30 June 2012

Material non-cash transactions taken into consideration in the preparation of the statements of cash flows are as follows:

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Dividend receivable from a subsidiary	26	-	-	30,787,136	29,200,000
Proceeds from disposal of land held for sale offset with deposits received from purchasers as recorded in "trade and other payables"		130,278,678	38,005,232	-	-
Settlement of amount owing to a related party via assumption of borrowings of the related party		-	16,036,358	-	-
Transfer of "amounts due from contract customers" to "land held for sale"	15	136,971,968	99,611,164	-	-

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the Financial Year ended 30 June 2012

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 38, Jalan Pengacara U1/48, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan.

The immediate and ultimate holding company of the Company is Oceancove and Oceanview respectively, both of which are incorporated in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 29 October 2012.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 41 to the financial statements has been prepared in accordance with Guidance on 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 and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purpose entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, the accounting policies of the subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interest represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interest. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Components of non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interest shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity.

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 July 2010 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Basis of consolidation *(continued)*

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Business combinations

<u>Business combinations from 1 July 2010 onwards</u>

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profits or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.3 Business combinations *(continued)*

Business combinations from 1 July 2010 onwards *(continued)*

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. The accounting policy for goodwill is set out in Note 4.9 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 July 2010

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4.9 to the financial statements on the accounting policy for goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and is not depreciated. Leasehold land is depreciated over the lease term of 60 years.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.4 Property, plant and equipment and depreciation *(continued)*

Construction-in-progress is not depreciated until such time when the asset is available for use.

Depreciation of property, plant and equipment are computed based on a straight line basis over their estimated useful lives. The annual depreciation rates are as follow:

Barges and dredgers	4% to 10%
Buildings	2%
Furniture and fittings	10%
Motor vehicles	20%
Plant and machinery	10%
Tools and office equipment	10%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.12 to the financial statements for accounting policy on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases and hire purchase

4.5.1 Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

4.5.2 Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.5 Leases and hire purchase *(continued)*

4.5.3 Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Land held for sale

Land held for sale is classified as current asset and is stated at the lower of cost and net realisable value.

Such land is available for immediate sale in its present condition and will be recovered principally through a sale transaction rather than through continuing use.

4.7 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from contract customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to contract customers for contract work.

4.8 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interest at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.9 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost of consumables and raw materials comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.11 Land reclamation work in progress

Land reclamation work in progress represents all costs that are directly attributable to the land reclamation concession or that can be allocated on a reasonable basis to the concession. The costs incurred comprise cost to secure the land reclamation concession, construction costs and other development costs common to the entire reclamation concession including professional fees and other relevant levies.

Land reclamation work in progress is recognised as an asset and is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price of the reclaimed land in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Any expected loss is recognised immediately in profit or loss.

Upon completion of the land reclamation concession and issuance of land titles, the land reclamation work in progress is reclassified to inventories of reclaimed land. Revenue arising from the disposal of the reclaimed land will be recognised when significant risk and rewards have been transferred to the identified end purchaser.

4.12 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories and assets arising from construction contracts, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.12 Impairment of non-financial assets *(continued)*

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

4.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.13 Financial instruments *(continued)*

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, these financial assets are measured at fair value. Any gains or losses arising from changes in the fair value of these financial assets are recognised in profit or loss. Net gains or losses on these financial assets shall exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Gains or losses on these financial assets are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Gains or losses on these financial assets are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.13 Financial instruments *(continued)*

(a) Financial assets *(continued)*

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement *(continued)*:

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, these financial assets are measured at fair value. Any gains or losses arising from changes in the fair value of these financial assets are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, these financial liabilities are measured at fair value. Any gains or losses arising from changes in the fair value of these financial liabilities are recognised in profit or loss. Net gains or losses on these financial liabilities shall exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.13 Financial instruments *(continued)*

(b) Financial liabilities *(continued)*

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement *(continued)*:

(ii) Other financial liabilities

Other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.13 Financial instruments *(continued)*

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.14 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.14 Impairment of financial assets *(continued)*

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

4.16 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary, associate or jointly controlled entity on distributions to the Group and Company, and real property gains taxes payable on disposal of properties.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.16 Income taxes *(continued)*

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting period.

4.17 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.17 Provisions *(continued)*

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.18 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

4.19 Employee benefits

4.19.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

4.19.2 Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4.19.3 Shared-based payments

The Group operates an equity-settled share-based compensation plan, allowing the employees of the Group to acquire ordinary shares of the Company at predetermined prices. The total fair value of share options granted to employees is recognised as an expense with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will vest.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.19 Employee benefits *(continued)*

4.19.3 Shared-based payments *(continued)*

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on the vesting date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share options reserve until the options are exercised, upon which it will be transferred to share premium, or until the options expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

4.20 Foreign currencies

4.20.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

4.20.2 Foreign currency translations and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.20.3 Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.20 Foreign currencies *(continued)*

4.20.3 Foreign operations *(continued)*

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

4.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Construction contracts

- *Cash-settlement contract*

  Profits from contract works, of which the settlement of the contract sum is via progress payment in cash, are recognised on the percentage of completion method measured by reference to the certified surveys of work performed.

- *Settlement-in-kind contract*

  Profits from contract works, of which the settlement of the contract sum is in kind (via allocation of land portion reclaimed), are recognised on the percentage of completion method determined based on the proportion of contract costs incurred for work performed to-date against total estimated costs where the outcome of the project can be estimated reliably.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

(b) Sale of marine construction materials

Revenue from sale of marine construction materials is recognised when the significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(c) Vessels chartering and marine transportation income

Revenue from vessels chartering and marine transportation services is recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.21 Revenue recognition *(continued)*

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(f) Rental income

Rental income is recognised as it accrues, unless collectability is in doubt.

4.22 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten per cent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten per cent (10%) or more of the greater, in absolute amount of:

  (i) the combined reported profit of all operating segments that did not report a loss; and

  (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten per cent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.23 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year 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.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs adopted during the current financial year

Title	Effective Date
Amendments to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*	1 January 2011
Amendments to FRS 1 *Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*	1 January 2011
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*	1 January 2011
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2011
Amendments to IC Interpretation 14 FRS 119 - *Prepayments of a Minimum Funding Requirement*	1 July 2011
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2011
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
Improvements to FRSs (2010) - Amendments to FRS 1, 3, 7, 101, 121, 128, 131, 132, 134, 139 and IC Interpretation 13.	1 January 2011

There is no impact upon adoption of the above new FRSs, Amendments to FRSs and IC Interpretations during the current financial year.

5.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") announced the issuance of the new MFRS framework that is applicable to entities other than private entities.

The Group will be applying the MFRS framework for the financial year ending 30 June 2013.

This would result in the Group preparing an opening MFRS statement of financial position as at 1 July 2011, which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ended 30 June 2012 in accordance with MFRS, which would form the MFRS comparatives for the annual and quarterly financial performance for the financial year ending 30 June 2013 respectively.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(continued)*

5.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 *(continued)*

The MFRSs and IC Interpretations expected to be adopted are as follows:

	Effective Date
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2 *Share-based Payment*	1 January 2012
MFRS 3 *Business Combinations*	1 January 2012
MFRS 4 *Insurance Contracts*	1 January 2012
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7 *Financial Instruments: Disclosures*	1 January 2012
MFRS 8 *Operating Segments*	1 January 2012
MFRS 9 *Financial Instruments*	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 101 *Presentation of Financial Statements*	1 January 2012
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 102 *Inventories*	1 January 2012
MFRS 107 *Statement of Cash Flows*	1 January 2012
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110 *Events After the Reporting Period*	1 January 2012
MFRS 111 *Construction Contacts*	1 January 2012
MFRS 112 *Income Taxes*	1 January 2012
MFRS 116 *Property, Plant and Equipment*	1 January 2012
MFRS 117 *Leases*	1 January 2012
MFRS 118 *Revenue*	1 January 2012
MFRS 119 *Employee Benefits*	1 January 2012
MFRS 119 *Employee Benefits (revised)*	1 January 2013
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123 *Borrowing Costs*	1 January 2012
MFRS 124 *Related Party Disclosures*	1 January 2012
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127 *Consolidated and Separate Financial Statements*	1 January 2012
MFRS 127 *Separate Financial Statements*	1 January 2013
MFRS 128 *Investments in Associates*	1 January 2012
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131 *Interests in Joint Ventures*	1 January 2012
MFRS 132 *Financial Instruments: Presentation*	1 January 2012
MFRS 133 *Earnings Per Share*	1 January 2012
MFRS 134 *Interim Financial Reporting*	1 January 2012
MFRS 136 *Impairment of Assets*	1 January 2012
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138 *Intangible Assets*	1 January 2012
MFRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2012

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(continued)*

5.2 New Malaysian Financial Reporting Standards ("MFRSs") that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 *(continued)*

The MFRSs and IC Interpretations expected to be adopted are as follows *(continued)*:

	Effective Date
MFRS 140 *Investment Property*	1 January 2012
MFRS 141 *Agriculture*	1 January 2012
Improvements to MFRSs (2008)	1 January 2012
Improvements to MFRSs (2009)	1 January 2012
Improvements to MFRSs (2010)	1 January 2012
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 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRSs *Annual Improvements 2009 - 2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
MFRS 3 *Business Combinations* (as issued by the International Accounting Standards Board ("IASB") in March 2004)	1 January 2013
MFRS 127 *Consolidated and Separate Financial Statements* (as issued by the IASB in December 2003)	1 January 2013
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2012
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12 *Service Concession Arrangements*	1 January 2012
IC Interpretation 13 *Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14 MFRS 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
IC Interpretation 107 *Introduction of the Euro*	1 January 2012
IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112 *Consolidation - Special Purpose Entities*	1 January 2012
IC Interpretation 113 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115 *Operating Leases - Incentives*	1 January 2012
IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129 *Service Concession Arrangements: Disclosures*	1 January 2012
IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132 *Intangible Assets - Web Site Costs*	1 January 2012

The Group is in the process of assessing the impact of implementing the MFRS framework since the effects would only be observable for the financial year ending 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

In accordance with FRS 116 *Property, Plant and Equipment*, the Group reviews the residual value and remaining useful life of an item of property, plant and equipment at the end of each financial year. During the financial year, the Group revised the estimated useful lives of its barges and dredgers from 10 to 25 years with effect from 1 July 2011. The revisions were accounted for prospectively as a change in accounting estimate, which resulted in a decrease in depreciation expenses and correspondingly an increase in the Group's profit for the financial year by RM16,640,673.

6.2 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, the Directors are of the opinion that there are no critical judgments involved that have a significant effect on the amounts recognised in the financial statements.

6.3 Key sources of estimation uncertainty

(a) Impairment of property, plant and equipment

The Group determines whether property, plant and equipment are impaired at the end of the reporting period. If an indication of impairment exists, the recoverable amount is estimated. Recoverable amount of an asset or cash generating unit ("CGU") is the higher of its fair value less cost to sell and its value in use.

Estimating value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk, and other relevant factors.

(b) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

Other than those disclosed in Note 6.1 to the financial statements, there are no changes in the estimated useful lives of property, plant and equipment at the end of the reporting period.

(c) Construction contracts

The Group recognises construction contracts revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined on the following basis:

Cash-settlement contract	:	by reference to certified surveys of work performed.
Settlement-in-kind contract	:	by reference to the proportion that construction contract costs incurred for work performed to-date bear to the estimated total construction contract costs.

Significant judgement is required in determining the stage of completion, the extent of construction contract costs incurred the estimated total construction contract revenue and costs, as well as the recoverability of the constructions contracts. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

6.3 Key sources of estimation uncertainty *(continued)*

(d) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(f) Fair values of the identifiable net assets of newly acquired subsidiaries

The fair values of the identifiable net assets of newly acquired subsidiaries were estimated based on management's best estimates and judgement. In evaluating the fair values, management rely on valuations carried out by external specialists and specifically analyse the historical information and net worth of the subsidiaries acquired. Where expectations differ from the original estimates, the differences will impact the carrying amount of assets and liabilities of these subsidiaries on consolidation.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

7. PROPERTY, PLANT AND EQUIPMENT

Group 2012	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Barges and dredgers RM	Tools and office equipment RM	Furniture and fittings RM	Motor vehicles RM	Construction-in-progress RM	Total RM
Cost										
At 1 July 2011 (restated)	2,324,860	11,919,537	3,981,117	9,741,414	254,343,503	3,352,178	531,972	6,384,145	3,582,683	296,161,409
Additions	3,177,055	-	3,525,567	437,712	969,330	469,562	102,867	672,371	1,761,831	11,116,295
Disposals	-	-	-	(326,290)	(12,387,757)	(31,682)	-	-	-	(12,745,729)
Write-offs	-	-	-	(640)	-	(17,730)	-	-	-	(18,370)
Translation adjustments	-	-	21,501	72,473	7,108,678	7,249	87	-	-	7,209,988
At 30 June 2012	5,501,915	11,919,537	7,528,185	9,924,669	250,033,754	3,779,577	634,926	7,056,516	5,344,514	301,723,593
Accumulated depreciation										
At 1 July 2011	-	119,800	607,974	4,125,382	39,639,624	2,173,450	361,594	3,820,193	-	50,848,017
Charge for the financial year	-	205,371	222,985	819,375	8,400,685	194,692	50,215	938,025	-	10,831,348
Disposals	-	-	-	(80,300)	(624,482)	(7,643)	-	-	-	(712,425)
Write-offs	-	-	-	(240)	-	(5,890)	-	-	-	(6,130)
Translation adjustments	-	-	458	2,445	699,993	1,166	10	-	-	704,072
At 30 June 2012	-	325,171	831,417	4,866,662	48,115,820	2,355,775	411,819	4,758,218	-	61,664,882

