BENALEC HOLDINGS BERHAD
(702653-V)

STRENGTH • STABILITY • STRATEGY

ANNUAL REPORT 2015

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 26 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 Grade G7 Civil and Marine Engineering Contractor certified with Sijil Perolehan Kerja Kerajaan ("SPKK") and a Grade G7 registered 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 General Builder Class 1.

Contents

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.

Corporate Information

BOARD OF DIRECTORS

Datuk Aznam bin Mansor
Chairman, Independent Non-Executive Director

Dato' Leaw Seng Hai
Group Managing Director / Chief Executive Officer

Koo Hoong Kwan
Senior Independent Non-Executive Director

Wong Yoke Nyen
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Koo Hoong Kwan

Member
Datuk Aznam bin Mansor
Wong Yoke Nyen

REMUNERATION COMMITTEE

Chairman
Koo Hoong Kwan

Member
Datuk Aznam bin Mansor
Wong Yoke Nyen

NOMINATION COMMITTEE

Chairman
Koo Hoong Kwan

Member
Datuk Aznam bin Mansor
Wong Yoke Nyen

OPTION COMMITTEE

Chairman
Koo Hoong Kwan

Member
Datuk Aznam bin Mansor
Wong Yoke Nyen

EVALUATION COMMITTEE

Chairman
Koo Hoong Kwan

Member
Dato' Leaw Seng Hai
Wong Yoke Nyen

COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)
Ng Bee Lian (MAICSA 7041392)
Lim Wei Lee (MAICSA 7064249)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No : 03-2783 9191
Fax No : 03-2783 9111

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No : 03-2783 9299
Fax No : 03-2783 9222

AUDITORS

BDO (AF 0206)
Chartered Accountants
Level 8, BDO @ Menara CenTARa
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel No : 03-2616 2888
Fax No : 03-2616 3190 / 3191

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)

- **100%** BENALEC SDN BHD (39054-A)
  - **100%** OG MARINE SDN BHD (597686-X)
  - **100%** BENALEC LAND SDN BHD (674683-H)
  - **100%** BENALEC MARITIME SDN BHD (786489-A)
  - **100%** PACIFIC MARINE LTD (LL07032)
  - **100%** OCEANLINE (LABUAN) LTD (LL06799)
  - **100%** PACIFIC LTD (LL07033)
  - **100%** OCEAN MARINE LTD (LL07031)
  - **100%** BENALEC DIVERSITY SDN BHD (478285-A)
  - **100%** CRYSTAL LAND PROPERTY SDN BHD (853792-T)
  - **100%** HERITAGE LAND DEVELOPMENT SDN BHD (860345-V)
  - **100%** HERITAGE LAND REALTY SDN BHD (860352-M)
  - **100%** KLEBANG PROPERTY SDN BHD (853837-M)
  - **100%** OCEANFRONT PROPERTY SDN BHD (898446-U)
  - **100%** OCEANVIEW PROJECT SDN BHD (898848-K)
  - **100%** OCEANVIEW REALTY SDN BHD (898879-K)
  - **100%** ORIENTALCOVE REALTY SDN BHD (737382-W)
  - **100%** STRATEGIC COVE SDN BHD (898838-A)
  - **100%** STRATEGIC LAND SDN BHD (898845-T)
  - **100%** SENTOSACOVE DEVELOPMENT SDN BHD (825663-A)
  - **100%** ORIENTALCOVE PROPERTY SDN BHD (737375-M)
  - **100%** HERITAGE LAND SDN BHD (858409-T)
  - **100%** HERITAGE PROPERTY SDN BHD (853839-T)
  - **100%** WILAJATI SDN BHD (824893-W)
  - **100%** PACIFIC SHIPPING LTD (LL08038)
  - **100%** BENALEC CONSTRUCTION SDN BHD (967755-P)
  - **100%** JAYAMAS CEKAP SDN BHD (929141-T)
  - **100%** INDERA TENGGARA SDN BHD (901463-A)
  - **100%** INTEGRASI MEKAR SDN BHD (927377-U)
  - **100%** JEWEL EAST SDN BHD (946897-U)
    - **100%** ICONIC ISLAND SDN BHD (948991-V)
    - **100%** ONE WORLD ISLAND SDN BHD (946901-K)
    - **100%** CHENG HO CITY SDN BHD (946282-W)
    - **100%** ZHENG ISLAND SDN BHD (946281-X)
  - **100%** PENGERANG MARITIME INDUSTRIES SDN BHD (944630-X)
    - **70%** SPEKTRUM BUDI SDN BHD (940725-W)
  - **100%** TANJUNG PIAI MARITIME INDUSTRIES SDN BHD (943274-D)
    - **70%** SPEKTRUM KUKUH SDN BHD (941961-V)
  - **100%** BENALEC VENTURE SDN BHD (969382-X)
  - **100%** GOLDNET SYNERGY SDN BHD (947383-W)
    - **100%** NEPTUNE PARADISE SDN BHD (945160-M)
  - **100%** PACIFIC LINK LTD (LL08037)
  - **51%** OCEAN PACIFIC LTD (LL11480)
  - **51%** ATLANTIC OCEAN LTD (LL11686)
  - **49%** GABUNGAN KHAS SDN BHD (1082987-X)
- **100%** OCEANLINER PTE LTD (200910031W)
- **100%** BENALEC SHIPYARD SDN BHD (49956-P)

Profile of Directors

DATUK AZNAM BIN MANSOR

Chairman,
Independent Non-Executive Director

Datuk Aznam bin Mansor, a Malaysian aged 56, 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, UK in 1983 and was then admitted and enrolled by the Honourable Society of Lincoln's Inn as a Barrister-at-Law.

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

His directorships in other public companies include Knusford Berhad, Mikro MSC Berhad, Focus Lumber Berhad and Sentoria Group Berhad. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He does not hold any securities in the Company. He has not been convicted of any offences within the past ten (10) years. He attended seven (7) out of eleven (11) board meetings held during the financial year ended 30 June 2015.

DATO' LEAW SENG HAI

Group Managing Director /
Chief Executive Officer

Dato' Leaw Seng Hai, a Malaysian aged 53, was appointed to the Board as a Director of the Company on 12 July 2005. He was redesignated as a Group Managing Director on 5 October 2010 and further redesignated as Group Managing Director/Chief Executive Officer on 11 February 2015. 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 six (26) 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 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 been publicly reprimanded on 11 August 2015 by Bursa Malaysia Securities Berhad ("BMSB") with a fine of RM50,000 for breach of Paragraph 16.13(b) of the Main Market of Listing Requirements of BMSB. He attended eight (8) out of eleven (11) board meetings held during the financial year ended 30 June 2015.

KOO HOONG KWAN
Senior Independent
Non-Executive Director

Mr. Koo Hoong Kwan, a Malaysian aged 70, 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 company 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 eleven (11) board meetings held during the financial year ended 30 June 2015.

WONG YOKE NYEN
Independent Non-Executive Director

Mr. Wong Yoke Nyen, a Malaysian aged 56, 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, UK (now known as London Metropolitan University). He is also a graduate of the Wharton Advance Management Program from the Wharton School of the University of Pennsylvania, US. In 1981, he started his career in Baker Rooke, a firm of chartered accountants in London where he gained wide experience and exposure in the areas of auditing, accountancy and management consultancy work. In 1983, he joined Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad). He is a seasoned investment banker with more than twenty (20) years of dedicated corporate finance and investment banking experience. He was the Executive Vice President cum Head of Corporate Finance Division in Aseambankers Malaysia Berhad. He was an Honorary Advisor to the Master Builders Association Malaysia from July 2008 to June 2010. In 2004, he started WYNCORP Advisory Sdn Bhd, a private company licensed to provide corporate finance 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 ten (10) out of eleven (11) board meetings held during the financial year ended 30 June 2015.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of Benalec Holdings Berhad ("Benalec" or "the Company") for the financial year ended 30 June 2015.

The year under review has proven to be very challenging due to volatile external macroeconomic dynamics and the culmination of domestic factors which has had an unsettling effect on the Malaysian economy. The convergence of an expected interest rate hike by the US, China's slowing economic growth, the continuing depressed oil and commodity prices has significantly contributed to a challenging environment for the global economy in general and the Malaysian economy in particular.

Malaysia's full year gross domestic product (GDP) for 2014 grew at a respectable 6%

While Malaysia's full year gross domestic product (GDP) for 2014 grew at a respectable 6%, GDP growth declined to 4.9% for the second quarter of 2015. Given the factors cited above, this GDP growth of just under 5% for Q2 of 2015 is commendable; however, the prevailing volatility in the financial markets and a prolonged weakening of the Ringgit have had a dampening effect on the general business sentiment in the country, thereby rendering sustainability of the most recent GDP growth rate a real challenge.

