



BENALEC HOLDINGS BERHAD
(702653-V)

Progressing Synergy





CORPORATE PROFILE

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

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

BENALEC GROUP was formed to realise an 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 with its capacity and capability to deliver top-grade quality work to its customers.

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.

Benalec has in a short span of time emerged as one of Malaysia’s own top-notch homegrown 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) and is an ISO 9001:2008 certified company.

Benalec has expanded to Singapore with the setting up of Benalec Sdn Bhd Singapore Branch, which also has achieved ISO 9001:2008 and OHSAS 18001:2007 accreditation, and is registered with the Building and Construction Authority (BCA) Singapore under CW02-B1 and under SY01-L6.

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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BOARD OF DIRECTORS

Aznam Bin Mansor

(Chairman /

Independent Non-Executive Director)

Dato' Leaw Seng Hai

(Group Managing Director)

Koo Hoong Kwan

*(Senior 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)

EVALUATION COMMITTEE

Koo Hoong Kwan
(Chairman of Committee)

Dato' Leaw Seng Hai
(Member of Committee)

Wong Yoke Nyen
(Member of Committee)

COMPANY SECRETARIES

Wong Wai Foong
(MAICSA No. 7001358)

Tan Ley Theng
(MAICSA No. 7030358)

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 (AF 0206)
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 Name: **BENALEC**
Stock Code: **5190**

COMPANY WEBSITE

www.benalec.com.my

CORPORATE STRUCTURE



BENALEC HOLDINGS BERHAD (702653-V)



PROFILE OF DIRECTORS

AZNAM BIN MANSOR

Chairman and Independent Non-Executive Director

En Aznam Bin Mansor, a Malaysian aged 55, was appointed to the Board as an Independent Non-Executive Chairman of the Company on 5 October 2010. He is 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, United Kingdom 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 eight (8) out of nine (9) board meetings held during the financial year ended 30 June 2014.

DATO' LEAW SENG HAI

Group Managing Director

Dato' Leaw Seng Hai, a Malaysian aged 52, was appointed to the Board as a Director of the Company on 12 July 2005 and was redesignated as a Group Managing Director on 5 October 2010. He is a member of Evaluation Committee. He obtained a Bachelor of Science (Engineering) with Second Class Honours (Upper Division) from University College of London, United Kingdom 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 the reliable, cost-effective and efficient standards of the Group are constantly 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 a Director of Oceancove Sdn Bhd, a direct major shareholder of the Company. He has direct interest in the securities of the Company and is an indirect major shareholder of the Company. Save as disclosed above, he has no family relationship with any other director and/or direct 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 nine (9) board meetings held during the financial year ended 30 June 2014.

KOO HOONG KWAN

Senior Independent Non-Executive Director

Mr. Koo Hoong Kwan, a Malaysian aged 69, was appointed as an Independent Non-Executive Director on 5 October 2010. Subsequently, he was appointed as Senior Independent Non-Executive Director on 26 February 2013. He is also the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee, Option Committee and Evaluation 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 nine (9) board meetings held during the financial year ended 30 June 2014.

WONG YOKE NYEN

Independent Non-Executive Director

Mr. Wong Yoke Nyen, a Malaysian aged 55, 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, Option Committee and Evaluation 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, United Kingdom (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, United States. 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 corporate 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. He does not hold any securities 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 eight (8) out of nine (9) board meetings held during the financial year ended 30 June 2014.

CHAIRMAN'S STATEMENT

economy
grew by

1.8%

domestic
demand
grew by

5.7%



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 2014.

Against the backdrop of global economic uncertainties, the Malaysian economy registered a relatively healthy growth of 6.4% in the second quarter of 2014 (1Q 2014: 6.2%). Overall, growth was driven by higher exports and continued strength in private domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%). Domestic demand grew by 5.7% in the second quarter of 2014 (1Q 2014: 7.4%). Private sector activity remained the key driver of growth during the quarter amid strong investment and consumption.

The construction sector, within which Benalec operates, recorded a more moderate pace of expansion during the quarter after an exceptionally strong growth in the first quarter. Growth in the civil engineering sub-sector was substantially attributable to rail and utility projects such as the MRT, LRT extension, and Tanjung Bin power plant.

The Malaysian economy is expected to remain on a steady growth path in the remaining months of 2014, expanding by an estimated 4.5% to 5.5%. The construction sector, in particular, is expected to continue recording sustainable growth, albeit at a more moderate pace. These economic dynamics are certainly encouraging from Benalec’s perspectives.

FINANCIAL PERFORMANCE

For the financial year ended (FYE) 30 June 2014 Benalec recorded a profit after tax (PAT) of RM7.1 million, as compared with RM56.6 million in FYE 2013. The decline was mainly attributable to the recognition of impairment loss of RM16.2 million arising from the write-down of the Group’s fleet of vessels to its recoverable amount, together with an impairment provision against trade receivables amounting to RM2.9 million. Further contributing to the decline was the non-recognition of reclamation works carried out in a project secured by Benalec via a Deed of Assignment; recognition of the same will eventuate in subsequent quarters upon the sale of the land reclaimed. Last, but not least, the timing of the rescission of two land sale agreements involving four parcels of land has had the following financial effects: (1) the reversal of the net gain of RM9.3 million recognised and reported in the previous financial year, thus impacting on the profit for the financial year under review, and (2) the deferral of the recognition of the net gain of RM24 million arising from the concluded re-sale of the said four parcels of land to the ensuing financial year.

Given the contributory factors cited above, the decline in the year-on-year after-tax profit is understandable and should not give rise to any cause for concern. Further assurance for Benalec is drawn from the fact that Sales and Purchase Agreements with an aggregate value of RM360 million have already been signed for the disposal of reclaimed land measuring a total area of approximately 196.07 acres, added to which a land reclamation contract has also been secured covering 415 acres of land for a contract sum of RM203.9 million, thereby providing the Company with a sustainable and stable revenue stream, recognition of which ought to commence in the ensuing financial year.

The culmination of the foregoing dynamics and metrics provides the basis for the Board and Management of the Company to continue to maintain a healthy and positive outlook vis-à-vis the Company's prospects.

DIVIDENDS

In line with our dividend policy, the Board is recommending a tax exempt dividend of 0.3 sen for every ordinary share in respect of the financial year ended 30 June 2014, subject to the approval of shareholders at the forthcoming Annual General Meeting.

PROSPECTS AND OUTLOOK

Asia's rapid economic development has created high demand for energy and feedstock. As a result of this, adequate oil storage is required to meet the region's rising oil needs and to create a larger storage buffer of crude oil and its associated products. Malaysia expects to leverage on strategic ports along the Straits of Melaka, with deep-water marine accessibility and land availability to build an oil storage and trading hub, as envisaged under the Economic Transformation Programme.

The impending reclamation projects in Tanjung Piai and Pengerang measuring a total area of over 5200 acres, are expected to provide strong growth and investment opportunities, thus providing an avenue for Benalec to generate a recurring income stream within the framework of Malaysia's master-plan to fulfil its aim and objective of establishing itself as a storage and trading hub in the Asia Pacific region.

Demand for land in Melaka is expected to remain strong with rapid development taking place. As a UNESCO-listed World Heritage Site, Melaka has attracted more than 13 million tourists in the year 2013. Increased tourist inflows and economic activities in Melaka are expected to amplify the State's prominence, thereby enhancing the potential value of the Group's substantial landbank in the State.

Benalec is constantly in pursuit of prospective reclamation contracts to replenish its orderbook and sustain continuous growth of its business.

With the Government's commitment towards oil, gas and energy sector, and taking into consideration Benalec's demonstrated key competitive strengths, such as established track record of innovation and timely completion of projects which are enabled through integrated operations, supported by a large and comprehensive fleet of vessels, the Board is of the view that prospects for the Group's marine construction activities will remain very positive.

CORPORATE SOCIAL RESPONSIBILITY

At Benalec, we understand and believe in the holistic value of Corporate Social Responsibility. The proactive role we play in our community assumes a high degree of importance to our Group, in the knowledge that our contribution to the community will encourage a sustainable and positive outcome. Our purpose reinforces our values of helping local communities to grow and prosper, with Pertubuhan Kebajikan Sehati Ipoh Perak, the Majlis Sukan Negeri Selangor and the Persatuan Bolasepak Negeri Johor being cases in point.

APPRECIATION AND ACKNOWLEDGMENT

On behalf of the Board of Directors, I wish to express my utmost gratitude to our shareholders and other stakeholders for their continued trust in us, particularly in understanding and supporting our efforts to bring the Company to greater heights. As always, we shall strive to work hard to ensure that our efforts will result in the creation of value for all stakeholders.

To my fellow Board members, thank you for your active participation and valuable contribution at all Board and Committee meetings. Your wisdom and vision have guided the Company through the highs and lows of our journey.

Last, but not least, we take our hats off to each and every one of our employees. Without your perseverance and commitment, we would not have come this far. I trust that we will continue to prove that when we put our hearts, our heads and our hands together, we are well-equipped to overcome all challenges.

AZNAM BIN MANSOR

Chairman

OPERATIONS REVIEW

Financial Year 2014 was indeed a particularly challenging year for us but, looking ahead, we maintain a very positive outlook in terms of our prospects for the next several years. This positive outlook is based on the fact that we have signed agreements to sell 196.07 acres of land valued at approximately RM360 million. The average market price of the property has increased and in line with our business model, we shall dispose of the reclaimed land in a timely manner to meet the working capital requirements of Benalec.

In May 2014, we secured a contract to undertake reclamation works in Melaka covering an area of 415 acres for a contract sum of RM203.9 million, which would contribute positively to the earnings and net assets of Benalec for the financial years ending 2015 to 2017.

We are also pleased to report that we have aligned our resources and financing to undertake both the current projects in Melaka and the imminent commencement of the projects in Johor which will further bolster our order book, thus ensuring sustainability of our business for at least the next decade.



UPDATE OF PROJECTS

ON-GOING



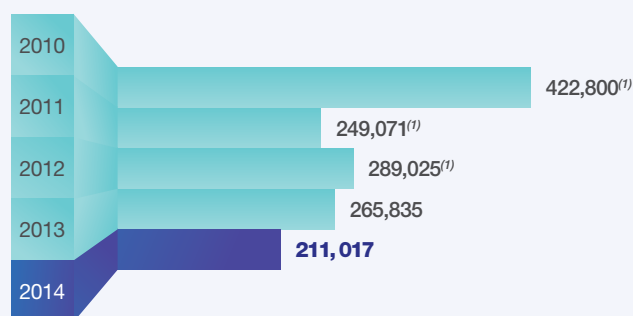
We are currently undertaking reclamation works in Kota Laksamana, Melaka to reclaim the land sold to the Land Purchasers measuring a total of 158.06 acres.



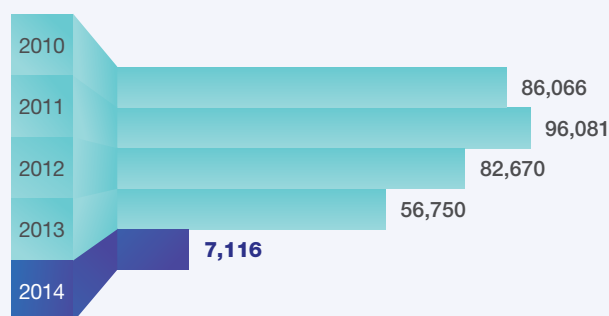
We are also engaged in the contract of "Affreightment" commissioned by TNB Fuel Services Sdn Bhd ("TNBF") for the carriage of bulk coal for TNBF until 2015.

GROUP FINANCIAL HIGHLIGHTS

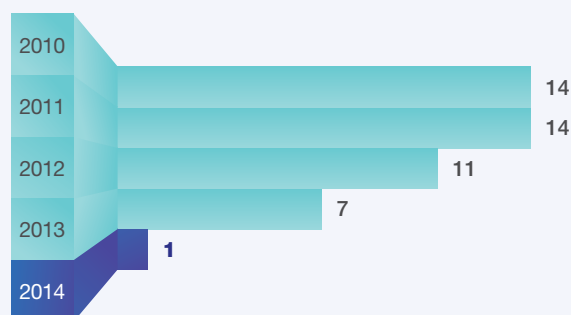
REVENUE (RM'000)



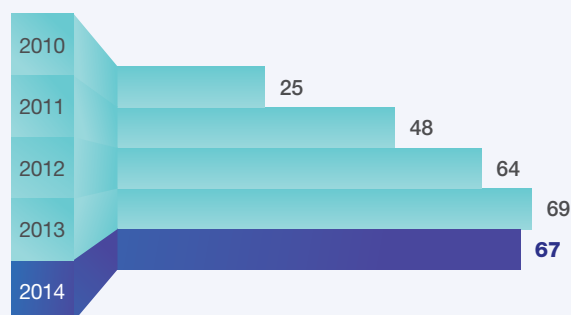
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)



BASIC EARNINGS PER SHARE (SEN)



NET ASSETS PER SHARE (SEN)



Year ended 30 June		2014	2013	2012	2011	2010*
Revenue	(RM'000)	211,017	265,835	289,025 ⁽¹⁾	249,071 ⁽¹⁾	422,800 ⁽¹⁾
Profit Before Taxation	(RM'000)	18,203	65,560	100,241	126,091	121,526
Profit After Taxation	(RM'000)	7,103	56,662	82,667	96,081	105,818
Profit Attributable to Owners of the Parent	(RM'000)	7,116	56,750	82,670	96,081	86,066
Paid-up Capital	(RM'000)	202,853	201,912	200,740	182,500	2,500
No. of Shares (units)	('000)	811,412 ⁽²⁾	807,649 ⁽³⁾	802,960 ⁽⁴⁾	730,000	613,478 ⁽⁵⁾
Equity Attributable to Owners of the Parent	(RM'000)	543,420	554,036	516,389	346,760	153,370
Basic Earnings Per Share	(Sen)	1	7	11	14	14
Diluted Earnings Per Share	(Sen)	1	7	11	N/A	N/A
Net Assets Per Share	(Sen)	67	69	64	48	25

* 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) Figure restated arising from the adoption of Malaysia Financial Reporting Standards (MFRSs)
 - (2) Include 11,155,400 treasury shares of RM0.25 each, repurchased from the open market for a total consideration of RM11,114,879 at average price of RM0.9964 per ordinary share.
 - (3) Include 1,344,900 treasury shares of RM0.25 each, repurchased from the open market for a total consideration of RM1,477,078 at average price of RM1.0983 per ordinary share.
 - (4) Include 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.
 - (5) 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 Malaysia 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 2.2 of the Code on gender diversity policies and targets and the measures taken to meet the targets. The Board, having duly considered the rationale for the said exception, is fully convinced of the justification as set out on page 36 of this Annual Report.

THE BOARD

1. Board Composition

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

Presently, the Board comprises one (1) Executive Director and three (3) Independent Non-Executive Directors as set out below:

Name of Director	Directorship
Aznam Bin Mansor	Chairman, Independent Non-Executive Director
Dato’ Leaw Seng Hai	Group Managing Director
Koo Hoong Kwan	Senior Independent Non-Executive Director
Wong Yoke Nyen	Independent Non-Executive Director

The present composition of the Board complies with the requirement 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 Directors 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 interests of 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 5 of this Annual Report.

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.

THE BOARD (continued)**2. Directors' Duties and Responsibilities (continued)**

All Board members participate fully in decisions on key issues involving the Company. The Executive Director is 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 respective communities in which the company conducts its business.

There is a clear division of roles and responsibility between the Independent Non-Executive Chairman and the Group Managing Director to ensure a balance of power and authority in the Board. Formal position descriptions for the Independent Non-Executive Chairman and the Group Managing Director outlining their respective roles and responsibilities are set out in the Board Charter.

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, exercises overall control of the Group.

3. Board Charter

The Board has adopted a Board 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 their obligation of discharging their duties and responsibilities to the Company. The Board 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 Board 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 Board 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 nine (9) times during the financial year ended 30 June 2014. A summary of attendance for each of the Board of Directors is as follows:

Name of Directors	No. of meetings attended
Aznam Bin Mansor	8 out of 9
Dato' Leaw Seng Hai	9 out of 9
Koo Hoong Kwan	9 out of 9
Wong Yoke Nyen	8 out of 9

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 of 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 outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

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

Audit Committee

The Audit Committee, which was established on 30 November 2010 comprises three (3) Independent Non-Executive Directors. The functions of the Audit Committee include reviewing of audit findings of the external and internal auditors together with management response thereon, deliberating on financial statements and reviewing 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 25 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 functions of the Nomination Committee include identifying and recommending suitable candidates to the Board for approval, for appointments on the Board of the Company and its subsidiaries, either to fill vacancies or as additions to meet the changing needs of the Group.

The terms of reference and summary of activities of the Nomination Committee are set out in the Nomination Committee Report on pages 33 to 36 of this Annual Report.

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**
(Senior Independent Non-Executive Director) - Chairman
- **Aznam Bin Mansor**
(Independent Non-Executive Director) - Member
- **Wong Yoke Nyen**
(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 include the following:

- Recommending to the Board the remuneration packages for Non-Executive Directors and remuneration packages for Executive Director and Senior Management;
- Ensuring that the compensation and other benefits encourage Executive Director 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 Director and Senior Management.

The Remuneration Committee met three (3) times during the year under review with the attendance of all the Remuneration Committee members.

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**
(Senior Independent Non-Executive Director) - Chairman
- **Aznam Bin Mansor**
(Independent Non-Executive Director) - Member
- **Wong Yoke Nyen**
(Independent Non-Executive Director) - Member

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

The primary responsibility of the Option Committee is to administer the implementation of the Share Issuance Scheme ("Scheme") in accordance with the objectives and regulations as set out in the By-Laws of the Scheme 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.

THE BOARD (continued)**5. Board Committees (continued)****Evaluation Committee**

The Evaluation Committee was established on 23 April 2013. The members of the Evaluation Committee are as follows:

- **Koo Hoong Kwan**
(Senior Independent Non-Executive Director) - Chairman
- **Dato' Leaw Seng Hai**
(Group Managing Director) - Member
- **Wong Yoke Nyen**
(Independent Non-Executive Director) - Member

The Evaluation Committee is a sub-committee of the Board, formed to consider and review all tenders and/or offers received in conjunction with land sale and to also deliberate on contracts with a value exceeding RM5 million to be awarded to sub-contractor(s) ("the offers") by the Benalec Group. After due consideration, the Evaluation Committee shall provide objective advice and recommendations on the selected offers to the Board, thus ensuring that all the offers selected are made in the best interests of the Group.

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 assess the contribution of each individual Director, both Executive and Independent Non-Executive.

The Nomination Committee met in August 2014 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-reappointment 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. Presently, there is no Independent Director of the Company whose tenure has exceeded a cumulative term of nine (9) years as the Company was listed on 17 January 2011.

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

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

The Board as a whole will evaluate and establish or recommend the 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 regulations and related issues.

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, forum and seminars as follows:

Name of Director	Title of Seminar/Forum/Courses	Date of Attendance
Aznam Bin Mansor	Wealth Creation & Preservation – Turning Possibility Into Reality	1 October 2013
	Managing Stakeholders' Expectations In The Fast Changing Business Trends Towards Value Creation	18 February 2014
	Anti-Money Laundering & Anti-Terrorism Financing For Directors And Senior Management	29 May 2014
	Share Valuation Techniques For Directors	6 June 2014
Dato' Leaw Seng Hai	Planning Corporate Mergers & Acquisitions – For Execution Excellence	13 March 2014
Koo Hoong Kwan	IFRS Masterclass 2013	12 July 2013
	Governance in Action – What Every Director Should Know	11 March 2014
	Planning Corporate Mergers & Acquisitions – For Execution Excellence	13 March 2014
	Risk Management & Internal Control: Workshop for Audit Committee Members	5 June 2014
Wong Yoke Nyen	IFRS Masterclass 2013	12 July 2013
	Budget 2014 Tax Seminar	7 November 2013
	Governance in Action – What Every Director Should Know	11 March 2014
	Merger & Acquisitions: Pricing the Deal, Due Diligence and Alternatives to M&A	6 May 2014
	Risk Management & Internal Control: Workshop for Audit Committee Members	3 June 2014

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.

THE BOARD (continued)**9. Supply and Dissemination of Information**

Board meetings are structured with 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, and 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 PLT for their professional advice and assistance in furtherance of their duties.