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

7. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group 2011	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Barges and dredgers RM	Tools and office equipment RM	Furniture and fittings RM	Motor vehicles RM	Construction-in-progress RM	Total RM
Cost										
At 1 July 2010	2,324,860	-	1,725,687	6,436,273	100,595,328	2,690,947	433,780	5,972,108	-	120,178,983
Additions	-	-	1,157,566	2,770,442	24,710,161	556,480	14,031	740,253	1,130,357	31,079,290
Reclassification	-	-	-	-	1,697,010	-	-	-	(1,697,010)	-
Disposals	-	-	-	-	(2,232,029)	(2,000)	-	(342,834)	-	(2,576,863)
Write-offs	-	-	-	(226,432)	-	(174,219)	-	-	-	(400,651)
Acquisitions of subsidiaries	-	11,919,537	1,080,463	815,421	132,295,200	286,742	84,199	14,618	4,149,336	150,645,516
Translation adjustments	-	-	17,401	(54,290)	(2,722,167)	(5,772)	(38)	-	-	(2,764,866)
At 30 June 2011 (restated)	2,324,860	11,919,537	3,981,117	9,741,414	254,343,503	3,352,178	531,972	6,384,145	3,582,683	296,161,409
Accumulated depreciation										
At 1 July 2010	-	-	500,510	3,567,222	21,285,406	2,034,697	331,717	3,406,767	-	31,126,319
Charge for the financial year	-	119,800	107,261	606,732	19,093,983	170,670	29,879	756,259	-	20,884,584
Disposals	-	-	-	-	(427,398)	(17)	-	(342,833)	-	(770,248)
Write-offs	-	-	-	(48,120)	-	(31,755)	-	-	-	(79,875)
Translation adjustments	-	-	203	(452)	(312,367)	(145)	(2)	-	-	(312,763)
At 30 June 2011 (restated)	-	119,800	607,974	4,125,382	39,639,624	2,173,450	361,594	3,820,193	-	50,848,017

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

7. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Carrying amount	
	2012	**2011**
	RM	**RM**
Group		**(restated)**
Freehold land	5,501,915	2,324,860
Leasehold land	11,594,366	11,799,737
Buildings	6,696,768	3,373,143
Plant and machinery	5,058,007	5,616,032
Barges and dredgers	201,917,934	214,703,879
Tools and office equipment	1,423,802	1,178,728
Furniture and fittings	223,107	170,378
Motor vehicles	2,298,298	2,563,952
Construction-in-progress	5,344,514	3,582,683
	240,058,711	245,313,392

(a) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2012	**2011**
	RM	**RM**
		(restated)
Purchase of property, plant and equipment	11,116,295	31,079,290
Financed by hire purchase arrangement	(912,200)	(624,257)
Cash payments for the purchase of property, plant and equipment	10,204,095	30,455,033

(b) The carrying amount of property, plant and equipment of the Group under hire purchase arrangements are as follows:

	Group	
	2012	**2011**
	RM	**RM**
Motor vehicles	1,901,537	1,851,653
Plant and machinery	321,550	413,523
	2,223,087	2,265,176

Details of the hire purchase arrangements are disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

7. PROPERTY, PLANT AND EQUIPMENT *(continued)*

(c) The carrying amount of property, plant and equipment of the Group pledged to licensed financial institutions for credit facilities granted to the Group as disclosed in Note 19 to the financial statements are as follows:

	Group 2012 RM	Group 2011 RM
Barges and dredgers	79,983,584	82,661,401
Buildings	1,681,775	397,265
Freehold land	4,863,706	1,749,860
Leasehold land	11,594,366	11,799,737
	98,123,431	96,608,263

8. INVESTMENTS IN SUBSIDIARIES

	Company 2012 RM	Company 2011 RM
Unquoted shares, at cost	157,499,998	157,499,998

The details of the subsidiaries are as follows:

Name of company	Place of incorporation	Effective interest in equity 2012 %	Effective interest in equity 2011 %	Principal activities
Benalec Sdn. Bhd. ("BSB")	Malaysia	100	100	Marine construction and civil engineering
Benalec Shipyard Sdn. Bhd. ("BSSB")	Malaysia	100	100	Ship repair, ship maintenance, shipbuilding, fabrication, refurbishment and ship trading
Oceanliner Pte Ltd. (Oceanliner) *	Singapore	100	100	Charter of vessels
Subsidiaries of BSB				
OG Marine Sdn. Bhd. ("OG Marine")	Malaysia	100	100	Charter of vessels
Benalec Land Sdn. Bhd.	Malaysia	100	100	Property investment holding
Benalec Maritime Sdn. Bhd.	Malaysia	100	100	Marine construction and civil engineering
Pacific Marine Ltd.	Labuan	100	100	Charter/leasing of vessels

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

8. INVESTMENTS IN SUBSIDIARIES *(continued)*

The details of the subsidiaries are as follows (*continued*):

Name of company	Place of incorporation	Effective interest in equity 2012 %	Effective interest in equity 2011 %	Principal activities
Subsidiaries of BSB (continued)				
Oceanline (Labuan) Ltd.	Labuan	100	100	Charter/leasing of vessels and the business of trading of vessels
Arus Kreatif Sdn. Bhd. ^	Malaysia	100	100	Marine construction and civil engineering
Crystal Land Property Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
Heritage Land Development Sdn. Bhd. ^	Malaysia	100	100	Dormant
Heritage Land Realty Sdn. Bhd. ^	Malaysia	100	100	Dormant
Heritage Land Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
Heritage Property Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
Klebang Property Sdn. Bhd. ^	Malaysia	100	100	Dormant
Oceanfront Property Sdn. Bhd. ^	Malaysia	100	100	Dormant
Oceanview Project Sdn. Bhd. ^	Malaysia	100	100	Dormant
Oceanview Realty Sdn. Bhd. ^	Malaysia	100	100	Dormant
Orientalcove Realty Sdn. Bhd. ^	Malaysia	100	100	Dormant
Orientalcove Property Sdn. Bhd. ^	Malaysia	100	100	Dormant
Goldnet Synergy Sdn. Bhd. ("GSSB") ^#	Malaysia	100	-	Investment holding company
Benalec Venture Sdn. Bhd. (formerly known as Sentosa Enigma Sdn Bhd.) ^#	Malaysia	100	-	Marine construction and civil engineering
Benalec Construction Sdn. Bhd. (formerly known as Multi Achievement Sdn. Bhd.) ^#	Malaysia	100	-	Marine construction and civil engineering
Pengerang Maritime Industries Sdn. Bhd. ("PMISB") #	Malaysia	100	-	Marine engineering services
Tanjung Piai Maritime Industries Sdn. Bhd. ("TPMISB") #	Malaysia	100	-	Marine engineering services

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

8. INVESTMENTS IN SUBSIDIARIES *(continued)*

The details of the subsidiaries are as follows *(continued)*:

Name of company	Place of incorporation	Effective interest in equity 2012 %	2011 %	Principal activities
Subsidiaries of BSB (continued)				
Sentosacove Development Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
Strategic Cove Sdn. Bhd. ^	Malaysia	100	100	Dormant
Strategic Land Sdn. Bhd. ^	Malaysia	100	100	Dormant
Wilajati Sdn. Bhd. ^	Malaysia	100	100	Dormant
Pacific Ltd. ("Pacific")	Labuan	100	100	Charter/leasing of vessels
Ocean Marine Ltd. ("OML")	Labuan	100	100	Charter/leasing of vessels
Pacific Link Ltd.	Labuan	100	100	Trading and investment holding
Pacific Shipping Ltd.	Labuan	100	100	Trading and investment holding
Jayamas Cekap Sdn. Bhd.	Malaysia	100	100	Reclamation works
Integrasi Mekar Sdn. Bhd.	Malaysia	100	100	Dormant
Indera Tenggara Sdn. Bhd. ^	Malaysia	100	100	Dormant
Jewel East Sdn. Bhd. ("JESB") ^	Malaysia	100	100	Property investment holding
Subsidiaries of JESB				
Iconic Island Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
One World Island Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
Cheng Ho City Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
Zheng Island Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
Subsidiary of PMISB				
Spektrum Budi Sdn. Bhd. ("SBSB") #	Malaysia	70	-	Property investment holding
Subsidiary of TPMISB				
Spektrum Kukuh Sdn. Bhd. ("SKSB") #	Malaysia	70	-	Property investment holding

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

8. INVESTMENTS IN SUBSIDIARIES *(continued)*

The details of the subsidiaries are as follows *(continued)*:

Name of company	Place of incorporation	Effective interest in equity 2012 %	Effective interest in equity 2011 %	Principal activities
Subsidiary of GSSB				
Neptune Paradise Sdn. Bhd. ("NPSB") ^#	Malaysia	100	-	General trading

* *Subsidiary audited by BDO Member Firms.*
^ *Subsidiaries audited by firm of auditors other than BDO.*
\# *Subsidiaries incorporated during the financial year.*

(a) Acquisitions of subsidiaries

During the financial year ended 30 June 2012

During the financial year, the Group acquired the entire issued and paid-up ordinary share capital of the following newly incorporated subsidiaries:

Date of acquisition	Name of subsidiaries	2012 No. of shares	2012 Par Value RM	2012 Purchase consideration RM
7 July 2011	Pengerang Maritime Industries Sdn. Bhd.	2	1	2
	Tanjung Piai Maritime Industries Sdn. Bhd.	2	1	2
3 November 2011	Spektrum Budi Sdn. Bhd.	7,000	1	7,000
	Spektrum Kukuh Sdn. Bhd.	7,000	1	7,000
10 January 2012	Benalec Construction Sdn. Bhd.	2	1	2
	Benalec Venture Sdn. Bhd.	2	1	2
6 June 2012	Goldnet Synergy Sdn. Bhd.	2	1	2
	Neptune Paradise Sdn. Bhd.	2	1	2
	Total purchase consideration			14,012

The effects on the Group's cash flows in respect of the above acquisitions are as follows:

	Group 2012 RM
Purchase consideration settled in cash	(14,012)
Cash and cash equivalents of subsidiaries acquired	14,012
Net cash inflow of the Group on acquisition	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

8. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Acquisitions of subsidiaries *(continued)*

During the financial year ended 30 June 2011

(i) OML and Pacific

On 30 September 2010, BSB entered into a share sale agreement with Oriental Grandeur Sdn. Bhd. ("OGSB"), a company owned by the Directors (which comprised Dato' Leaw Seng Hai, Leaw Ah Chye and Datuk Leaw Tua Choon) to acquire the entire issued and paid-up share capital of OGSB's wholly-owned subsidiaries, namely OML and Pacific comprising 2,432,067 and 18,645,829 ordinary shares of USD1 each respectively for a total purchase consideration of USD21,077,890 or RM65,000,000 (based on the exchange rate of USD1:RM3.084). The purchase consideration was settled by the creation of indebtedness of RM65,000,000 by BSB to OGSB. This indebtedness is intended to be settled by cash proceeds received from the sale of reclaimed lands or unit/buildings developed on reclaimed lands, beneficially owned by BSB, from time to time in the proportion of 30:70 whereby 30% from each cash proceed will be paid to OGSB until full repayment of the purchase consideration.

On the same day, OML entered into a Memorandum of Agreement with OG Marine (a wholly-owned subsidiary of BSB) for the acquisition of 3 units of vessels for a total purchase consideration of USD2,542,694, which was to be satisfied via the issuance of 2,542,694 ordinary shares of USD1 each to BSB pursuant to a Subscription and Shareholders' Agreement entered into between OML, OG Marine and BSB. This has been treated as additional capital contribution by BSB to OML, which is eliminated on consolidation.

The Group acquired OML and Pacific in conjunction with the internal restructuring exercises prior to the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad in order to complement the principal operation of the Group in marine construction and civil engineering. Control was obtained by virtue of owning all of the voting rights of OML and Pacific.

The fair value of the identifiable assets and liabilities of OML and Pacific as at the acquisition date respectively are as follows:

	2011		
	OML RM	Pacific RM	Total RM
Property, plant and equipment	7,500,000	57,500,000	65,000,000
Receivables	10	10	20
Total identifiable assets	7,500,010	57,500,010	65,000,020
Payables	39,102	43,236	82,338
Total identifiable liabilities	39,102	43,236	82,338
Total identifiable net assets	7,460,908	57,456,774	64,917,682
Goodwill arising from acquisition (Note 10)	39,102	43,236	82,338
Total consideration transferred	7,500,010	57,500,010	65,000,020

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

8. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Acquisitions of subsidiaries *(continued)*

During the financial year ended 30 June 2011 (continued)

(ii) Acquisitions of BSB, BSSB and Oceanliner

On 2 December 2010, the Company completed the following acquisitions:

- acquisition of 730,000 ordinary shares of RM10 each, representing the entire issued and paid-up share capital of BSB, for a total consideration of RM153,369,559 based on the audited consolidated net assets of BSB group of companies as at 30 June 2010 and after taking into consideration the financial effects arising from acquisitions of OML and Pacific by BSB on 30 September 2010 (see Note 8(a)(i) to the financial statements for details on the acquisitions).

  The purchase consideration was satisfied entirely via the issuance of 613,478,236 new ordinary shares of RM0.25 each in the Company at an issue price of RM0.25 per ordinary share.

- acquisition of 1,000,000 ordinary shares of RM1 each, representing the entire issued and paid-up share capital of BSSB, for a total consideration of RM3,678,253 based on the audited net assets of BSSB as at 30 June 2010.

  The purchase consideration was satisfied entirely via the issuance of 14,713,012 new ordinary shares of RM0.25 each in the Company at an issue price of RM0.25 per ordinary share.

- acquisition of 200,000 ordinary shares of Singapore Dollar ("SGD") 1 each, representing the entire issued and paid-up share capital of Oceanliner, for a total consideration of RM452,186 based on the audited net assets of Oceanliner as at 30 June 2010 and after taking into consideration the financial effects of the acquisition of vessels from a related company, Oceanlec Pte. Ltd.

  The purchase consideration was satisfied entirely via the issuance of 1,808,744 new ordinary shares of RM0.25 each in the Company at an issue price of RM0.25 per ordinary share.

The Group acquired BSSB and Oceanliner in conjunction with the internal restructuring exercises prior to the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad in order to complement the principal operation of the Group in marine construction and civil engineering. Control was obtained by virtue of owning all of the voting rights of BSSB and Oceanliner.