From Benalec's perspective, it is fortunate that the Construction sector, within which the Group operates, remains resilient and is forecast to grow by 11% in 2015, with infrastructure spending being a major catalyst for this growth. Another factor operating in Benalec's favour is the lower construction costs which have resulted from the significant moderation of prices of building materials. This augurs well for the prospects of Benalec as we look forward to achieving sustainable profitability in the course of completing works in our order book, in tandem with the Group's continuing efforts geared towards developing new markets.

Financial Performance

For the financial year ended (FYE) 30 June 2015, Benalec recorded a profit after tax (PAT) of RM8.5 million, as compared with RM7.1 million in FYE 2014. The marginal increase in PAT over that of the last financial year is mainly attributable to the recognition of a part of the unrealised profit that had been eliminated previously upon consolidation in the Company's DMDI Project. The Company expects higher land sale profits to be derived from the subsequent completion of each tranche of the SPA(s) pertaining to the sale of land from the DMDI Project.

Looking forward, the Company remains justifiably confident in maintaining a positive outlook for the Group over the next few years. This positive outlook is based on existing land sales totalling 256.9 acres, forming the subject matter of Sale and Purchase Agreements ("Land Sale SPAs") already signed and publicly announced which will generate sales revenue of approximately RM467.6 million. Adding to that, the land reclamation contract secured by the Group in the previous financial year involving a total of 415 acres of land worth a contract sum of RM203.9 million has yielded a balance of RM190.9 million in unbilled works that we have yet to recognise as revenue.

In view of the income to be derived from deals already signed, the Group sees good earnings visibility over the next few years.

Benalec recorded a profit after tax (PAT) of RM8.5 million compared to RM7.1 million in FYE 2014.

Dividends

The Company's dividend policy is to pay out 30% of PAT, subject to cash flow availability. In line with our dividend policy, the Board recommends a final single-tier dividend of 0.3 sen for every ordinary share held and will be paid on 15 February 2016 subject to the approval of shareholders at the forthcoming Annual General Meeting.

Chairman's Statement
(continued)

Prospects and Outlook

The 11th Malaysia Plan (11MP) underpins the construction sector with development spending of RM260 billion over the next five years. During this period, the Federal Government has imputed an annual growth rate of approximately 10% per annum.

Benalec's Tanjung Piai project in Johor was given the go-ahead by the Department of Environment, earlier this year, to begin reclamation works. Located along the busy Straits of Malacca and just 17km from Jurong Island, our Tanjung Piai reclamation has attracted the interest of players in the business of oil storage. The prevailing oversupply of crude oil and its related products represents a positive dynamic for this industry as excess inventory has to be stored. In turn, this presents interesting business opportunities to the Company and enables us to not only diversify, but to create future streams of stable recurring revenue.

However, on a cautious note, we have to temper our optimism by recognising that China, the world's largest oil consumer, is experiencing slower growth. While we remain confident that Tanjung Piai will be host to multiple Oil Storage terminals, there remains a timeline risk as markets digest the myriad of dynamics in the business environment - oil prices, volatility, trends, financial leverage and the performance of the Ringgit.

Meanwhile, Benalec is currently working to secure the relevant approvals to start reclamation works in Pengerang, Johor. Located close to the mega Petronas RAPID project, the Company's Pengerang project is strategically positioned to benefit from "spillover" investments from RAPID, which is expected to commence operations in 2019.

With a substantial acreage of land to reclaim in Johor, the Group's venture into Johor provides the springboard for achieving business sustainability and good growth prospects over the next 10 years and beyond.

From Benalec's point of view, Melaka is a mature market and prospects for land sales as well as price growth remain positive. Renowned for being a preferred tourist destination and UNESCO heritage site, Melaka now enjoys Twin City status with Guangdong Province. The warming of ties and nurturing of collaboration between Melaka and China also promise much in terms of connectivity, as exemplified by the planned Cruise Ship terminal and direct flights between Guangdong and Melaka. Along with the proposed KL-Singapore High Speed Rail stopping in Melaka, all these exciting and significant developments augur very well for the potential value of Benalec's landbank in Melaka.

Corporate Social Responsibility

At Benalec, we are committed to being a good corporate citizen and doing our part in giving something back to the society at large. Accordingly, we initiate corporate social responsibility (CSR) programmes to fulfil our stated commitment. Apart from continuing to support various sports, social, environmental and animal welfare groups, we also give financial assistance to the Johor and Selangor football associations, National Cancer Society and the Malaysian Dogs Deserve Better organisation. Other initiatives that are on our CSR agenda include contributing (through governmental agencies) to Tabung Nelayan and Taman Negara; the latter initiative is intended to promote preservation of the environment by way of the replanting of mangrove saplings.

Appreciation and Acknowledgement

On behalf of the Board of Directors, I wish to express our deep gratitude to our shareholders, clients, business associates, suppliers and employees. Each and every one of you has contributed to our continued success and we pledge to do our best to bring this Group to new and greater heights in the coming years.

Datuk Aznam bin Mansor
Chairman

Operations Review

The current global economic environment is best categorised as challenging. Emerging economies like Malaysia's are growing more slowly as a result. Capital flows have diminished or reversed, exiting from emerging economies as growth slows and developed economies realign their resources by way of tighter monetary policy.

We, at Benalec, are comforted to note that the Melaka property market has been resilient, thereby giving us a reason to remain cautiously confident; our confidence is underscored by the fact that 256.9 acres of land that we have sold and publicly announced, will generate sales revenue of approximately RM467.6 million.

In addition, a 415 acres land reclamation contract in Melaka, secured by the Group last year for a contract sum of RM203.9 million, will enable us to progressively recognise revenue and profits accruing from this contract during the current financial year.

For our Tanjung Piai project in Johor, upon obtaining approval from the Department of Environment to commence reclamation works, we have embarked on, and progressed well in, all necessary advanced preparatory work for the project. Actual reclamation works for the Tanjung Piai project will be commenced imminently.

UPDATE OF PROJECTS | ON-GOING

Construction, completion and maintenance of reclamation works for Oriental Boon Siew (M) Sdn Bhd measuring 415 acres in Melaka

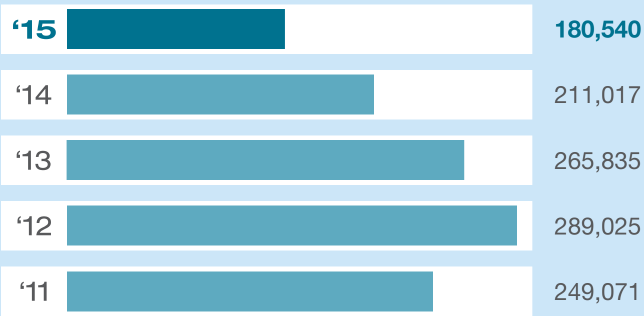
UPDATE OF PROJECTS | ON-GOING

Reclamation works at Taman Kota Laksamana, Melaka measuring 250 acres

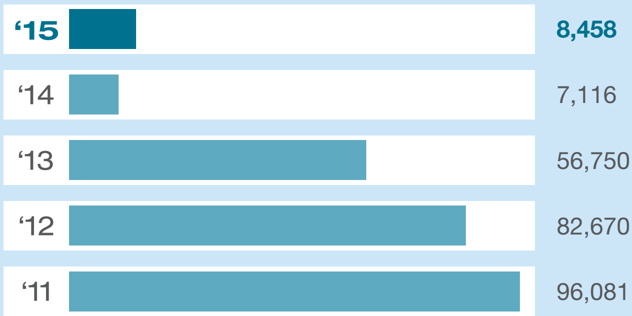
Land reclamation works at Pulau Indah, Klang measuring 144 acres

Group Financial Highlights

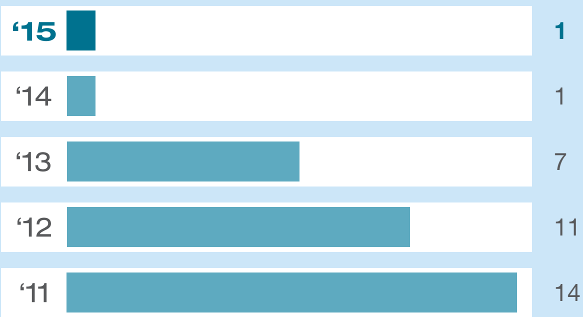
Revenue
(RM'000)