10. Directors' Remuneration

The Company has adopted the recommendation of the Code in relation to the 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 Director. 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. The Executive Director plays no part in the decision pertaining to his 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 three (3) times to discuss the remuneration structure and packages for the financial year ended 30 June 2014 for review by the Board.

The aggregate remuneration of Directors for the financial year ended 30 June 2014 is as follows:

Category	Executive Directors RM	Non-Executive Directors RM	Total RM
Directors' Fees	-	540,000	540,000
Directors' Salaries	4,540,234	-	4,540,234
Other Emoluments	3,833,218	214,000	4,047,218
Share Options granted under the Scheme	206,640	125,460	332,100
Benefits in kind	56,560	21,250	77,810
Total	8,636,652	900,710	9,537,362

THE BOARD (continued)**10. Directors' Remuneration (continued)**

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

Range of Remuneration	No. of Directors		Total
	Executive Directors	Non-Executive Directors	
RM250,000 to RM300,000	-	1	1
RM300,001 to RM350,000	-	2	2
RM350,001 to RM400,000	1	-	1
RM400,001 to RM450,000	1	-	1
RM7,500,001 to RM8,000,000	1	-	1
Total	3	3	6

The Board is of the view that the transparency and accountability aspects of the Code as applicable to Directors' remuneration are appropriately served by the "band disclosure" in accordance with the Listing Requirements.

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 Board will put substantive resolutions to vote by poll when necessary. The Board will also evaluate the feasibility of carrying out electronic polling at its general meetings in future.

The Company's website at www.benalec.com.my contains vital information concerning the Group. All investors are encouraged at all times to log on and visit the Company's website to be informed to the latest happenings and detailed information on the corporate and business aspects of the Group and all the announcements made to Bursa Securities.

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 methodologies 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 external 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.

RISK MANAGEMENT AND INTERNAL CONTROL

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 Risk Management and Internal Control which provides an overview of the state of risk management and internal controls within the Group are set out on pages 22 to 24 of the Annual Report.

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

ADDITIONAL COMPLIANCE INFORMATION**1. Utilisation of Proceeds**

There were no proceeds raised from corporate proposals during the financial year ended 30 June 2014.

2. Share Buy-back

During the financial year ended 30 June 2014, the Company bought back 9,810,500 of its own ordinary shares of RM0.25 each at the total consideration of RM9,637,801 (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 cost) RM
August 2013	100,000	0.25	1.205	1.205	1.228	122,791
January 2014	105,000	0.25	0.925	0.928	0.943	99,056
March 2014	50,000	0.25	0.885	0.890	0.893	44,674
May 2014	9,255,500	0.25	0.967	0.978	0.976	9,030,961
June 2014	300,000	0.25	1.130	1.130	1.134	340,319
Total	9,810,500					9,637,801

As at 30 June 2014, the total treasury shares held by the Company was 11,155,400 shares.

3. Options, Warrants or Convertible Securities

There were no warrants or convertible securities issue during the financial year ended 30 June 2014.

The amount of share options issued by the Company during the year under review are disclosed in the Directors' Report and Note 22 to the Financial Statements for the financial year ended 30 June 2014.

4. Depository Receipt Programme ("DRP")

The Company did not sponsor any DRP during the financial year ended 30 June 2014.

5. Sanctions and/or Penalties

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 2014.

ADDITIONAL COMPLIANCE INFORMATION (continued)**6. Non-Audit Fees Paid**

During the financial year ended 30 June 2014, 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 were RM94,268.

7. Variation in Results

There were no variance of 10% or more between the audited results for the financial year ended 30 June 2014 and the unaudited results previously announced.

8. Profit Estimate, Forecast or Projection

The Company did not issue any profit estimate, forecast or projection for the financial year ended 30 June 2014.

9. Profit Guarantee

There was no profit guarantee given by the Company during the financial year ended 30 June 2014.

10. Material Contracts

There was no material contracts entered into by the Company involving the interests of the Directors and substantial shareholders during the financial year ended 30 June 2014, save as disclosed in the Prospectus dated 28 December 2010 and Related Party Disclosure presented in the Financial Statements of this Annual Report.

11. Recurrent Related Party Transactions

The recurrent related party transactions of a revenue and trading nature conducted by the Group during the financial year ended 30 June 2014 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysia Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets.

The Board of Directors ("Board") is pleased to present its Statement on Risk Management and Internal Control in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board is fully committed to maintaining a sound system of risk management and 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. In view of the limitations that are inherent in any system of risk management and 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 Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The following activities have been taken place as part of establishing the risk management and internal control during the year under review:

1. The Board of Directors has reviewed the adequacy and effectiveness of the risk management and internal control system;
2. The Board of Directors has commented on the adequacy and effectiveness of the risk management and internal control system; and
3. Assurance was obtained from Chief Operating Officer and Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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 had been developed for the Company.
- Risk Management Policy had 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.

Statement on Risk Management and Internal Control (continued)

GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (continued)

1. Control Environment and Risk Management Framework (continued)

In order to inculcate a standard of ethical behaviour for directors and employees of the Group, a Code of Ethics and Conduct has been established and communicated to all directors and employees of the Group.

The whistle-blowing reporting process forming part of the Group's Code of Ethics and Conduct allows employees to raise concerns without fear of reprisals on suspected breach or violation of the Code. The employee should immediately report any malpractice that exists in the work place to his/her immediate superior or Head of Department or Chief Operating Officer. However, if the employee feels reluctant to do so, the employee has an option to report it to the Board of Directors.

The Group's Code of Ethics and Conduct is published in the Company website at www.benalec.com.my.

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 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 internal control system and reports 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 auditors also review the internal controls on the key activities and processes of the Group's businesses and present 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 more frequently, as appropriate.

Statement on Risk Management and Internal Control (continued)

GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (continued)

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. As computers are used for transmitting information and storing data, the Management shall maintain a proper IT security controls, which include user and password access rights and backup of data.

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.

CONCLUSION

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

The Board has received the assurance from the Chief Operating Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

The above Statement is made in accordance with the approval given by the Directors during the Board Meeting held on 23 October 2014.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Securities Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (Revised) ("RPG5 (Revised)") issued by the Malaysian Institute of Accountants and procedures have been performed to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors have adopted.

RPG5 (Revised) does not require the External Auditors to consider whether this Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system of the Group including the assessment and opinion by the Board of Directors and management thereon. Based on their procedures performed, the External Auditors have reported to the Board of Directors that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of Benalec Holdings Berhad is pleased to present the report on the Audit Committee of the Board for the year ended 30 June 2014.

MEMBERSHIP AND MEETINGS

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

- **Koo Hoong Kwan**
(Senior 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 of the Audit Committee resulting in 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 eleven (11) times during the financial year ended 30 June 2014 and the attendance of the members of the Audit Committee is as set out below.

Name	No. of meetings attended
Koo Hoong Kwan	11 out of 11
Aznam Bin Mansor	11 out of 11
Wong Yoke Nyen	11 out of 11

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 three (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

TERMS OF REFERENCE (continued)**2.0 Composition and Size (continued)**

- (iv) at least one member of the AC must fulfil 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 three (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 three (3) months of the occurrence of that event.

The Board of Directors should assess the effectiveness of the AC and each of its Members at least once every three (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.

TERMS OF REFERENCE (continued)**5.0 Meetings**

- (i) The AC should meet at least four (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 of 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, Chief Financial Officer, 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 expertise or advisors and invite outsiders with relevant experience to attend Meeting, 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.

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 report 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

TERMS OF REFERENCE (continued)**7.0 Responsibilities and How the Committee Works (continued):**

- (ii) The AC is responsible for (continued):
 - (f) reviewing the following with the External Auditors and report the same to the Board of Directors (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, function, competency and resources of the internal audit function and that it has the necessary authority to carry out its functions according to the standards set by recognised professional bodies and work effectively; and
 - (ii) the internal audit programme, processes, the results of the internal audit programme, processes, appraisals of the effectiveness of the governance, risk management and internal control processes within the Company 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 is 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.

TERMS OF REFERENCE (continued)**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 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.

Roles and Responsibilities

The Audit Committee advises the Board and makes recommendations 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:
 - Ensure 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:
 - Ensure 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:
 - Ensure 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 SHARE ISSUANCE SCHEME ("SCHEME") BY THE AUDIT COMMITTEE

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

SUMMARY OF ACTIVITIES

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

During the financial year ended 30 June 2014, 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 make 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 FUNCTION

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 2014, the internal auditors carried out its audit on the following functions:

- (i) Follow-up on shipyard;
- (ii) Site Project (Malacca);
- (iii) Human Resource Department and Marine & Administration Department;
- (iv) Property Department;
- (v) Information Technology General Controls; and
- (vi) Related Party Transactions.

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 eleven (11) 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 fee incurred for internal audit is RM103,500 while the fee for special review on the related party transactions is RM42,800.

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

- (i) prepared its annual audit plan for consideration by the Audit Committee;
- (ii) performed 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;
- (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; and
- (iv) attend Audit Committee meetings to table and discuss the audit reports.

NOMINATION COMMITTEE REPORT

The Board of Directors (“Board”) of Benalec Holdings Berhad is pleased to present the report on the Nomination Committee of the Board for the year ended 30 June 2014.

MEMBERSHIP AND MEETINGS

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

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

The Nomination Committee was established on 30 November 2010 and the present Nomination 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 Nomination Committee members to be Non-Executive Directors, with a majority of them being Independent Directors.

The Nomination Committee met two (2) times during the financial year ended 30 June 2014 and the attendance of the members of the Nomination Committee is as set out below.

Name	No. of meetings attended
Koo Hoong Kwan	2 out of 2
Aznam Bin Mansor	2 out of 2
Wong Yoke Nyen	2 out of 2

TERMS OF REFERENCE

1.0 Purpose

The purpose of the establishment of the Nomination Committee (“NC” or “Committee”) is to assist the Board of Directors (comprising of the Executive Directors and Independent Non-Executive Directors (“Board”)) to identify, nominate and orientate new Directors.

2.0 Composition and Size

The NC should be appointed by the Board and shall comprise exclusively of Non-Executive Directors with a majority of whom are Independent Non-Executive Directors. The size of NC shall consist of not less than three (3) members.

The Company should consider the appointment of Committee members on a 3-year term, with staggered expiration dates to ensure continuity. In the absence of such a rotation policy, the Board should evaluate a NC member’s performance to see that it meets both the Board and Committee’s expectations.

The Board should assess the effectiveness of the NC on an annual basis. Alternative, the assessment of the NC’s performance can be carried out by individual members of the NC on a peer assessment basis, with the results forwarded to the Board for consideration, as appropriate.

TERMS OF REFERENCE (continued)**3.0 Chairman**

NC must elect a Chairman among the Committee members who is Senior Independent Non-Executive Director identified by the Board.

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

4.0 Secretary

The Company Secretary shall be the Secretary of the NC 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.

5.0 Meetings

- (a) The NC should meet at least once a year to discharge its responsibilities as spelt out in its Terms of Reference. More frequent meetings may be called as the need arises.
- (b) The quorum shall be two (2) members with a majority of members present must be Non-Executive Directors.
- (c) The NC 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.
- (d) Other Directors, key executives and employees may attend any particular meeting only at the Committee's invitation.
- (e) The Minutes of each Meeting shall be made available to all members of the Board upon request.
- (f) The Board should be kept aware of the Committee's activities by way of the Committee Minutes being circulated together with the board meeting papers.
- (g) The NC should be provided with sufficient resources to undertake its duties. It should have access to services of the Company Secretary or seek professional advice at the Company's expense, if necessary, on all NC matters.
- (h) 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.

TERMS OF REFERENCE (continued)**6.0 Responsibilities and How the Committee Works**

- (i) The Terms of Reference of NC should be reviewed by the Board annually and updated as appropriate. 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 NC's responsibilities.
- (ii) The NC is responsible for:
 - (a) identifying and nominating suitable candidate(s) to fill any vacant position in the Board, as and when it arises, and recommending for approval of the Board.
 - (b) ensuring that the Board level recruitment matters are discussed in depth, allowing the Board to instead spend time on strategic and operational matters.
 - (c) ensuring that the Company recruits and retains the best available Executive and Non-Executive Directors.
 - (d) recommending to the Board of Directors a Nomination Framework for the evaluation of the Board's and individual's performance for approval of the Board of Directors.
 - (e) ensuring that women candidate(s) is/are sought as part of its recruitment exercise to maintain the boardroom diversity in the Company, when necessary.
 - (f) reviewing and recommending the nomination or re-nomination of the Directors having regard to the Director's contribution and performance.
 - (g) assessing and recommending to the Board, candidates for all Directorships to be filled after taking into consideration of the candidates':
 - (aa) skills, knowledge, expertise and experience;
 - (bb) professionalism;
 - (cc) integrity; and
 - (dd) in the case of the appointment of candidate(s) for the position of Independent Non-Executive Directors, the NC should assess and evaluate the candidates' ability and independence to discharge such responsibilities/functions as expected from the Independent Non-Executive Directors.
 - (h) recommending to the Board on candidates to seats in the Committee.
 - (i) assisting the Board in an annual review of the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.
 - (j) assisting the Board in an annual review of the effectiveness of the Board as a whole, the Board Committees and contribution and time commitment and protocols for new directorships of each individual Director, including Independent Non-Executive Directors and Group Managing Director.
 - (k) reviewing and approving any new employment of related persons and the proposed terms of their employment.
 - (l) recommending individuals for nomination as members of the Board by assessing the desirability of renewing existing directorships. Due consideration should be given to the extent to which the interplay of the Director's expertise, skills, knowledge and experience was demonstrated with those of other Board members.

TERMS OF REFERENCE (continued)**6.0 Responsibilities and How the Committee Works (continued)**

- (ii) The NC is responsible for (continued):
 - (m) periodically reporting to the Board on succession planning for the Board Chairman and Group Managing Director.
 - (n) reviewing and recommending the appropriate continuing education/training programmes for the Board members, and Board Induction Programmes for newly appointed Board Members.
 - (o) reviewing and assessing any new appointment of Senior Management of the Company.
 - (p) assisting the Board in an annual review of the independence of the Independent Non-Executive Director.
 - (q) develop and maintain the criteria to be used in the recruitment process and annual assessment of Directors.
- (iii) In exercising objectivity in the assessment process, the Committee Members should not be influenced by major controlling Shareholders or the Group Managing Director or Executive Directors.
- (iv) The Board remains responsible for considering and approving recommendations from the NC.
- (v) The Board should work together with the NC to evaluate potential successors of Board Chairman and Group Managing Director.
- (vi) The Board, subject to the assessment of the NC, shall justify and seek Shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine (9) years.
- (vii) Each Committee Member should abstain from discussion or voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership and to fill the seats on Board Committees. The Nomination Committee also reviews and determines the mix of skills, experience and other qualities (including core competencies of Non-Executive Directors on an annual basis); and to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director on an annual basis.

During the financial year ended 30 June 2014, the assessment of the Board was structured to ensure a balanced and objective review by the Directors in the key areas. Where applicable, the Board, Board Committees and individual Directors evaluated the Board's composition and structure, principal responsibilities, governance, and objectivity and independence of Directors. The criteria used for such assessment is guided by the Corporate Governance Guide issued by Bursa Securities. The results of the assessment were presented to the Board for its consideration and formally documented.

The Nomination Committee considered that the performance of the existing Board and all Committees were consistently good and satisfactory and the Board was adequately remunerated.

The Board takes note of the recommendation of the Code pertaining to the need to establish a policy formalising the approach to boardroom diversity and to set targets and measures for the adoption of the said recommendation. The Company believes that individuals with diverse backgrounds on board of directors could improve board functioning and the decision making process. Harnessing strength from a variety of backgrounds, experiences and perspectives allows the Board to bring a more diverse perspective in its deliberation.

The Board takes the view that, for the time being, the status quo of the Board, in terms of composition and structure, should be maintained. The Board is, however, open to board changes as and when appropriate.

STATEMENT OF DIRECTORS' RESPONSIBILITY

(Pursuant to Paragraph 15.26(a) of The Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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 Malaysian Financial Reporting Standards ("MFRS") 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 flows of the Company and of the Group for the financial year.

In preparing the financial statements for the year ended 30 June 2014, 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 maintains 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 MFRS.

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.



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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 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	7,103,018	21,487,905
Attributable to:		
Owners of the parent	7,115,972	21,487,905
Non-controlling interests	(12,954)	-
	7,103,018	21,487,905

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM
In respect of the financial year ended 30 June 2013:	
Final single tier dividend of 2 sen per ordinary share, paid on 14 March 2014	16,130,252

The Directors proposed a final dividend of 0.3 sen per ordinary share, amounting to RM2,400,770 in respect of the financial year ended 30 June 2014, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM201,912,125 to RM202,853,000 by way of issuance of 3,763,500 new ordinary shares of RM0.25 each at issue prices of RM0.79 or RM1.06 per ordinary share respectively for cash pursuant to the exercise of the options under the Share Issuance Scheme.

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 issue of options pursuant to the Share Issuance Scheme as disclosed below.

The Share Issuance Scheme of the Company came into effect on 17 January 2011. The Share Issuance Scheme shall be in force for a period of five (5) years until 16 January 2016 ('the option period'). The main features of the Share Issuance Scheme 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 Share Issuance Scheme shall not, in aggregate, exceed 15% of the issued and paid-up share capital of the Company at any time during the existence of the Share Issuance Scheme;
- (c) The option price under the Share Issuance Scheme shall be the five (5) days 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 the By-Laws and not more than 10% of the ordinary shares available under the Share Issuance Scheme shall be allocated to any individual Director or eligible employees who, either singly or collectively through persons connected with that 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.

The details of the options over the ordinary shares of the Company are as follows:

Date of offer	Exercise price	Number of options over ordinary shares of RM0.25 each				Outstanding as at 30 June 2014	Exercisable as at 30 June 2014
		Outstanding as at 1 July 2013	Granted	Exercised	Forfeited		
16 April 2012	RM1.06	10,279,500	-	(533,000)	(4,570,000)	5,176,500	5,176,500
3 January 2014	RM0.78	-	600,000	-	-	600,000	600,000
28 January 2014	RM0.79	-	16,000,000	(3,230,500)	(956,000)	11,813,500	4,304,000
		10,279,500	16,600,000	(3,763,500)	(5,526,000)	17,590,000	10,080,500

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 22 August 2014 from having to disclose the list of option holders (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 in Malaysia except for information of employees who were individually granted in aggregate of 480,000 options and above.

Other than the Directors' option disclosed in the Directors' interests below, the following employees of the subsidiaries who were granted 480,000 options and above under the Share Issuance Scheme during the financial year are as follows:

Name	Number of options over ordinary shares of RM0.25 each			Outstanding as at 30 June 2014
	Outstanding as at 1 July 2013	Granted	Exercised	
Ng Huat Hoe	230,000	1,400,000	(245,000)	1,385,000
Bernard Boey Weng Onn	650,000	1,100,000	-	1,750,000
Kenneth Chin Kah Kiong	596,000	1,000,000	-	1,596,000
Cheong Yew Huat	320,000	1,000,000	(306,000)	1,014,000
Wong Wai Li	370,000	1,000,000	(290,000)	1,080,000
Teh Siew Yuen	100,000	600,000	(202,000)	498,000
Tang Yek Soo	100,000	600,000	(135,000)	565,000
Koid Heng Hua	-	480,000	(240,000)	240,000
Teo Ai Kiang	256,000	480,000	-	736,000

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 27 December 2013, approved the plan of the Company to repurchase and/or held as treasury shares up to ten percent (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 9,810,500 of its own ordinary shares of RM0.25 each from the open market for a total consideration of RM9,637,801 at an average price of RM0.982 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 811,412,000 issued and fully paid ordinary shares of RM0.25 each as at 30 June 2014, 11,155,400 ordinary shares of RM0.25 each amounting to RM11,114,879 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 800,256,600.

DIRECTORS

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

Dato' Leaw Seng Hai	
Aznam bin Mansor	
Koo Hoong Kwan	
Wong Yoke Nyen	
Datuk Leaw Tua Choon	(Resigned on 4 December 2013)
Datuk Leaw Ah Chye	(Resigned on 4 December 2013)

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 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.25 each			Balance as at 30.6.2014
	Balance as at 1.7.2013	Bought	Sold	
Shares in the Company				
Direct interests				
Dato' Leaw Seng Hai	444,100	-	-	444,100
Koo Hoong Kwan	250,000	120,000	(100,000)	270,000
Indirect interests				
Dato' Leaw Seng Hai	426,780,400	-	(45,000,000)	381,780,400 ⁽¹⁾

⁽¹⁾ Deemed interest by virtue of his direct interests in Oceancove Sdn. Bhd. ('Oceancove') and indirect interests in Oceancove via Oceanview Cove Sdn. Bhd. ('Oceanview') pursuant to Section 6A of the Companies Act, 1965 in Malaysia ('the Act').