Upon completion of the acquisition of the 3 subsidiaries, the Company became the legal parent of the subsidiaries. BSB has been identified as the accounting acquirer under the principles of FRS 3 since the substance of the business combination is that BSB acquired the Company and the other 2 subsidiaries in a reverse acquisition.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

8. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Acquisitions of subsidiaries *(continued)*

During the financial year ended 30 June 2011 (continued)

(ii) Acquisitions of BSB, BSSB and Oceanliner *(continued)*

On consolidation, the reverse acquisition debit comprises:

	2011 Group RM
Issued equity of the Company for the acquisitions (comprising 629,999,992 ordinary shares of RM0.25 each)	157,499,998
Less:	
- Issued equity of BSB	(7,300,000)
- Deemed purchase consideration of the 2 subsidiaries BSSB and Oceanliner	(4,130,439)
Reverse acquisition debit	146,069,559

The fair value of the identifiable assets and liabilities of BSSB and Oceanliner as at the acquisition date respectively are as follows:

	2011		
	BSSB RM	**Oceanliner RM**	**Total RM**
Property, plant and equipment	18,350,316	67,295,200	85,645,516
Inventories	9,377,569	-	9,377,569
Receivables	643,255	-	643,255
Cash and bank balances	1,749,245	479,057	2,228,302
Total identifiable assets	30,120,385	67,774,257	97,894,642
Trade and other payables	2,164,347	-	2,164,347
Amounts owing to related parties	15,444,488	67,308,574	82,753,062
Borrowings – trust receipts	2,069,269	-	2,069,269
Current tax liabilities	264,141	-	264,141
Deferred tax liabilities (Note 22)	489,672	-	489,672
Total identifiable liabilities	20,431,917	67,308,574	87,740,491
Total identifiable net assets	9,688,468	465,683	10,154,151
Gain on bargain purchase	(6,010,215)	(13,497)	(6,023,712)
Deemed purchase consideration transferred	3,678,253	452,186	4,130,439

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

8. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Acquisitions of subsidiaries *(continued)*

During the financial year ended 30 June 2011 (continued)

(ii) Acquisitions of BSB, BSSB and Oceanliner *(continued)*

The gain on bargain purchase arising on acquisition is due to the acquisition of BSSB and Oceanliner and the exercise was carried out as part of the internal restructuring in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad, where the purchase consideration was derived on the following basis:

BSSB : based on the audited net assets as at 30 June 2010.

Oceanliner : based on the audited net assets as at 30 June 2010, and after taking into account the fair value of the property, plant and equipment acquired by Oceanliner during the financial year ended 30 June 2011 but prior to the completion of the acquisition.

and not at the fair value of the identifiable net assets of the two companies as at the acquisition date.

The effects of the acquisition of BSSB and Oceanliner on cash flows are as follows:

	2011 RM
Deemed purchase consideration transferred	4,130,439
Less: Non-cash consideration	(4,130,439)
Consideration settled in cash	-
Cash and cash equivalents of subsidiaries acquired	2,228,302
Net cash inflow of the Group on acquisition	2,228,302

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

8. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Acquisitions of subsidiaries *(continued)*

During the financial year ended 30 June 2011 (continued)

(iii) Acquisitions of other subsidiaries

During the financial year, the Group acquired the entire issued and paid-up ordinary share capital of the following newly incorporated subsidiaries:

		←	2011	→
Date of acquisition	**Name of subsidiaries**	**No. of shares**	**Par Value RM**	**Purchase consideration RM**
24 January 2011	Pacific Link Ltd.	2	USD1	6
	Pacific Shipping Ltd.	2	USD1	6
9 February 2011	Jayamas Cekap Sdn. Bhd.	2	1	2
	Indera Tenggara Sdn. Bhd.	2	1	2
15 April 2011	Integrasi Mekar Sdn. Bhd.	2	1	2
7 June 2011	Jewel East Sdn. Bhd.	2	1	2
23 June 2011	Iconic Island Sdn. Bhd.	2	1	2
	One World Island Sdn. Bhd.	2	1	2
	Cheng Ho City Sdn. Bhd.	2	1	2
	Zheng Island Sdn. Bhd.	2	1	2
	Total purchase consideration			28

The effects of acquisition of the above subsidiaries on cash flows are as follows:

	2011 RM
Purchase consideration settled in cash	(28)
Cash and cash equivalents of subsidiaries acquired	28
Net cash inflow of the Group on acquisition	-

The above acquired subsidiaries (excluding BSB which has been identified as the accounting acquirer and accounted for as a reverse acquisition) have contributed the following results to the Group during the financial year:

	2011 RM
Revenue	2,580,807
Loss for the financial year	23,287,894

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

8. INVESTMENTS IN SUBSIDIARIES *(continued)*

(a) Acquisitions of subsidiaries *(continued)*

During the financial year ended 30 June 2011 (continued)

(iii) Acquisitions of other subsidiaries *(continued)*

If the acquisitions had occurred on 1 July 2010, the Group's results would have been as follows:

	Group 2011 RM
Revenue	210,962,751
Profit for the financial year	93,222,394

(b) Disposal of a subsidiary

During the financial year ended 30 June 2011

On 6 January 2011, the Group completed the disposal of its entire equity interest in a subsidiary, Crystal Land Development Sdn. Bhd. ("CLDSB"), a company incorporated in Malaysia and engaged in property investment holding activities.

The disposal of CLDSB is, in substance, integral to the disposal of land held for sale by BSB (the holding company of CLDSB), of which the legal title has been alienated to CLDSB but the beneficial ownership (on the basis of risk and reward) is deemed to remain with BSB. In order to facilitate the disposal of land held for sale, BSB had entered into a sale and purchase agreement with the purchaser, Puncak Pasir Sdn. Bhd. on 29 November 2010 for the disposal of the entire equity interest in CLDSB (together with the land held for sale) for a cash consideration of RM493,866.

The sale proceeds have been allocated primarily to the disposal of land held for sale, with the gain on disposal of land held for sale recognised to profit or loss as follows:

	Group 2011 RM
Allocated sale proceeds	493,866
Less:	
- Carrying amount of the land sold	(214,357)
- Costs incurred incidental to the sale	(4,102)
- Settlement of intra-group debts	(2,632)
	272,775

The loss on disposal of the subsidiary during the financial year is as follows:

	Group 2011 RM
Liabilities assumed on disposal of the subsidiary	2,067

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

9. OTHER INVESTMENTS

	Group 2012 RM	Group 2011 RM
Available-for-sale financial assets		
Quoted shares in Malaysia	33,745	37,404

Information on the fair value hierarchy is disclosed in Note 36 to the financial statements.

10. GOODWILL ON CONSOLIDATION

	Group 2012 RM	Group 2011 RM
At 1 July	-	102,115
Additions through acquisitions of subsidiaries	-	82,338
	-	184,453
Less: Goodwill on consolidation written off	-	(184,453)
At 30 June	-	-

Goodwill arising on acquisitions of OML and Pacific of RM39,102 and RM43,236 (see Note 8(a)(i) to the financial statements for details on the acquisitions) respectively was written off in previous financial year.

11. LAND HELD FOR SALE

	Group 2012 RM	Group 2011 RM
At 1 July 2011/2010	107,482,881	27,268,611
Transferred from amounts due from contract customers (Note 15)	136,971,968	99,611,164
Costs incurred during the financial year	5,109,568	632,847
Less: Disposals during the financial year	(66,099,209)	(20,029,741)
At 30 June 2012/2011	183,465,208	107,482,881

Land held for sale represents reclaimed leasehold land with remaining lease terms ranging from 93 to 99 years (2011: 94 to 98 years).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

12. INVENTORIES

	Group	
	2012	**2011**
	RM	**RM**
		(restated)
Consumables	2,460,622	7,456,842

Consumables represent parts purchased for future consumption in the construction of vessels.

13. LAND RECLAMATION WORK IN PROGRESS

Pursuant to a Deed of Assignment entered into between Yayasan DMDI ("DMDI") and a wholly-owned subsidiary of BSB on 14 March 2011, the Group was granted the concession to reclaim a portion of the coast of the State of Melaka embracing the foreshore and sea measuring an area of approximately 250 acres ("Project DMDI").

Development costs incurred in relation to Project DMDI are capitalised as land reclamation work in progress.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

14. TRADE AND OTHER RECEIVABLES

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Trade					
Third parties		25,776,931	13,919,691	-	-
Related parties		-	379,767	-	-
	(a)	25,776,931	14,299,458	-	-
Less: Impairment losses					
- third parties		(71,438)	(71,438)	-	-
	(b)	25,705,493	14,228,020	-	-
Amounts due from contract customers (Note 15)		146,305,828	183,104,812	-	-
Non-trade					
Other receivables					
- third parties	(c)	20,068,335	2,912,137	427,288	-
- subsidiary	(d)	-	-	187,804,275	93,045,186
Deposits		7,155,109	6,517,543	5,000	5,000
Prepayments		1,419,336	847,708	-	10,088
		28,642,780	10,277,388	188,236,563	93,060,274
Less: Impairment losses					
- third parties		(850,000)	(850,000)	-	-
		27,792,780	9,427,388	188,236,563	93,060,274
Dividend receivable from a subsidiary		-	-	30,000,000	21,900,000
	(e)	199,804,101	206,760,220	218,236,563	114,960,274

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 60 days to 90 days (2011: 60 days to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Included in trade receivables of the Group are retention sums for contract works amounting to RM14,115,941 (2011: RM10,521,023).

The retention sums are unsecured, interest free and are expected to be collected as follows:

	Group 2012 RM	Group 2011 RM
Within one (1) year	12,265,570	10,420,748
Within two (2) years	1,850,371	-
Within three (3) years	-	100,275
	14,115,941	10,521,023

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

14. TRADE AND OTHER RECEIVABLES *(continued)*

(c) Included in other receivables of the Group is an amount owing from a third party amounting to RM13,302,523, which represents proceeds receivable from disposal of land held for sale.

(d) Amounts owing by subsidiaries represents mainly advances, which are unsecured, interest free and payable upon demand in cash and cash equivalents.

(e) The currency exposure profile of receivables are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Ringgit Malaysia	198,492,291	204,751,746	218,236,563	114,960,274
Singapore Dollar	1,149,965	142,834	-	-
United States Dollar	161,845	1,865,640	-	-
	199,804,101	206,760,220	218,236,563	114,960,274

(f) The ageing analysis of trade receivables of the Group is as follows:

	Group	
	2012 RM	2011 RM
Neither past due nor impaired	15,669,747	12,539,939
Past due but not impaired		
- 91 to 120 days	5,850,357	142,989
- 121 to 180 days	3,722,998	-
- More than 180 days	462,391	1,545,092
	10,035,746	1,688,081
Past due and impaired	71,438	71,438
	25,776,931	14,299,458

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

14. TRADE AND OTHER RECEIVABLES *(continued)*

(f) The ageing analysis of trade receivables of the Group is as follows *(continued)*:

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

At the end of the reporting period, trade receivables that are past due but not impaired possess high creditworthiness.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	Group Individually impaired	
	2012 RM	**2011 RM**
Trade receivables, gross	71,438	71,438
Less: Impairment losses	(71,438)	(71,438)
	-	-

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(g) Information of financial risks of trade and other receivables is disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

15. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2012 RM	2011 RM
Aggregate costs incurred to date	517,862,927	384,350,016
Add: Attributable profits	251,743,986	228,328,284
	769,606,913	612,678,300
Less: Progress billings	(493,131,520)	(333,248,959)
Less: Transferred to land held for sale (Note 11)	(136,971,968)	(99,611,164)
	139,503,425	179,818,177
Analysed as:		
Amounts due from contract customers (Note 14)	146,305,828	183,104,812
Amounts due to contract customers (Note 23)	(6,802,403)	(3,286,635)
	139,503,425	179,818,177

(a) Included in amounts due from contract customers of the Group are contract sums amounting to RM133,696,687 (2011: RM170,162,490) to be settled via the apportionment of completed reclaimed land, and of which the issuance of document title of the land by the local land office is still pending at the end of the reporting period.

(b) Additions to aggregate costs incurred with related parties are as follows:

	Group	
	2012 RM	2011 RM
Rental of vessels from Oriental Grandeur Sdn. Bhd.	-	7,600,000
Subcontracting services provided by Oriental Grandeur Marine Sdn. Bhd.	-	3,384,429
Supply of construction materials by Oriental Grandeur Marine Sdn. Bhd.	-	1,283,163

The above companies represent companies in which certain Directors have financial interests.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	23,770,599	8,256,423	36,169	165,862
Unit trust quoted in Malaysia (Note (a))	80,401,439	13,258,737	5,944,326	-
Deposits with licensed financial institutions	26,345,697	48,271,411	-	-
As per statements of financial position	130,517,735	69,786,571	5,980,495	165,862
Less:				
Fixed deposit pledged with licensed financial institutions (Note (b))	(19,725,698)	(15,471,411)	-	-
As per statements of cash flows	110,792,037	54,315,160	5,980,495	165,862

(a) Unit trusts quoted in Malaysia, which are held by the Group and the Company 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.

(b) Fixed deposits with licensed financial institutions of the Group amounting to RM19,725,698 (2011: RM15,471,411) were pledged as security for banking facilities granted to the Group (Note 19 to the financial statements).