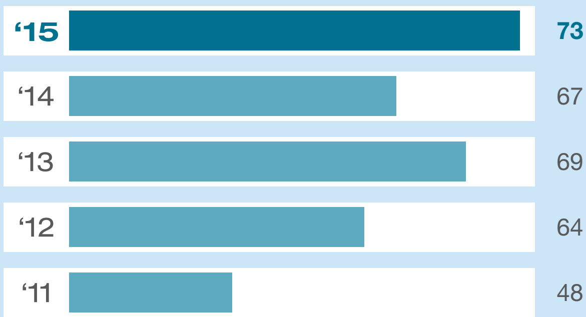
Profit Attributable to Owners of the Parent
(RM'000)



Basic Earnings Per Share
(Sen)



Net Assets Per Share
(Sen)



Year ended 30 June		2015	2014	2013	2012	2011
Revenue	(RM'000)	**180,540**	211,017	265,835	289,025	249,071
Profit Before Taxation	(RM'000)	**19,161**	18,203	65,560	100,241	126,091
Profit After Taxation	(RM'000)	**8,474**	7,103	56,662	82,667	96,081
Profit Attributable to Owners of the Parent	(RM'000)	**8,458**	7,116	56,750	82,670	96,081
Paid-up Capital	(RM'000)	**202,951**	202,853	201,912	200,740	182,500
No. of Shares (units)	('000)	**811,803**[(1)]	811,412[(2)]	807,649[(3)]	802,960[(4)]	730,000
Equity Attributable to Owners of the Parent	(RM'000)	**591,601**	543,420	554,036	516,389	346,760
Basic Earnings Per Share	(sen)	**1**	1	7	11	14
Diluted Earnings Per Share	(sen)	**1**	1	7	11	N/A
Net Assets Per Share	(sen)	**73**	67	69	64	48

Notes:

(1) Include 12,665,400 treasury shares of RM0.25 each, repurchased from the open market for a total consideration of RM12,679,307 at average price of RM1.0010 per ordinary share.

(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 if RM1.0857 per ordinary share.

N/A Not applicable

Statement on Corporate Governance

INTRODUCTION

The Board of Directors of Benalec Holdings Berhad ("Board") is committed to ensuring that high standards of corporate governance are practiced throughout Benalec Holdings Berhad ("Benalec" or "Company") and its subsidiaries ("Group"). The Board is of the view that this is fundamental for the protection and enhancement of shareholders' value. The Board fully supports the recommendations set out in the Malaysian Code on Corporate Governance 2012 ("Code"). The Company and the Group have complied with all relevant recommendations set out in the Code, except for Recommendation 2.2 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 38 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 of one (1) Executive Director and three (3) Independent Non-Executive Directors as set out below:

Name of Directors	Designation
Datuk Aznam bin Mansor	Chairman, Independent Non-Executive Director
Dato' Leaw Seng Hai	Group Managing Director / Chief Executive Officer
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.

All Board members participate fully in decisions on key issues involving the Company. The Group Managing Director/Chief Executive Officer 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, he ensures 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.

THE BOARD (continued)

2. Directors' Duties and Responsibilities (continued)

There is a clear division of roles and responsibility between the Independent Non-Executive Chairman and the Group Managing Director/Chief Executive Officer 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/Chief Executive Officer 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 eleven (11) times during the financial year ended 30 June 2015. A summary of attendance for each of the Board of Directors are as follows:

Name of Directors	No. of meetings attended
Datuk Aznam bin Mansor	7 out of 11
Dato' Leaw Seng Hai	8 out of 11
Koo Hoong Kwan	11 out of 11
Wong Yoke Nyen	10 out of 11

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 27 to 34 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 terms of reference of the Nomination Committee are reviewed by the Board annually and updated as appropriate. Among others, the responsibilities of the Nomination Committee include:

- Identifying, nominating and orientating new Directors;
- Reviewing the mix of skills, knowledge, expertise and experience of the Directors and other qualities, including core competencies required for the Board;
- Recommending to the Board the directors to fill the seats on the various Board committees;
- Developing and maintaining the criteria to be used in the recruitment process and the annual assessment of Directors;
- Assisting the Board in an annual review of the independence of the Independent Non-Executive Directors; and
- Assessing the effectiveness of the Board as a whole, as well as that of the Board Committees and the contribution of each individual Director.

A summary about the activities of the Nomination Committee in discharge of its duties during the financial year ended 30 June 2015 and the terms of reference of the Nomination Committee are set out in the Nomination Committee Report on pages 35 to 38 of this Annual Report.

The Board takes note of the recommendation of the Code pertaining to the need to establish a policy formalising the approach to boardroom diversity for gender, age and ethnicity and to set targets and measures for the adoption of the said recommendation. 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. However, the Board is open to changes as and when appropriate.

Furthermore, the Board views that the evaluation of the suitability of the candidates as Board members based on their competency, experience, time commitment and other qualities in meeting the needs of the Group, should remain as priority among others, for consideration.

THE BOARD (continued)

5. Board Committees (continued)

Remuneration Committee

The Remuneration Committee was established on 30 November 2010 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
- **Datuk 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 package for Non-Executive Directors and remuneration packages for each 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 two (2) times during the year under review.

Option Committee

The Option Committee was established on 1 December 2010 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
- **Datuk Aznam bin Mansor**
  (Independent Non-Executive Director) - Member
- **Wong Yoke Nyen**
  (Independent Non-Executive Director) - Member

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/Chief Executive Officer) - 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. 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 interest of the Group, as and when required.

6. Appointment to the Board

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

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

The Nomination Committee met once during the financial year 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 Article 112 of the Company's Articles of Association ("AA"), 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 at the next Annual General Meeting ("AGM") following their appointment. Article 108 of the AA 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 shall retire from office at least once every three (3) years but be eligible for re-election.

Section 129(2) of the Companies Act, 1965 ("the Act") states that the office of a Director of public company or subsidiary of a public company who is over the age of seventy (70) years shall become vacant at the conclusion of AGM.

However, Section 129(6) of the Act provides provision that the Director may be re-appointed as Director by the shareholders at the AGM and to hold office until the next AGM of the Company. The said re-appointment must be approved by a majority of not less than three-fourths of the shareholders at the AGM.

The names of Directors seeking for re-appointment and re-election at the forthcoming AGM are disclosed in the Notice of AGM in this Annual Report.

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 on an annual basis 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. The Nomination Committee would also assess the training needs of the Board from time to time.

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

Name of Directors	Title of Seminar / Forum / Courses	Date of Attendance
Datuk Aznam bin Mansor	Family Business Management: Transgenerational Entrepreneurship	15 June 2015
Dato' Leaw Seng Hai	Foreign Companies & Representative Office – Practical Issues & Compliance	30 June 2015
Koo Hoong Kwan	Knowing How to Detect, Prevent & Report Financial Irregularities & Scandalous Activities	15 June 2015
Wong Yoke Nyen	Technical Analysis Series: Bridging the Gap Between Fundamental Analysis and Technical Analysis	13 June 2015

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

9. Supply and Dissemination of Information

Board meetings are structured with 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. Members of senior management and external advisers are invited to attend these meetings to provide additional insights and professional views on specific items on the Agenda.

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.

Minutes of the Board of Directors and Board Committee meetings are circulated to Directors for their perusal prior to the confirmation of the minutes at the following Board and Board Committee meetings. The Directors may request for further clarification or raise comments on the minutes prior to the confirmation of the minutes.

The Directors or the Board as a whole or in their individual capacity, 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 direct access to the Senior Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties. The Directors also have access to the advice and services of the Company Secretary and relevant external and independent consultants for their professional advice and assistance in furtherance of their duties.

THE BOARD (continued)

10. Directors' Remuneration

The Group's policy on Directors' remuneration serves to attract, retain and motivate Directors, 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 decisions pertaining to his own remuneration.

The determination of remuneration packages of Non-Executive Directors is a matter of the Board as a whole. The level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors. The Non-Executive Directors concerned do not partake in decisions affecting their remuneration.

The Remuneration Committee met once during the financial year to discuss and recommend the remuneration structure and packages for the financial year ended 30 June 2015 of the Directors for review by the Board.

The aggregate remuneration of Directors for the financial year ended 30 June 2015 is as follows:

Directors' Remuneration

Category	Executive Directors RM	Non-Executive Directors RM	Total RM
Directors' Fees	-	540,000	540,000
Directors' Salaries	4,522,512	-	4,522,512
Other Emoluments	1,386,537	29,500	1,416,037
Share Options granted under the Scheme	68,880	-	68,880
Benefits in kind	46,667	21,250	67,917
TOTAL	6,024,596	590,750	6,615,346

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

	← No. of Directors →		
Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM150,000 to RM200,000	-	2	2
RM200,001 to RM250,000	-	1	1
RM6,200,001 to RM6,250,000	1	-	1

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. Directors and Senior Management staff are present at the AGM to attend to shareholders' questions. The Company is committed to disseminate information in strict adherence to the disclosure standards of the Listing Requirements. The Company ensures that material information relating to the Group is disclosed by way of announcement to the Bursa Securities, annual report as well as, where appropriate, circulars and press releases. The Board will regularly review the information disseminated to ensure that consistent and accurate information is provided to shareholders of the Company.