	Number of options over ordinary shares of RM0.25 each			Balance as at 30.6.2014
	Balance as at 1.7.2013	Granted	Exercised	
Options in the Company				
Direct interests				
Dato' Leaw Seng Hai	1,500,000	1,600,000	-	3,100,000
Aznam bin Mansor	-	200,000	-	200,000
Koo Hoong Kwan	-	200,000	-	200,000
Wong Yoke Nyen	-	200,000	-	200,000

DIRECTORS' INTERESTS (continued)

	Number of ordinary shares of RM1.00 each			Balance as at 30.6.2014
	Balance as at 1.7.2013	Bought	Sold	
Shares in the immediate holding company, Oceancove				
Direct interests				
Dato' Leaw Seng Hai	-	482	-	482
Indirect interests				
Dato' Leaw Seng Hai	5,100	-	-	5,100 ⁽²⁾

⁽²⁾ Deemed interest by virtue of his interest in Oceanview.

	Number of ordinary shares of RM1.00 each			Balance as at 30.6.2014
	Balance as at 1.7.2013	Bought	Sold	
Shares in the ultimate holding company, Oceanview				
Direct interests				
Dato' Leaw Seng Hai	5,686	2,157	-	7,843

By virtue of the interests in the ordinary shares of the Company, Dato' Leaw Seng Hai is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a 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 35 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 the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the options granted pursuant to the Share Issuance Scheme as disclosed in Note 22 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 profit or loss and other 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 satisfied themselves that there are no known bad debts and that adequate provision had been 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 the 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 impairment losses on property, plant and equipment resulting in a decrease in the profit of the Group for the financial year by RM16,214,677 as disclosed in Note 7 to the financial statements.

(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 render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (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 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 would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

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

Significant events during the financial year are disclosed in Note 39 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 40 to the financial statements.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Oceancove as the immediate holding company and Oceanview as the ultimate holding company, both of which are companies incorporated in Malaysia.

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

Koo Hoong Kwan
Independent Director

Selangor
23 October 2014

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 49 to 143 have been drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2014 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 42 to the financial statements on page 143 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Leaw Seng Hai

Director

Selangor

23 October 2014

Koo Hoong Kwan

Independent Director

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 49 to 143 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 this)
23 October 2014)

Before me:

W-451

S.IDERAJU

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 statements of financial position as at 30 June 2014 of the Group and of the Company, and statements of profit or loss and other 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 49 to 143.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia.

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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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 accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report to the Members of Benalec Holdings Berhad (continued)

Other Reporting Responsibilities

The supplementary information set out in Note 42 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

Kuala Lumpur
23 October 2014

Tang Seng Choon

2011/12/15 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	187,608,686	214,078,331	-	-
Intangible asset	8	779,719	-	-	-
Investments in subsidiaries	9	-	-	153,821,745	153,821,745
Other investments	10	43,836	38,464	-	-
Deferred tax assets	11	4,962,612	1,878,468	-	-
		193,394,853	215,995,263	153,821,745	153,821,745
Current assets					
Inventories	12	203,978,829	190,053,662	-	-
Land reclamation work in progress	13	53,970,200	29,581,333	-	-
Trade and other receivables	14	399,666,635	483,241,084	219,470,050	220,505,133
Current tax assets		177,787	8,145,838	35,479	268,841
Short term funds	16	23,236,090	636,838	-	-
Cash and bank balances	17	35,431,231	39,526,388	2,417,259	218,304
		716,460,772	751,185,143	221,922,788	220,992,278
TOTAL ASSETS		909,855,625	967,180,406	375,744,533	374,814,023
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	202,853,000	201,912,125	202,853,000	201,912,125
Reserves	19	340,567,396	352,124,080	172,040,994	171,985,887
Total equity attributable to owners of the parent		543,420,396	554,036,205	374,893,994	373,898,012
Non-controlling interests		2,895,450	2,908,404	-	-
TOTAL EQUITY		546,315,846	556,944,609	374,893,994	373,898,012

Statements of Financial Position
as at 30 June 2014
(continued)

BENALEC HOLDINGS BERHAD
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	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
LIABILITIES					
Non-current liabilities					
Borrowings	20	7,602,511	11,725,100	-	-
Deferred tax liabilities	11	1,262,082	9,075,556	-	-
Trade and other payables	23	22,288,461	54,623,835	-	-
		31,153,054	75,424,491	-	-
Current liabilities					
Trade and other payables	23	94,498,205	162,575,063	850,539	916,011
Borrowings	20	24,333,294	19,536,481	-	-
Deferred revenue	24	204,312,214	152,521,110	-	-
Current tax liabilities		9,243,012	178,652	-	-
		332,386,725	334,811,306	850,539	916,011
TOTAL LIABILITIES		363,539,779	410,235,797	850,539	916,011
TOTAL EQUITY AND LIABILITIES		909,855,625	967,180,406	375,744,533	374,814,023

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	27	211,017,214	265,834,884	25,000,000	17,000,000
Cost of sales	28	(154,315,633)	(168,965,711)	-	-
Gross profit		56,701,581	96,869,173	25,000,000	17,000,000
Other income		16,073,339	4,411,354	10,447	205,742
Administrative and other expenses		(51,690,257)	(31,856,719)	(3,545,080)	(5,547,504)
Finance costs	29	(2,881,371)	(3,863,841)	-	-
Profit before tax	30	18,203,292	65,559,967	21,465,367	11,658,238
Tax (expense)/income	31	(11,100,274)	(8,898,386)	22,538	249,841
Profit for the financial year		7,103,018	56,661,581	21,487,905	11,908,079
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value gain on available-for-sale financial assets	31(e)	5,372	4,719	-	-
Foreign currency translations	31(e)	2,754,770	278,044	-	-
Total other comprehensive income, net of tax		2,760,142	282,763	-	-
Total comprehensive income		9,863,160	56,944,344	21,487,905	11,908,079
Profit/(Loss) attributable to:					
Owners of the parent		7,115,972	56,750,044	21,487,905	11,908,079
Non-controlling interests		(12,954)	(88,463)	-	-
		7,103,018	56,661,581	21,487,905	11,908,079
Total comprehensive income/(loss) attributable to:					
Owners of the parent		9,876,114	57,032,807	21,487,905	11,908,079
Non-controlling interests		(12,954)	(88,463)	-	-
		9,863,160	56,944,344	21,487,905	11,908,079

Earnings per ordinary share attributable to equity holders of the Company (sen):

	Note	Group	
		2014 sen	2013 sen
Basic	32	0.88	7.07
Diluted	32	0.88	7.05

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2014

Group	Note	Non-distributable					Distributable					Total equity RM
		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	
Balance as at 1 July 2012		200,740,000	(1,246,550)	150,099,376	6,651,686	(146,069,559)	1,813,760	(28,534)	304,428,905	516,389,084	2,867	516,391,951
Profit for the financial year		-	-	-	-	-	-	-	56,750,044	56,750,044	(88,463)	56,661,581
Fair value gain on available-for-sale financial assets, net of tax		-	-	-	-	-	-	4,719	-	4,719	-	4,719
Foreign currency translations, net of tax		-	-	-	278,044	-	-	-	-	278,044	-	278,044
Total comprehensive income		-	-	-	278,044	-	-	4,719	56,750,044	57,032,807	(88,463)	56,944,344
Transactions with owners												
Ordinary shares issued pursuant to the Share Issuance Scheme	18	1,172,125	-	4,363,587	-	-	(565,902)	-	-	4,969,810	-	4,969,810
Share repurchased	19	-	(230,528)	-	-	-	-	-	-	(230,528)	-	(230,528)
Ordinary shares contributed by non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	2,994,000	2,994,000
Dividend paid	33	-	-	-	-	-	-	-	(24,124,968)	(24,124,968)	-	(24,124,968)
Total transactions with owners		1,172,125	(230,528)	4,363,587	-	-	(565,902)	-	(24,124,968)	(19,385,686)	2,994,000	(16,391,686)
Balance as at 30 June 2013		201,912,125	(1,477,078)	154,462,963	6,929,730	(146,069,559)	1,247,858	(23,815)	337,053,981	554,036,205	2,908,404	556,944,609

Consolidated Statement of Changes in Equity for the financial year ended 30 June 2014 (continued)

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Group	Note	Non-distributable					Distributable					Total equity RM
		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	
Balance as at 1 July 2013		201,912,125	(1,477,078)	154,462,963	6,929,730	(146,069,559)	1,247,858	(23,815)	337,053,981	554,036,205	2,908,404	556,944,609
Profit for the financial year		-	-	-	-	-	-	-	7,115,972	7,115,972	(12,954)	7,103,018
Fair value gain on available-for-sale financial assets, net of tax		-	-	-	-	-	-	5,372	-	5,372	-	5,372
Foreign currency translations, net of tax		-	-	-	2,754,770	-	-	-	-	2,754,770	-	2,754,770
Total comprehensive income		-	-	-	2,754,770	-	-	5,372	7,115,972	9,876,114	(12,954)	9,863,160
Transactions with owners												
Ordinary shares issued pursuant to the Share Issuance Scheme	18	940,875	-	2,796,825	-	-	(620,626)	-	-	3,117,074	-	3,117,074
Options granted under the Share Issuance Scheme	22	-	-	-	-	-	2,159,056	-	-	2,159,056	-	2,159,056
Options forfeited under the Share Issuance Scheme	22	-	-	-	-	-	(649,384)	-	649,384	-	-	-
Share repurchased	19	-	(9,637,801)	-	-	-	-	-	-	(9,637,801)	-	(9,637,801)
Dividend paid	33	-	-	-	-	-	-	-	(16,130,252)	(16,130,252)	-	(16,130,252)
Total transactions with owners		940,875	(9,637,801)	2,796,825	-	-	889,046	-	(15,480,866)	(20,491,923)	-	(20,491,923)
Balance as at 30 June 2014		202,853,000	(11,114,879)	157,259,788	9,684,500	(146,069,559)	2,136,904	(18,443)	328,689,085	543,420,396	2,895,450	546,315,846

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2014

Company	Note	← Non-distributable →			Distributable		Total equity RM
		Share capital RM	Treasury shares RM	Share Premium RM	Share options reserve RM	Retained earnings RM	
Balance at 1 July 2012		200,740,000	(1,246,550)	150,099,376	1,813,760	29,969,033	381,375,619
Profit for the financial year		-	-	-	-	11,908,079	11,908,079
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	11,908,079	11,908,079
Transactions with owners							
Ordinary shares issued pursuant to the Share Issuance Scheme	18	1,172,125	-	4,363,587	(565,902)	-	4,969,810
Share repurchased	19	-	(230,528)	-	-	-	(230,528)
Dividend paid	33	-	-	-	-	(24,124,968)	(24,124,968)
Total transactions with owners		1,172,125	(230,528)	4,363,587	(565,902)	(24,124,968)	(19,385,686)
Balance at 30 June 2013		201,912,125	(1,477,078)	154,462,963	1,247,858	17,752,144	373,898,012
Profit for the financial year		-	-	-	-	21,487,905	21,487,905
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	21,487,905	21,487,905
Transactions with owners							
Ordinary shares issued pursuant to the Share Issuance Scheme	18	940,875	-	2,796,825	(620,626)	-	3,117,074
Options granted under the Share Issuance Scheme	22	-	-	-	2,159,056	-	2,159,056
Options forfeited under the Share Issuance Scheme	22	-	-	-	(649,384)	649,384	-
Share repurchased	19	-	(9,637,801)	-	-	-	(9,637,801)
Dividend paid	33	-	-	-	-	(16,130,252)	(16,130,252)
Total transactions with owners		940,875	(9,637,801)	2,796,825	889,046	(15,480,868)	(20,491,923)
Balance at 30 June 2014		202,853,000	(11,114,879)	157,259,788	2,136,904	23,759,181	374,893,994

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

STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		18,203,292	65,559,967	21,465,367	11,658,238
Adjustments for:					
Amortisation of an intangible asset	8	20,281	-	-	-
Depreciation of property, plant and equipment	7	10,416,558	10,907,110	-	-
Dividend income		(112,285)	(252,925)	(25,000,000)	(17,000,000)
Fair value gain on amount owing to a related party		(2,667,972)	-	-	-
Impairment losses on:					
- amount due from a contract customer	14	1,174,324	740,200	-	-
- investment in a subsidiary	9	-	-	-	3,678,253
- property, plant and equipment	7	16,214,677	4,701,394	-	-
- trade and other receivables	14	1,801,426	1,071,970	-	114,544
Interest expense	29	2,881,371	3,863,841	-	-
Interest income		(1,200,297)	(1,507,184)	(10,447)	(100,410)
Inventories written down	12	270,023	-	-	-
Loss on disposal of property, plant and equipment		2,886,576	2,442,665	-	-
Property, plant and equipment written off	7	44,682	1,025	-	-
Reversal of impairment loss on:					
- amount due from a contract customer	14	(740,200)	-	-	-
- a trade receivable	14	(365,460)	-	-	-
Options granted under the Share Issuance Scheme	22	2,159,056	-	125,460	-
Unrealised loss on foreign exchange		844,213	357,042	-	-
Operating profit/(loss) before changes in working capital		51,830,265	87,885,105	(3,419,620)	(1,649,375)
Changes in working capital:					
Inventories		109,983,066	9,174,691	-	-
Land reclamation work in progress		(24,388,867)	(10,600,132)	-	-
Trade and other receivables		(39,160,501)	(261,934,579)	123,655	223,842
Trade and other payables		(39,505,500)	15,446,927	(65,472)	563,574
Deferred revenue		51,791,104	114,711,842	-	-
Cash generated from/(used in) operations		110,549,567	(45,316,146)	(3,361,437)	(861,959)
Tax refunded		9,748,468	155,580	267,813	-
Tax paid		(14,714,798)	(20,056,617)	(11,913)	(8,000)
Net cash from/(used in) operating activities		105,583,237	(65,217,183)	(3,105,537)	(869,959)

Statements of Cash Flows for the financial year ended 30 June 2014 (continued)

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		112,285	252,925	17,000,000	30,000,000
Interest received		1,184,492	1,491,786	10,447	100,410
(Placements)/Withdrawals of fixed deposits pledged with licensed financial institutions		(462,600)	2,332,174	-	-
Proceeds from disposal of property, plant and equipment		2,639,986	10,166,401	-	-
Purchase of an intangible asset	8	(800,000)	-	-	-
Purchase of property, plant and equipment	7(a)	(2,345,155)	(1,476,905)	-	-
Repayments by/(Advances to) a subsidiary		-	-	10,945,024	(15,606,956)
(Repayments to)/Advances from related parties		(63,603,876)	2,657,998	-	-
Net cash (used in)/from investing activities		(63,274,868)	15,424,379	27,955,471	14,493,454
CASH FLOWS FROM FINANCING ACTIVITIES					
Shares repurchased	19(a)	(9,637,801)	(230,528)	(9,637,801)	(230,528)
Dividend paid	33	(16,130,252)	(24,124,968)	(16,130,252)	(24,124,968)
Proceeds from issuance of shares		3,117,074	4,969,810	3,117,074	4,969,810
Repayments of hire purchase liabilities		(679,196)	(916,733)	-	-
Issuance of shares by subsidiaries to non-controlling interests		-	2,994,000	-	-
Drawdown of term loans		20,000,000	-	-	-
Interest paid		(2,331,100)	(3,863,841)	-	-
Repayments of term loans		(18,019,693)	(17,990,937)	-	-
Net cash used in financing activities		(23,680,968)	(39,163,197)	(22,650,979)	(19,385,686)
Net increase/(decrease) in cash and cash equivalents		18,627,401	(88,956,001)	2,198,955	(5,762,191)
Effects of exchange rate changes on cash and cash equivalents		272,393	75,367	-	-
Cash and cash equivalents at beginning of financial year		21,911,403	110,792,037	218,304	5,980,495
Cash and cash equivalents at end of financial year	17	40,811,197	21,911,403	2,417,259	218,304

Statements of Cash Flows for the financial year ended 30 June 2014 (continued)

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

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Dividend receivable from a subsidiary	27	-	-	25,000,000	17,000,000
Settlement of trade receivables via contra of properties held for sale	12	-	13,302,523	-	-
Transfer of 'amounts due from contract customers' to 'land held for sale'	15	(124,178,256)	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2014

1. CORPORATE INFORMATION

Benalec Holdings Berhad (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 holding company and ultimate holding company of the Company are Oceancove Sdn. Bhd. and Oceanview Cove Sdn. Bhd. respectively, both of which are incorporated in Malaysia.

The consolidated financial statements for the financial year ended 30 June 2014 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 23 October 2014.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 9 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 set out on pages 39 to 142 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 42 to the financial statements set out on page 143 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, as issued by the Malaysian Institute of Accountants ('MIA Guidance') 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 in conformity with MFRSs 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

30 June 2014

(continued)

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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 interests 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

If 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 interests.

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 MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

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 MFRS 112 *Income Taxes* and MFRS 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 MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 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 MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 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 profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

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

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 previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. 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.

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 would flow to the Group and the cost of the asset could 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. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period and rates are as follows:

Leasehold land	60 years
Barges and dredgers	4% to 10%
Buildings	2%
Furniture and fittings	10%
Motor vehicles	20%
Plant and machinery	10%
Tools and office equipment	10%

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents vessels under construction and building-in-progress and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

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 4.11 to the financial statements 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

(a) 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 leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group 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.

(b) 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.

(c) 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.

Notes to the Financial Statements 30 June 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(c) Leases of land and buildings (continued)

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 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 customers 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.

4.7 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 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 MFRS 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 interests 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.

4.8 Intangible assets

Intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Intangible assets (continued)

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives other than the acquired right, which is amortised based on the unit of production method within the economic useful life of thirty six (36) months, and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition, which is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

4.9 Inventories

(a) Consumables

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

Cost is determined using the first-in, first-out formula. Cost of consumables comprised all costs of purchases, cost of conversion plus other costs incurred in bringing the consumables 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.

(b) Land held for sale

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

Cost of land held for sale comprised all reclamation costs, infrastructure costs, professional fees, stamp duties, commissions, and other costs incurred in bringing the land held for sale to their present 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.

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

(c) Properties held for sale

Properties held for sale are classified as current assets and are stated at the lower of cost and net realisable value.

Properties held for sale comprised cost of purchases and other costs incurred in bringing the properties held for sale to their present condition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Inventories (continued)

(c) Properties held for sale (continued)

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.

Such properties are available for immediate sale in their present condition and would be recovered principally through a sale transaction rather than through continuing use.

4.10 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 would be recognised when significant risk and rewards have been transferred to the identified end purchaser.

4.11 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories, deferred tax assets 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.

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.

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 the 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 exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the 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 for 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.

Notes to the Financial Statements 30 June 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of non-financial assets (continued)

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.

4.12 Financial instruments

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

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.

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 (4) 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, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss 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.

Notes to the Financial Statements 30 June 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(a) Financial assets (continued)

(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, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity 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, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(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, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale 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 right of the Group to receive payment is established.

Cash and bank balances include cash and cash equivalents, bank overdrafts, fixed deposits pledged to financial institutions, 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.

Notes to the Financial Statements 30 June 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(a) Financial assets (continued)

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.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(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 (2) 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, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss 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.

(ii) Other financial liabilities

Financial liabilities classified as 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.

Any 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(b) Financial liabilities (continued)

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 MFRS 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 would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses 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.

(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 the end of each reporting period 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.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(c) Equity (continued)

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.13 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 by the receivable, 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 is 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.

(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 or loss.

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

Notes to the Financial Statements

30 June 2014

(continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition 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 costs are recognised in profit or loss in the period in which they are incurred.

4.15 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 foreign subsidiaries on distributions to the Group and Company, and real property gains taxes payable on disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(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, if any.

(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 future taxable profits would 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 profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Income taxes (continued)

(b) Deferred tax (continued)

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 would be recognised as income or expense and included in the 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 would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.16 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 would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would 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 would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

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.

4.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would 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 would 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.

Notes to the Financial Statements 30 June 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Contingent liabilities and contingent assets (continued)

A contingent asset is a possible asset that arises from past events whose existence would 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.