(c) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Ringgit Malaysia	123,170,045	64,828,603	5,980,495	165,862
Singapore Dollar	1,534,388	1,556,752	-	-
United States Dollar	5,813,302	3,401,216	-	-
	130,517,735	69,786,571	5,980,495	165,862

(d) Information on financial risks of cash and cash equivalents are disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

17. SHARE CAPITAL

	Group	
2012	**Number of ordinary shares**	**RM**
Authorised:		
At 1 July 2011/30 June 2012	2,000,000,000	500,000,000
Issued and fully paid-up:		
At 1 July 2011	730,000,000	182,500,000
Issue for cash pursuant to:		
- Private Placement	72,960,000	18,240,000
At 30 June 2012	802,960,000	200,740,000
2011		
Authorised:		
At 1 July 2010	500,000	5,000,000
Created during the financial year	500,000	5,000,000
Prior to reverse acquisition	1,000,000	10,000,000
Adjustment on reverse acquisition:		
- elimination of BSB's issued and fully paid-up ordinary share capital	(1,000,000)	(10,000,000)
- restated to the Company's authorised ordinary share capital	2,000,000,000	500,000,000
	1,999,000,000	490,000,000
After reverse acquisition/At 30 June 2011	2,000,000,000	500,000,000
Issued and fully paid-up:		
At 1 July 2010	250,000	2,500,000
Issuance of ordinary shares pursuant to bonus issue	480,000	4,800,000
Prior to reverse acquisition:	730,000	7,300,000
Adjustment on reverse acquisition		
- elimination of BSB's issued and fully paid-up share ordinary share capital	(730,000)	(7,300,000)
- restated to the Company's issued and fully paid-up ordinary share capital	630,000,000	157,500,000
	629,270,000	150,200,000
After reverse acquisition	630,000,000	157,500,000
Public issuance of shares	100,000,000	25,000,000
At 30 June 2011	730,000,000	182,500,000

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

17. SHARE CAPITAL *(continued)*

	Company	
2012	**Number of ordinary shares**	**RM**
Authorised:		
At 1 July 2011/At 30 June 2012	2,000,000,000	500,000,000
Issued and fully paid-up:		
At 1 July 2011	730,000,000	182,500,000
Issue for cash in pursuant to:		
- Private Placement	72,960,000	18,240,000
At 30 June 2012	802,960,000	200,740,000
2011		
At 1 July 2010	2	2
Subdivision of ordinary shares during the financial year	6	-
After subdivision	8	2
Issuance of ordinary shares pursuant to acquisition of subsidiaries	629,999,992	157,499,998
Public issuance of shares	100,000,000	25,000,000
At 30 June 2011	730,000,000	182,500,000

(a) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

(b) Private Placement

During the financial year, the issued and paid up ordinary share capital of the Company was increased from RM182,500,000 to RM200,740,000 by way of issuance of 72,960,000 new ordinary shares of RM0.25 each for cash pursuant to a Private Placement exercise undertaken by the Company, which was approved by the shareholders on 9 September 2011.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

18. RESERVES

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Non-distributable:					
Treasury shares	(a)	(1,246,550)	-	(1,246,550)	-
Share premium		150,099,376	72,545,000	150,099,376	72,545,000
Exchange translation reserve	(b)	747,011	(5,904,675)	-	-
Reverse acquisition debit	(c)	(146,069,559)	(146,069,559)	-	-
Share options reserve	(d)	1,813,760	-	1,813,760	-
Available-for-sale reserve	(e)	(28,534)	(24,875)	-	-
Distributable:					
Retained earnings		310,333,580	243,714,523	29,969,033	17,349,460
		315,649,084	164,260,414	180,635,619	89,894,460

(a) Treasury shares

The shareholders of the Company, by special resolution passed in a general meeting held on 9 September 2011, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,148,200 of its owned ordinary shares of RM0.25 each from the open market for a total consideration of RM1,246,550 at an average price of RM1.0857 of ordinary shares. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia and none of the treasury shares held were re-sold or cancelled during the financial year.

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

18. RESERVES *(continued)*

(c) Reverse acquisition debit

Reverse acquisition reserve arose from the reverse acquisition of the Company, BSSB and Oceanliner by BSB during the previous financial year, as follows:

	2011 Group RM
Issued equity of the Company for the acquisitions (comprising 629,999,992 ordinary shares of RM0.25 each)	157,499,998
Less:	
- Issued equity of BSB	(7,300,000)
- Deemed purchase consideration of the 2 subsidiaries, BSSB and Oceanliner	(4,130,439)
Reverse acquisition debit	146,069,559

(d) Share options reserve

The share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees for the issue of share options. When options are exercised, the amount from the share options reserve is transferred to share premium. When the share options expire, the amount from the share options reserve is transferred to retained earnings.

(e) Available-for-sale reserve

Gains or losses arising from fair value changes of financial assets classified as available-for-sale are recorded in the available-for-sale reserve.

19. BORROWINGS

	Group	
	2012 RM	2011 RM
Non-current liabilities		
Secured:		
Hire purchase (Note 20)	567,047	729,644
Term loans	28,744,067	42,971,600
	29,311,114	43,701,244
Current liabilities		
Secured:		
Trust receipts	-	1,838,378
Hire purchase (Note 20)	864,774	691,911
Term loans	18,000,064	16,680,313
	18,864,838	19,210,602

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

19. BORROWINGS *(continued)*

	Group 2012 RM	Group 2011 RM
Total borrowings		
Trust receipts	-	1,838,378
Hire purchase (Note 20)	1,431,821	1,421,555
Term loans	46,744,131	59,651,913
	48,175,952	62,911,846

(a) Term loans of the Group are repayable by 36, 60 and 180 equal monthly instalments.

(b) The currency exposure profile of borrowings are as follows:

	Group 2012 RM	Group 2011 RM
Ringgit Malaysia	47,234,216	52,579,154
Singapore Dollar	941,736	10,332,692
	48,175,952	62,911,846

(c) Borrowings of the Group are secured by:

(i) Legal charge over certain property, plant and equipment of the Group (as disclosed in Note 7(c) to the financial statements);

(ii) Fixed deposits of the Group (as disclosed in Note 16 to the financial statements);

(iii) Joint and several guarantees by certain Directors of the Company;

(iv) Assignment over the sales contract of the vessels;

(v) Corporate guarantees by companies in which certain Directors of the Company have substantial financial interests;

(vi) Assignment of receivables or any other assignment of earnings over the vessels acceptable to the financial institutions;

(vii) Assignment of insurances in favour of the financial institutions as mortgagee and loss payee covering but not limited to the hull and machinery coverage and war risks;

(viii) Irrecoverable instructions from the Group to the principal of project owner to remit the proceeds directly to its non-checking project account up to the outstanding balance of the related borrowings, which amounted nil in current year (2011: RM1,168,200); and

(ix) Land pledged as payments via distribution of completed reclaimed land for a project up to the outstanding balance of the related borrowings, which amounted to RM22,000,000 (2011: RM22,008,434).

19. BORROWINGS *(continued)*

(d) Pursuant to the banking facilities granted to a subsidiary, Oceanliner, the Group is subject to financial covenants imposed by the related licensed financial institution whereby both Oceanliner and BSB are required to maintain a positive tangible net worth at all times whereby BSB's tangible net worth shall not fall below SGD20,000,000 at all times.

(e) Information on financial risks and remaining maturity of borrowings are disclosed in Note 37 to the financial statements.

20. HIRE PURCHASE

	Group 2012 RM	Group 2011 RM
Minimum hire purchase payments:		
- not later than 1 year	919,988	746,528
- later than 1 year but not later than 5 years	588,732	754,410
Total minimum hire purchase payments	1,508,720	1,500,938
Less: Future interest charges	(76,899)	(79,383)
Present value of hire purchase payments	1,431,821	1,421,555
Repayable as follows:		
Current liabilities:		
- not later than 1 year	864,774	691,911
Non-current liabilities:		
- later than 1 year but not later than 5 years	567,047	729,644
	1,431,821	1,421,555

Information on financial risks of hire purchase is disclosed in Note 37 to the financial statements.

21. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

During the financial year, the Company created an ESOS, which is in force for a period of five years commencing from 17 January 2011 until 16 January 2016. The main features of the ESOS are as follows:

(a) Eligible Directors and executives ("Eligible Executives") are those who are confirmed employees of the Group and have served full time for at least a period of six (6) months of continuous services before the date of offer;

(b) The total number of ordinary shares offered under the ESOS shall not, in aggregate, exceed 10% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS;

(c) The option price under the ESOS shall be the five-day weighted average market price of the ordinary shares as quoted on the Main Market of Bursa Malaysia Securities Berhad at the time the option is granted with a discount of not more than 10% if deemed appropriate, or at the par value of the ordinary shares, whichever is higher;

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

21. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") *(continued)*

(d) The aggregate number of ordinary shares that may be offered and allotted to any of the eligible executives of the Group shall not exceed the allowable allotment set out in By-Laws and subject to the followings:

(i) not more than 50% of the ordinary shares available under the ESOS shall be allocated in aggregate to Executive Directors and senior management of the Company and its subsidiaries;

(ii) not more than 10% of the ordinary shares available under the ESOS shall be allocated to any individual Executive Director or eligible employees who, either singly or collectively through persons connected with that Executive Director or eligible employee, holds 20% or more of the issued and paid-up share capital of the Company;

(e) The options granted to eligible executives will lapse when they are no longer in employment with the Group;

(f) Upon exercise of the options, the ordinary shares issued will rank pari passu in all respects with the then existing ordinary shares of the Company (except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, which may be declared, made or paid to the shareholders, of which the entitlement date is prior to the date of the listing ordinary shares on the Main Market of Bursa Malaysia Securities Berhad through exercising the options); and

(g) The Eligible Executives to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company.

Details of the share options are as follows:

Grant date/employee entitled	No. of instruments	Vesting condition	Contractual life of options
Eligible Executives	15,132,000	50% exercisable in FYE 2012 and the remaining 50% commencing 30 April 2013 and thereafter.	5 years[1]

[1] *Commencing from 17 January 2011, subject to the Directors' absolute discretion without having to obtain approval of the Company's shareholders to extend the ESOS period but in aggregate shall not exceed the duration of ten years (subject to other terms and conditions of the ESOS By-Laws).*

The number and weighted average exercise price of share options are as follows:

	Weighted average price	No. of options
Granted during the year	RM1.06	15,132,000
Forfeited during the year	RM1.06	(164,000)
Outstanding as at 30 June 2012	RM1.06	14,968,000

During the financial year, no options were exercised by the Eligible Executives.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

21. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") *(continued)*

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using Black Scholes model, with the following inputs:

Fair value of share options and assumptions	**2012**
Fair value at grant date	RM0.121
Weighted average share price	RM1.16
Weighted average exercise price	RM1.06
Expected volatility	10.0%
Expected life	5 years
Risk free interest rate	3.577%
Expected dividend yield	1.69%

Value of employee services received for issue of share options	**Group 2012 RM**
Share options granted under share options scheme	1,813,760

The share options expense is not recognised in the statement of comprehensive income of the Company as it has been recharged to the subsidiaries benefiting from the services of the employees.

22. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group	
	2012 RM	**2011 RM**
At 1 July 2011/2010	10,202,128	10,571,800
Recognised in profit or loss (Note 30)	(1,234,963)	(859,344)
Arising from acquisitions of subsidiaries (Note 8)	-	489,672
At 30 June 2012/2011	8,967,165	10,202,128
Presented after appropriate offsetting:		
Deferred tax assets, net	(2,230,390)	(191,206)
Deferred tax liabilities, net	11,197,555	10,393,334
	8,967,165	10,202,128

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

22. DEFERRED TAX LIABILITIES *(continued)*

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Others RM	Total RM
At 1 July 2010	10,571,800	-	10,571,800
Recognised in profit or loss (Note 30)	(684,270)	16,132	(668,138)
Arising from acquisitions of subsidiaries (Note 8)	489,672	-	489,672
At 30 June 2011	10,377,202	16,132	10,393,334
Recognised in profit or loss (Note 30)	820,353	(16,132)	804,221
At 30 June 2012	11,197,555	-	11,197,555

Deferred tax assets of the Group

	Inventories RM	Property, plant and equipment RM	Unused tax losses and unabsorbed capital allowances RM	Total RM
At 1 July 2010	-	-	-	-
Recognised in profit or loss (Note 30)	-	-	191,206	191,206
At 30 June 2011	-	-	191,206	191,206
Recognised in profit or loss (Note 30)	1,818,204	30,132	190,848	2,039,184
At 30 June 2012	1,818,204	30,132	382,054	2,230,390

22. DEFERRED TAX LIABILITIES *(continued)*

(c) The amount of temporary differences for which no deferred tax asset has been recognised in the statement of financial position are as follows:

	Group	
	2012 RM	2011 RM
Other deductible temporary differences, gross	130,962	-
Unused tax losses, gross	9,811,336	2,596,778
	9,942,298	2,596,778

Deferred tax asset of a subsidiary has not been recognised as it is not probable that future taxable profits of the subsidiary will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

23. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2012 RM	2011 RM	2012 RM	2011 RM
Non-current					
Amount owing to a related party	(a)	56,645,551	28,757,219	-	-
Current					
Trade payables					
- third parties	(b)	18,857,840	14,267,351	-	-
- a related party	(c)	36,921,555	36,921,555	-	-
- amount due to contract customers (Note 15)		6,802,403	3,286,635	-	-
Other payables and accruals	(d)	24,707,879	42,982,696	347,777	227,014
Amounts owing to related parties	(e)	54,538,344	72,502,823	4,660	4,660
		141,828,021	169,961,060	352,437	231,674
		198,473,572	198,718,279	352,437	231,674

(a) Non-current amount owing to a related party represents term loan granted to the Group, which is unsecured and subject to interest at the rate of 3% per annum.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2011: 30 days to 90 days).

(c) Trade amount owing to a related party represents proceeds from the disposal of land held for sale carried out on behalf of the related party.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

23. TRADE AND OTHER PAYABLES *(continued)*

(d) Included in other payables and accruals of the Group are deposits received from third party purchasers for the purchase of leasehold land held for sale and advances received from contract customers in relation to reclamation projects, amounting to RM1,095,429 (2011: RM4,162,598) and RM nil (2011: RM21,509,952) respectively.

(e) Amounts owing to related parties represent advances and payments made on behalf, which are unsecured, interest free and repayable on demand in cash and cash equivalents except for term loan of RM23,566,510 which bore interest at 3% per annum in previous financial year.

(f) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Ringgit Malaysia	130,539,201	131,068,950	352,437	231,674
Singapore Dollar	65,341,331	63,170,124	-	-
US Dollar	2,593,040	4,129,942	-	-
Hong Kong Dollar	-	349,263	-	-
	198,473,572	198,718,279	352,437	231,674

(g) Information on financial risks of trade and other payables are disclosed in Note 37 to the financial statements.

24. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

The Group had entered into non-cancellable lease arrangements for office premises, staff housing and office equipment, resulting in future rental commitments. The Group has aggregate future minimum lease commitments as at the end of the reporting period as follows:

	Group	
	2012 RM	2011 RM
Not later than 1 year	20,970	18,570
Later than 1 year but not later than 5 years	5,370	11,975
	26,340	30,545

24. COMMITMENTS *(continued)*

(b) Capital commitment

	Group	
	2012	**2011**
	RM	**RM**
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	-	3,960,000

25. CONTINGENT LIABILITIES

	Company	
	2012	**2011**
	RM	**RM**
Corporate guarantees granted to licensed financial institutions for credit facilities granted to subsidiaries	16,816,146	17,170,178

The Directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are remote.