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

CORPORATE RESPONSIBILITY

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

The Group is committed to conduct its business with a socially and environmentally responsible approach. The Board is aware that as the Group continues to grow, so will its social responsibility efforts. It will have to make frequent adjustments in response to economic and regulatory changes. It reviews its marine construction solutions, operational practices and procedures from time to time, considers and adopts sustainable 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 & Internal Control on pages 24 to 26 of this Annual Report.

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

Additional Compliance Information

1. Utilisation of proceeds from Redeemable Convertible Secured Bond issuance

On 29 April 2015, the Company announced the completion of the RM200 million nominal value of 7-year Redeemable Convertible Secured Bonds ("RCSB") issuance.

The status of utilisation of proceeds arising from the issuance, amounting to RM181,170,000 as at 7 October 2015 is as follows:-

Description	Proposed utilisation RM'000	Reallocate of utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Deviation %	Estimated timeframe for utilisation	Note
Land reclamation projects of the Benalec Group	146,500	-	(55,779)	90,721	61.93	Within 24 months	*(i)*
Working capital and reserve requirement for a debt service account	31,170	9	(16,312)	14,867	47.68	Within 12 months	*(ii)*
Defray expenses	3,500	(9)	(3,491)	-	-	Within 12 months	*(iii)*
Total	**181,170**	**-**	**(75,582)**	**105,588**	**58.28**		

(i) Land reclamation projects of the Benalec Group

The Group intends to utilise the proceeds to fund its ongoing and future land reclamation projects. Expenditures relating to land reclamation works include operating expenses such as cost of raw materials, payments to license holders or sand concessionaires for the rights to dredge sand ex-seabed, payments to suppliers, direct labour costs, payment for sub-contracted services for loading, unloading and levelling sea sand, rock revetment/replacement works, and lorry hire.

The utilisation of proceeds will include the funding of the reclamation works in respect of lands (to be reclaimed) for which sale and purchase agreement(s) or contracts or letter of award ("Agreements") have been entered into, and assigned as collateral for the RCSB.

(ii) Working capital and reserve requirement for a debt service account

The amount shall be utilised:

(a) *as additional working capital to finance the day-to-day operations of the Group including the payment of salaries, administrative and other operating expenses, such as tax payment and finance costs; and*

(b) *to maintain an amount equivalent to 6 months' coupon payment of all the outstanding RCSB, which shall be maintained throughout the tenure of the RCSB in a debt service reserve account that may be utilised to pay coupon due under the RCSB in the event that the Company has insufficient operational funds.*

(iii) Defray expenses

The estimated expenses comprise, among others, professional fees, fees payable to the relevant authorities, printing costs and other miscellaneous expenses.

2. Share Buy-back

Details of the movement of treasury shares during the financial year ended 30 June 2015 were as follows :-

Monthly breakdown	No. of shares purchased (RM)	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)
July 2014	1,000,000	0.25	1.090	1.090	1.094	1,093,797
September 2014	500,000	0.25	0.915	0.930	0.924	462,119
February 2015	10,000	0.25	0.845	0.845	0.851	8,512
Total	**1,510,000**					**1,564,429**

As at 30 June 2015, the total treasury shares held by the Company was 12,665,400 shares.

3. Options, Warrants or Convertible Securities

The Company has completed the issuance of RM200 million nominal value of 7-year RCSB at an interest coupon rate of 4.5% per annum on 29 April 2015. However, there were no RCSB converted into ordinary shares during the financial year.

The amount of share options issued by the Company during the year under review are disclosed in the Directors' Report and Note 23 to the Financial Statements for the financial year ended 30 June 2015.

4. Depository Receipt Programme ("DRP")

The Company did not sponsor any DRP during the financial year ended 30 June 2015.

5. Sanctions and/or Penalties

The Company and its Executive Directors were publicly reprimanded on 11 August 2015 by Bursa Malaysia Securities Berhad ("BMSB") for breaching Paragraphs 10.08 and 16.13(b) of the Main Market Listing Requirements of BMSB ("Listing Requirements") respectively.

Save for the above, there were no other sanctions and/or penalties imposed on the Company or its subsidiary companies, Directors or management by the relevant regulatory bodies during the financial year ended 30 June 2015.

6. Non-Audit Fees Paid

During the financial year ended 30 June 2015, 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 Messrs BDO were RM475,292.

7. Variation in Results

There were no variance of 10% or more between the audited results for the financial year ended 30 June 2015 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 2015.

9. Profit Guarantee

There was no profit guarantee given by the Company during the financial year ended 30 June 2015.

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 2015, 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 or trading nature conducted by the Group during the financial year ended 30 June 2015 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements.

12. Workforce Diversity

The Group is committed to actively managing diversity as a means of enhancing the Group's performance by recognising and utilising to best effect the contribution of diverse skills and talents inherent in its workforce. Diversity includes, but is not limited to, gender, age, ethnicity, cultural background and other personal attributes. We believe that the wide array of perspectives and attributes that results from such diversity will promote innovation, creativity and, ultimately, business success.

The Group's workforce statistics in terms of age, ethnicity, gender and nationality as at 30 June 2015 are as disclosed below:

Age	Number of Staff
Less than 30	78
30 to 39	78
40 to 49	41
More than 50	43
Total	240

Ethnicity	Number of Staff
Bumiputera	57
Chinese	40
Others	143
Total	240

Gender	Number of Staff
Male	210
Female	30
Total	240

Nationality	Number of Staff
Malaysian	97
Non-Malaysian	143
Total	240

Statement on Risk Management and Internal Control

The Malaysian Code on Corporate Governance 2012 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 ("the 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 of Bursa Malaysia Securites Berhad ("Bursa Securites 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's 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 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 on 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.

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

1. Control Environment and Risk Management Framework (continued)

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.

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's 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 earlier, 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 rectifing 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 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 7 October 2015.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by paragraph 15.23 of the 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 disclosure 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 ("the Board") of Benalec Holdings Berhad is pleased to present the report on the Audit Committee of the Board for the year ended 30 June 2015.

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
- **Datuk 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 the non-compliance with Paragraph 15.09(1) of the Listing Requirements, the Board shall appoint a new member within three (3) months.

The Audit Committee met seven (7) times during the financial year ended 30 June 2015 and the attendance of each members of the Audit Committee are as follows:

Name	No. of meetings attended
Koo Hoong Kwan	7 out of 7
Datuk Aznam bin Mansor	4 out of 7
Wong Yoke Nyen	7 out of 7

TERMS OF REFERENCE

1. 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. Composition and Size

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

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

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

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

TERMS OF REFERENCE (continued)

2. Composition and Size (continued)

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

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

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

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

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

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

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

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

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

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

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

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

TERMS OF REFERENCE (continued)

6. 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. 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

(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.

TERMS OF REFERENCE (continued)

7. Responsibilities and How the Committee Works (continued)

(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 their functions according to the standards set by recognized 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 are consistent with the intention presented to investors for any fund raising exercise.

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

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

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

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

8. 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.

TERMS OF REFERENCE (continued)

8. Risk Management Responsibilities (continued)

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 recommendation with respect to the adequacy of the Company's approach in identifying and managing risks. Specific responsibilities include:

(i) Establishing risk management structure:

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

(ii) Establishing risk management processes:

- 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

There were no options granted under the Scheme during the financial year.

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 2015, the activities undertaken by the Committee include the following:
- Reviewed Share Buy-Back Statement;
- Reviewed the quarterly results and financial statements for recommendation to the Board of Directors;
- Reviewed the Terms of Reference of the Audit Committee;
- 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 and Management;
- Reviewed related party transactions within the Group;
- Reviewed Corporate Governance Statement, Audit Committee Report and Statement on Risk Management & Internal Control prior to submission to the Board for consideration and approval for inclusion in the Company's Annual Report;
- Reviewed the Company's compliance with Listing Requirements, applicable accounting standards issued by Malaysian Accounting Standards Board and other relevant legal and regulatory requirements; and
- Considered and made recommendations to the Board for approval of the audit fees payable to external and internal auditors.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS

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

The Audit Committee has full and direct access to the Internal Auditors, review 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.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTIONS (continued)

During the financial year ended 30 June 2015, the internal auditors carried out its audit on the following functions:

(i) Contracts and Project Department;

(ii) Follow-up on Human Resource Department and Marine & Administration Department;

(iii) Site Project;

(iv) Financial Close Process;

(v) Follow-up on Purchasing & Store (Malacca), Maintenance (Malacca), Project Management, Property Department, Contracts & Projects and Site Project (Malacca); and

(vi) Risk Project Update.