4.18 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees 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 and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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.

(b) 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.

(c) Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions but excluding the impact of any non-market performance and service vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees could provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

Notes to the Financial Statements

30 June 2014

(continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Employee benefits (continued)

(c) Share-based payments (continued)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital at nominal value, and any excess would be recognised in share premium.

4.19 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group 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 functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency 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.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other 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.

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 each reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Revenue recognition

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

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would 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 activities of the Group as follows:

(a) Construction contracts

(i) 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.

(ii) 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 would 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 would be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

(b) Disposal of land held for sale

Revenue from disposal of land held for sale are categorised into two (2) identifiable components, which are reclaimed land component and infrastructure cost component, using a fair and equitable basis of allocation.

Revenue in relation to the reclaimed land component would initially be deferred and only be recognised in profit or loss upon transfer of significant risk and rewards of ownership of the land to the customers and the Group retains neither continuing managerial involvement over the land, which coincides with the delivery of land and acceptance by customers.

Revenue in relation to the infrastructure cost component would initially be deferred and only be recognised in profit or loss upon rendering of services.

Revenue in relation to the infrastructure cost component 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 would be required to incur the infrastructure cost, the deferred revenue in relation to the infrastructure cost component would be reversed and recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Revenue recognition (continued)

- (c) Sale of marine construction materials

Revenue from sale of marine construction materials is recognised when significant risk and rewards of ownership of the goods has been transferred to the customers and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

- (d) Vessels chartering and marine transportation income

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

- (e) Dividend income

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

- (f) Interest income

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

- (g) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

4.21 Operating segments

Operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it could 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 chief operating decision maker of the Group 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 percent (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 percent (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.

Notes to the Financial Statements 30 June 2014 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Operating segments (continued)

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

- (c) Its assets are ten percent (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 revenue of the Group. 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.

4.22 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.

4.23 Fair value measurements

The fair value of an asset or a liability, except for share-based payment and lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Fair value measurements (continued)

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits (2011)</i>	1 January 2013
MFRS 127 <i>Separate Financial Statements</i>	1 January 2013
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to MFRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRSs <i>Annual Improvements 2009 - 2011 Cycle</i>	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013

There is no material effect upon the adoption of the above Standards during the financial year other than:

- (a) MFRS 12, which is mandatory for annual periods beginning on or after 1 January 2013.

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

Following the adoption of this Standard, the Group has disclosed the requirements applicable to the Group in Note 9 to the financial statements.

Notes to the Financial Statements

30 June 2014

(continued)

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

5.1 New MFRSs adopted during the current financial year (continued)

- (b) MFRS 13, which is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole MFRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other MFRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other MFRSs have now been relocated to MFRS 13.

Whilst there have been some rewording of the previous guidance on MFRS 13, there are very few changes to the previous fair value measurement requirements. Instead, MFRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements, and improve consistency in application of fair value measurement.

MFRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Group. It has only a presentation and disclosure impact and therefore, has no effect on the financial position or performance of the Group.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
Amendments to MFRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements to MFRSs 2010 - 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements to MFRSs 2011 - 2013 Cycle</i>	1 July 2014
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	Deferred
MFRS 9 <i>Financial Instruments (2009)</i>	Deferred
MFRS 9 <i>Financial Instruments (2010)</i>	Deferred
MFRS 9 <i>Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)</i>	Deferred
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

(b) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

(c) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(d) Impairment of equity investments categorised as available-for-sale financial assets

The Group believes that a significant or prolonged decline in fair value of an investment in equity instrument is a decline in fair value of more than twenty percent (20%) of the cost, or the decline in fair value below its original cost has persisted for more than nine (9) to twelve (12) months.

(e) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of property, plant and equipment

The Group determines whether property, plant and equipment are impaired at the end of each 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 a 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) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment as disclosed in Note 4.4 to the financial statements. The useful lives are based on the historical experience of the Group with similar assets and taking into account anticipated technological changes. The depreciation charge for future period is adjusted if there are significant changes from previous estimates.

(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.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(e) 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. 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 would impact the carrying amount of receivables.

(f) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic conditions when making this judgement in evaluating the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(g) Income taxes

Significant judgement is required in determining the capital allowances, deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are transactions during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises tax liabilities based on estimates of whether additional taxes would be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the period in which such determination is made.

(h) 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. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 38(b) to the financial statements.

(i) Impairment of investments in subsidiaries

The management reviews the material investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by reference to the higher of its fair value less cost to sell and its value in use of the respective subsidiaries.

Estimating a 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.

Notes to the Financial Statements
30 June 2014
(continued)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(j) Revenue recognition on disposal of land held for sale

The Group recognises revenue and cost of the disposal of land held for sale in profit or loss using a fair and equitable basis of allocation between the reclaimed land component and infrastructure cost component. The basis of allocation is based on construction budgets approved by the management, which are reviewed on a regular basis.

Significant judgements are required in determining the basis of allocation, the extent of the cost incurred, as well as the timing of revenue recognition from the disposal of land held for sale. In making these judgements, the Group evaluates its estimates based on past experience and management's expectations of market conditions.

(k) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- (i) Level 1 : Quoted prices in active markets for identical items (unadjusted);
- (ii) Level 2 : Observable direct or indirect inputs other than Level 1 inputs; and
- (iii) Level 3 : Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures its financial instruments at fair value and are disclosed in Note 37 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2014	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 2013	5,501,915	11,919,537	7,917,122	9,922,654	238,339,401	3,991,076	812,980	8,225,669	3,272,430	289,902,784
Additions	-	-	48,580	4,050	-	357,237	5,970	1,331,290	808,028	2,555,155
Disposals	-	-	(837,800)	(29,350)	(5,883,972)	(2,199)	-	(1,571,332)	-	(8,324,653)
Write-offs	-	-	-	(13,000)	-	(22,792)	-	-	(20,000)	(55,792)
Translation adjustments	-	-	36,510	25,443	3,630,828	5,142	1,976	-	-	3,699,899
At 30 June 2014	5,501,915	11,919,537	7,164,412	9,909,797	236,086,257	4,328,464	820,926	7,985,627	4,060,458	287,777,393
Accumulated depreciation										
At 1 July 2013	-	530,542	958,982	5,674,862	55,460,488	2,570,444	468,759	5,430,451	-	71,094,528
Charge for the financial year	-	205,371	131,528	765,185	8,232,821	241,843	64,460	775,350	-	10,416,558
Disposals	-	-	(32,604)	(7,559)	(978,241)	(293)	-	(1,224,445)	-	(2,243,142)
Write-offs	-	-	-	(4,758)	-	(6,352)	-	-	-	(11,110)
Translation adjustments	-	-	2,102	4,116	572,160	767	201	-	-	579,346
At 30 June 2014	-	735,913	1,060,008	6,431,846	63,287,228	2,806,409	533,420	4,981,356	-	79,836,180
Impairment losses										
At 1 July 2013	-	-	-	-	4,729,925	-	-	-	-	4,729,925
Charge for the financial year	-	-	-	-	16,214,677	-	-	-	-	16,214,677
Disposals	-	-	-	-	(554,949)	-	-	-	-	(554,949)
Translation adjustments	-	-	-	-	(57,126)	-	-	-	-	(57,126)
At 30 June 2014	-	-	-	-	20,332,527	-	-	-	-	20,332,527

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2013	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Barges and dredgers equipment RM	Tools and office equipment RM	Furniture and fittings RM	Motor vehicles RM	Construction- in- progress RM	Total RM
Cost										
At 1 July 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
Additions	-	-	388,937	-	1,780	219,078	178,056	1,442,169	381,885	2,611,905
Disposals	-	-	-	-	(13,850,519)	(4,905)	-	(273,016)	-	(14,128,440)
Write-offs	-	-	-	-	-	(2,277)	-	-	-	(2,277)
Reclassification	-	-	-	-	2,453,969	-	-	-	(2,453,969)	-
Translation adjustments	-	-	-	(2,015)	(299,583)	(397)	(2)	-	-	(301,997)
At 30 June 2013	5,501,915	11,919,537	7,917,122	9,922,654	238,339,401	3,991,076	812,980	8,225,669	3,272,430	289,902,784
Accumulated depreciation										
At 1 July 2012	-	325,171	831,417	4,866,662	48,115,820	2,355,775	411,819	4,758,218	-	61,664,882
Charge for the financial year	-	205,371	127,565	805,803	8,550,634	216,178	56,938	944,621	-	10,907,110
Disposals	-	-	-	-	(1,246,374)	(612)	-	(272,388)	-	(1,519,374)
Write-offs	-	-	-	-	-	(1,252)	-	-	-	(1,252)
Translation adjustments	-	-	-	2,397	40,408	355	2	-	-	43,162
At 30 June 2013	-	530,542	958,982	5,674,862	55,460,488	2,570,444	468,759	5,430,451	-	71,094,528
Impairment losses										
At 1 July 2012	-	-	-	-	-	-	-	-	-	-
Charge for the financial year	-	-	-	-	4,701,394	-	-	-	-	4,701,394
Translation adjustments	-	-	-	-	28,531	-	-	-	-	28,531
At 30 June 2013	-	-	-	-	4,729,925	-	-	-	-	4,729,925

Notes to the Financial Statements
30 June 2014
(continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Carrying amount	
	2014 RM	2013 RM
Freehold land	5,501,915	5,501,915
Leasehold land	11,183,624	11,388,995
Buildings	6,104,404	6,958,140
Plant and machinery	3,477,951	4,247,792
Barges and dredgers	152,466,502	178,148,988
Tools and office equipment	1,522,055	1,420,632
Furniture and fittings	287,506	344,221
Motor vehicles	3,004,271	2,795,218
Construction-in-progress	4,060,458	3,272,430
	187,608,686	214,078,331

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

	Group	
	2014 RM	2013 RM
Purchase of property, plant and equipment	2,555,155	2,611,905
Financed by hire purchase arrangements	(210,000)	(1,135,000)
Cash payments on purchase of property, plant and equipment	2,345,155	1,476,905

- (b) During the financial year, the Group recognised impairment losses of RM16,214,677 (2013: RM4,701,394) on property, plant and equipment due to decline in their recoverable amounts.
- (c) The carrying amount of the property, plant and equipment of the Group under hire purchase arrangements as at the end of each reporting period are as follows:

	Group	
	2014 RM	2013 RM
Motor vehicles	1,619,603	2,147,459
Plant and machinery	250,750	286,150
	1,870,353	2,433,609

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 21 to the financial statements.

Notes to the Financial Statements
30 June 2014
(continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

- (d) 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 20(c) to the financial statements are as follows:

	Group	
	2014	2013
	RM	RM
Barges and dredgers	12,907,809	16,220,601
Buildings	2,726,809	2,735,883
Freehold land	4,926,915	4,926,915
Leasehold land	11,183,624	11,388,995
	31,745,157	35,272,394

8. INTANGIBLE ASSET

Group	Balance as at	Addition	Amortisation	Balance as at
	1.7.2013		charge for the	30.6.2014
	RM	RM	RM	RM
Right	-	800,000	(20,281)	779,719

The right represents exclusive right purchased that allows the Group to extract sea sand within the territorial waters of Johor State for a period of thirty six (36) months.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	RM	RM
Unquoted shares, at cost	157,499,998	157,499,998
Less: Impairment loss	(3,678,253)	(3,678,253)
	153,821,745	153,821,745

- (a) The details of the subsidiaries are as follows:

Name of company	Place of incorporation	Effective interest in equity		Principal activities
		2014	2013	
		%	%	
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

Notes to the Financial Statements
30 June 2014
(continued)

9. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of company	Place of incorporation	Effective interest in equity		Principal activities
		2014 %	2013 %	
Subsidiaries of BSB				
OG Marine Sdn. Bhd.	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
Oceanline (Labuan) Ltd	Labuan	100	100	Charter/leasing of vessels and the business of trading of vessels
Benalec Diversity Sdn. Bhd. ('BDSB') ^	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. ('HLRSB') ^	Malaysia	100	100	Dormant
Heritage Land Sdn. Bhd. ('HLSB') ^	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. ('OPSB') ^	Malaysia	100	100	Dormant
Oceanview Realty Sdn. Bhd. ^	Malaysia	100	100	Dormant
Orientalcove Realty Sdn. Bhd. ^	Malaysia	100	100	Dormant
Orientalcove Property Sdn. Bhd. ('OCSB') ^	Malaysia	100	100	Dormant

Notes to the Financial Statements 30 June 2014 (continued)

9. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of company	Place of incorporation	Effective interest in equity		Principal activities
		2014 %	2013 %	
Subsidiaries of BSB (continued)				
Goldnet Synergy Sdn. Bhd. ('GSSB') ^	Malaysia	100	100	Investment holding company
Benalec Venture Sdn. Bhd. ^	Malaysia	100	100	Marine construction and civil engineering
Benalec Construction Sdn. Bhd. ^	Malaysia	100	100	Marine construction and civil engineering
Pengerang Maritime Industries Sdn. Bhd. ('PMISB')	Malaysia	100	100	Marine engineering services
Tanjung Piai Maritime Industries Sdn. Bhd. ('TPMISB')	Malaysia	100	100	Marine engineering services
Sentosacove Development Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
Strategic Cove Sdn. Bhd. ^	Malaysia	100	100	Dormant
Strategic Land Sdn. Bhd. ('SLSB') ^	Malaysia	100	100	Dormant
Wilajati Sdn. Bhd. ^	Malaysia	100	100	Dormant
Pacific Ltd	Labuan	100	100	Charter/leasing of vessels
Ocean Marine Ltd	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. ('Jayamas')	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

Notes to the Financial Statements
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(continued)

9. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of company	Place of incorporation	Effective interest in equity		Principal activities
		2014 %	2013 %	
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	70	Property investment holding
Subsidiary of TPMISB				
Spektrum Kukuh Sdn. Bhd. ('SKSB')	Malaysia	70	70	Property investment holding
Subsidiary of GSSB				
Neptune Paradise Sdn. Bhd. ^	Malaysia	100	100	General trading

* Subsidiary audited by BDO Member Firms.

^ Subsidiaries audited by firm of auditors other than BDO.

(b) In the previous financial year, the Company recognised an impairment loss of RM3,678,253 in respect of investment in a subsidiary due to declining economic benefits expected from the subsidiary. The recoverable amount was determined based on fair value less cost to sell derived from management's estimates based on non-active market sources.

(c) The subsidiaries of the Group that have non-controlling interests ('NCI') are as follows:

	Spektrum Budi Sdn. Bhd.	Spektrum Kukuh Sdn. Bhd.	Total
2014			
NCI percentage of ownership and voting interests	30%	30%	
Carrying amount of NCI (RM)	1,451,034	1,444,416	2,895,450
Loss allocated to NCI (RM)	(9,467)	(3,487)	(12,954)

Notes to the Financial Statements
30 June 2014
(continued)

9. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The subsidiaries of the Group that have non-controlling interests ('NCI') are as follows (continued):

	Spektrum Budi Sdn. Bhd.	Spektrum Kukuh Sdn. Bhd.	Total
2013			
NCI percentage of ownership and voting interests	30%	30%	
Carrying amount of NCI (RM)	1,460,501	1,447,903	2,908,404
Loss allocated to NCI (RM)	(37,947)	(50,516)	(88,463)

(d) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM
2014		
Assets and liabilities		
Current assets	10,120,614	20,362,532
Current liabilities	(5,283,833)	(15,547,815)
Net assets	4,836,781	4,814,717
Results		
Revenue	-	-
Loss for the financial year	(31,557)	(11,625)
Total comprehensive loss	(31,557)	(11,625)
Cash flows used in operating activities	(2,346,589)	(8,039,006)
Cash flows from investing activities	2,346,559	8,038,976
Net decrease in cash and cash equivalents	(30)	(30)
Dividend paid to NCI	-	-

Notes to the Financial Statements
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9. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows (continued):

	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM
2013		
Assets and liabilities		
Current assets	7,278,598	12,342,012
Current liabilities	(2,410,260)	(7,515,670)
Net assets	4,868,338	4,826,342
Results		
Revenue	-	-
Loss for the financial year	(126,491)	(168,387)
Total comprehensive loss	(126,491)	(168,387)
Cash flows used in operating activities	(3,642,180)	(8,526,798)
Cash flows (used in)/from investing activities	(1,324,880)	3,559,738
Cash flows from financing activities	4,990,000	4,990,000
Net increase in cash and cash equivalents	22,940	22,940
Dividend paid to NCI	-	-

10. OTHER INVESTMENTS

	2014 RM	Group 2013 RM
Available-for-sale financial assets		
Quoted shares in Malaysia	43,836	38,464

- (a) Information on the fair value hierarchy is disclosed in Note 37(d) to the financial statements.
- (b) Information on financial risks of other investments is disclosed in Note 38 to the financial statements.

Notes to the Financial Statements
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11. DEFERRED TAX (ASSETS)/LIABILITIES

- (a) The deferred tax (assets)/liabilities are made up of the following:

	Group	
	2014 RM	2013 RM
At 1 July 2013/2012	7,197,088	8,967,165
Recognised in profit or loss (Note 31)	(10,897,618)	(1,770,077)
At 30 June 2014/2013	(3,700,530)	7,197,088
Presented after appropriate offsetting:		
Deferred tax assets, net	(4,962,612)	(1,878,468)
Deferred tax liabilities, net	1,262,082	9,075,556
	(3,700,530)	7,197,088

- (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	Total RM
Balance as at 1 July 2013	11,587,594	11,587,594
Recognised in profit or loss	(2,027,073)	(2,027,073)
Balance as at 30 June 2014, prior to offsetting	9,560,521	9,560,521
Set-off of tax		(8,298,439)
Balance as at 30 June 2014		1,262,082
At 1 July 2012	11,197,555	11,197,555
Recognised in profit or loss	390,039	390,039
Balance as at 30 June 2013, prior to offsetting	11,587,594	11,587,594
Set-off of tax		(2,512,038)
Balance as at 30 June 2013		9,075,556

Notes to the Financial Statements
30 June 2014
(continued)

11. DEFERRED TAX (ASSETS)/LIABILITIES (continued)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (continued):

Deferred tax assets of the Group

	Land reclamation work in progress RM	Property, plant and equipment RM	Unused tax losses and unabsorbed capital allowances RM	Deferred revenue RM	Total RM
Balance as at 1 July 2013	1,818,204	60,264	770,659	1,741,379	4,390,506
Recognised in profit or loss	-	30,132	322,121	8,518,292	8,870,545
Balance as at 30 June 2013, prior to offsetting	1,818,204	90,396	1,092,780	10,259,671	13,261,051
Set-off of tax					(8,298,439)
Balance as at 30 June 2014					4,962,612
Balance as at 1 July 2012	1,818,204	30,132	382,054	-	2,230,390
Recognised in profit or loss	-	30,132	388,605	1,741,379	2,160,116
Balance as at 30 June 2013, prior to offsetting	1,818,204	60,264	770,659	1,741,379	4,390,506
Set-off of tax					(2,512,038)
Balance as at 30 June 2013					1,878,468

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position is as follows:

	Group	
	2014 RM	2013 RM
Other deductible temporary differences, gross	524,051	111,801
Unused tax losses, gross	10,590,498	9,929,058
	11,114,549	10,040,859

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under the current tax legislation.

Notes to the Financial Statements
30 June 2014
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12. INVENTORIES

	Note	2014 RM	Group 2013 RM
Consumables	(a)	2,720,974	2,920,402
Land held for sale	(b)	187,955,332	173,830,737
Properties held for sale	(c)	13,302,523	13,302,523
		203,978,829	190,053,662

(a) Consumables represent parts purchased for future consumption in the construction of vessels and infrastructure works. During the financial year, there are inventories written down of RM270,023 recognised in administrative and other expenses to bring down the consumables to their net realisable values.

(b) Movements of the land held for sale are as follows:

	2014 RM	Group 2013 RM
At 1 July 2013/2012	173,830,737	183,465,208
Transferred from amounts due from contract customers (Note 15)	124,178,256	-
Reversal on rescission of disposal of land held for sale (Note 28)	15,158,353	-
Costs incurred during the financial year	2,382,092	743,744
Less: Recognised in profit or loss during the financial year	(127,594,106)	(10,378,215)
At 30 June 2014/2013	187,955,332	173,830,737

Land held for sale represents reclaimed leasehold land with remaining lease terms ranging from 91 to 98 years (2013: 92 to 98 years).