26. REVENUE

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Contract revenue and sales of marine construction materials	151,110,460	203,379,978	-	-
Chartering services	4,747,793	7,582,773	-	-
Dividend income	-	-	30,787,136	29,200,000
	155,858,253	210,962,751	30,787,136	29,200,000

27. COST OF SALES

	Group	
	2012	**2011**
	RM	**RM**
Contract works and sales of marine construction materials	59,515,299	61,816,421
Shipbuilding, repair and maintenance	10,861,653	9,543,237
Chartering services	19,390,183	17,519,497
	89,767,135	88,879,155

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

28. FINANCE COSTS

	Group 2012 RM	Group 2011 RM
Interest expense on:		
- bank overdraft	1,217	568
- hire purchase	91,927	81,200
- letter of credit and trust receipt	98,221	98,118
- term loans	5,535,022	3,621,467
- others	64,412	85,201
	5,790,799	3,886,554

29. PROFIT BEFORE TAX

Profit before tax is arriving at after charging:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Auditors' remuneration				
- statutory audits				
- current year	286,133	264,001	55,000	55,000
- (over)/under provision in prior years	(6,050)	18,000	-	-
- other services	-	750,000	-	750,000
Bad debts written off	-	430,503	-	-
Depreciation of property, plant and equipment (Note 7)	10,831,348	20,884,584	-	-
Directors' remuneration:				
- fees	168,000	119,000	168,000	119,000
- salaries and other emoluments	5,911,675	2,390,029	232,012	19,500
Goodwill on consolidation written off (Note 10)	-	82,338	-	-
Inventories written down	-	3,325,467	-	-
Listing expenses	-	3,793,107	-	3,793,107
Loss on disposal of a subsidiary	-	2,067	-	-
Loss on disposal of property, plant and equipment	988,043	-	-	-
Loss on foreign exchange				
- Realised	76,101	153,416	-	-
- Unrealised	2,351,388	-	-	-
Property, plant and equipment written off (Note 7)	12,240	320,776	-	-
Rental paid/payable for:				
- land and premises	47,100	36,200	-	-
- plant and machinery, marine and office equipment	6,524	21,902	-	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

29. PROFIT BEFORE TAX *(continued)*

Profit before tax is arriving at after charging *(continued)*:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
And crediting:				
Dividend income from a subsidiary	-	-	30,787,136	29,200,000
Gain on bargain purchase arising from acquisitions of subsidiaries	-	6,023,712	-	-
Gain on disposal of:				
- land held for sale	64,179,469	17,975,491	-	-
- property, plant and equipment	-	1,771,010	-	-
Gross dividend received from shares quoted in Malaysia	299,012	6,126	-	-
Interest income from:				
- fixed deposits	726,930	670,785	80,233	46,178
- others	835,662	285,873	96,370	41,455
Unrealised gain on foreign exchange	-	733,586	-	-

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM639,345 (2011: RM123,958).

30. TAX EXPENSE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current tax expense based on profit for the financial year:				
- Malaysian income tax	17,882,156	27,755,061	787,136	7,300,000
- Foreign income tax	68,731	-	-	-
	17,950,887	27,755,061	-	-
Under-provision in prior years	858,227	3,113,866	-	-
	18,809,114	30,868,927	787,136	7,300,000
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	(1,205,391)	(823,749)	-	-
Over-provision in prior years	(29,572)	(35,595)	-	-
	(1,234,963)	(859,344)	-	-
Total tax expense	17,574,151	30,009,583	787,136	7,300,000

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

30. TAX EXPENSE *(continued)*

The Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profits for the fiscal year.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	25,060,319	31,522,635	7,364,477	6,165,983
Tax effects in respect of:				
Non-allowable expenses	2,159,928	1,795,742	376,457	1,134,017
Non-taxable income	(2,575,927)	(449,058)	(6,953,798)	-
Effects arising from controlled transfer of property, plant and equipment	-	(1,254,456)	-	-
Recognition of previously unrecognised tax losses	(21,769)	-	-	-
Deferred tax assets not recognised	1,858,149	75,402	-	-
Difference in foreign tax rates and exemptions	(9,735,204)	(4,758,953)	-	-
	16,745,496	26,931,312	787,136	7,300,000
Under/(Over) provision in prior years				
- current tax expense	858,227	3,113,866	-	-
- deferred tax expense	(29,572)	(35,595)	-	-
Tax expense	17,574,151	30,009,583	787,136	7,300,000

Tax savings of the Group and of the Company are as follows:

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Arising from utilisation of current year tax losses	-	3,908	-	-
Arising from utilisation of previously unrecognised tax losses	21,769	-	-	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

31. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2012 RM	Group 2011 RM
Profit attributable to owners of the parent	82,670,257	96,080,956

	Group 2012	Group 2011
Weighted average number of ordinary shares in issue	770,825,225[(1)]	668,949,265[(2)]

[(1)] *Based on the treasury shares held as at 30 June 2012 of 1,148,200, which translate to the effect of weighted average number of ordinary shares of 439,038 shares and Private Placement, which translate to the effect of weighted average number of ordinary shares of 41,264,262.*

[(2)] *Based on the weighted average of 613,478,236 ordinary shares issued by the Company to the owners of the legal subsidiary (i.e. BSB) for the reverse acquisition for 5 months up to 2 December 2010, 630,000,000 ordinary shares in issue of the Company after the acquisitions of subsidiaries on 2 December 2010 for one and a 1.5 months and 730,000,000 ordinary shares in issue of the Company after the public issue on 17 January 2011 for 5.5 months.*

	Group 2012 sen	Group 2011 sen
Basic earnings per ordinary share	10.72	14.36

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners 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.

	Group 2012 RM	Group 2011 RM
Profit attributable to owners of the parent	82,670,257	96,080,956

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

31. EARNINGS PER SHARE *(continued)*

(b) Diluted *(continued)*

	Group 2012	Group 2011
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	770,825,225	-
Effect of dilution on employee share options	1,290,345[(3)]	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	772,115,570	-

[(3)] *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.*

	Group 2012 sen	Group 2011 sen
Diluted earnings per ordinary share	10.71	-

32. DIVIDENDS

	Group 2012 Gross dividend per share sen	Group 2012 Amount of single tier dividend RM	Group 2011 Gross dividend per share sen	Group 2011 Amount of single tier dividend RM
Final dividend paid	-	-	2	16,051,200
Final dividend proposed	3	24,048,753	-	-

A final single tier dividend in respect of the current financial year of 12% per ordinary share of RM0.25 each, amounting to RM24,048,753 has been proposed by the Directors, subject to the shareholder's approval at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year ended 30 June 2012 do not reflect this proposed final single tier dividend. The proposed final single tier dividend, if approved by the shareholders, shall be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

33. EMPLOYEE BENEFITS

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Administrative and other expenses				
Wages, salaries and bonuses	8,696,943	5,151,742	168,000	119,000
Contribution to defined contribution plan	1,284,419	625,633	-	-
Other benefits	677,918	455,642	284,282	52,891
Share options granted under share options scheme	1,813,760	-	-	-
	12,473,040	6,233,017	452,282	171,891
Capitalised in contract customers				
Salaries, wages, bonuses and allowances	5,911,348	3,994,814	-	-
Contribution to defined contribution plan	143,082	114,762	-	-
	6,054,430	4,109,576	-	-
	18,527,470	10,342,593	452,282	171,891

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM5,890,675 (2011: RM2,376,528) and RM211,012 (2011: RM6,000) respectively.

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries and its immediate and ultimate holding company.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

34. RELATED PARTY DISCLOSURES *(continued)*

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
With the Directors of the Company:				
Acquisitions of subsidiaries				
- BSB (Note 8(a))	-	-	-	(153,369,559)
- BSSB (Note 8(a))	-	-	-	(3,678,253)
- Oceanliner (Note 8(a))	-	-	-	(452,186)
With related companies in which the Directors have substantial financial interests:				
Contract revenue earned from:				
- Haruman Utama Sdn. Bhd.	593,136	17,282,192	-	-
- Strategic Oscar Sdn. Bhd.	3,526,253	44,089,466	-	-
- Benalec Marine Sdn. Bhd.	203,676	2,854,342	-	-
- Sentosacove Sdn. Bhd.	79,752,828	48,105,983	-	-
- Oceanfront Land Sdn. Bhd. - Oceanic Sdn. Bhd. - Oceanview Property Sdn. Bhd. - Atlantic Property Sdn. Bhd.	2,876,905	-	-	-
- Oriental Grandeur Marine Sdn. Bhd.	-	129,516	-	-
Rental of land and premises paid/payable to:				
- Orientalcrest Realty Sdn. Bhd.	(29,600)	(21,850)	-	-
Vessels chartering income received/receivable from:				
- Oceanlec Pte. Ltd.	-	5,002,046	-	-
Vessels chartering expenses paid/payable to:				
- Oriental Grandeur Sdn. Bhd.	-	(7,600,000)	-	-
Purchases of construction materials from:				
- Oriental Grandeur Marine Sdn. Bhd.	-	(1,283,163)	-	-
Sub-contracting charges paid/payable to:				
- Oriental Grandeur Marine Sdn. Bhd.	-	(3,384,429)	-	-
Transfer of consumables and parts for vessels to:				
- Oriental Grandeur Sdn. Bhd.	-	672,496	-	-
- Oceanlec Pte. Ltd.	-	320	-	-
With a subsidiary				
Dividend income receivable from BSB	-	-	30,787,136	29,200,000

The related party transactions described above were carried out on negotiated terms and conditions mutually agreed by both parties.

34. RELATED PARTY DISCLOSURES *(continued)*

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel during the financial year were as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Short term employee benefits	6,066,136	3,012,783	196,500	138,500
Contributions to defined contribution plan	1,015,296	471,006	-	-
Share options granted under share options scheme	895,898	-	-	-
	7,977,330	3,483,789	196,500	138,500

35. OPERATING SEGMENTS

Benalec Holdings Berhad and its subsidiaries are principally engaged in marine construction and civil engineering, shipbuilding (including ship repair, maintenance, fabrication and refurbishment) and ship trading, vessel chartering and investment holding. The Group's marine construction and civil engineering activities are mainly undertaken by BSB, a wholly-owned subsidiary of the Company.

The Group has arrived at three (3) reportable segments that are organised and managed separately according to the nature of the operations, which requires different business strategies. The reportable segments are summarised as follows:

(i) Marine construction

Providing marine construction services, which include the following:
- land reclamation, dredging and beach nourishment;
- rock revetment works, shore protection works and breakwater construction;
- pre-bore and marine piling; and
- construction of marine structures, bridges, jetties, ports and other offshore and ancillary services.

This segment also includes sales of marine construction materials.

(ii) Vessel chartering

Chartering of vessels on time and voyage charters.

(iii) Shipbuilding

Shipbuilding and providing ship repair, maintenance, fabrication and refurbishment services.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

35. OPERATING SEGMENTS *(continued)*

Other operating segment that does not constitute a reportable segment comprises investment holding.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment, and also excluding the effects of share-based payments and retirement benefit obligations.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

35. OPERATING SEGMENTS *(continued)*

2012	Marine construction RM	Vessel chartering RM	Shipbuilding RM	Others RM	Total RM
Revenue					
Total revenue	194,645,675	74,640,266	6,000,000	30,787,136	306,073,077
Inter-segment revenue	(43,535,215)	(69,892,473)	(6,000,000)	(30,787,136)	(150,214,824)
Revenue from external customers	**151,110,460**	**4,747,793**	**-**	**-**	**155,858,253**
Interest income	1,331,118	137	23,084	208,253	1,562,592
Finance costs	(3,242,917)	(2,461,865)	(86,017)	-	(5,790,799)
Net finance expense	(1,911,799)	(2,461,728)	(62,933)	208,253	(4,228,207)
Segment profit/(loss) before tax	**66,433,727**	**(7,600,724)**	**49,081,357**	**29,407,670**	**137,322,030**
Income tax (expense)/income	(17,324,413)	(269,821)	27,307	(7,224)	(17,574,151)
Other material non-cash items:					
- Depreciation	(3,350,241)	(7,116,003)	(365,104)	-	(10,831,348)
- Gain on disposal of land held for sale	64,179,469	-	-	-	64,179,469
Additions to non-current assets	8,050,233	998,046	2,068,016	-	11,116,295
Segment assets	**559,751,716**	**179,544,604**	**22,584,495**	**11,358,952**	**773,239,767**
Unallocated assets					430,554
Total assets					**773,670,321**
Segment liabilities	**168,175,566**	**74,326,256**	**3,542,045**	**605,657**	**246,649,524**
Unallocated liabilities					10,628,846
Total liabilities					**257,278,370**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

35. OPERATING SEGMENTS *(continued)*

2011	Marine construction RM	Vessel chartering RM	Shipbuilding RM	Others RM	Total RM
Revenue					
Total revenue	215,572,238	39,908,709	11,704,171	29,200,000	296,385,118
Inter-segment revenue	(12,192,260)	(32,325,936)	(11,704,171)	(29,200,000)	(85,422,367)
Revenue from external customers	**203,379,978**	**7,582,773**	**-**	**-**	**210,962,751**
Interest income	855,360	3,099	10,222	87,977	956,658
Finance costs	(2,306,720)	(1,495,089)	(84,745)	-	(3,886,554)
Net finance expense	(1,451,360)	(1,491,990)	(74,523)	87,977	(2,929,896)
Segment profit/(loss) before tax	**149,619,326**	**(8,112,473)**	**(3,734,498)**	**(4,578,298)**	**133,194,057**
Income tax (expense)/income	(30,269,037)	114,885	144,608	(39)	(30,009,583)
Other material non-cash items:					
- Depreciation	(6,462,725)	(14,200,191)	(221,668)	-	(20,884,584)
- Bad debts written off	(430,503)	-	-	-	(430,503)
- Gain on bargain purchase	-	13,498	6,010,214	-	6,023,712
- Gain on disposal of land held for sale	17,975,491	-	-	-	17,975,491
Additions to non-current assets	4,282,456	26,475,496	321,338	-	31,079,290
Segment assets	**421,328,968**	**185,586,292**	**27,088,852**	**3,965,794**	**637,969,906**
Unallocated assets					234,309
Total assets					**638,204,215**
Segment liabilities	**166,093,762**	**89,909,014**	**5,225,230**	**402,119**	**261,630,125**
Unallocated liabilities					29,813,676
Total liabilities					**291,443,801**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

35. OPERATING SEGMENTS *(continued)*

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2012 RM	2011 RM
Revenue		
Total revenue for reportable segments	306,073,077	296,385,118
Elimination of inter-segment revenues	(150,214,824)	(85,422,367)
Group's revenue per statements of comprehensive income	155,858,253	210,962,751
Profit for the financial year		
Total profit for reportable segments	137,322,030	133,194,057
Elimination of inter-segment profits	(37,080,755)	(7,021,180)
Goodwill written off	-	(82,338)
Profit before tax	100,241,275	126,090,539
Tax expense	(17,574,151)	(30,009,583)
Profit for the financial year	82,667,124	96,080,956
Assets		
Total assets for reportable segments	773,239,767	637,969,906
Unallocated assets - other investments	33,745	37,404
Current tax assets	396,809	196,905
Group's assets	773,670,321	638,204,215
Liabilities		
Total liabilities for reportable segments	246,649,524	261,630,125
Current tax liabilities	1,661,681	19,611,548
Deferred tax liabilities	8,967,165	10,202,128
Group's liabilities	257,278,370	291,443,801

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

35. OPERATING SEGMENTS *(continued)*

Geographical information

The Group's operations are carried out primarily in Malaysia (which includes the Federal Territory of Labuan). In presenting information on the basis of geographical areas, segment revenue is based on the geographical location in which the customer resides.