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 had met seven (7) 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 function in respect of the financial year amounted to RM90,000.

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) Conducted 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 ("the Board") of Benalec Holdings Berhad is pleased to present the report on the Nomination Committee of the Board for the year ended 30 June 2015.

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*
- **Datuk 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-Eexecutive Directors, with a majority of them being Independent Directors.

The Nomination Committee met three (3) times during the financial year ended 30 June 2015 and the attendance of the members of the Nomination Committee is as set out below.

Name	No. of meetings attended
Koo Hoong Kwan	3 out of 3
Datuk Aznam bin Mansor	2 out of 3
Wong Yoke Nyen	3 out of 3

TERMS OF REFERENCE

1. 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. 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. 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. 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. 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.

6. 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.

TERMS OF REFERENCE (continued)

6. Responsibilities and How the Committee Works (continued)

(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 gender 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 ("GMD").

(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.

(m) periodically reporting to the Board on succession planning for the Board Chairman and GMD/CEO.

TERMS OF REFERENCE (continued)

6. Responsibilities and How the Committee Works (continued)

(ii) The NC is responsible for (continued):

(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 GMD 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 GMD.

(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 2015, 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 Malaysian Code on Corporate Governance 2012 ("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 including gender, age and ethnicity diversity 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. Female representation will be considered when vacancies arise and suitable candidates are identified.

Statement of Directors' Responsibility

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors are required to take reasonable steps to ensure that the financial statements of the Company and the Group are properly drawn up in accordance with the provisions of the Companies Act, 1965, applicable approved 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 flow of the Company and of the Group for the financial year.

In preparing the financial statements for the year ended 30 June 2015, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- exercise 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.

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 2015.

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	8,473,903	127,939
Attributable to:		
Owners of the parent	8,457,656	127,939
Non-controlling interests	16,247	-
	8,473,903	127,939

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 2014:	
Final single tier dividend of 0.3 sen per ordinary share, paid on 23 February 2015	2,396,832

The Directors proposed a final dividend of 0.3 sen per ordinary share, amounting to RM2,397,411 in respect of the financial year ended 30 June 2015, which is subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves 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 ordinary share capital of the Company was increased from RM202,853,000 to RM202,950,625 by way of issuance of 390,500 new ordinary shares of RM0.25 each at an issue price of RM0.79 per ordinary share 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 and 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 of the ordinary shares on the Main Market of Bursa Malaysia Securities Berhad through exercising the options); and

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

Details of the options over the ordinary shares of the Company are as follows:

		Number of options over ordinary shares of RM0.25 each					
Date of offer	**Exercise price**	**Outstanding as at 1 July 2014**	**Granted**	**Exercised**	**Forfeited**	**Outstanding as at 30 June 2015**	**Exercisable as at 30 June 2015**
16 April 2012	RM1.06	5,176,500	-	-	(899,000)	4,277,500	4,277,500
3 January 2014	RM0.78	600,000	-	-	-	600,000	600,000
28 January 2014	RM0.79	11,813,500	-	(390,500)	(3,053,000)	8,370,000	8,370,000
		17,590,000	-	(390,500)	(3,952,000)	13,247,500	13,247,500

There were no options granted under the Share Issuance Scheme during the financial year.

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 22 December 2014, approved the Company's proposal to repurchase and hold 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 1,510,000 of its own ordinary shares of RM0.25 each from the open market for a total consideration of RM1,564,428 at an average price of RM1.036 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 811,802,500 issued and fully paid up ordinary shares of RM0.25 each as at 30 June 2015, 12,665,400 ordinary shares of RM0.25 each amounting to RM12,679,307 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 799,137,100.

DIRECTORS

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

Dato' Leaw Seng Hai
Datuk Aznam bin Mansor
Koo Hoong Kwan
Wong Yoke Nyen

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year 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 1.7.2014	**Bought**	**Sold**	**Balance as at 30.6.2015**
Shares in the Company				
Direct interests				
Dato' Leaw Seng Hai	444,100	-	-	444,100
Koo Hoong Kwan	270,000	-	-	270,000

DIRECTORS' INTERESTS (continued)

	Number of ordinary shares of RM0.25 each Balance as at 1.7.2014	Bought	Sold	Balance as at 30.6.2015
Shares in the Company				
Indirect interests				
Dato' Leaw Seng Hai	381,780,400	-	-	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 1.7.2014	Granted	Exercised	Balance as at 30.6.2015
Options in the Company				
Direct interests				
Dato' Leaw Seng Hai	3,100,000	-	-	3,100,000
Datuk Aznam bin Mansor	200,000	-	-	200,000
Koo Hoong Kwan	200,000	-	-	200,000
Wong Yoke Nyen	200,000	-	-	200,000

	Number of ordinary shares of RM1.00 each Balance as at 1.7.2014	Bought	Sold	Balance as at 30.6.2015
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 1.7.2014	Bought	Sold	Balance as at 30.6.2015
Shares in the ultimate holding company, Oceanview				
Direct interests				
Dato' Leaw Seng Hai	7,843	-	-	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 has received or become entitled to receive any benefit (other than benefits 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 a Director as Director of a wholly-owned subsidiary and the transactions entered into in the ordinary course of business with companies in which a Director of the Company has substantial financial interests as disclosed in Note 36 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 23 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 had satisfied themselves that there are no known bad debts to be written off 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 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.

(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 provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial 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, which is likely to affect substantially the results of 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 41 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 dated 7 October 2015.

Dato' Leaw Seng Hai
Director

Koo Hoong Kwan
Director

Selangor
7 October 2015

Statement by Directors

We, Dato' Leaw Seng Hai and Koo Hoong Kwan, being two of the Directors of Benalec Holdings Berhad, state that, in the opinion of the Directors, the financial statements as set out on pages 50 to 135 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 2015 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 as set out in Note 43 to the financial statements on page 136 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.

Signed on behalf of the Board of Directors,

Dato' Leaw Seng Hai
Director

Koo Hoong Kwan
Director

Selangor
7 October 2015

Statutory Declaration

I, Lim Sze Yean, being the officer primarily responsible for the financial management of Benalec Holdings Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 50 to 136 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur on)
7 October 2015)

Before me:

W.697
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 the statements of financial position as at 30 June 2015 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 50 to 135.

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 at 30 June 2015 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.

Other Reporting Responsibilities

The supplementary information set out in Note 43 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF: 0206
Chartered Accountants

Ooi Thiam Poh
2495/01/16 (J)
Chartered Accountant

Kuala Lumpur
7 October 2015

Statements of Financial Position
as at 30 June 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	209,525,421	187,608,686	-	-
Intangible asset	8	-	779,719	-	-
Investments in subsidiaries	9	-	-	153,821,745	153,821,745
Other investments	10	39,057	43,836	-	-
Deferred tax assets	11	4,895,518	4,962,612	-	-
		214,459,996	193,394,853	153,821,745	153,821,745
Current assets					
Inventories	12	209,073,155	203,978,829	-	-
Land reclamation work in progress	13	106,345,712	53,970,200	-	-
Trade and other receivables	14	738,316,613	399,666,635	218,903,332	219,470,050
Current tax assets		16,609,184	177,787	-	35,479
Short term funds	16	127,418	23,236,090	-	-
Cash and bank balances	17	208,699,359	35,431,231	182,044,455	2,417,259
		1,279,171,441	716,460,772	400,947,787	221,922,788
TOTAL ASSETS		1,493,631,437	909,855,625	554,769,532	375,744,533
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	202,950,625	202,853,000	202,950,625	202,853,000
Reserves	19	388,650,532	340,567,396	194,116,393	172,040,994
Total equity attributable to owners of the parent		591,601,157	543,420,396	397,067,018	374,893,994
Non-controlling interests	9(c)	6,550,992	2,895,450	-	-
TOTAL EQUITY		598,152,149	546,315,846	397,067,018	374,893,994

Statements of Financial Position
as at 30 June 2015
(continued)

	Note	Group		Company	
		2015	2014	2015	2014
		RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Redeemable convertible secured bonds	20	145,537,466	-	145,537,466	-
Borrowings	21	6,636,529	7,602,511	-	-
Deferred tax liabilities	11	8,683,288	1,262,082	7,827,305	-
Trade and other payables	24	27,746,176	22,288,461	-	-
		188,603,459	31,153,054	153,364,771	-
Current liabilities					
Trade and other payables	24	179,143,391	94,498,205	4,155,992	850,539
Borrowings	21	30,925,215	24,333,294	-	-
Deferred revenue	25	496,438,893	204,312,214	-	-
Current tax liabilities		368,330	9,243,012	181,751	-
		706,875,829	332,386,725	4,337,743	850,539
TOTAL LIABILITIES		895,479,288	363,539,779	157,702,514	850,539
TOTAL EQUITY AND LIABILITIES		1,493,631,437	909,855,625	554,769,532	375,744,533