Included in the costs incurred during the financial year are infrastructure costs amounting to RM658,339 (2013: RM283,254), which are unallocated to the existing reclaimed leasehold land.

- (c) Land held for sale of the Group with carrying amount of RM18,996,900 (2013: RM51,975,115) are pledged to licensed financial institutions for credit facilities granted to the Group as disclosed in Note 20(c) to the financial statements.
- (d) Lien holder's caveat was created on certain land held for sale of the Group amounting to RM34,418,296 (2013: Nil) for credit facilities granted to the Group as disclosed in Note 20(c) to the financial statements.
- (e) Properties held for sale are in respect of contra of eight (8) units of properties from one of the trade receivables from the disposal of land held for sale as a settlement of the outstanding debt.

Notes to the Financial Statements
30 June 2014
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13. LAND RECLAMATION WORK IN PROGRESS

	2014	Group
	RM	2013
		RM
Land reclamation work in progress	53,970,200	29,581,333

(a) Movements of the land reclamation work in progress are as follows:

	2014	Group
	RM	2013
		RM
At 1 July 2013/2012	29,581,333	18,981,201
Costs incurred during the financial year	24,388,867	10,600,132
At 30 June 2014/2013	53,970,200	29,581,333

(b) 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 amounting to RM31,056,504 (2013: RM16,999,633) are capitalised as land reclamation work in progress.

(c) Included in land reclamation work in progress of the Group are preliminary development costs incurred for hydraulic study and environmental impact assessment (EIA) approval for the reclamation works in Pengerang and Tanjung Piai in the State of Johor, amounting to RM22,913,696 (2013: RM12,581,700). These are the conditions precedent to the Development Agreements entered into with the State Government of Johor Darul Ta'zim and the State Secretary, Johor (Incorporated).

Notes to the Financial Statements
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14. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Trade					
Third parties		148,523,083	59,888,533	-	-
Related parties		-	67,866,654	-	-
	(a)	148,523,083	127,755,187	-	-
Less: Impairment losses					
- third parties		(2,428,367)	(992,401)	-	-
	(b)	146,094,716	126,762,786	-	-
Amounts due from contract customers					
- Third parties		13,234,795	15,001,583	-	-
- Related parties		221,124,463	330,222,044	-	-
Less: Impairment loss					
- third party		(1,174,324)	(740,200)	-	-
	15	233,184,934	344,483,427	-	-
Non-trade					
Other receivables					
- third parties		9,262,302	4,098,632	79,791	203,446
- subsidiaries	(c)	-	-	219,499,803	220,411,231
Deposits		9,407,748	7,122,689	5,000	5,000
		18,670,050	11,221,321	219,584,594	220,619,677
Less: Impairment losses					
- third parties		(929,569)	(929,569)	-	-
- subsidiary		-	-	(114,544)	(114,544)
		17,740,481	10,291,752	219,470,050	220,505,133
Loans and receivables					
Loans and receivables		397,020,131	481,537,965	219,470,050	220,505,133
Prepayments		2,646,504	1,703,119	-	-
		399,666,635	483,241,084	219,470,050	220,505,133

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 60 days to 90 days (2013: 60 days to 90 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

Included in trade receivables of the Group are amounts owing from third parties and related parties amounting to RM138,342,054 and RM Nil respectively (2013: RM47,523,835 and RM67,866,654), which represent proceeds receivable from disposals of land held for sale.

Notes to the Financial Statements
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14. TRADE AND OTHER RECEIVABLES (continued)

- (b) Included in trade receivables of the Group are retention sums for contract works amounting to RM2,965,860 (2013: RM4,081,837).

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

	Group	
	2014	2013
	RM	RM
Within one (1) year	2,965,860	3,156,652
Within two (2) years	-	925,185
	2,965,860	4,081,837

- (c) Amounts owing by subsidiaries mainly represent advances and payments made on behalf, which are unsecured, interest free and payable upon demand in cash and cash equivalents. Included in amounts owing by subsidiaries is dividend receivable from a subsidiary amounting to RM25,000,000 (2013: RM17,000,000).
- (d) Included in deposits of the Group is an amount of RM4,009,611 (2013: RM4,009,611) paid as deposit for the acquisition of a parcel of land.
- (e) The currency exposure profile of receivables (excluding prepayments) is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Ringgit Malaysia	396,772,175	481,290,505	219,470,050	220,505,133
Singapore Dollar	7,570	6,968	-	-
United States Dollar	240,386	240,492	-	-
	397,020,131	481,537,965	219,470,050	220,505,133

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

	Group	
	2014	2013
	RM	RM
Neither past due nor impaired	139,699,425	116,745,330
Past due but not impaired		
- 31 to 90 days	-	5,793,711
- 91 to 120 days	-	1,927,130
- 121 to 180 days	2,953,832	117,722
- More than 180 days	3,441,459	2,178,893
	6,395,291	10,017,456
Past due and impaired	2,428,367	992,401
	148,523,083	127,755,187

Notes to the Financial Statements
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14. TRADE AND OTHER RECEIVABLES (continued)

- (f) The ageing analysis of trade receivables of the Group are 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 each reporting period, trade receivables that are past due but not impaired possess high creditworthiness.

Receivables that are past due and impaired

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

Group	Individually impaired	
	2014	2013
	RM	RM
Trade receivables, gross	2,428,367	992,401
Less: Impairment losses	(2,428,367)	(992,401)
	-	-

- (g) The reconciliation of movements in the impairment loss is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade receivables				
At 1 July 2013/2012	992,401	71,438	-	-
Charge for the financial year (Note 30)	1,801,426	992,401	-	-
Reversal of impairment loss (Note 30)	(365,460)	-	-	-
Written off	-	(71,438)	-	-
At 30 June 2014/2013	2,428,367	992,401	-	-
Amounts due from contract customers				
At 1 July 2013/2012	740,200	-	-	-
Charge for the financial year (Note 15 and Note 30)	1,174,324	740,200	-	-
Reversal of impairment loss (Note 30)	(740,200)	-	-	-
At 30 June 2014/2013	1,174,324	740,200	-	-

Notes to the Financial Statements
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14. TRADE AND OTHER RECEIVABLES (continued)

(g) The reconciliation of movements in the impairment loss is as follows (continued):

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables				
At 1 July 2013/2012	929,569	850,000	114,544	-
Charge for the financial year (Note 30)	-	79,569	-	114,544
At 30 June 2014/2013	929,569	929,569	114,544	114,544
	4,532,260	2,662,170	114,544	114,544

Trade receivables that are individually determined to be impaired at the end of each 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.

(h) Information on financial risks of trade and other receivables is disclosed in Note 38 to the financial statements.

15. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2014 RM	2013 RM
Aggregate costs incurred to date	448,036,786	438,123,064
Add: Attributable profits	116,860,274	110,330,235
	564,897,060	548,453,299
Less: Progress billings	(207,939,911)	(205,451,012)
Less: Transferred to land held for sale (Note 12)	(124,178,256)	-
	232,778,893	343,002,287
Less: Impairment loss (Note 14)	(1,174,324)	(740,200)
	231,604,569	342,262,087
Analysed as:		
Amounts due from contract customers (Note 14)	233,184,934	344,483,427
Amounts due to contract customers (Note 23)	(1,580,365)	(2,221,340)
	231,604,569	342,262,087

Included in amounts due from contract customers of the Group are contract sums amounting to RM224,085,262 (2013: RM332,442,643) 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 each reporting period.

Notes to the Financial Statements
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15. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS (continued)

Aggregate costs incurred to date included transactions with a related party as follows:

	2014	2013
	RM	RM
Supply of construction materials by Oriental Grandeur Marine Sdn. Bhd. (Note 35)	-	9,135

The above represented a company in which certain Directors had financial interests.

16. SHORT TERM FUNDS

	Group	
	2014	2013
	RM	RM
Financial assets at fair value through profit or loss		
Unit trust quoted in Malaysia	23,236,090	636,838

- (a) Unit trusts quoted in Malaysia, which are held by the Group 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) Information on financial risks of short term funds is disclosed in Note 38 to the financial statements.
- (c) Information on the fair value hierarchy is disclosed in Note 37(d) to the financial statements.
- (d) Short term funds are denominated in Ringgit Malaysia ('RM').

17. CASH AND BANK BALANCES

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash and bank balances	17,575,107	13,552,864	2,417,259	218,304
Deposits with licensed financial institutions	17,856,124	25,973,524	-	-
As per statements of financial position	35,431,231	39,526,388	2,417,259	218,304
Less:				
Fixed deposits pledged with licensed financial institutions (Note (a))	(17,856,124)	(17,393,524)	-	-
Bank overdraft	-	(858,299)	-	-
Add:				
Short term funds (Note 16)	23,236,090	636,838	-	-
As per statements of cash flows	40,811,197	21,911,403	2,417,259	218,304

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17. CASH AND BANK BALANCES (continued)

- (a) Fixed deposits with licensed financial institutions of the Group amounting to RM17,856,124 (2013: RM17,393,524) were pledged as security for banking facilities granted to the Group as disclosed in Note 20 to the financial statements.
- (b) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	31,885,672	27,198,058	2,417,259	218,304
Singapore Dollar	642,509	1,253,339	-	-
United States Dollar	2,903,050	11,074,991	-	-
	35,431,231	39,526,388	2,417,259	218,304

- (c) Information on financial risks of cash and bank balances is disclosed in Note 38 to the financial statements.

18. SHARE CAPITAL

	2014		2013	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.25 each				
Authorised				
At 30 June 2014/2013	2,000,000,000	500,000,000	2,000,000,000	500,000,000
Issued and fully paid-up				
At 1 July 2013/2012	807,648,500	201,912,125	802,960,000	200,740,000
Issued for cash pursuant to the Share Issuance Scheme (Note 22)	3,763,500	940,875	4,688,500	1,172,125
At 30 June 2014/2013	811,412,000	202,853,000	807,648,500	201,912,125

- (a) Ordinary shares

The owners of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company. In respect of the treasury shares of the Company that are held by the Group, all rights are suspended until those shares are reissued.

- (b) Share Issuance Scheme

During the financial year, the issued and paid up ordinary share capital of the Company was increased from RM201,912,125 to RM202,853,000 (2013: RM200,740,000 to RM201,912,125) by way of issuance of 3,763,500 (2013: 4,688,500) new ordinary shares of RM0.25 each for cash pursuant to the exercise of the options under the Share Issuance Scheme (Note 22).

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19. RESERVES

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable					
Treasury shares	(a)	(11,114,879)	(1,477,078)	(11,114,879)	(1,477,078)
Share premium		157,259,788	154,462,963	157,259,788	154,462,963
Exchange translation reserve	(b)	9,684,500	6,929,730	-	-
Reverse acquisition debit	(c)	(146,069,559)	(146,069,559)	-	-
Share options reserve	(d)	2,136,904	1,247,858	2,136,904	1,247,858
Available-for-sale reserve	(e)	(18,443)	(23,815)	-	-
Distributable					
Retained earnings	(f)	328,689,085	337,053,981	23,759,181	17,752,144
		340,567,396	352,124,080	172,040,994	171,985,887

(a) Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 27 December 2013, approved the plan of the Company 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 9,810,500 (2013: 196,700) of its owned ordinary shares of RM0.25 each from the open market for a total consideration of RM9,637,801 (2013: RM230,528) at an average price of RM0.982 (2013: RM1.172) 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 and none of the treasury shares held were re-sold or cancelled during the financial year.

Of the total 811,412,000 (2013: 807,648,500) issued and fully paid ordinary shares of RM0.25 each as at 30 June 2014, 11,155,400 (2013: 1,344,900) ordinary shares of RM0.25 each amounting to RM11,114,879 (2013: RM1,477,078) 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 800,256,600 (2013: 806,303,600).

(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 presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

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19. 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 years, as follows:

	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 two (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 options granted to Eligible Executives. This reserve is made up of the cumulative value of services received from Eligible Executives for the issue of options. When the options are exercised, an amount from the share options reserve is transferred to share premium. When the options expire, the carrying amount from the share options reserve is transferred to retained earnings.

(e) Available-for-sale reserve

The reserve arose from gains or losses of financial assets classified as available-for-sale.

(f) Retained earnings

The Company had moved to a single tier system and as a result, there is no restriction on the distribution of dividends out of its entire retained earnings as at the end of each reporting period.

20. BORROWINGS

	Group	
	2014 RM	2013 RM
Non-current liabilities		
Secured		
Hire purchase liabilities (Note 21)	836,440	972,933
Term loans	6,766,071	10,752,167
	7,602,511	11,725,100
Current liabilities		
Secured		
Hire purchase liabilities (Note 21)	344,452	677,155
Bank overdraft	-	858,299
Term loans	23,988,842	18,001,027
	24,333,294	19,536,481

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20. BORROWINGS (continued)

	Group	
	2014 RM	2013 RM
Total borrowings		
Hire purchase liabilities (Note 21)	1,180,892	1,650,088
Bank overdraft	-	858,299
Term loans	30,754,913	28,753,194
	31,935,805	31,261,581

- (a) Term loans of the Group are repayable by 60, 144 and 180 equal monthly instalments except for a term loan with one time bullet repayment commencing on fourth months after the date of full drawdown.
- (b) The currency exposure profile of borrowings is as follows:

	Group	
	2014 RM	2013 RM
Ringgit Malaysia	31,861,902	30,911,205
Singapore Dollar	73,903	350,376
	31,935,805	31,261,581

- (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(d) to the financial statements;
 - (ii) Legal charge over certain land held for sale of the Group as disclosed in Note 12(c) to the financial statements;
 - (iii) Lien Holder's caveat over certain land held for sale of the Group as disclosed in Note 12(d) to the financial statements;
 - (iv) Fixed deposits of the Group as disclosed in Note 17 to the financial statements;
 - (v) Assignment of receivables or any other assignment of earnings over the vessels acceptable to the financial institutions;
 - (vi) 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.
- (d) In the previous financial year, a term loan of the Group was secured by a 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 RM12,000,000. This term loan was fully settled in the current financial year.
- (e) Information on financial risks and remaining maturity of borrowings is disclosed in Note 38 to the financial statements.

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21. HIRE PURCHASE LIABILITIES

	Group	
	2014 RM	2013 RM
Minimum hire purchase payments:		
- not later than one (1) year	383,495	730,570
- later than one (1) year but not later than five (5) years	887,269	1,036,206
Total minimum hire purchase payments	1,270,764	1,766,776
Less: Future interest charges	(89,872)	(116,688)
Present value of hire purchase payments	1,180,892	1,650,088
Repayable as follows:		
Current liabilities		
- not later than one (1) year	344,452	677,155
Non-current liabilities		
- later than one (1) year but not later than five (5) years	836,440	972,933
	1,180,892	1,650,088

Information on financial risks of hire purchase liabilities is disclosed in Note 38 to the financial statements.

22. SHARE ISSUANCE SCHEME

The Share Issuance Scheme of the Company came into effect on 17 January 2011. The Share Issuance Scheme shall be in force for a period of five (5) years until 16 January 2016 ('the option period'). The main features of the Share Issuance Scheme 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 Share Issuance Scheme shall not, in aggregate, exceed 15% of the issued and paid-up share capital of the Company at any time during the existence of the Share Issuance Scheme;
- (c) The option price under the Share Issuance Scheme shall be the five (5) days 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 the By-Laws and not more than 10% of the ordinary shares available under the Share Issuance Scheme shall be allocated to any individual Director or eligible employees who, either singly or collectively through persons connected with that 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;

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22. SHARE ISSUANCE SCHEME (continued)

The Share Issuance Scheme of the Company came into effect on 17 January 2011. The Share Issuance Scheme shall be in force for a period of five (5) years until 16 January 2016 ('the option period'). The main features of the Share Issuance Scheme are as follows (continued):

- (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.

The details of the options over ordinary shares of the Company are as follows:

Date of offer	Exercise price RM	Number of options over ordinary shares of RM0.25 each					
		Outstanding as at 1.7.2013	Movements during the financial year			Outstanding as at 30.6.2014	Exercisable as at 30.6.2014
			Granted	Exercised	Forfeited		
2014							
16 April 2012	1.06	10,279,500	-	(533,000)	(4,570,000)	5,176,500	5,176,500
3 January 2014	0.78	-	600,000	-	-	600,000	600,000
28 January 2014	0.79	-	16,000,000	(3,230,500)	(956,000)	11,813,500	4,304,000
		10,279,500	16,600,000	(3,763,500)	(5,526,000)	17,590,000	10,080,500
Weighted average exercise prices (RM)		1.06	0.79	0.83	1.01	0.87	0.93
Weighted average remaining contractual life (months)		30					18

Date of offer	Exercise price RM	Number of options over ordinary shares of RM0.25 each					
		Outstanding as at 1.7.2012	Movements during the financial year			Outstanding as at 30.6.2013	Exercisable as at 30.6.2013
			Granted	Exercised	Forfeited		
2013							
16 April 2012	1.06	14,968,000	-	(4,688,500)	-	10,279,500	10,279,500
Weighted average exercise prices (RM)		1.06	-	1.06	-	1.06	1.06
Weighted average remaining contractual life (months)		42					30

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22. SHARE ISSUANCE SCHEME (continued)

The details of options outstanding at the end of each financial year are as follows:

2014	Weighted average exercise price	Exercise period
	RM	
2012 options ⁽¹⁾	1.06	1.7.2012 - 16.1.2016 ⁽²⁾
	1.06	30.4.2013 - 16.1.2016 ⁽²⁾
2014 options	0.78	4.1.2014 - 16.1.2016 ⁽²⁾
	0.79 ⁽³⁾	29.1.2014 - 16.1.2016 ⁽²⁾
	0.79 ⁽³⁾	28.1.2015 - 16.1.2016 ⁽²⁾
2013		
2012 options ⁽¹⁾	1.06	1.7.2012 - 16.1.2016 ⁽²⁾
	1.06	30.4.2013 - 16.1.2016 ⁽²⁾

⁽¹⁾ 50% exercisable in financial year ended 2012 and the remaining 50% commencing 30 April 2013 and thereafter.

⁽²⁾ Commencing from 17 January 2011, subject to the Directors' absolute discretion without having to obtain approval of the shareholders of the Company to extend the Share Issuance Scheme period but in aggregate shall not exceed the duration of ten years (subject to other terms and conditions of the Share Issuance Scheme By-Laws).

⁽³⁾ 50% exercisable in financial year ended 2014 and the remaining 50% commencing 28 January 2015 and thereafter.

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

Fair value of options and assumptions	2012	2014	2014
	First Grant	Second Grant	Third Grant
Fair value at grant date (RM)	0.121	0.209	0.172
Weighted average share price (RM)	1.16	0.91	0.86
Weighted average exercise price (RM)	1.06	0.78	0.79
Expected volatility (%)	10.40	35.54	35.59
Expected life (years)	5.00	2.00	1.85
Risk free interest rate (%)	3.58	3.96	3.91

Value of services received from the Eligible Executives for issue of options

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Options granted under the Share Issuance Scheme	2,159,056	-	125,460	-

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22. SHARE ISSUANCE SCHEME (continued)

The options expense is not fully recognised in the statement of profit or loss and other comprehensive income of the Company as it has been recharged to the subsidiaries benefiting from the services of the Eligible Executives.

Options exercised during the financial year resulted in the issuance of 3,763,500 (2013: 4,688,500) ordinary shares at RM0.79 or RM1.06 (2013: RM1.06) each respectively. The related weighted average ordinary share price at the date of exercise was RM1.14 (2013: RM1.43).

During the financial year, there were 5,526,000 options being forfeited as a result of termination of employment of the Eligible Executives of the Group and accordingly an amount of RM649,384 has been transferred from the share options reserve to retained earnings.

23. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Non-current					
Amount owing to a related party	(a)	22,288,461	54,623,835	-	-
Current					
Trade payables					
- third parties	(b)	4,662,596	48,263,701	-	-
- a related party	(b)	18,923	18,923	-	-
- amounts due to contract customers	15	1,580,365	2,221,340	-	-
Other payables and accruals	(c)	29,775,581	21,964,278	845,879	911,351
Amounts owing to related parties	(d)	58,460,740	90,106,821	4,660	4,660
		94,498,205	162,575,063	850,539	916,011
		116,786,666	217,198,898	850,539	916,011

- (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 three percent (3%) per annum up to 29 January 2014 (2013: 3%). Thereafter, the amount owing to the related party is interest free.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2013: 30 days to 90 days).
- (c) 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 amounting to RM20,289,722 (2013: RM4,043,768).
- (d) 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.