Segment assets are based on the geographical location in which the individual entity within the Group, to which the assets belong and resides. The non-current assets do not include financial instruments.

	Group	
	2012 RM	2011 RM (restated)
Revenue from external customers		
Malaysia	151,110,460	203,379,978
Singapore	4,747,793	5,001,966
China	-	2,580,807
	155,858,253	210,962,751
Non-current assets		
Malaysia	175,974,241	179,482,482
Singapore	64,084,470	65,830,910
	240,058,711	245,313,392

Major customers

The following are major customers with revenue equal to or more than 10% of Group revenue for current and prior year:

	Group	
	2012 RM	2011 RM
Customer A	6,439,301	64,302,530
Customer B	79,752,828	48,105,983
Customer C	3,526,253	44,089,466
Customer D	-	23,914,141
Customer E	20,792,164	1,002,753
Customer F	26,023,365	-
	136,533,911	181,414,873

The above customers are related to the marine construction segment.

36. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in financial year ended 30 June 2011.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2012 and 30 June 2011. Pursuant to the banking facilities granted to a subsidiary, Oceanliner, the Group is subject to financial covenants imposed by the related licensed financial institution whereby both Oceanliner and BSB are required to maintain a positive tangible net worth at all times whereby BSB's tangible net worth shall not fall below SGD20,000,000 at all times. Tangible net worth is defined in the related banking facility agreement as the sum of the paid-up share capital, revenue reserves, accumulated profits, retained earnings and shareholders' funds. The loan was subsequently settled in full on August 2012.

The Group monitors its capital structure by reference to its gearing ratio, which is net debt, divided by total equity plus net debt. The Group's strategy is to maintain the balance between debt and equity and to ensure sufficient cash flows to repay its liabilities as and when they fall due. The Group's net debts include loans and borrowings, trade and other payables, less cash and bank balances. Equity represents equity attributable to the owners of the parent less the fair value adjustment reserve. Details of the gearing ratio for 30 June 2012 and 30 June 2011 are as follows:

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Borrowings	48,175,952	62,911,846	-	-
Trade and other payables	198,473,572	198,718,279	352,437	231,674
Financial debts	246,649,524	261,630,125	352,437	231,674
<u>Less</u>				
Cash and cash equivalents	(130,517,735)	(69,786,571)	(5,980,495)	(165,862)
Net debts/(cash)	116,131,789	191,843,554	(5,628,058)	65,812
Total equity	516,417,618	346,785,289	381,375,619	272,394,460
Net debts	116,131,789	191,843,554	-	65,812
Total equity plus net debts	632,549,407	538,628,843	381,375,619	272,460,272
Gearing ratio (%)	18.36	35.62	-	0.02

Under the requirement of Bursa Malaysia Securities Berhad Practice's Note No. 17/2005, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

36. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments

Categories of financial instruments

	Loans and receivables RM	Available-for-sale RM	Total RM
Group			
2012			
Financial assets			
Other investments	-	33,745	33,745
Trade and other receivables, exclude prepayments	198,384,765	-	198,384,765
Cash and cash equivalents	130,517,735	-	130,517,735
	328,902,500	33,745	328,936,245

	Other financial liabilities RM	Total RM
Financial liabilities		
Borrowings	48,175,952	48,175,952
Trade and other payables	198,473,572	198,473,572
	246,649,524	246,649,524

	Loans and receivables RM	Total RM
Company		
2012		
Financial assets		
Other receivables and deposits	188,236,563	188,236,563
Dividend receivable from a subsidiary	30,000,000	30,000,000
Cash and cash equivalents	5,980,495	5,980,495
	224,217,058	224,217,058

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

36. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments *(continued)*

Categories of financial instruments (continued)

	Other financial liabilities RM	Total RM
Company		
2012		
Financial liabilities		
Other payables and accruals	352,437	352,437

	Loans and receivables RM	Available-for-sale RM	Total RM
Group			
2011			
Financial assets			
Other investments	-	37,404	37,404
Trade and other receivables, exclude prepayments	205,912,512	-	205,912,512
Cash and cash equivalents	69,786,571	-	69,786,571
	275,699,083	37,404	275,736,487

	Other financial liabilities RM	Total RM
Financial liabilities		
Borrowings	62,911,846	62,911,846
Trade and other payables	198,718,279	198,718,279
	261,630,125	261,630,125

	Loans and receivables RM	Total RM
Company		
2011		
Financial assets		
Other receivables and deposits	93,060,274	93,060,274
Dividend receivable from a subsidiary	21,900,000	21,900,000
Cash and cash equivalents	165,862	165,862
	115,126,136	115,126,136

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

36. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments *(continued)*

Categories of financial instruments (continued)

	Other financial liabilities RM	Total RM
Company		
2011		
Financial liabilities		
Other payables and accruals	231,674	231,674

(c) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate their fair values are as follows:

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
2012				
Recognised				
Financial liabilities				
Hire purchase	1,431,821	1,323,829	-	-
Amount owing to a related party				
- term loan	56,645,551	55,399,074	-	-
Unrecognised				
Contingent liabilities	-	-	-	127,209
2011				
Recognised				
Financial liabilities				
Hire purchase	1,421,555	1,419,119	-	-
Amount owing to a related party				
- term loan	52,323,729	45,552,716	-	-
Unrecognised				
Contingent liabilities	-	-	-	142,381

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

36. FINANCIAL INSTRUMENTS *(continued)*

(d) Methods and assumptions used to estimate fair values

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term or repayable on demand nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

(ii) Amount owing to a related party - term loan and hire purchase

The fair values of these financial instruments are estimated based on the future contractual cash flows discounted at current market interest rates available for similar instruments and of the same remaining maturities.

(iii) Other investments – quoted shares in Malaysia

The fair value of quoted investments in Malaysia are determined by reference to the exchange quoted market bid prices at the close of the business on the end of the reporting period.

(e) Fair value hierarchy

The following information provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at the end of the reporting period, other investments represents the only financial instrument carried at fair value held by the Group, which is measured under Level 1 of the fair value hierarchy with a recognised amount of RM33,745 (2011: RM37,404).

During the reporting period ended 30 June 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The exposure to these risks arises in the normal course of the Group's business. The Group's overall business strategies outlines its tolerance to risk and its general risk management philosophy and is determined by the management in accordance with prevailing economic and operating conditions.

The Group is exposed mainly to foreign currency risk, interest rate risk, liquidity and cash flow risk, credit risk and market price risk. Information on the management of the related exposures is detailed below.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Subsidiaries operating in the Federal Territory of Labuan, Malaysia and Republic of Singapore have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

It is not the Group's nor the Company's policy to enter into foreign exchange forward contracts in managing its foreign exchange risk resulting from cash flows on transactions denominated in foreign currency as the Group primarily operates in the domestic sector with transactions to be denominated in the functional currency where possible.

The Group is exposed to foreign currency translation risk in respect of its overseas investments. There is no formal hedging policy with respect to this exposure.

<u>Sensitivity analysis for foreign currency risk as follow:</u>

		Group	
		2012	**2011**
		RM	**RM**
		Profit net of tax	**Profit net of tax**
USD/RM	• strengthen by 2% (2011: 2%)	+50,732	+17,054
	• weaken by 2% (2011: 2%)	-50,732	-17,054
SGD/RM	• strengthen by 2% (2011: 2%)	+953,981	-1,077,048
	• weaken by 2% (2011: 2%)	-953,981	+1,077,048
HKD/RM	• strengthen by 3% (2011: 3%)	-	-7,858
	• weaken by 3% (2011: 3%)	-	+7,858

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from the deposits with licensed financial institutions, loans and borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

<u>Sensitivity analysis for interest rate risk</u>

As at 30 June 2012, if interest rates at the date had been 30 basis points lower with all other variables held constant, post-tax profit for the year would have been RM55,675 (2011: RM84,698) higher, arising mainly as a result of lower interest expense on variable borrowings. If interest rates had been 30 basis points higher, with all other variables held constant, post-tax profit would have been RM55,675 (2011: RM84,698) lower, arising mainly as a result of higher interest expense on variable borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year RM	2 to 5 years RM	More than 5 years RM	Total RM
Group						
At 30 June 2012						
Fixed rates						
Deposits with licensed financial institutions	16	2.66	26,345,697	-	-	26,345,697
Hire purchase	20	5.41	(864,774)	(567,047)	-	(1,431,821)
Amount owing to a related party						
- term loan	23	3.00	-	(56,645,551)	-	(56,645,551)
Term loans	19	6.50	(10,000,000)	(12,000,000)	-	(22,000,000)
Floating rates						
Term loans	19	5.80	(8,000,064)	(16,403,769)	(340,298)	(24,744,131)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(ii) Interest rate risk *(continued)*

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk *(continued)*:

	Note	Weighted average effective interest rate %	Within 1 year RM	2 to 5 years RM	More than 5 years RM	Total RM
Group						
At 30 June 2011						
Fixed rates						
Deposits with licensed financial institutions	16	2.31	48,271,411	-	-	48,271,411
Hire purchase	20	5.22	(691,911)	(729,644)	-	(1,421,555)
Amount owing to a related party						
- term loan	23	3.00	(23,566,510)	(28,757,219)	-	(52,323,729)
Trust receipts	19	7.45	(1,838,378)	-	-	(1,838,378)
Term loans	19	6.50	-	(22,008,434)	-	(22,008,434)
Floating rates						
Term loans	19	6.24	(16,680,313)	(20,622,868)	(340,298)	(37,643,479)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(iii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

<u>Analysis of financial instruments by remaining contractual maturities</u>

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
At 30 June 2012				
Group				
Financial liabilities				
Trade and other payables	141,828,021	58,012,065	-	199,840,086
Loans and borrowings	21,198,894	29,348,323	2,226,941	52,774,158
Total undiscounted financial liabilities	163,026,915	87,360,388	2,226,941	252,614,244
Company				
Financial liabilities				
Other payables and accruals	352,437	-	-	352,437
At 30 June 2011				
Group				
Financial liabilities				
Trade and other payables	173,326,746	30,100,690	-	203,427,436
Loans and borrowings	22,441,582	46,989,041	363,541	69,794,164
Total undiscounted financial liabilities	195,768,328	77,089,731	363,541	273,221,600
Company				
Financial liabilities				
Other payables and accruals	231,674	-	-	231,674

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(iv) Credit risk

Cash deposits and receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are the Group's customers and licensed financial institutions. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of 2 months, extending up to 3 months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group has significant concentration of credit risk in relation to the outstanding balances with the major customers as mentioned in Note 35 to the financial statements.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the total carrying amount of these financial assets recognised in the statements of financial positions. There has been no change to the Group's exposure to credit risk or the manner in which the risk is managed and measured.

Information regarding the credit quality of trade and other receivables is disclosed in Note 14 to the financial statements.

In respect of the cash and cash equivalents maintained with licensed financial institutions, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

(v) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to price risks arising from quoted investments held by the Group, which are held for strategic rather than trading purposes. The Group does not actively trade these investments. These instruments are classified as available-for-sale financial assets.

At the end of the reporting period, the Group's maximum exposure to price risk is represented by the total carrying amount of these financial assets recognised in the statements of financial positions, which amounted to RM33,745 (2011:RM37,404). There has been no change to the Group's exposure to credit risk or the manner in which the risk is managed and measured.

As the Group neither has the intention, nor historical trend of active trading in these financial instruments, the Directors are of the opinion that the Group is not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of the reporting period.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 17 October 2011, the Company announced on behalf of BSSB, a wholly owned subsidiary of the Company that BSSB had obtained Certificate of Completion and Compliance for building erected on PT No. 9723, Jalan Batu 7 Sijangkang, Mukim Telok Panglima Garang, District of Kuala Langat, Selangor. In this respect, the Company had complied with the conditions imposed by the Securities Commission as set out under Section 7.1.1(ii) of the Company's Prospectus dated 28 December 2010.

(b) On 31 October 2011, BSB had entered into an Agreement with the Anzeco Coal Terminal Sdn. Bhd. for reclamation work to reclaim a portion of the coast of Pulau Konet, District of Alor Gajah, State of Melaka. The contract sum for the reclamation works is at RM36.6 million.

(c) On 10 November 2011, the Company announced that SBSB and SKSB, both sub-subsidiaries of BSB, which in turn is the wholly owned subsidiary of the Company, received approval letters from Unit Perancang Ekonomi Negeri, Johor ("UPENJ"), wherein UPENJ had approved in principle on the following proposed reclamation works:

    (i) SBSB – Reclamation works on that portion of the coast of Pengerang, State of Johor measuring 1,760 acres; and

    (ii) SKSB – Reclamation works on that portion of the coast of Tanjung Piai, State of Johor measuring 3,485 acres.

(d) On 29 May 2012, the Company announced that BSB, a wholly-owned subsidiary of the Company, has been awarded a Contract of Affreightment ("COA") by TNB Fuel Services Sdn. Bhd. ("TNBF") for carriage of bulk coal for TNBF. The contract period shall be for a principal of 3 years with an option for extension of another 2 years at TNBF's discretion. The Principal Year Contract period shall commence from 1 May 2012 until 30 April 2015 and the Option Year Contract Period shall commence from 1 May 2015 until 30 April 2017. The estimated total Contract value is USD22,410,000 or approximately RM67,454,100 for 3 years Principal Year Contract Period (i.e. USD7,470,000 or approximately RM22,484,700 per contract year).

39. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

Subsequent to the financial year end, the Company entered into a Development Agreement ("DA") with SKSB, the State Government of Johor Darul Ta'zim ("the State Government") and the State Secretary, Johor (Incorporated) ("S.S.I.") and a DA between SBSB, the State Government and S.S.I. for proposed reclamation works as disclosed in Note 38(c) to the financial statements. The DAs are subject to the following conditions precedent:

(i) a hydraulic study and final survey shall be conducted;

(ii) the environmental impact assessment (EIA) approval shall be obtained; and

(iii) SBSB and SKSB to increase its paid-up share capital to RM5,000,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the Financial Year ended 30 June 2012

40. COMPARATIVES

During the financial year, certain comparative figures have been re-presented and reclassified to conform to the presentation in the current financial year. Prior to the current financial year, the Group recognised the vessels work in progress as inventories but during the current financial year, the Group reclassified the "*Inventories - Vessels Work In Progress*" as part of "*Property, Plant and Equipment – Construction-In-Progress*" as the constructions of these vessels are for internal use. Any unrealised profit will be fully eliminated at Group level.

The following are the effects to the statements of financial position and statements of cash flows as at 30 June 2011 arising from the changes in these reclassifications:

Reclassifications of vessels work in progress from inventories balances to construction-in-progress in property, plant and equipment balances

	Group		
	As previously reported RM	**Reclassification RM**	**As restated RM**
Statements of Financial Position			
Property, plant and equipment	241,730,709	3,582,683	245,313,392
Inventories	11,039,525	(3,582,683)	7,456,842
Statements of Cash Flows			
Net cash flow from operating activities	2,433,191	1,130,357	3,563,548
Net cash flow used in investing activities	(61,303,591)	(1,130,357)	(62,433,948)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the Financial Year ended 30 June 2012

41. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period are analysed as follows:

	2012 Group RM	2012 Company RM
Total retained earnings of Benalec Holdings Berhad and its subsidiaries		
- Realised	329,893,404	29,969,033
- Unrealised	(11,318,553)	-
	318,574,851	29,969,033
Less: Consolidation adjustments	(8,241,271)	-
Total Group/Company retained earnings as per consolidated accounts	310,333,580	29,969,033

	2011 Group RM	2011 Company RM
Total retained earnings of Benalec Holdings Berhad and its subsidiaries		
- Realised	258,323,996	17,349,460
- Unrealised	(9,118,772)	-
	249,205,224	17,349,460
Less: Consolidation adjustments	(5,490,701)	-
Total Group/Company retained earnings as per consolidated accounts	243,714,523	17,349,460

GROUP PROPERTIES

as at 30 June 2012

A. Summary of Land Held for sale

PT No.	Lot. No.	Description	Land Area (acres)	Existing usage	Tenure	NBV as at 30/06/2012 (RM)	Date of acquisition (based on title date)
PT 1490	HS (D) 61492	Kawasan Bandar VI, Melaka Tengah, Melaka	5.30	Vacant land/ Residential	Leasehold & expiring on 18/05/2105	3,713,673	19/05/2006
PT 98 - 108	HS (D) 69020 - 30	Pekan Klebang Sek. III, Melaka Tengah, Melaka	53.85	Vacant land/ Residential	Leasehold & expiring on 28/11/2109	38,183,218	29/11/2010
PT 115	HS (D) 69056	Pekan Klebang Sek. III, Melaka Tengah, Melaka	5.00	Vacant land/ Residential	Leasehold & expiring on 09/12/2109	3,262,360	10/12/2010
PT 116 -121	HS (D) 69049 - 54	Pekan Klebang Sek. III, Melaka Tengah, Melaka	31.00	Vacant land/ Residential	Leasehold & expiring on 09/12/2109	20,607,722	10/12/2010
PT 439	HS (D) 69057	Pekan Klebang Sek. II, Melaka Tengah, Melaka	7.80	Vacant land/ Commercial	Leasehold & expiring on 09/12/2109	3,569,180	10/12/2010
PT 440	HS (D) 69055	Pekan Klebang Sek. II, Melaka Tengah, Melaka	7.90	Vacant land/ Commercial	Leasehold & expiring on 09/12/2109	3,613,030	10/12/2010
PT 499	HS (D) 70505	Pekan Klebang Sek. II, Melaka Tengah, Melaka	5.51	Vacant land/ Commercial	Leasehold & expiring on 15/11/2110	3,143,945	16/11/2011
PT 500	HS (D) 70503	Pekan Klebang Sek. II, Melaka Tengah, Melaka	5.51	Vacant land/ Commercial	Leasehold & expiring on 15/11/2110	3,143,945	16/11/2011
PT 501	HS (D) 70504	Pekan Klebang Sek. II, Melaka Tengah, Melaka	7.10	Vacant land/ Commercial	Leasehold & expiring on 15/11/2110	4,050,005	16/11/2011
PT 508 - 515	HS (D) 70799 - 806	Pekan Klebang Sek. II, Melaka Tengah, Melaka	41.56	Vacant land/ Commercial	Leasehold & expiring on 24/04/2111	39,723,058	25/04/2012
PT 1797 - 1798	HS (D) 70334 - 335	Kawasan Bandar VI, Melaka Tengah, Melaka	9.80	Vacant land/ Residential	Leasehold & expiring on 21/07/2110	6,783,439	22/07/2011
PT 1800	HS (D) 70333	Kawasan Bandar VI, Melaka Tengah, Melaka	5.04	Vacant land/ Residential	Leasehold & expiring on 21/07/2110	3,487,322	22/07/2011
PT 1832 - 1838	HS (D) 70807 - 813	Kawasan Bandar VI, Melaka Tengah, Melaka	36.11	Vacant land/ Residential	Leasehold & expiring on 24/04/2111	28,030,960	25/04/2012
PT 1839 - 1844	HS (D) 70793 - 798	Kawasan Bandar VI, Melaka Tengah, Melaka	28.54	Vacant land/ Residential	Leasehold & expiring on 24/04/2111	22,153,351	25/04/2012
	Total		**250.02**			**183,465,208**	

GROUP PROPERTIES *(continued)*
as at 30 June 2012

B. Information on land & building

No.	PT No.	Lot No.	Location	Built-up area (sq. ft)	Description Existing usage	Tenure/ Date of expiry of lease	NBV as at 30/06/2012 (RM)	Date of acquisition/ SPA
1	PT 371	HS (D) 228346	Unit 12, Jalan J27/J, Seksyen 27, Shah Alam, Selangor.	4,790.00	3 storey terrace shop (Vacant)	Freehold	534,735	20/11/1998
2	PT 16049	HS (D) 102235	No. 38, Jalan Pengacara U1/48, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor.	9,428.74	3 Storey semi-detached factory (headquarter of the group)	Freehold	2,399,227	10/02/2004
3	PT 103237	HS (D) 117853	No.5, Jalan Damar Laut 1, Teluk Glenmarie, 42000 Pelabuhan Klang.	2,436.00	Double storey semi detached house (Vacant)	Freehold	550,114	12/08/2005
4	PT 16050	HS (D) 102236	No. 36, Jalan Pengacara U1/48, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor.	9,601.49	3 Storey semi-detached factory (headquarter of the group)	Freehold	4,503,947	22/07/2011
5	Volume 657 Folio 159	MK5 - U64905K	No. 18, Boon Lay Way, # 07 - 97, Tradehub 21, Singapore 609966.	1,431.60	1 business unit (BSB's Singapore branch office)	Leasehold & expiring on 09/12/2063	1,155,481	26/11/2010
6	PT 9723	HS (D) 27282	Kampung Sijangkang, Batu 7, Kawasan Banting Laut, 42500 Telok Panglima Garang, Kuala Langat, Selangor.	870,903.64/ 31,092.97	Industrial land erected with the cum 2-storey office building. (Shipping fabrication yard and office)	Leasehold & expiring on 03/04/2068	12,643,295	Land : 06/09/2007 Bldg : 22/10/2010
7	PT001790	HS (D) 0070078	No. 2, Jalan KL 3/9, Taman Kota Laksamana Sek. 3 75200 Melaka.	6,088.00	3 storey shop office (Vacant)	Leasehold & expiring on 29/05/2110	1,278,665	01/06/2011
8	PT001790	HS (D) 0070078	No. 8, Jalan KL 3/9, Taman Kota Laksamana Sek. 3 75200 Melaka.	4,619.00	3 storey shop office (Vacant)	Leasehold & expiring on 29/05/2110	727,585	01/06/2011
						Total (RM)	**23,793,049**	

STATEMENT OF SHAREHOLDERS

as at 31 October 2012

Authorised Share Capital	:	RM500,000,000 divided into 2,000,000,000 Ordinary Shares of RM0.25 each
Issued and Fully Paid-Up Share Capital	:	RM200,802,500 divided into 803,210,000 Ordinary Shares of RM0.25 each (including 1,334,900 treasury shares)
Class of Shares	:	Ordinary Shares of RM0.25 each
Voting Rights	:	One Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 31 OCTOBER 2012

Size of Shareholdings	No. of Holders	Total Holdings	%
Less than 100	20	287	#
100 to 1,000	394	346,900	0.04
1,001 to 10,000	3,601	20,347,800	2.54
10,001 to 100,000	1,471	49,992,886	6.23
100,001 to 40,093,754*	261	256,663,127	32.01
40,093,755** and above	2	474,524,100	59.18
Total	**5,749**	**801,875,100+**	**100.00**

+ Total number of shares allotted of 803,210,000 less 1,334,900 treasury shares as per the Record of Depositors as at 31 October 2012.
# Negligible
* Less than 5% of the Issued and Paid-Up Share Capital (excluding treasury shares)
** 5% of the Issued and Paid-Up Share Capital (excluding treasury shares)

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2012

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Oceancove Sdn Bhd	426,680,400	53.21	-	-
Dato' Leaw Seng Hai	10,944,100	1.36	426,680,400(2)	53.21
Leaw Ah Chye	-	-	426,680,400(1)	53.21
Datuk Leaw Tua Choon	-	-	426,680,400(1)	53.21
Foo Polin	9,555,900	1.19	426,680,400(1)	53.21
Oceanview Cove Sdn Bhd	-	-	426,680,400(1)	53.21
Kumpulan Wang Persaraan (Diperbadankan)	49,668,000	6.19	-	-

Notes:

(1) *Deemed interested by virtue of their interests in Oceancove Sdn Bhd pursuant to Section 6A of the Companies Act 1965 ("the Act").*

(2) *Deemed interested by virtue of his interests in Oceancove Sdn Bhd via Oceanview Cove Sdn Bhd pursuant to Section 6A of the Act.*

STATEMENT OF SHAREHOLDERS *(continued)*
as at 31 October 2012

DIRECT AND INDIRECT INTEREST OF DIRECTORS IN THE ORDINARY SHARES OF BENALEC HOLDINGS BERHAD AS AT 31 OCTOBER 2012

	Direct Interest		Deemed Interest	
Directors	No. of Shares	%	No. of Shares	%
Aznam bin Mansor	-	-	-	-
Dato' Leaw Seng Hai	10,944,100	1.36	426,680,400[2]	53.21
Leaw Ah Chye	-	-	426,680,400[1]	53.21
Datuk Leaw Tua Choon	-	-	426,680,400[1]	53.21
	-	-	50,000[3]	0.006
Koo Hoong Kwan	850,000	0.10	-	-
Wong Yoke Nyen	500,000	0.06	-	-

Notes:

[1] *Deemed interested by virtue of their interest in Oceancove Sdn Bhd pursuant to Section 6A of the Act.*
[2] *Deemed interested by virtue of his interest in Oceancove Sdn Bhd via Oceanview Cove Sdn Bhd pursuant to Section 6A of the Act.*
[3] *Disclosure made by Datuk Leaw Tua Choon's son, namely Leaw Yongene, that he has interest in the Company pursuant to Section 134(12)(c) of the Act.*

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (AS PER RECORD OF DEPOSITORS AS AT 31 OCTOBER 2012)

Name of Shareholders	Shareholdings	%
1. Oceancove Sdn Bhd	426,680,400	53.21
2. Kumpulan Wang Persaraan (Diperbadankan)	47,843,700	5.97
3. Citigroup Nominees (Tempatan) Sdn Bhd *(Exempt an for American International Assurance Berhad)*	24,033,100	3.00
4. Citigroup Nominees (Tempatan) Sdn Bhd *(Exempt an for Eastspring Investments Berhad)*	13,362,100	1.67
5 Amanahraya Trustees Berhad *(Skim Amanah Saham Bumiputera)*	12,222,000	1.52
6. AmInvestment Bank Berhad *(IVT133JT) (Trading Book)*	11,387,000	1.42
7. Leaw Seng Hai	10,944,100	1.36
8. K-Corporate Synergy Sdn Bhd	9,807,000	1.22
9. Universal Trustee (Malaysia) Berhad *(CIMB-Principal Equity Fund 2)*	9,618,900	1.20
10. Foo Polin	9,555,900	1.91
11. Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board) (PHEIM)*	6,889,700	0.86
12. Payar Coral Sdn Bhd	6,380,100	0.80
13. HSBC Nominees (Asing) Sdn Bhd *(Exempt an for Credit Suisse) (SG BR-TST-ASING)*	5,249,000	0.65

STATEMENT OF SHAREHOLDERS *(continued)*
as at 31 October 2012

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (AS PER RECORD OF DEPOSITORS AS AT 31 OCTOBER 2012) *(continued)*