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 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	28	180,540,325	211,017,214	3,500,000	25,000,000
Cost of sales	29	(112,477,960)	(154,315,633)	-	-
Gross profit		68,062,365	56,701,581	3,500,000	25,000,000
Other income		17,900,310	16,073,339	794,936	10,447
Administrative and other expenses		(61,268,503)	(51,690,257)	(1,689,818)	(3,545,080)
Finance costs	30	(5,533,476)	(2,881,371)	(2,420,188)	-
Profit before tax	31	19,160,696	18,203,292	184,930	21,465,367
Tax (expense)/income	32	(10,686,793)	(11,100,274)	(56,991)	22,538
Profit for the financial year		8,473,903	7,103,018	127,939	21,487,905
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value (loss)/gain on available-for-sale financial assets	32(d)	(4,779)	5,372	-	-
Foreign currency translations	32(d)	17,682,799	2,754,770	-	-
Total other comprehensive income, net of tax		17,678,020	2,760,142	-	-
Total comprehensive income		26,151,923	9,863,160	127,939	21,487,905
Profit/(Loss) attributable to:					
Owners of the parent		8,457,656	7,115,972	127,939	21,487,905
Non-controlling interests	9(c)	16,247	(12,954)	-	-
		8,473,903	7,103,018	127,939	21,487,905
Total comprehensive income attributable to:					
Owners of the parent		26,135,676	9,876,114	127,939	21,487,905
Non-controlling interests		16,247	(12,954)	-	-
		26,151,923	9,863,160	127,939	21,487,905

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

		Group 2015 sen	Group 2014 sen
Basic	33	1.06	0.88
Diluted	33	1.06	0.88

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

Consolidated Statement of Changes in Equity
for the financial year ended 30 June 2015

Group	Note	Share capital RM	Treasury shares RM	Share premium RM	Exchange translation reserve RM	Reverse acquisition debit RM	Share options reserve RM	Available-for-sale reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		← Non-distributable						→	Distributable			
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	23	-	-	-	-	-	2,159,056	-	-	2,159,056	-	2,159,056
Options forfeited under the Share Issuance Scheme	23	-	-	-	-	-	(649,384)	-	649,384	-	-	-
Share repurchased	19	-	(9,637,801)	-	-	-	-	-	-	(9,637,801)	-	(9,637,801)
Dividend paid	34	-	-	-	-	-	-	-	(16,130,252)	(16,130,252)	-	(16,130,252)
Total transactions with owners		940,875	(9,637,801)	2,796,825	-	-	889,046	-	(15,480,868)	(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

Consolidated Statement of Changes in Equity
for the financial year ended 30 June 2015
(continued)

		← Non-distributable							Distributable →				
Group	Note	Share capital RM	Treasury shares RM	Share premium RM	Exchange translation reserve RM	Reverse acquisition debit RM	Share options reserve RM	Available-for-sale reserve RM	Equity component of RCSB RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Balance as at 1 July 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
Profit for the financial year		-	-	-	-	-	-	-	-	8,457,656	8,457,656	16,247	8,473,903
Fair value loss on available-for-sale financial assets, net of tax		-	-	-	-	-	-	(4,779)	-	-	(4,779)	-	(4,779)
Foreign currency translations, net of tax		-	-	-	17,682,799	-	-	-	-	-	17,682,799	-	17,682,799
Total comprehensive income		-	-	-	17,682,799	-	-	(4,779)	-	8,457,656	26,135,676	16,247	26,151,923
Transactions with owners													
Ordinary shares issued pursuant to the Share Issuance Scheme	18	97,625	-	278,114	-	-	(67,245)	-	-	-	308,494	-	308,494
Ordinary shares contributed by non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	-	3,639,295	3,639,295
Options granted under the Share Issuance Scheme	23	-	-	-	-	-	472,345	-	-	-	472,345	-	472,345
Options forfeited under the Share Issuance Scheme	23	-	-	-	-	-	(458,936)	-	-	458,936	-	-	-
Share repurchased	19	-	(1,564,428)	-	-	-	-	-	-	-	(1,564,428)	-	(1,564,428)
Issuance of RCSB	20	-	-	-	-	-	-	-	25,225,506	-	25,225,506	-	25,225,506
Dividend paid	34	-	-	-	-	-	-	-	-	(2,396,832)	(2,396,832)	-	(2,396,832)
Total transactions with owners		97,625	(1,564,428)	278,114	-	-	(53,836)	-	25,225,506	(1,937,896)	22,045,085	3,639,295	25,684,380
Balance as at 30 June 2015		202,950,625	(12,679,307)	157,537,902	27,367,299	(146,069,559)	2,083,068	(23,222)	25,225,506	335,208,845	591,601,157	6,550,992	598,152,149

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

Statement of Changes in Equity

for the financial year ended 30 June 2015

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Share options reserve RM	Retained earnings RM	Total equity RM
		← Non-distributable			→	Distributable	
Balance at 1 July 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	23	-	-	-	2,159,056	-	2,159,056
Options forfeited under the Share Issuance Scheme	23	-	-	-	(649,384)	649,384	-
Share repurchased	19	-	(9,637,801)	-	-	-	(9,637,801)
Dividend paid	34	-	-	-	-	(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

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Share options reserve RM	Equity component of RCSB RM	Retained earnings RM	Total equity RM
		← Non-distributable				→	Distributable	
Balance at 30 June 2014		202,853,000	(11,114,879)	157,259,788	2,136,904	-	23,759,181	374,893,994
Profit for the financial year		-	-	-	-	-	127,939	127,939
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	127,939	127,939
Transactions with owners								
Ordinary shares issued pursuant to the Share Issuance Scheme	18	97,625	-	278,114	(67,245)	-	-	308,494
Options granted under the Share Issuance Scheme	23	-	-	-	472,345	-	-	472,345
Options forfeited under the Share Issuance Scheme	23	-	-	-	(458,936)	-	458,936	-
Share repurchased	19	-	(1,564,428)	-	-	-	-	(1,564,428)
Issuance of RCSB	20	-	-	-	-	25,225,506	-	25,225,506
Dividend paid	34	-	-	-	-	-	(2,396,832)	(2,396,832)
Total transactions with owners		97,625	(1,564,428)	278,114	(53,836)	25,225,506	(1,937,896)	22,045,085
Balance at 30 June 2015		202,950,625	(12,679,307)	157,537,902	2,083,068	25,225,506	21,949,224	397,067,018