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23. TRADE AND OTHER PAYABLES (continued)

(e) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	73,030,035	153,163,117	850,539	916,011
Singapore Dollar	41,443,091	61,557,428	-	-
United States Dollar	2,313,540	2,478,353	-	-
	116,786,666	217,198,898	850,539	916,011

(f) Information on financial risks of trade and other payables is disclosed in Note 38 to the financial statements.

24. DEFERRED REVENUE

	Group	
	2014 RM	2013 RM
Deferred revenue	204,312,214	152,521,110

Movements of the deferred revenue from the disposals of land held for sale are as follows:

Group	Reclaimed land component RM	Infrastructure cost component RM	Total RM
At 1 July 2012	29,392,962	8,416,306	37,809,268
Additions during the financial year	103,329,309	26,520,059	129,849,368
Recognised in profit or loss (Note 27)	(15,137,526)	-	(15,137,526)
At 30 June 2013	117,584,745	34,936,365	152,521,110
Reallocation during the financial year	8,090,000	(8,090,000)	-
Additions during the financial year	215,943,697	39,557,027	255,500,724
Recognised in profit or loss	(203,709,620)	-	(203,709,620)
At 30 June 2014	137,908,822	66,403,392	204,312,214

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25. COMMITMENTS

- (a) Operating lease commitments

The Group as lessee

The Group had entered into non-cancellable lease arrangements for office premises, staff housing, office equipment and a sand pump barge, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates. The Group has aggregated future minimum lease commitments as at the end of each reporting period as follows:

	Group	
	2014	2013
	RM	RM
Not later than one (1) year	2,343,472	71,912
Later than one (1) year but not later than five (5) years	15,888	59,334
	2,359,360	131,246

- (b) Capital commitment

	Group	
	2014	2013
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	6,654,790	6,014,417

26. CONTINGENT LIABILITIES

	Company	
	2014	2013
	RM	RM
Secured		
Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiaries	31,900,244	17,627,998

The Directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are remote.

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27. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Marine construction				
- Contract revenue and sales of marine construction materials	17,617,674	230,494,391	-	-
- Disposal of land held for sale	175,642,429	15,137,526	-	-
Vessels chartering and transportation income	17,757,111	20,202,967	-	-
Dividend income	-	-	25,000,000	17,000,000
	211,017,214	265,834,884	25,000,000	17,000,000

Included in revenue from disposal of land held for sale were reversals of revenue of RM28,067,191 (2013: Nil) recognised in the previous financial year arising from the rescission of two (2) land disposal agreements pursuant to the consent judgement as disclosed in Note 41(e)(i) to the financial statements.

28. COST OF SALES

	Group	
	2014 RM	2013 RM
Marine construction		
- Contract works and sales of marine construction materials	11,145,206	123,276,763
- Disposals of land held for sale and other miscellaneous costs	117,505,845	10,793,686
Shipbuilding, repair and maintenance	1,508,387	6,068,859
Vessels chartering and transportation services	24,156,195	28,826,403
	154,315,633	168,965,711

Included in cost of sales were reversals of land costs and other miscellaneous costs of RM15,158,353 (2013: RM Nil) and RM561,344 (2013: RM Nil) respectively which recognised in the previous financial year arising from the rescission of two (2) land disposal agreements pursuant to the consent judgement as disclosed in Note 41(e)(i) to the financial statements.

29. FINANCE COSTS

	Group	
	2014 RM	2013 RM
Interest expense on:		
- bank overdraft	6,123	-
- hire purchase liabilities	54,011	61,692
- letter of credit and trust receipt	125	59,304
- term loans	2,122,289	3,682,687
- unwinding of discount on fair value gain on amount owing to a related party	550,271	-
- others	148,552	60,158
	2,881,371	3,863,841

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30. PROFIT BEFORE TAX

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax is arrived at after charging:					
Amortisation of an intangible asset	8	20,281	-	-	-
Auditors' remuneration					
- statutory audits					
- current year		328,346	306,773	59,400	56,000
- under provision in prior years		700	-	-	-
Bad debts written off		-	500	-	-
Depreciation of property, plant and equipment	7	10,416,558	10,907,110	-	-
Directors' remuneration:					
- Fees:					
- payable by the Company		540,000	240,000	540,000	240,000
- Other emoluments:					
- paid by the Company		494,505	388,712	494,505	388,712
- paid/payable by a subsidiary		9,019,946	6,204,253	-	-
Finance costs	29	2,881,371	3,863,841	-	-
Impairment losses on:					
- amount due from a contract customer	14	1,174,324	740,200	-	-
- investment in a subsidiary	9	-	-	-	3,678,253
- property, plant and equipment	7	16,214,677	4,701,394	-	-
- trade and other receivables	14	1,801,426	1,071,970	-	114,544
Inventories written down	12	270,023	-	-	-
Loss on disposal of property, plant and equipment		2,886,576	2,442,665	-	-
Loss on foreign exchange:					
- realised		-	115,390	-	-
- unrealised		844,213	357,042	-	-
Property, plant and equipment written off	7	44,682	1,025	-	-
Rental paid/payable for:					
- land and premises		3,500	28,550	-	-
- plant and machinery, marine and office equipment		1,126	4,377	-	-

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30. PROFIT BEFORE TAX (continued)

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
And crediting:					
Dividend income from a subsidiary	27	-	-	25,000,000	17,000,000
Fair value gain on amount owing to a related party		2,667,972	-	-	-
Gain on disposal of unit trust		32,262	247,354	-	105,332
Gain on foreign exchange:					
- realised		12,094	-	-	-
Gross dividend received from shares quoted in Malaysia		112,285	252,925	-	-
Interest income from:					
- fixed deposits		969,847	721,897	8,300	12,077
- others		230,450	785,287	2,147	88,333
Land sale deposits forfeited	39(b)	5,431,453	-	-	-
Reversal of impairment loss on:					
- amount due from a contract customer	14	740,200	-	-	-
- a trade receivable	14	365,460	-	-	-
Rental of marine equipment		3,000	-	-	-

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM77,810 (2013: RM142,183).

31. TAX EXPENSE/(INCOME)

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax expense based on profit for the financial year:				
- Malaysian income tax	22,594,309	11,138,037	-	20,247
- Foreign income tax	-	79,992	-	-
	22,594,309	11,218,029	-	20,247
Over provision in prior years	(596,417)	(549,566)	(22,538)	(270,088)
	21,997,892	10,668,463	(22,538)	(249,841)
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	(10,169,832)	(1,611,934)	-	-
Over-provision in prior years	(727,786)	(158,143)	-	-
	(10,897,618)	(1,770,077)	-	-
Tax expense/(income)	11,100,274	8,898,386	(22,538)	(249,841)

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31. TAX EXPENSE/(INCOME) (continued)

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-five percent (25%) (2013: twenty-five percent 25%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between the tax expense/(income) and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	4,550,823	16,389,992	5,366,342	2,914,560
Tax effects in respect of:				
Non-allowable expenses	8,388,403	3,512,627	883,658	1,382,020
Non-taxable income	(329,952)	(325,767)	(6,250,000)	(4,276,333)
Real property gains tax	45,960	-	-	-
Recognition of previously unrecognised tax losses	-	(53,633)	-	-
Reduction in deferred taxes as a result of reduction in tax rate	(230,288)	-	-	-
Deferred tax assets not recognised	268,422	61,269	-	-
Difference in foreign tax rates and exemptions	(268,891)	(9,978,393)	-	-
	12,424,477	9,606,095	-	20,247
Over provision in prior years				
- current tax expense	(596,417)	(549,566)	(22,538)	(270,088)
- deferred tax expense	(727,786)	(158,143)	-	-
Tax expense/(income)	11,100,274	8,898,386	(22,538)	(249,841)

- (d) Tax savings of the Group and of the Company are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Arising from utilisation of previously unrecognised tax losses	-	53,633	-	-

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31. TAX EXPENSE/(INCOME) (continued)

(e) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Group Tax effect RM	After tax RM
Items that may be reclassified subsequently to profit or loss			
30 June 2014			
Fair value gain on available-for sale financial assets	5,372	-	5,372
Foreign currency translations	2,754,770	-	2,754,770
	2,760,142	-	2,760,142
30 June 2013			
Fair value gain on available-for sale financial assets	4,719	-	4,719
Foreign currency translations	278,044	-	278,044
	282,763	-	282,763

32. 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.

	2014 RM	Group 2013 RM
Profit attributable to owners of the parent	7,115,972	56,750,044
	2014	Group 2013
Weighted average number of ordinary shares in issue	805,353,014 ⁽¹⁾	803,182,530 ⁽²⁾

⁽¹⁾ Based on the treasury shares held as at 30 June 2014 of 11,155,400, which translate to the effect of weighted average number of ordinary shares of 2,858,738 shares and exercise of options, which translate to the effect of weighted average number of ordinary shares of 563,252.

⁽²⁾ Based on the treasury shares held as at 30 June 2013 of 1,334,900, which translated to the effect of weighted average number of ordinary shares of 1,305,533 shares and exercise of options, which translated to the effect of weighted average number of ordinary shares of 1,528,063.

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32. EARNINGS PER SHARE (continued)

(a) Basic (continued)

	Group	
	2014	2013
	sen	sen
Basic earnings per ordinary share	0.88	7.07

(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	
	2014	2013
	RM	RM
Profit attributable to owners of the parent	7,115,972	56,750,044

	Group	
	2014	2013
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	805,353,014	803,182,530
Effect of dilution on options under the Share Issuance Scheme	954,137 ⁽³⁾	2,147,955 ⁽⁴⁾
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	806,307,151	805,330,485

⁽³⁾ The diluted earnings per share has been calculated by dividing the profit of the Group attributable to owners of the parent by the weighted average number of shares that would have been issued upon full exercise of the 13,298,500 options under the Share Issuance Scheme granted, adjusted for the number of such shares that would have been issued at fair value.

⁽⁴⁾ The diluted earnings per share has been calculated by dividing the profit of the Group attributable to owners of the parent by the weighted average number of shares that would have been issued upon full exercise of the 10,279,500 options under the Share Issuance Scheme granted, adjusted for the number of such shares that would have been issued at fair value.

	Group	
	2014	2013
	sen	sen
Diluted earnings per ordinary share	0.88	7.05

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33. DIVIDENDS

	Group			
	2014		2013	
	Gross dividend per share sen	Amount of single tier dividend RM	Gross dividend per share sen	Amount of single tier dividend RM
Final dividend paid in respect of financial year ended 30 June 2013/2012	2	16,130,252	3	24,124,968

A final single tier dividend in respect of the financial year ended 30 June 2014 of 0.3 sen per ordinary share of RM0.25 each, amounting to RM2,400,770 has been proposed by the Directors after the end of the reporting period for shareholders' approval at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year do not reflect this proposed final single tier dividend. The dividend, if approved by shareholders, would be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2015.

34. EMPLOYEE BENEFITS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Administrative and other expenses				
Wages, salaries and bonuses	10,975,251	9,301,959	540,000	240,000
Contribution to defined contribution plan	1,681,128	1,344,073	-	-
Other benefits	617,628	722,434	445,728	448,848
Options granted under the Share Issuance Scheme	2,159,056	-	125,460	-
	15,433,063	11,368,466	1,111,188	688,848
Capitalised in amounts due from contract customers				
Salaries, wages, bonuses and allowances	3,638,091	5,054,765	-	-
Contribution to defined contribution plan	163,031	164,858	-	-
	3,801,122	5,219,623	-	-
	19,234,185	16,588,089	1,111,188	688,848

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM9,514,451 (2013: RM6,592,965) and RM494,505 (2013: RM388,712) respectively.

Notes to the Financial Statements
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35. 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 could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries and its immediate and ultimate holding companies.

(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	
	2014 RM	2013 RM	2014 RM	2013 RM
<i>With related parties in which certain Directors have substantial financial interests:</i>				
Contract revenue earned from:				
- Haruman Utama Sdn. Bhd.	-	6,675,005	-	-
- Strategic Oscar Sdn. Bhd.	-	7,620,973	-	-
- Sentosacove Sdn. Bhd.	11,268,660	173,084,331	-	-
- Oceanfront Land Sdn. Bhd.	} 3,812,015	26,401,997	-	-
- Oceanic Sdn. Bhd.				
- Oceanview Property Sdn. Bhd.				
- Atlantic Property Sdn. Bhd.				
Rental of land and premises paid/payable to:				
- Orientalcrest Realty Sdn. Bhd.	-	12,650	-	-
Supply of construction materials from:				
- Oriental Grandeur Marine Sdn. Bhd.	-	9,135	-	-
<i>With a subsidiary</i>				
Dividend income receivable from BSB	-	-	25,000,000	17,000,000

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Notes to the Financial Statements
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35. 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 and of the Company.

The remuneration of Directors and other key management personnel during the financial year were as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Short term employee benefits	8,762,142	6,618,188	765,000	284,000
Contributions to defined contribution plan	1,397,403	1,064,680	-	-
Options granted under the Share Issuance Scheme	1,086,465	-	125,460	-
	11,246,010	7,682,868	890,460	284,000

Executive Directors of the Group and the Company and other key management personnel have been granted the following number of options under the Share Issuance Scheme:

	Group and Company	
	2014	2013
As at 1 July 2013/2012	6,228,000	7,398,000
Granted	7,441,000	-
Exercised	(988,500)	(1,170,000)
Lapsed	(3,030,000)	-
As at 30 June 2014/2013	9,650,500	6,228,000

The terms and conditions of the Share Issuance Scheme are detailed in Note 22 to the financial statements.

36. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in marine construction and civil engineering, disposal of land held for sale, vessel chartering, shipbuilding (including ship repair, maintenance, fabrication and refurbishment) and ship trading and investment holding. The marine construction and civil engineering activities and disposal of land held for sale of the Group are mainly undertaken by BSB, a wholly-owned subsidiary of the Company.

Notes to the Financial Statements 30 June 2014 (continued)

36. OPERATING SEGMENTS (continued)

The Group has arrived at four (4) reportable segments that are organised and managed separately according to the nature of the operations, which require different business strategies. The reportable segments are summarised as follows:

(a) Marine construction

(i) Land reclamation services

Providing marine construction services, which include the following:

- i. land reclamation, dredging and beach nourishment;
- ii. rock revetment works, shore protection works and breakwater construction;
- iii. pre-bore and marine piling;
- iv. construction of marine structures, bridges, jetties, ports and other offshore and ancillary services; and
- v. sales of marine construction materials.

(ii) Disposal of land held for sale

Disposal of reclaimed land received as a compensation of in-kind settlement contract, which are available for immediate sale in its present condition.

(b) Vessel chartering and marine transportation

Chartering of vessels on time and voyage charters.

(c) Shipbuilding

Shipbuilding and providing ship repair, maintenance, fabrication and refurbishment services.

Other operating 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.

36. OPERATING SEGMENTS (continued)

2014	← Marine construction →		Disposal of land held for sale	Vessel chartering	Shipbuilding	Others	Total
	Land reclamation services	Land held for sale					
Revenue							
Total revenue	47,107,924	175,642,429	23,336,451	1,749,999	25,000,000	272,836,803	
Inter-segment revenue	(29,490,250)	-	(5,579,340)	(1,749,999)	(25,000,000)	(61,819,589)	
Revenue from external customers	17,617,674	175,642,429	17,757,111	-	-	211,017,214	
Interest income	1,110,562	-	52,276	27,012	10,447	1,200,297	
Finance costs	(2,101,526)	-	(771,135)	(8,710)	-	(2,881,371)	
Net finance expense/(income)	(990,964)	-	(718,859)	18,302	10,447	(1,681,074)	
Segment profit/(loss) before tax	24,279,124	58,136,584	(18,015,608)	(1,465,386)	21,472,518	84,407,232	
Tax income/(expense)	2,172,722	(14,534,146)	1,207,087	31,687	22,376	(11,100,274)	
Other material non-cash items:							
- Amortisation of intangible asset	(20,281)	-	-	-	-	(20,281)	
- Depreciation of property, plant and equipment	(3,132,275)	-	(6,901,973)	(382,310)	-	(10,416,558)	
- Fair value gain on amount owing to a related party	-	-	2,667,972	-	-	2,667,972	
- Impairment losses on:							
- amount due from a contract customer	(1,174,324)	-	-	-	-	(1,174,324)	
- property, plant and equipment	(1,523,776)	-	(14,690,901)	-	-	(16,214,677)	
- trade and other receivables	(1,801,426)	-	-	-	-	(1,801,426)	
- Inventories written down	-	-	-	(270,023)	-	(270,023)	
- Reversal of impairment losses on:							
- amount due from a contract customer	740,200	-	-	-	-	740,200	
- trade and other receivables	365,460	-	-	-	-	365,460	
Additions to non-current assets	2,379,120	-	-	176,035	-	2,555,155	
Segment assets	414,384,844	326,596,413	128,838,358	20,656,991	14,194,784	904,671,390	
Segment liabilities	(95,790,792)	(204,312,214)	(49,971,631)	(1,963,966)	(996,082)	(353,034,685)	

36. OPERATING SEGMENTS (continued)

2013	← Marine construction →		Disposal of land held for sale	Vessel chartering	Shipbuilding	Others	Total
	Land reclamation services	Land held for sale					
Revenue							
Total revenue	317,143,772	15,137,526	75,066,215	9,603,120	17,000,000	433,950,633	
Inter-segment revenue	(86,649,381)	-	(54,863,248)	(9,603,120)	(17,000,000)	(168,115,749)	
Revenue from external customers	230,494,391	15,137,526	20,202,967	-	-	265,834,884	
Interest income	1,363,846	-	13,823	23,346	106,169	1,507,184	
Finance costs	(2,556,864)	-	(1,244,259)	(62,718)	-	(3,863,841)	
Net finance expense/(income)	(1,193,018)	-	(1,230,436)	(39,372)	106,169	(2,356,657)	
Segment profit/(loss) before tax	58,273,583	4,343,840	35,901,341	(378,627)	11,585,608	109,725,745	
Tax (expense)/income	(7,564,505)	(1,085,960)	(496,708)	-	248,787	(8,898,386)	
Other material non-cash items:							
- Depreciation of property, plant and equipment	(3,316,373)	-	(7,212,620)	(378,117)	-	(10,907,110)	
- Impairment losses on:							
- amount due from a contract customer	(740,200)	-	-	-	-	(740,200)	
- property, plant and equipment	-	-	(4,701,394)	-	-	(4,701,394)	
- trade and other receivables	(1,071,970)	-	-	-	-	(1,071,970)	
Additions to non-current assets	2,192,897	-	-	419,008	-	2,611,905	
Segment assets	481,496,805	289,221,226	159,716,473	21,751,523	4,931,609	957,117,636	
Segment liabilities	(174,821,283)	(152,521,110)	(70,501,562)	(1,986,333)	(1,151,301)	(400,981,589)	

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36. OPERATING SEGMENTS (continued)

(a) Reconciliations

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2014	2013
	RM	RM
Revenue		
Total revenue for reportable segments	272,836,803	433,950,633
Elimination of inter-segment revenues	(61,819,589)	(168,115,749)
Revenue of the Group per consolidated statements of profit or loss and other comprehensive income	211,017,214	265,834,884
Profit for the financial year		
Total profit for reportable segments	84,407,232	109,725,745
Options granted under the Share Issuance Scheme	(2,159,056)	-
Elimination of inter-segment profits	(64,044,884)	(44,165,778)
Profit before tax	18,203,292	65,559,967
Tax expense	(11,100,274)	(8,898,386)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	7,103,018	56,661,581
Assets		
Total assets for reportable segments	904,671,390	957,117,636
Unallocated assets:		
- Other investments	43,836	38,464
- Current tax assets	177,787	8,145,838
- Deferred tax assets	4,962,612	1,878,468
Assets of the Group per consolidated statement of financial position	909,855,625	967,180,406
Liabilities		
Total liabilities for reportable segments	353,034,685	400,981,589
Unallocated liabilities:		
- Current tax liabilities	9,243,012	178,652
- Deferred tax liabilities	1,262,082	9,075,556
Liabilities of the Group per consolidated statement of financial position	363,539,779	410,235,797

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36. OPERATING SEGMENTS (continued)

(b) Geographical information

The operations of the Group 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 and deferred tax assets.