Name of Shareholders	Shareholdings	%
14. Amanahraya Trustees Berhad *(CIMB Principal Equity Aggressive Fund 1)*	4,726,800	0.59
15. Amanahraya Trustees Berhad *(Public Islamic Optimal Growth Fund)*	4,387,500	0.55
16. Malaysia Nominees (Tempatan) Sendirian Berhad *(Great Eastern Life Assurance (Malaysia) Berhad) (DR)*	4,190,690	0.52
17. Ocean Venture Pte Ltd	4,067,200	0.51
18. Maybank Nominees (Tempatan) Sdn Bhd *(Maybank Trustees Berhad for CIMB-Principal Equity Aggressivefund 3) (980050)*	3,902,200	0.49
19. Malaysia Nominees (Tempatan) Sendirian Berhad *(Great Eastern Life Assurance (Malaysia) Berhad) (LGF)*	3,894,900	0.49
20. SBB Nominees (Tempatan) Sdn Bhd *(Yayasan Mohd Noah)*	3,889,700	0.49
21. Malaysia Nominees (Tempatan) Sendirian Berhad *(Great Eastern Life Assurance (Malaysia) Berhad) (LPF)*	3,795,120	0.47
22. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *(Deutsche Trustees Malaysia Berhad for Eastspring Investmentsgrowth Fund)*	2,867,600	0.36
23. Amsec Nominees (Asing) Sdn Bhd *(Pledged Securities Account for Arepo Commercial Pte Ltd)*	2,700,000	0.34
24. HLIB Nominees (Tempatan) Sdn Bhd *(Hong Leong Bank Bhd for Chuan Hong Hang Sdn Berhad)*	2,670,000	0.33
25. M & A Nominee (Tempatan) Sdn Bhd *(Pledged Securities Account for Colin Chuah Chin Yu) (M&A)*	2,400,000	0.30
26. SBB Nominees (Tempatan) Sdn Bhd *(Pertubuhan Kebangsaan Melayu Bersatu Atau UMNO)*	2,204,600	0.27
27. Malacca Equity Nominees (Tempatan) Sdn Bhd *(Exempt an for Phillip Capital Management Sdn Bhd) (EPF)*	2,203,000	0.27
28. CIMSEC Nominees (Asing) Sdn Bhd *(Bank of Singapore Ltd for Wanying Investment Ltd)*	2,181,500	0.27
29. Amanahraya Trustees Berhad *(Amanah Saham Malaysia)*	2,059,500	0.26
30. UOBM Nominees (Asing) Sdn Bhd *(UOBM for Aspella Holding Limited) (PBM)*	2,000,000	0.25

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of BENALEC HOLDINGS BERHAD ("Benalec" or "Company") will be held at Glenmarie Ballroom, Lobby Level, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 19 December 2012 at 10.00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2012 and the Reports of the Directors and Auditors thereon. — **Please refer to explanatory note below**

2. To approve the payment of a Final Single Tier Dividend of 3 Sen for each Ordinary Share of RM0.25 each in respect of the financial year ended 30 June 2012. — **Ordinary Resolution 1**

3. To approve the payment of Directors' fees of RM168,000 for the financial year ended 30 June 2012. — **Ordinary Resolution 2**

4. To re-elect Datuk Leaw Tua Choon who retires by rotation pursuant to Article 108 of the Company's Articles of Association and being eligible, offered himself for re-election. — **Ordinary Resolution 3**

5. To re-elect Aznam bin Mansor who retires by rotation pursuant to Article 108 of the Company's Articles of Association and being eligible, offered himself for re-election. — **Ordinary Resolution 4**

6. To re-appoint Messrs BDO as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions (with or without modifications) as Ordinary and Special Resolutions of the Company:

7. **AUTHORITY FOR DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** — **Ordinary Resolution 6**

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed 10% of the nominal value of the issued and paid-up capital (excluding treasury shares) of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

8. **PROPOSED AMENDMENTS TO THE BY-LAWS OF THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS")** **Ordinary Resolution 7**

"THAT the Proposed Amendments to the By-Laws of the ESOS as set out in Appendix I be and are hereby approved.

THAT the Directors and/or the Adviser of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the Proposed Amendments to the By-Laws of the ESOS as set out in Appendix I."

9. **PROPOSED GRANT OF OPTIONS TO AZNAM BIN MANSOR, THE CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY** **Ordinary Resolution 8**

"THAT the Option Committee for administering the Company's Employees' Share Option Scheme ("ESOS") be and is hereby authorised at any time, and from time to time, during the existence of the ESOS to offer and grant to Aznam bin Mansor, the Chairman and Independent Non-Executive Director of the Company, options to subscribe for the new ordinary shares in the Company available to be issued under the ESOS of the Company, subject to the following:

(a) the aforesaid Director do not participate in the deliberation or discussion of his own allocation; and

(b) not more than ten percent (10%) of the total new ordinary shares made available under the ESOS will be allocated to any Eligible Employees and/or Directors who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company.

PROVIDED ALWAYS that it is in accordance with the provisions of the By-Laws of the ESOS and any prevailing guidelines issued by Bursa Malaysia Securities Berhad ("Bursa Securities"), the Main Market Listing Requirements of Bursa Securities or any other relevant authorities as amended from time to time."

10. **PROPOSED GRANT OF OPTIONS TO WONG YOKE NYEN, AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY** **Ordinary Resolution 9**

"THAT the Option Committee for administering the Company's Employees' Share Option Scheme ("ESOS") be and is hereby authorised at any time, and from time to time, during the existence of the ESOS to offer and grant to Wong Yoke Nyen, an Independent Non-Executive Director of the Company, options to subscribe for the new ordinary shares in the Company available to be issued under the ESOS of the Company, subject to the following:

(a) the aforesaid Director do not participate in the deliberation or discussion of his own allocation; and

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

10. **PROPOSED GRANT OF OPTIONS TO WONG YOKE NYEN, AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY *(continued)***

    (b) not more than ten percent (10%) of the total new ordinary shares made available under the ESOS will be allocated to any Eligible Employees and/or Directors who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company.

    PROVIDED ALWAYS that it is in accordance with the provisions of the By-Laws of the ESOS and any prevailing guidelines issued by Bursa Malaysia Securities Berhad ("Bursa Securities"), the Main Market Listing Requirements of Bursa Securities or any other relevant authorities as amended from time to time."

11. **PROPOSED GRANT OF OPTIONS TO KOO HOONG KWAN, AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY** **Ordinary Resolution 10**

    "THAT the Option Committee for administering the Company's Employees' Share Option Scheme ("ESOS") be and is hereby authorised at any time, and from time to time, during the existence of the ESOS to offer and grant to Koo Hoong Kwan, an Independent Non-Executive Director of the Company, options to subscribe for the new ordinary shares in the Company available to be issued under the ESOS of the Company, subject to the following:

    (a) the aforesaid Director do not participate in the deliberation or discussion of his own allocation; and

    (b) not more than ten percent (10%) of the total new ordinary shares made available under the ESOS will be allocated to any Eligible Employees and/or Directors who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company.

    PROVIDED ALWAYS that it is in accordance with the provisions of the By-Laws of the ESOS and any prevailing guidelines issued by Bursa Malaysia Securities Berhad ("Bursa Securities"), the Main Market Listing Requirements of Bursa Securities or any other relevant authorities as amended from time to time."

12. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** **Ordinary Resolution 11**

    "THAT subject to compliance with the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares of RM0.25 each in the Company's issued and paid-up share capital through Bursa Securities at anytime and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject further to the following:

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

12. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK *(continued)***

i) the maximum number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the issued and paid-up share capital for the time being of the Company ("Shares"); and

ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and the share premium account of the Company. As of 30 June 2012, the audited retained profits and share premium of the Company were RM29,969,033 and RM150,099,376 respectively;

THAT upon completion of the purchase by the Company of its own Shares, the Directors of the Company are authorised to deal with the said Shares in the following manner:

i) cancel the Shares so purchased; or
ii) retain the Shares so purchased as Treasury Shares; or
iii) retain part of Shares so purchased as Treasury Shares and cancel the remainder; or
iv) resell the Treasury Shares on Bursa Securities and/or distribute the Treasury Shares as dividends to the Company's shareholders and/or subsequently cancel the Treasury Shares or combination of the three;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force.

AND THAT the Directors of the Company be and are hereby empowered to carry out the above immediately upon the passing of this resolution and the authority conferred by this resolution will continue to be in force from the date of the passing of this resolution until:

i) the conclusion of the next annual general meeting of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

ii) the expiration of the period within which the next annual general meeting after that date is required bylaw to be held; or

iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting;

whichever is the earliest, and the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things as they deem fit and expedient in the interest of the Company to give full effect to the Proposed Renewal of Authority for Share Buy-Back contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

13. **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY** **Special Resolution**

"THAT the Articles of Association of the Company be altered by inserting a new Article 92(A)(iii) into the Articles of Association of the Company as follows:

"Appointment Of Multiple Proxies

92(A)(iii) ***Where a member of the Company is an authorised nominee as defined under Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account."***

THAT the Directors and/or the Secretary of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the Proposed Amendment to the Articles of Association of the Company as set out above."

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of shareholders at the Seventh Annual General Meeting of the Company to be held on Wednesday, 19 December 2012, the Final Single Tier Dividend of 3 Sen per share for the financial year ended 30 June 2012 will be paid on Friday, 15 March 2013 to the shareholders of the Company whose name appear in the Record of Depositors on Tuesday, 19 February 2013. The entitlement date for the dividend payment is on Tuesday, 19 February 2013.

A Depositor shall qualify for entitlement to the dividend only in respect of:

a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 19 February 2013 in respect of ordinary transfer; and

b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board of
BENALEC HOLDINGS BERHAD

MAK BOON POH (MAICSA No. 7060926)
WONG WAI FOONG (MAICSA No. 7001358)
THAM WAI YING (MAICSA No. 7016123)
Company Secretaries
Kuala Lumpur
Dated: 27 November 2012

Notes:

1. *A member of the Company entitled to attend and vote at the general meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a representative to attend and vote in his place. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

2. *A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two proxies the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

Notes: (continued)

3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*

4. *In the event a member duly executes the Proxy Form but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his proxy.*

5. *Any alterations in the Proxy Form must be initialled.*

6. *To be valid, the Proxy Form duly completed must be deposited with the Share Registrar of the Company at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.*

7. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, such member may appoint at least one (1) proxy in respect of each Securities Account he holds with ordinary shares of the Company standing to the credit of the said Securities Account.*

8. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

9. *For the purpose of determining a member who shall be entitled to attend the Annual General Meeting of the Company, the Company shall request Bursa Malaysia Depository Sdn Bhd, in accordance with Article 75(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 11 December 2012. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.*

EXPLANATORY NOTE ON ITEM 1

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item is not put forward to the shareholders for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

ORDINARY RESOLUTION 6

Ordinary Resolution 6 is proposed pursuant to Section 132D of the Companies Act, 1965, and if passed, will provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration. This authority will expire at the conclusion of the next Annual General Meeting of the Company.

ORDINARY RESOLUTION 7

The Ordinary Resolution 7, if passed, will render the By-Laws of the ESOS of the Company to be updated in accordance with the recent enhancements issued by Bursa Malaysia Securities Berhad amending certain provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

For further information, please refer to the Circular to shareholders dated 27 November 2012.

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

EXPLANATORY NOTES ON SPECIAL BUSINESS *(continued)*

ORDINARY RESOLUTIONS 8 TO 10

The Ordinary Resolutions 8 to 10, if passed, will empower the Company to grant options to the Independent Non-Executive Directors of the Company to allow them to subscribe for the new ordinary shares in the Company available to be issued under the ESOS of the Company.

For further information, please refer to the Circular to shareholders dated 27 November 2012.

ORDINARY RESOLUTION 11

Ordinary Resolution 11, if passed, will empower the Directors to purchase the Company's shares through Bursa Malaysia Securities Berhad up to ten per cent (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company.

For further information, please refer to the Share Buy-Back Statement set out in the Circular to shareholders dated 27 November 2012.

SPECIAL RESOLUTION

The Special Resolution, if passed, will render the Articles of Association of the Company to be specified clearly the number of proxies for the authorised nominee if it is a member.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There were no Directors standing for election at the forthcoming Seventh Annual General Meeting.

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BENALEC HOLDINGS BERHAD
(Company No. 702653-V)
(Incorporated in Malaysia under the Companies Act, 1965)

CDS Account No.

No. of shares held

PROXY FORM

I/We____Tel:________________

NRIC no./Company no.____

[Full name in Block, NRIC no./Company no. and telephone number]

of____

____

being a member/members of **BENALEC HOLDINGS BERHAD**, hereby appoint:

Full Name (in block)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or *(delete as appropriate)*

Full Name (in block)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Glenmarie Ballroom, Lobby Level, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 19 December 2012 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

ITEM	AGENDA	RESOLUTION	FOR	AGAINST
2.	Payment of a Final Dividend	Ordinary Resolution 1		
3.	Payment of Directors' fees	Ordinary Resolution 2		
4.	Re-election of Datuk Leaw Tua Choon as Director	Ordinary Resolution 3		
5.	Re-election of En Aznam bin Mansor as Director	Ordinary Resolution 4		
6.	Re-appointment of Messrs BDO as Auditors	Ordinary Resolution 5		
7.	Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965	Ordinary Resolution 6		
8.	Proposed Amendments to the By-Laws of the ESOS	Ordinary Resolution 7		
9.	Proposed Grant of Options to En Aznam bin Mansor	Ordinary Resolution 8		
10.	Proposed Grant of Options to Mr Wong Yoke Nyen	Ordinary Resolution 9		
11.	Proposed Grant of Options to Mr Koo Hoong Kwan	Ordinary Resolution 10		
12.	Proposed Renewal of Authority for Share Buy-Back	Ordinary Resolution 11		
13.	Proposed Amendment to the Articles of Association	Special Resolution		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this   day of   , 2012

____
Signature of Shareholder/Common Seal

Notes:

1. *A member of the Company entitled to attend and vote at the general meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a representative to attend and vote in his place. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.*
2. *A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two proxies the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
4. *In the event a member duly executes the Proxy Form but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his proxy.*
5. *Any alterations in the Proxy Form must be initialled.*
6. *To be valid, the Proxy Form duly completed must be deposited with the Share Registrar of the Company at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.*
7. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, such member may appoint at least one (1) proxy in respect of each Securities Account he holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
8. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
9. *For the purpose of determining a member who shall be entitled to attend the Annual General Meeting of the Company, the Company shall request Bursa Malaysia Depository Sdn Bhd, in accordance with Article 75(3) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 11 December 2012. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.*

please fold here

Affix
stamp

The Share Registrar

BENALEC HOLDINGS BERHAD
c/o Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur

please fold here

Benalec Holdings Berhad

No. 38, Jalan Pangacara U1/48, Seksyen U1,
Temasya Industrial Park, Glenmarie,
40150 Shah Alam,
Selangor Darul Ehsan, Malaysia.

Tel : +603-5569 7366 / 5569 8366 / 5569 9366
Fax : +603-5569 0366
Email : enquiry@benalec.com.my
Website : www.benalec.com.my