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

Statements of Cash Flows
for the financial year ended 30 June 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		19,160,696	18,203,292	184,930	21,465,367
Adjustments for:					
Amortisation of an intangible asset	8	779,719	20,281	-	-
Depreciation of property, plant and equipment	7	11,649,643	10,416,558	-	-
Dividend income		(19,261)	(112,285)	(3,500,000)	(25,000,000)
Fair value gain on amount owing to a related party		-	(2,667,972)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(252,792)	2,886,576	-	-
Impairment losses on:					
- amount due from a contract customer	14	-	1,174,324	-	-
- property, plant and equipment	7	13,650,796	16,214,677	-	-
- trade and other receivables	14	2,259,587	1,801,426	-	-
Interest expense	30	5,533,476	2,881,371	2,420,188	-
Interest income		(1,850,065)	(1,200,297)	(794,936)	(10,447)
Inventories written down	12(a)	372,130	270,023	-	-
Options granted under the Share Issuance Scheme	23	472,345	2,159,056	-	125,460
Property, plant and equipment written off		-	44,682	-	-
Reversal of impairment loss on:					
- amount due from a contract customer	14	-	(740,200)	-	-
- a trade receivable	14	-	(365,460)	-	-
Unrealised loss on foreign exchange		5,661,803	844,213	-	-
Operating profit/(loss) before changes in working capital		57,418,077	51,830,265	(1,689,818)	(3,419,620)
Changes in working capital:					
Inventories		16,150,702	109,983,066	-	-
Land reclamation work in progress		(74,492,785)	(24,388,867)	-	-
Trade and other receivables		(331,723,211)	(39,160,501)	59,748	123,655
Trade and other payables		78,011,573	(39,505,500)	(1,555,814)	(65,472)
Deferred revenue		292,126,679	51,791,104	-	-
Cash generated from/(used in) operations		37,491,035	110,549,567	(3,185,884)	(3,361,437)
Tax refunded		159,098	9,748,468	33,682	267,813
Tax paid		(36,619,670)	(14,714,798)	(12,087)	(11,913)
Net cash from/(used in) operating activities		1,030,463	105,583,237	(3,164,289)	(3,105,537)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
(Advances to)/Repayments by a subsidiary		-	-	(20,520,685)	10,945,024
Dividend received		19,261	112,285	25,000,000	17,000,000
Interest received		1,832,634	1,184,492	794,936	10,447
Placements of fixed deposits pledged with licensed financial institutions		(460,541)	(462,600)	-	-
Proceeds from disposal of property, plant and equipment		2,320,053	2,639,986	-	-
Purchase of an intangible asset	8	-	(800,000)	-	-
Purchase of property, plant and equipment	7(a)	(22,556,727)	(2,345,155)	-	-
Repayments to related parties		(4,785,248)	(63,603,876)	-	-
Net cash (used in)/from investing activities		(23,630,568)	(63,274,868)	5,274,251	27,955,471
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	34	(2,396,832)	(16,130,252)	(2,396,832)	(16,130,252)
Drawdown of borrowings		29,051,300	20,000,000	-	-
Interest paid		(2,029,123)	(2,331,100)	-	-
Ordinary share capital contributed by non-controlling interests of a subsidiary		56,100	-	-	-
Proceeds from issuance of:					
- ordinary shares		308,494	3,117,074	308,494	3,117,074
- redeemable convertible secured bonds		181,170,000	-	181,170,000	-
Repayments of:					
- hire purchase liabilities		(1,528,343)	(679,196)	-	-
- term loans		(26,254,864)	(18,019,693)	-	-
- bankers' acceptance		(7,397,000)	-	-	-
Shares repurchased	19(a)	(1,564,428)	(9,637,801)	(1,564,428)	(9,637,801)
Net cash from/(used in) financing activities		169,415,304	(23,680,968)	177,517,234	(22,650,979)
Net increase in cash and cash equivalents		146,815,199	18,627,401	179,627,196	2,198,955
Effects of exchange rate changes on cash and cash equivalents		715,897	272,393	-	-
Cash and cash equivalents at beginning of financial year		40,811,197	21,911,403	2,417,259	218,304
Cash and cash equivalents at end of financial year	17	188,342,293	40,811,197	182,044,455	2,417,259

Statement of Cash Flows
for the financial year ended 30 June 2015 (continued)

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

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Dividend receivable from a subsidiary	28	-	-	3,500,000	25,000,000
Transfer of ‘amounts due from contract customers’ from/(to) ‘land held for sale’	15	500,115	(124,178,256)	-	-

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

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 Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 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 2015 comprise the financial statements of 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 7 October 2015.

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 as set out on pages 50 to 135 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 43 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, 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 and IFRSs 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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 off during the financial year are included in the statements 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. 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 Measuremen*t 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 values 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.

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 at the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 annual 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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

After initial recognition, intangible assets are carried at cost less 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 or over the economic useful life of thirty six (36) months (whichever comes first), 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 comprises 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 comprises 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Land reclamation work in progress (continued)

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 and deferred tax assets, 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

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 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 fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(a) Financial assets (continued)

(iv) Available-for-sale financial assets

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

Subsequent to initial recognition, 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 cash equivalents consist of cash on hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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

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

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 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 fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(b) Financial liabilities (continued)

(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.

Convertible bonds are initially classified separately as financial liabilities and equity instruments in accordance with the substance of the contractual arrangement. At initial recognition, the equity component represents the residual amount of the fair value of the convertible bonds after deducting the fair value of the liability component. The sum of the carrying amounts assigned to the liability and equity components equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from the initial recognition of the separated components of the instrument.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(c) Equity

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

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

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

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at 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 Companies Act, 1965 in Malaysia.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Impairment of financial assets (continued)

(a) Loans and receivables (continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Income taxes (continued)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Provisions (continued)

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.

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 discloses 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Employee benefits (continued)

(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 the service commencement period and grant date.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Foreign currencies (continued)

(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 off 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.

4.20 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Revenue recognition (continued)

(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.

(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) Engage 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Operating segments (continued)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Fair value measurements (continued)

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.

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 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
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements to 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements to 2011 - 2013 Cycle*	1 July 2014

There is no material effect upon the adoption of these Amendments and Interpretation during the financial year.

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

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	*1 January 2016*
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018

The Group is in the process of assessing the impact of implementing these Amendments and Standards, since the effects would only be observable in 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.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgements made in applying accounting policies (continued)

(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 has 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.

(f) Consolidation of an entity in which the Group holds less than majority of voting rights

The Group considers that it controls Gabungan Khas Sdn. Bhd. ('GKSB') even though it owns less than fifty percent (50%) of the voting rights. This is because the Group has two (2) Board representatives over a total of three (3) Board members and therefore has control over the Board and power to govern the relevant activities of GKSB via a shareholders agreement. The remaining fifty-one percent (51%) of the equity shares in GKSB are held by an individual shareholder that is not related to the Group.

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 the anticipated technological changes. The depreciation charge for future period is adjusted if there are significant changes from previous estimates.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(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 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.

(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.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(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 40(b) to the financial statements.

(i) Impairment of investments in subsidiaries

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.

(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 financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) 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); and

(iii) 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).

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 fair values of the barges and dredgers used in the impairment assessment as disclosed in Note 7 to the financial statements were determined based on the valuations carried out by a professional valuer.

The Group measures its financial instruments at fair value and are disclosed in Note 39 to the financial statements.

7. **PROPERTY, PLANT AND EQUIPMENT**

Group 2015	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 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
Additions	-	-	41,666	15,219,684	13,101,005	710,099	-	2,959,487	1,542,995	33,574,936
Disposals	(340,000)	-	(359,000)	-	(1,891,545)	(6,800)	-	(401,050)	(56,867)	(3,055,262)
Transfers	-	-	-	632,015	1,987,392	-	-	-	(2,619,407)	-
Translation adjustments	-	-	122,565	283,141	24,134,594	47,546	6,829	-	103,573	24,698,248
At 30 June 2015	5,161,915	11,919,537	6,969,643	26,044,637	273,417,703	5,079,309	827,755	10,544,064	3,030,752	342,995,315
Accumulated depreciation										
At 1 July 2014	-	735,913	1,060,008	6,431,846	63,287,228	2,806,409	533,420	4,981,356	-	79,836,180
Charge for the financial year	-	205,371	113,008	1,504,632	8,148,192	275,601	59,324	1,343,515	-	11,649,643
Disposals	-	-	(180,420)	-	(406,420)	(113)	-	(401,048)	-	(988,001)
Translation adjustments	-	-	9,512	101,350	5,511,331	16,566	1,419	-	-	5,640,178
At 30 June 2015	-	941,284	1,002,108	8,037,828	76,540,331	3,098,463	594,163	5,923,823	-	96,138,000
Impairment losses										
At 1 July 2014	-	-	-	-	20,332,527	-	-	-	-	20,332,527
Charge for the financial year	-	-	-	-	13,650,796	-	-	-	-	13,650,796
Translation adjustments	-	-	-	-	3,348,571	-	-	-	-	3,348,571
At 30 June 2015	-	-	-	-	37,331,894	-	-	-	-	37,331,894

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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)

	Carrying amount 2015 RM	Carrying amount 2014 RM
Group		
Freehold land	5,161,915	5,501,915
Leasehold land	10,978,253	11,183,624
Buildings	5,967,535	6,104,404
Plant and machinery	18,006,809	3,477,951
Barges and dredgers	159,545,478	152,466,502
Tools and office equipment	1,980,846	1,522,055
Furniture and fittings	233,592	287,506
Motor vehicles	4,620,241	3,004,271
Construction-in-progress	3,030,752	4,060,458
	209,525,421	187,608,686

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

	Group 2015 RM	Group 2014 RM
Purchase of property, plant and equipment	33,574,936	2,555,155
Financed by hire purchase arrangements	(7,400,107)	(210,000)
Financed by non-controlling interests of subsidiaries	(3,618,102)	-
Cash payments on purchase of property, plant and equipment	22,556,727	2,345,155

(b) During the financial year, the Group recognised impairment losses of RM13,650,796 (2014: RM16,214,677) on property, plant and equipment due to the decline in their recoverable amounts, which is based on a valuation performed by an external and independent valuer.

(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 2015 RM	Group 2014 RM
Motor vehicles	3,095,684	1,619,603
Plant and machinery	6,100,935	250,750
Tools and office equipment	309,333	-
	9,505,952	1,870,353

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 22 to the financial statements.