	Group	
	2014	2013
	RM	RM
Revenue from external customers		
Malaysia	211,017,214	265,834,884
Non-current assets		
Malaysia	127,927,631	152,434,767
Singapore	60,460,774	61,643,564
	188,388,405	214,078,331

(c) Major customers

The following are major customers with revenue equal to or more than ten per centum (10%) of Group revenue for current and prior years:

	Group	
	2014	2013
	RM	RM
Customer A	-	173,084,331
Customer B	43,376,690	-
Customer C	45,314,410	-
Customer D	39,590,567	-
Customer E	31,291,321	-
	159,572,988	173,084,331

The above customers are related to the marine construction segment.

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37. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order 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 2014 and 30 June 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The strategy of the Group 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 net debts include loans and borrowings, trade and other payables, less cash and cash equivalents. Capital represents equity attributable to the owners of the parent less the fair value adjustment reserve.

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Borrowings	31,935,805	31,261,581	-	-
Trade and other payables	116,786,666	217,198,898	850,539	916,011
Financial debts	148,722,471	248,460,479	850,539	916,011
Less:				
Short term funds	(23,236,090)	(636,838)	-	-
Cash and bank balances	(35,431,231)	(39,526,388)	(2,417,259)	(218,304)
Net debts/(cash)	90,055,150	208,297,253	(1,566,720)	697,707
Total equity	543,438,839	554,060,020	374,893,994	373,898,012
Net debts	90,055,150	208,297,253	-	697,707
Total equity plus net debts	633,493,989	762,357,273	374,893,994	374,595,719
Gearing ratio (%)	14.22	27.32	*	0.19

* Gearing ratio is not presented as the Company has a net cash position as at the end of the reporting period.

Notes to the Financial Statements
30 June 2014
(continued)

37. FINANCIAL INSTRUMENTS (continued)

(a) Capital management (continued)

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 30 June 2014.

(b) Financial instruments

Group 30 June 2014	Loans and receivables RM	Available- for-sale RM	Fair value through profit or loss RM	Total RM
Financial assets				
Other investments	-	43,836	-	43,836
Trade and other receivables, net of prepayments	397,020,131	-	-	397,020,131
Short term funds	-	-	23,236,090	23,236,090
Cash and bank balances	35,431,231	-	-	35,431,231
	432,451,362	43,836	23,236,090	455,731,288

	Other financial liabilities RM	Total RM
Financial liabilities		
Borrowings	31,935,805	31,935,805
Trade and other payables	116,786,666	116,786,666
	148,722,471	148,722,471

Company 30 June 2014	Loans and receivables RM	Total RM
Financial assets		
Other receivables and deposits	219,470,050	219,470,050
Cash and bank balances	2,417,259	2,417,259
	221,887,309	221,887,309

Notes to the Financial Statements
30 June 2014
(continued)

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Company			Other financial liabilities	Total
30 June 2014			RM	RM
Financial liabilities				
Other payables and accruals			850,539	850,539
<hr/>				
Group	Loans and receivables	Available- for-sale	Fair value through profit or loss	Total
30 June 2013	RM	RM	RM	RM
Financial assets				
Other investments	-	38,464	-	38,464
Trade and other receivables, net of prepayments	481,537,965	-	-	481,537,965
Short term funds	-	-	636,838	636,838
Cash and bank balances	39,526,388	-	-	39,526,388
	521,064,353	38,464	636,838	521,739,655
<hr/>				
			Other financial liabilities	Total
			RM	RM
Financial liabilities				
Borrowings			31,261,581	31,261,581
Trade and other payables			217,198,898	217,198,898
			248,460,479	248,460,479
<hr/>				
Company			Loans and receivables	Total
30 June 2013			RM	RM
Financial assets				
Other receivables and deposits			220,505,133	220,505,133
Cash and bank balances			218,304	218,304
			220,723,437	220,723,437
<hr/>				

Notes to the Financial Statements

30 June 2014

(continued)

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Company	Other financial liabilities	Total
30 June 2013	RM	RM
Financial liabilities		
Other payables and accruals	916,011	916,011

(c) 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 values and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair values, either due to their short-term 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 liabilities

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar instruments at the end of each reporting period.

- (iii) Other investments - quoted shares in Malaysia

The fair value of quoted investments in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

- (iv) Short term funds

The fair values of short term funds are determined by reference to the exchange quoted market bid prices at the close of the business at the end of each reporting period.

(d) Fair value hierarchy

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).

37. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group 2014	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair values RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Financial assets										
Available-for-sale										
- Other investments	43,836	-	-	43,836	-	-	-	-	43,836	43,836
Fair value through profit or loss										
- Short term funds	23,236,090	-	-	23,236,090	-	-	-	-	23,236,090	23,236,090
Financial liabilities										
Other financial liabilities										
- Hire purchase liabilities	-	-	-	-	-	1,134,279	-	1,134,279	1,134,279	1,180,892
- Amount owing to a related party	-	22,288,461	-	22,288,461	-	-	-	-	22,288,461	22,288,461
Company 2014										
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	58,967	58,967	58,967	-

37. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

Group 2013	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair values RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
Financial assets										
Available-for-sale										
- Other investments	38,464	-	-	38,464	-	-	-	-	38,464	38,464
Fair value through profit or loss										
- Short term funds	636,838	-	-	636,838	-	-	-	-	636,838	636,838
Financial liabilities										
Other financial liabilities										
- Hire purchase liabilities	-	-	-	-	-	1,524,307	-	1,524,307	1,524,307	1,650,088
- Amount owing to a related party	-	53,421,844	-	53,421,844	-	-	-	-	53,421,844	54,623,835
Company 2013										
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	105,871	105,871	105,871	-

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group 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 business of the Group. The overall business strategies of the Group 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 risk. Information on the management of the related exposures is detailed below:

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would 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 policy of the Group and of the Company 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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar and Singapore Dollar exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Group	
		2014	2013
		RM	RM
Profit after tax			
USD/RM	- strengthen by 2% (2013: 2%)	+12,448	+132,557
	- weaken by 2% (2013: 2%)	-12,448	-132,557
SGD/RM	- strengthen by 2% (2013: 2%)	-613,004	-909,712
	- weaken by 2% (2013: 2%)	+613,004	+909,712

Notes to the Financial Statements

30 June 2014

(continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and the Company would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rate risk arises primarily from the loans and borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by thirty (30) basis points with all other variables held constant:

	Group	
	2014	2013
	RM	RM
Profit after tax		
- Increased by 0.3% (2013: 0.3%)	-69,216	-37,694
- Decreased by 0.3% (2013: 0.3%)	+69,216	+37,694

The sensitivity is higher in 2014 than in 2013 because of an increase in outstanding borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

Notes to the Financial Statements
30 June 2014
(continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate %	Within 1 year RM	2 to 5 years RM	More than 5 years RM	Total RM
30 June 2014						
Fixed rates						
Deposits with licensed financial institutions	17	2.72	17,856,124	-	-	17,856,124
Hire purchase liabilities	21	4.10	(344,452)	(836,440)	-	(1,180,892)
Floating rates						
Term loans	20	6.83	(23,988,842)	(5,514,764)	(1,251,307)	(30,754,913)
30 June 2013						
Fixed rates						
Deposits with licensed financial institutions	17	2.74	25,973,524	-	-	25,973,524
Hire purchase liabilities	21	4.79	(677,155)	(972,933)	-	(1,650,088)
Amount owing to a related party	23	3.00	-	(54,623,835)	-	(54,623,835)
Term loans	20	6.50	(12,000,000)	-	-	(12,000,000)
Floating rates						
Term loans	20	6.70	(6,001,027)	(9,233,411)	(1,518,756)	(16,753,194)
Bank overdraft	20	7.85	(858,299)	-	-	(858,299)

Notes to the Financial Statements
30 June 2014
(continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its 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 activities of the Group.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each 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 2014				
Group				
Financial liabilities				
Trade and other payables	94,498,205	24,407,644	-	118,905,849
Loans and borrowings	25,241,744	6,959,111	1,388,741	33,589,596
Total undiscounted financial liabilities	119,739,949	31,366,755	1,388,741	152,495,445
Company				
Financial liabilities				
Other payables and accruals	850,539	-	-	850,539
At 30 June 2013				
Group				
Financial liabilities				
Trade and other payables	162,575,063	54,825,450	-	217,400,513
Loans and borrowings	19,701,728	11,367,181	1,721,766	32,790,675
Total undiscounted financial liabilities	182,276,791	66,192,631	1,721,766	250,191,188
Company				
Financial liabilities				
Other payables and accruals	916,011	-	-	916,011

Notes to the Financial Statements

30 June 2014

(continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Credit risk

Cash deposits and receivables could 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 customers of the Group and licensed financial institutions. It is the policy of the Group 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 primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group 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 two (2) months, extending up to three (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 36 to the financial statements.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group and the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. There has been no change to the exposure of the Group to credit risk or the manner in which the risk is managed and measured.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 14 to the financial statements.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	2014		2013	
	RM	% of total	RM	% of total
By country				
Malaysia	146,094,716	100.00%	126,762,786	100.00%
By industry sectors				
Marine construction				
- Land reclamation services	7,752,662	5.31%	11,372,297	8.97%
- Disposal of land held for sale	138,342,054	94.69%	115,390,489	91.03%
	146,094,716	100.00%	126,762,786	100.00%

Notes to the Financial Statements 30 June 2014 (continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Deposits with banks and other financial institutions, short term funds and deposits paid for acquisition of a parcel of land that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14 to the financial statements.

(e) Market risk

Market risk is the risk that the fair value of future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risks arising from quoted investments and short term funds held by the Group.

Quoted equity instruments in Malaysia are listed on the Bursa Malaysia Securities and are held for strategic rather than trading purposes. These instruments are classified as available-for-sale financial assets.

Short term funds are unit trusts quoted in Malaysia. These instruments are classified as fair value through profit or loss.

At the end of each reporting period, the maximum exposure of the Group to market risk is represented by the total carrying amount of these financial assets recognised in the statements of financial positions, which amounted to RM23,279,926 (2013: RM675,302). There has been no change to the exposure of the Group to market 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 each reporting period.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 12 March 2013, SKSB, a 70% owned-subsiary of TPMISB, entered into a binding term sheet with The State Secretary, Johor (Incorporated) ('S.S.I') and 1MY Strategic Oil Terminal Sdn. Bhd. ('the Purchaser') to undertake the reclamation works and sale of approximately 1,000 acres of land off the coast of Tanjung Piai, Johor Darul Ta'zim ('the land') for the purpose of constructing and operating a crude oil and petroleum storage facility together with a private jetty ('Project'). (SKSB, S.S.I and the Purchaser are collectively referred to as 'the Parties').

Further to seven (7) separate announcements made to Bursa Malaysia Securities Berhad with regards to the Term Sheet, the Parties have mutually agreed to extend the period of validity of the Term Sheet for an additional duration of seven (7) months from the expiry date to finalise the terms and conditions of the Sale and Purchase Agreement.

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

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (b) On 10 July 2013, HLSB, a wholly-owned subsidiary of BSB, which in turn is a wholly-owned subsidiary of the Company, entered into sale and purchase agreements with Highbond Capital Sdn. Bhd. ('HCSB') and Gigayear Revenue Sdn. Bhd. ('GRSB') to dispose of eight (8) parcels of leasehold land held measuring in aggregate approximately 41.55 acres for a total consideration of RM54,314,528. The Group received 10% deposits amounting to RM5,431,453 from the purchasers in respect of these transactions.

On 10 December 2013, the Group terminated these sale and purchase agreements due to the failure of the purchasers to settle the remaining balance of the sale consideration amounting to RM48,883,075 on or before the extended completion date i.e. 10 December 2013. Consequently, the Group forfeited the 10% deposits and recognised as other income during the financial year.

- (c) On 24 September 2013, OCSB, a wholly-owned subsidiary of BSB, which in turn is a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Ultra Harmony Development Sdn. Bhd. ('UHDSB') to dispose of six (6) parcels of leasehold land held measuring in aggregate approximately 30.00 acres for a total consideration of RM50,965,200. The Group received 10% deposits amounting to RM5,096,520 from the purchaser in respect of this transaction.

The Group completed the transaction on 6 February 2014 following the payment of the remaining balance by UHDSB.

- (d) On 7 October 2013, in a specially convened Board of Directors' meeting, a resolution was passed to terminate the service agreements of two (2) of the Executive Directors of the Company, namely Datuk Leaw Tua Choon and Datuk Leaw Ah Chye, by reason of them having committed a serious breach of the terms and conditions of the said service agreements. The nature of the breach pertains to wilful failure of the said Executive Directors to disclose to the Board their direct involvement in two (2) land sale transactions, which were concluded in January and March 2012 respectively between a wholly-owned subsidiary of BSB, namely SLSB, as vendor and two (2) companies connected to the said Directors as purchasers.

Under normal circumstances, these transactions would have been disclosed in an announcement to Bursa Malaysia Securities Berhad as related party transactions subject to the relevant rules and regulations governing such transactions. The Group has made three (3) separate announcements to Bursa Malaysia Securities Berhad in relation to the termination of the aforesaid service agreements. In relation to this, the Group reserves all of its legal rights pursuant to this matter.

On 6 November 2013, the Group announced to convene an Extraordinary General Meeting ('EGM') for the purpose of removing both Datuk Leaw Tua Choon and Datuk Leaw Ah Chye as Directors of the Company.

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

- (e) On 28 October 2013, HLRSB, a wholly-owned subsidiary of BSB, which in turn is a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Faithview Supreme Development Sdn. Bhd. ('FSDSB') to dispose of eight (8) parcels of leasehold land held measuring in aggregate approximately 29.54 acres for a total consideration of RM51,470,496.

During the financial year, the Group received 10% deposits amounting to RM5,147,050 from FSDSB. The remaining balance of sale consideration is due within three (3) months from the unconditional date as specified in the sale and purchase agreement, which is within one (1) year from the date of the said agreement.

Notes to the Financial Statements 30 June 2014 (continued)

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (f) On 17 December 2013, OPSB, a wholly-owned subsidiary of BSB, which in turn is a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Faithview Concept Development Sdn. Bhd. ('FCDSB') to dispose of four (4) parcels of leasehold land held measuring in aggregate approximately 31.86 acres for a total consideration of RM55,531,011. The Group received 10% deposits amounting to RM5,553,101 from the purchaser in respect of this transaction.

The Group completed the transaction on 21 April 2014 following the payment of the remaining balance by FCDSB.

- (g) On 13 March 2014, SLSB, a wholly-owned subsidiary of BSB, which in turn is a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Teobros Development Sdn. Bhd. ('TDSB') to dispose of the land recovered from the rescinded transactions as disclosed in Note 41(e)(i) to the financial statements, for a total consideration of RM48,115,196. The Group received 35% deposits amounting to RM16,840,196 from the purchaser in respect of this transaction.

The Group completed the transaction on 2 July 2014 following the payment of the remaining balance by TDSB.

- (h) On 20 March 2014, Jayamas, a wholly-owned subsidiary of BSB, which in turn is a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with UHDSB to dispose of twenty two (22) parcels of leasehold land held measuring in aggregate approximately 128.52 acres for a total consideration of RM235,129,910.

During the financial year, the Group received 10% deposits amounting to RM23,512,991 from UHDSB. The remaining balance is due within ninety (90) days from the completion date as specified in the sale and purchase agreement, which is the day that UHDSB's solicitor receives the notification of the issuance of land titles in the name of the Group.

- (i) On 5 May 2014, BSB accepted the letter of award dated 2 May 2014 from Oriental Boon Siew (M) Sdn. Bhd. to undertake the construction, completion and maintenance of coastal reclamation and associated works for Ultra Green Sdn. Bhd. in Melaka covering a total area approximately 415 acres for a contract sum of RM203,894,750.

40. SIGNIFICANT EVENT SUBSEQUENT TO END OF THE REPORTING PERIOD

- (a) On 12 September 2014, the Company proposed to issue up to RM200,000,000 nominal value of 7-years Redeemable Convertible Secured Bonds ('CB') at an issue price to be determined later. The CB are convertible into new ordinary shares of RM0.25 each at the option of the holders of the CB at any time after the issuance date of CB and up to the maturity date, at a conversion price, which will be at a premium of between 15% and 20% over the five (5) day volume weighted average market price of the ordinary shares of the Company on a price-fixing date to be determined later by the Board.

The application to the Securities Commission Malaysia for the Proposed CB Issue and the listing application to Bursa Securities in respect of the listing of and quotation for the new ordinary shares of RM0.25 each in the Company to be issued pursuant to the conversion of the CB were submitted on 9 October 2014 and 10 October 2014 respectively.

41. MATERIAL LITIGATIONS

- (a) As announced to Bursa Malaysia Securities Berhad on 30 October 2013 and 4 November 2013, a Notice pursuant to Section 218 of the Companies Act, 1965 in Malaysia dated 29 October 2013 had been served on BDSB, a wholly-owned subsidiary of BSB, which in turn is a wholly-owned subsidiary of the Company, by a solicitor acting for KTG Marine (M) Sdn. Bhd. ('KTG'), demanding payment of RM8,447,916 for alleged works done for the proposed coastal reclamation works in Melaka.

Subsequently, both Parties have discussed and agreed that the final settlement sum to be of RM7,984,457 (net of discount of RM243,972 and reconciling items of RM219,487). BDSB had as of 19 February 2014, fully settled the agreeable settlement sum. Pursuant thereto, this suit is deemed as resolved and there is no longer any obligation between both parties under this suit.

- (b) On 18 November 2013, the Group announced that the Company, BSB and SLSB ('the Plaintiffs') had commenced a civil suit in the Kuala Lumpur High Court ('KLHC') on 6 November 2013 against Datuk Leaw Tua Choon, Datuk Leaw Ah Chye, Leaw Yongene, Sunshine 2000 Sdn. Bhd., Seaside Synergy Sdn. Bhd., Su Seong Lin, Low Kim Yeok and Pong Kim Siew for inter alia loss and damage as well as an account for secret profits arising from the sale of certain lands to Sunshine 2000 Sdn. Bhd. and Seaside Synergy Sdn. Bhd. ('the said Lands') and as against Datuk Leaw Tua Choon and Datuk Leaw Ah Chye, for loss and damage and an account of all secret profits, arising from the breach of their contractual, statutory, fiduciary and/or common law duties and/or obligations as Executive Directors of the Plaintiffs in respect of the said Lands.

Refer to Note 41(e)(i) to the financial statements for the resolution of this case.

- (c) On 18 November 2013, the Group announced that the Company and BDSB ('the Plaintiffs'), commenced a civil suit in the KLHC on the 6 November 2013 against Datuk Leaw Tua Choon, Datuk Leaw Ah Chye, Leaw Yongene and Citypoint Engineering Sdn. Bhd. ('CESB') for inter alia, a declaration that the Letter of Award dated 16 May 2012 between BDSB and CESB was void ab initio and/or for loss and damage as well as an account for secret profits arising from the breach of on the part of Datuk Leaw Tua Choon and Datuk Leaw Ah Chye of their contractual, statutory, fiduciary and/or common law duties and/or obligations as Executive Directors of the Plaintiffs in respect of certain dealings concerning CESB ('Writ of Summons'). A separate civil suit was also filed in KLHC on 6 November 2013 by BDSB against CESB, to dispute inter alia, the demanded sum by CESB for the cost of services rendered, on the grounds that the sum was dubious, exorbitant and unjustified ('Originating Summons').

On 21 November 2013, the Group announced that a Notice pursuant to Section 218 of the Companies Act, 1965 in Malaysia dated 18 November 2013 ('Notice of Demand') had been served on BDSB on 19 November 2013 by a solicitor acting for CESB, demanding payment of RM18,804,282 being costs of services rendered for the proposed coastal reclamation works in Melaka.

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

Refer to Note 41(e)(ii) to the financial statements for the resolution of this case.

Notes to the Financial Statements 30 June 2014 (continued)

41. MATERIAL LITIGATIONS (continued)

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

Refer to Note 41(e)(iii) to the financial statements for the resolution of this case.

- (e) On 5 December 2013, the Group announced that a Heads of Agreement ('HoA') had been signed on 4 December 2013 ('HoA') between the Company (on behalf of itself and all subsidiaries), Datuk Leaw Tua Choon, Datuk Leaw Ah Chye and Leaw Yongene (collectively refer to as 'the Parties'). The objective of the HoA is to set out the framework to settle all legal suits, grievances, disputes and claims as between the Company and the aforesaid parties. Further to the announcement made, on 10 January 2014, the Group announced the status and the implementation of settlement pursuant to the HoA as follows:

- (i) The Parties had recorded consent judgement ('Judgement') in KLHC and the Judgement stipulated, inter alia, that:
- (a) the land sales to Sunshine 2000 Sdn. Bhd. and Seaside Synergy Sdn. Bhd. (collectively refer to as 'Said Companies') be rescinded and cancelled;
 - (b) The original issue document of titles for the said lands be retransferred back to SLSB and the full purchase price of RM28,067,191 ('Refund Sum') be returned to the Said Companies; and
 - (c) Pong Kim Siew to refund commission of RM561,344 to SLSB failing which it would be set-off against the Refund Sum.
- (ii) Pursuant to the withdrawal of Notice of Demand by CESB as stated in Note 41(c) above, the Originating Summons were subsequently withdrawn on 9 December 2013. In view of the foregoing, Benalec and BDSB further intended to withdraw the abovementioned Writ of Summon.
- (iii) The Parties under KLHC Suit No. 22NCVC-631-11/2013, agreed to Oceanic Sdn. Bhd., Altantic Property Sdn. Bhd., Oceanfront Realty Sdn. Bhd. and Oceanview Property Sdn. Bhd. (collectively refer to as 'Related Companies') executing an irrevocable power of attorney in favour of the Company to enable it to carry out the terms and obligations stipulated under various land reclamation agreements executed by parties therein. Messrs. Wong, Beh & Toh shall hold the RM22,000,000 as stakeholder and act in accordance with the instructions of the Company.
- (iv) The Parties had successfully resolved and implemented major terms thereby negating further needs to execute other settlement agreement.

On 31 March 2014, the Group announced that a Proposed Ratification of the Heads of Agreement ('HoA') that served as the Global Settlement framework was deemed to be a related party transaction and should therefore be subject to the shareholders' ratification.

The proposed HoA ratification subsequently had been approved by the shareholders at the EGM held on 25 June 2014.

41. MATERIAL LITIGATIONS (continued)

- (f) On 29 May 2014, BSB was served with a civil suit filed by a telecommunication company, who claimed that the Submerged Fibre Optic Cable, which was set up under the deep sea between Port Dickson and Melaka, in Straits of Melaka was damaged due to the sand extraction activities performed by the Group. The damaged has interrupted the national network communication and the telecommunication company claimed an amount of RM2,041,000 for losses suffered from the interruption.

Following case management on 25 June 2014, 9 July 2014, 16 July 2014, 18 September 2014, 20 October 2014, the Court has further fixed this matter for case management on 20 November 2014.

Based on the legal advice, the Group has a reasonably good chance of overcoming and/or knocking out the claim if the Group is able to show that in or thereabouts 5 June 2008, the relevant vessels of the Group were not working in the vicinity of the said location; and/or that there were other vessels (which had nothing whatsoever to do with the Group) working in the vicinity of the said location; and/or that technically, the suction method of extraction used by the Group would not have caused the alleged damage to the telecommunication company's Submerged Fibre Optic Cable. Nevertheless, the Group has Marine Hull policy to indemnify the claim to the telecommunication company. Consequently, management is of the view that it is not probable that an outflow of economic benefits is required and that provision need not be recognised during the financial year in respect of this claim.

Notes to the Financial Statements
30 June 2014
(continued)

BENALEC HOLDINGS BERHAD
ANNUAL REPORT 2014

42. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of each reporting period may be analysed as follows:

	2014	
	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries		
- Realised	312,622,958	23,759,181
- Unrealised	5,524,289	-
	318,147,247	23,759,181
Less: Consolidation adjustments	10,541,838	-
Total retained earnings	328,689,085	23,759,181

	2013	
	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries		
- Realised	335,226,975	17,752,144
- Unrealised	(7,554,130)	-
	327,672,845	17,752,144
Less: Consolidation adjustments	9,381,136	-
Total retained earnings	337,053,981	17,752,144

GROUP PROPERTIES

as at 30 June 2014

A. Summary of Land Held for Sale

PT No.	Lot No.	Description	Land Area (acres)	Existing usage	Tenure	NBV as at 30/06/2014 (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 18/05/2015	3,732,321	19/05/2006
PT 100 - 101	HS (D) 69022 - 23	Pekan Klebang Sek. III, Melaka Tengah, Melaka	10.00	Vacant land / Residential	Leasehold & expiring on 28/11/2109	9,017,646	29/11/2010
PT 105	HS (D) 69027	Pekan Klebang Sek. III, Melaka Tengah, Melaka	5.00	Vacant land / Residential	Leasehold & expiring on 28/11/2109	4,508,823	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	3,472,450	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	22,864,478	10/12/2010
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	34,418,296	25/04/2012
PT 1801 - 1804	HS (D) 70340 - 3	Pekan Klebang Sek. VI, Melaka Tengah, Melaka	23.01	Vacant land / Commercial	Leasehold & expiring on 21/07/2110	15,292,561	22/07/2011
PT 550 - 552	HS (D) 75531 - 3	Pekan Klebang Sek. II, Melaka Tengah, Melaka	36.51	Vacant land / Commercial	Leasehold & expiring on 29/07/2112	36,452,786	30/07/2013
PT 553 - 555	HS (D) 75534 - 6	Pekan Klebang Sek. II, Melaka Tengah, Melaka	23.12	Vacant land / Commercial	Leasehold & expiring on 29/07/2112	23,084,450	30/07/2013
PT 560 - 562	HS (D) 75678 - 80	Pekan Klebang Sek. II, Melaka Tengah, Melaka	34.35	Vacant land / Commercial	Leasehold & expiring on 02/10/2112	34,169,928	03/10/2013
Total			214.85			187,013,739	

Group Properties
as at 30 June 2014 (continued)

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 30/06/2014 (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	520,375	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	2,329,822	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	560,939	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	4,501,685	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	1,270,745	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 & office)	Leasehold & expiring on 03/04/2068	12,188,655	Land: 06/09/2007 Building: 22/10/2010
7	PT 001790	HS (D) 0070078	No.2, Jalan KL 3/9, Taman Kota Laksamana Sek. 3, 75200 Melaka.	6,088.00	3 storey shop office (Melaka site office)	Leasehold & expiring on 29/05/2110	1,417,722	01/06/2011
Total (RM)							22,789,943	

Group Properties as at 30 June 2014 (continued)

C. Information on Properties Held for sale

No.	PT No.	Block No.	Location	Built up area (sg. ft)	Description Existing Usage	Tenure / Date of expiry of lease	NBV as at 30/06/2014 (RM)	Date of acquisition / SPA
1	PT 1860	A-10-4	Kompleks Perniagaan Kota Syahbandar, Kawasan Bandar VI, Daerah Melaka Tengah, 75200 Melaka.	13,820.00	4 storey shop office (Vacant)	Leasehold & expiring on 30/09/2106	2,488,888	29/03/2013
2	PT 1860	A-13-4	Kompleks Perniagaan Kota Syahbandar, Kawasan Bandar VI, Daerah Melaka Tengah, 75200 Melaka.	6,719.00	4 storey shop office (Vacant)	Leasehold & expiring on 30/09/2106	1,280,307	29/03/2013
3	PT 1860	A-13-5	Kompleks Perniagaan Kota Syahbandar, Kawasan Bandar VI, Daerah Melaka Tengah, 75200 Melaka.	6,719.00	4 storey shop office (Vacant)	Leasehold & expiring on 30/09/2106	1,388,888	29/03/2013
4	PT 1860	A-13-6	Kompleks Perniagaan Kota Syahbandar, Kawasan Bandar VI, Daerah Melaka Tengah, 75200 Melaka.	6,719.00	4 storey shop office (Vacant)	Leasehold & expiring on 30/09/2106	1,388,888	29/03/2013
5	PT 1860	A-13-7	Kompleks Perniagaan Kota Syahbandar, Kawasan Bandar VI, Daerah Melaka Tengah, 75200 Melaka.	6,719.00	4 storey shop office (Vacant)	Leasehold & expiring on 30/09/2106	1,388,888	29/03/2013
6	PT 1860	A-13-8	Kompleks Perniagaan Kota Syahbandar, Kawasan Bandar VI, Daerah Melaka Tengah, 75200 Melaka.	6,719.00	4 storey shop office (Vacant)	Leasehold & expiring on 30/09/2106	1,388,888	29/03/2013
7	PT 1860	A-13-9	Kompleks Perniagaan Kota Syahbandar, Kawasan Bandar VI, Daerah Melaka Tengah, 75200 Melaka.	6,719.00	4 storey shop office (Vacant)	Leasehold & expiring on 30/09/2106	1,388,888	29/03/2013
8	PT 1860	A-13-11	Kompleks Perniagaan Kota Syahbandar, Kawasan Bandar VI, Daerah Melaka Tengah, 75200 Melaka.	8,137.00	4 storey shop office (Vacant)	Leasehold & expiring on 30/09/2106	2,588,888	29/03/2013
Total (RM)							13,302,523	

STATEMENT OF SHAREHOLDERS

as at 30 October 2014

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	:	RM202,899,875 divided into 811,599,500 Ordinary Shares of RM0.25 each (including 12,655,400 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 30 OCTOBER 2014

Size of Shareholdings	No. of Holders	Total Holdings	%
Less than 100	20	254	#
100 to 1,000	581	490,948	0.06
1,001 to 10,000	6,382	38,148,004	4.70
10,001 to 100,000	3,764	126,947,585	15.64
100,001 to 40,579,974*	547	264,232,309	32.56
40,579,975** and above	1	381,780,400	47.04
Total	11,295	811,599,500*	100.00

+ Total number of shares issued of 811,599,500 includes 12,655,400 treasury shares as per the Record of Depositors as at 30 October 2014.

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 30 OCTOBER 2014

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% [^]	No. of Shares	% [^]
Oceancove Sdn Bhd	381,780,400	47.78	-	-
Dato' Leaw Seng Hai	444,100	0.06	381,780,400 ⁽¹⁾	47.78
Datuk Leaw Ah Chye	-	-	381,780,400 ⁽¹⁾	47.78
Foo Polin	-	-	381,780,400 ⁽²⁾	47.78
Oceanview Cove Sdn Bhd	-	-	381,780,400 ⁽³⁾	47.78

Notes:

[^] The percentage of shareholdings have been computed net of treasury shares.

⁽¹⁾ Deemed interested by virtue of his direct interests in Oceancove Sdn Bhd and indirect interests in Oceancove Sdn Bhd via Oceanview Cove Sdn Bhd pursuant to Section 6A of the Act.

⁽²⁾ Deemed interested by virtue of her direct interests in Oceancove Sdn Bhd pursuant to Section 6A of the Act.

⁽³⁾ Deemed interested by virtue of its direct interests in Oceancove Sdn Bhd pursuant to Section 6A of the Act.

Statement of Shareholders as at 30 October 2014 (continued)

DIRECT AND INDIRECT INTEREST OF DIRECTORS IN THE ORDINARY SHARES OF BENALEC HOLDINGS BERHAD AS AT 30 OCTOBER 2014

Directors	Direct Interest		Deemed Interest	
	No. of Shares	% [^]	No. of Shares	% [^]
Aznam Bin Mansor	-	-	-	-
Dato' Leaw Seng Hai	444,100	0.06	381,780,400 ⁽¹⁾	47.78
Koo Hoong Kwan	270,000	0.03	-	-
Wong Yoke Nyen	-	-	-	-

Notes:

[^] The percentage of shareholdings have been computed net of treasury shares.

⁽¹⁾ Deemed interested by virtue of his direct interests in Ocean Cove Sdn Bhd and indirect interests in Ocean Cove Sdn Bhd via Oceanview Cove Sdn Bhd pursuant to Section 6A of the Act.

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 OCTOBER 2014

Names of Shareholders	Shareholdings	%
1. Ocean Cove Sdn Bhd	381,780,400	47.04
2. HSBC Nominees (Asing) Sdn Bhd (Exempt An for Credit Suisse (SG BR-TST-Asing))	12,030,600	1.48
3. Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board) (CIMB Prin)	10,198,200	1.26
4. AmSec Nominees (Tempatan) Sdn Bhd (Pledged securities account for K-Corporate Synergy Sdn Bhd)	9,458,000	1.17
5. Citigroup Nominees (Asing) Sdn Bhd (CBNY for Dimensional Emerging Markets Value Fund)	7,424,100	0.91
6. AmSec Nominees (Asing) Sdn Bhd (Pledged securities account for Arepo Commercial Pte Ltd)	6,530,000	0.80
7. Citigroup Nominees (Tempatan) Sdn Bhd (Kumpulan Wang Persaraan (Diperbadankan)) (Kenanga)	5,679,500	0.70
8. Citigroup Nominees (Asing) Sdn Bhd (CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc)	5,119,100	0.63
9. Citigroup Nominees (Tempatan) Sdn Bhd (Kumpulan Wang Persaraan (Diperbadankan)) (CIMB Equities)	4,998,000	0.62
10. Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board) (PHEIM)	4,659,900	0.57
11. Citigroup Nominees (Asing) Sdn Bhd (CBNY for DFA Emerging Markets Small Cap Series)	4,577,100	0.56
12. CIMB Group Nominees (Tempatan) Sdn Bhd (CIMB Commerce Trustee Berhad – Kenanga Growth Fund)	4,372,400	0.54
13. CIMB Group Nominees (Tempatan) Sdn Bhd (Exempt An for Petrolia Nasional Berhad) (CPAM)	3,598,400	0.44
14. Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Wong Siew Chan)	3,196,000	0.39
15. CIMSEC Nominees (Asing) Sdn Bhd (Bank of Singapore Ltd for Wanying Investment Ltd)	2,922,000	0.36
16. Citigroup Nominees (Tempatan) Sdn Bhd (Universal Trustee (Malaysia) Berhad for CIMB-Principal Balanced Income Fund)	2,324,800	0.29

Statement of Shareholders as at 30 October 2014 (continued)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 OCTOBER 2014 (continued)

Names of Shareholders	Shareholdings	%
17. CIMB Group Nominees (Tempatan) Sdn Bhd <i>(CIMB-Principal Islamic Asset Management Sdn Bhd for Syarikat Takaful Malaysia Berhad) (ORD PA)</i>	2,319,000	0.29
18. HSBC Nominees (Asing) Sdn Bhd <i>(Morgan Stanley & Co. International PLC) (Firm A/C)</i>	2,214,000	0.27
19. Maybank Nominees (Tempatan) Sdn Bhd <i>(Maybank Trustees Bhd for Libra Amanah Saham Wanita) (N14011980040)</i>	1,841,000	0.23
20. Malacca Equity Nominees (Tempatan) Sdn Bhd <i>(Exempt An for Philip Capital Management Sdn Bhd)</i>	1,785,100	0.22
21. Citigroup Nominees (Tempatan) Sdn Bhd <i>(Allianz Life Insurance Malaysia Berhad) (MEF)</i>	1,781,400	0.22
22. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>(Pledged securities account for Chai Chau @ Peh Chai Chau) (M09)</i>	1,730,000	0.21
23. HLB Nominees (Tempatan) Sdn Bhd <i>(Pledged securities account for Tan Chun Hoe)</i>	1,700,000	0.21
24. AmSec Nominees (Tempatan) Sdn Bhd <i>(Toh Seng Tat)</i>	1,691,000	0.21
25. Teoh Boon Beng @ Teoh Eng Kuan	1,639,700	0.20
26. Goh Boon Soo @ Goh Yang Eng	1,630,000	0.20
27. Feng Xiaoping	1,600,000	0.20
28. Maybank Nominees (Tempatan) Sdn Bhd <i>(Soh Peek Tat)</i>	1,540,000	0.19
29. Malaysia Nominees (Tempatan) Sendirian Berhad <i>(Great Eastern Life Assurance (Malaysia) Berhad) (LPF)</i>	1,446,200	0.18
30. CIMSEC Nominees (Tempatan) Sdn Bhd <i>(CIMB Bank for Cheong Ho Leng) (MY0083)</i>	1,330,000	0.16

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF BENALEC HOLDINGS BERHAD (“BENALEC” OR “COMPANY”) WILL BE HELD AT LAGOON 3, LEVEL 15, SUNWAY RESORT HOTEL & SPA, PERSIARAN LAGOON, BANDAR SUNWAY, 46150 PETALING JAYA, SELANGOR DARUL EHSAN ON MONDAY, 22 DECEMBER 2014 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 2014 and the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. | To approve the payment of a Final Single Tier Dividend of 0.3 Sen for each Ordinary Share of RM0.25 each in respect of the financial year ended 30 June 2014. | Ordinary Resolution 1 |
| 3. | To approve the payment of Directors’ fees of RM540,000 for the financial year ended 30 June 2014. | Ordinary Resolution 2 |
| 4. | To re-elect Dato’ Leaw Seng Hai who retires by rotation pursuant to Article 108 of the Company’s Articles of Association and being eligible, has 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, has 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:

- | | | |
|----|--|------------------------------|
| 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 ten percent (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.”

8. PROPOSED RENEWAL OF THE AUTHORITY FOR THE SHARE BUY-BACK**Ordinary Resolution 7**

“THAT, subject to compliance with the Companies Act, 1965, 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:

- (i) the maximum number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten percent (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 2014, the audited retained profits and share premium of the Company were RM23,759,181 and RM157,259,788 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 Companies Act, 1965, rules, regulations and orders made pursuant to the Companies Act, 1965 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 the Authority for the Share Buy-Back contemplated and/or authorised by this Ordinary Resolution.”

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of shareholders at the Ninth Annual General Meeting of the Company to be held on Monday, 22 December 2014, the Final Single Tier Dividend of 0.3 Sen per share for the financial year ended 30 June 2014 will be paid on Monday, 23 February 2015 to the shareholders of the Company whose names appear in the Record of Depositors on Wednesday, 28 January 2015. The entitlement date for the dividend payment is on Wednesday, 28 January 2015.

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 28 January 2015 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

WONG WAI FOONG (MAICSA No. 7001358)

TAN LEY THENG (MAICSA No. 7030358)

Company Secretaries

Kuala Lumpur

28 November 2014

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, 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.*
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 Depositors as at 12 December 2014. 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 NOTES**1. Item 1 of the Agenda – The Audited Financial Statements for the Financial Year Ended 30 June 2014 and the Reports of the Directors and Independent Auditors thereon**

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 agenda is not put forward to the shareholders for voting.

2. Ordinary Resolution 6 – Authority for Directors to Issue Shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 6 is the renewal of general mandate lender (“general mandate”) under 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.

As at the date of this Notice, the Company did not issue any new shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was approved at Eighth Annual General Meeting of the Company held on 27 December 2013. The Company did not issue any shares pursuant to the mandate granted because there were no investment(s), acquisition(s) or working capital that required fund raising activity.

The authority to issue shares pursuant to Section 132D of the Companies Act, 1965 will provide flexibility and expediency to the Company for any possible fund raising involving the issuance or placement of shares to facilitate business expansion or strategic merger or acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements, which the Directors of the Company consider to be in the best interest of the Company.

3. Ordinary Resolution 7 – Proposed Renewal of the Authority for the Share Buy-Back

The proposed Ordinary Resolution 7, if passed, will empower the Directors to purchase the Company’s shares through Bursa Securities up to ten percent (10%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the time being. This authority will expire at the conclusion of the next Annual General Meeting unless earlier revoked or varied by ordinary resolution passed by shareholders at a general meeting.

For further information on Ordinary Resolution 7, please refer to the Share Buy-Back Statement dated 28 November 2014, which is despatched together with the Annual Report 2014.

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 Ninth Annual General Meeting.

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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/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Ninth Annual General Meeting of the Company to be held at Lagoon 3, Level 15, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan on Monday, 22 December 2014 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

AGENDA	RESOLUTION	FOR	AGAINST
Payment of a Final Dividend	Ordinary Resolution 1		
Payment of Directors' fees	Ordinary Resolution 2		
Re-election of Dato' Leaw Seng Hai as Director	Ordinary Resolution 3		
Re-election of Aznam Bin Mansor as Director	Ordinary Resolution 4		
Re-appointment of Messrs BDO as Auditors	Ordinary Resolution 5		
Authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965	Ordinary Resolution 6		
Proposed Renewal of the Authority for the Share Buy-Back	Ordinary Resolution 7		

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 _____, 2014

Signature of Shareholder/Common Seal

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Please fold this flap for sealing

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

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Benalec Holdings Berhad

No. 38, Jalan Pengacara U1/48, Seksyen U1
Temasya Industrial Park, Glenmarie
40150 Shah Alam
Selangor Darul Ehsan, Malaysia

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