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 21(c) to the financial statements are as follows:

	Group 2015 RM	Group 2014 RM
Freehold land	4,926,915	4,926,915
Leasehold land	10,978,253	11,183,624
Buildings	1,573,570	2,726,809
Barges and dredgers	-	12,907,809
	17,478,738	31,745,157

8. INTANGIBLE ASSET

	Group 2015 RM	Group 2014 RM
Balance as at 1 July 2014/2013	779,719	-
Addition	-	800,000
Amortisation charge for the financial year	(779,719)	(20,281)
Balance as at 30 June 2015/2014	-	779,719

The right represents exclusive right purchased that allows the Group to extract sea sand in total of 5,000,000 cubic meters within the territorial waters of Johor State for a period of thirty six (36) months commencing on 12 December 2014.

9. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM	Company 2014 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 2015 %	Effective interest in equity 2014 %	Principal activities
Benalec Sdn. Bhd. ('BSB')	Malaysia	100	100	Marine construction and civil engineering
Benalec Shipyard Sdn. Bhd. ('BSSB')	Malaysia	100	100	Ship repair, ship maintenance, shipbuilding, fabrication, refurbishment and ship trading
Oceanliner Pte Ltd. ('Oceanliner')*	Singapore	100	100	Charter of vessels

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 2015 %	2014 %	Principal activities
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. ^	Malaysia	100	100	Marine construction and civil engineering
Crystal Land Property Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
Heritage Land Development Sdn. Bhd. ^	Malaysia	100	100	Dormant
Heritage Land Realty Sdn. Bhd. ^	Malaysia	100	100	Dormant
Heritage Land Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
Heritage Property Sdn. Bhd. ^	Malaysia	100	100	Property investment holding
Klebang Property Sdn. Bhd. ^	Malaysia	100	100	Dormant
Oceanfront Property Sdn. Bhd. ^	Malaysia	100	100	Dormant
Oceanview Project Sdn. Bhd. ^	Malaysia	100	100	Dormant
Oceanview Realty Sdn. Bhd. ^	Malaysia	100	100	Dormant
Orientalcove Realty Sdn. Bhd. ^	Malaysia	100	100	Dormant
Orientalcove Property Sdn. Bhd. ^	Malaysia	100	100	Dormant
Goldnet Synergy Sdn. Bhd. ('GSSB') ^	Malaysia	100	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

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 2015 %	2014 %	Principal activities
Subsidiaries of BSB (continued)				
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. ^	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.	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
Ocean Pacific Ltd (‘OPL’) @	Labuan	51	-	Charter/leasing of vessels
Atlantic Ocean Ltd (‘AOL’) @	Labuan	51	-	Charter/leasing of vessels
Gabungan Khas Sdn. Bhd. (‘GKSB’) #	Malaysia	49	-	Acting as agent for clearance of vessels with port authorities
Subsidiaries of JESB				
Iconic Island Sdn. Bhd. ^	Malaysia	100	100	Property investment holding

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 2015 %	2014 %	Principal activities
Subsidiaries of JESB (continued)				
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.	Malaysia	70	70	Property investment holding
Subsidiary of TPMISB				
Spektrum Kukuh Sdn. Bhd.	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.*

@ *Incorporated in the Federal Territory of Labuan with issued paid up capital of USD100. The effect of this subsidiary that was acquired during the current financial year is disclosed in Note 37 to the financial statements.*

Incorporated in Malaysia with issued paid up capital of RM110,000. The effect of this subsidiary that was acquired during the current financial year is disclosed in Note 37 to the financial statements.

(b) The Group considers that it controls GKSB even though it owns less than fifty percent (50%) of the voting rights. This is because the Group has two (2) Board representatives over a total of three (3) Board members and therefore has control over the Board and power to govern the relevant activities of GKSB via a shareholders agreement. The remaining fifty-one percent (51%) of the equity shares in GKSB are held by an individual shareholder that is not related to the Group.

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

2015	Spektrum Budi Sdn. Bhd.	Spektrum Kukuh Sdn. Bhd.	Ocean Pacific Ltd	Others	Total
NCI percentage of ownership and voting interests	30%	30%	49%		
Carrying amount of NCI (RM)	1,448,048	1,441,165	3,641,423	20,356	6,550,992
(Loss)/Profit allocated to NCI (RM)	(2,986)	(3,251)	58,408	(35,924)	12,647

9. INVESTMENTS IN SUBSIDIARIES (continued)

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

2014	Spektrum Budi Sdn. Bhd.	Spektrum Kukuh Sdn. Bhd.	Ocean Pacific Ltd	Others	Total
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)

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

	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM	Ocean Pacific Ltd RM
2015			
Assets and liabilities			
Non-current assets	-	-	7,236,204
Current assets	11,010,151	28,398,720	1,025,213
Current liabilities	(6,183,323)	(23,594,838)	(809,668)
Net assets	4,826,828	4,803,882	7,451,749
Results			
Revenue	-	-	436,613
(Loss)/Profit for the financial year	(9,954)	(10,835)	119,200
Total comprehensive (loss)/income	(9,954)	(10,835)	119,200
Cash flows (used in)/from operating activities	(498,036)	(7,779,712)	140,207
Cash flows from/(used in) investing activities	498,016	7,779,692	(2,079,472)
Cash flows from financing activities	-	-	1,940,894
Net (decrease)/increase in cash and cash equivalents	(20)	(20)	1,629
Dividend paid to NCI	-	-	-

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
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	-	-

10. OTHER INVESTMENTS

	Group	
	2015 RM	2014 RM
Available-for-sale financial assets		
Quoted shares in Malaysia	39,057	43,836

(a) Information on the fair value hierarchy is disclosed in Note 39(d) to the financial statements.

(b) Information on financial risks of other investments is disclosed in Note 40 to the financial statements.

11. DEFERRED TAX (ASSETS)/LIABILITIES

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Balance as at 1 July 2014/2013	(3,700,530)	7,197,088	-	-
Recognised in profit or loss (Note 32)	(477,649)	(10,897,618)	(138,644)	-
Arose from issuance of RCSB (Note 20)	7,965,949	-	7,965,949	-
Balance as at 30 June 2015/2014	3,787,770	(3,700,530)	7,827,305	-
Presented after appropriate offsetting:				
Deferred tax assets, net	(4,895,518)	(4,962,612)	-	-
Deferred tax liabilities, net	8,683,288	1,262,082	7,827,305	-
	3,787,770	(3,700,530)	7,827,305	-

(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	RCSB RM	Total RM
Balance as at 1 July 2014	9,560,521	-	9,560,521
Recognised in profit or loss	291,184	(138,644)	152,540
Arose from issuance of RCSB	-	7,965,949	7,965,949
Balance as at 30 June 2015, prior to offsetting	9,851,705	7,827,305	17,679,010
Set-off of tax			(8,995,722)
Balance as at 30 June 2015			8,683,288
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

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 2014	1,818,204	90,396	1,092,780	10,259,671	13,261,051
Recognised in profit or loss	-	30,128	69,668	530,393	630,189
Balance as at 30 June 2015, prior to offsetting	1,818,204	120,524	1,162,448	10,790,064	13,891,240
Set-off of tax					(8,995,722)
Balance as at 30 June 2015					4,895,518
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 2014, 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

Deferred tax liabilities of the Company

	RCSB RM	Total RM
Balance as at 1 July 2014	-	-
Recognised in profit or loss	(138,644)	(138,644)
Arose from issuance of RCSB	7,965,949	7,965,949
Balance as at 30 June 2015	7,827,305	7,827,305
Balance as at 1 July 2013	-	-
Recognised in profit or loss	-	-
Balance as at 30 June 2014	-	-

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

(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	
	2015	**2014**
	RM	**RM**
Other deductible temporary differences, gross	412,919	298,162
Unused tax losses, gross	9,041,642	10,640,081
	9,454,561	10,938,243

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.

12. INVENTORIES

		Group	
		2015	**2014**
	Note	**RM**	**RM**
Consumables	(a)	2,385,401	2,720,974
Land held for sale	(b)	172,112,976	187,955,332
Properties held for sale	(e)	34,574,778	13,302,523
		209,073,155	203,978,829

(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 RM372,130 (2014: 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:

	Group	
	2015	**2014**
	RM	**RM**
Balance as at 1 July 2014/2013	187,955,332	173,830,737
Transferred (to)/from amounts due from contract customers (Note 15)	(500,115)	124,178,256
Transferred from land reclamation work in progress (Note 13)	22,117,273	-
Reversal on rescission of disposal of land held for sale	-	15,158,353
Costs incurred during the financial year	24,704,093	2,382,092
Less: Recognised in profit or loss during the financial year	(62,163,607)	(127,594,106)
Balance as at 30 June 2015/2014	172,112,976	187,955,332

Land held for sale represents reclaimed leasehold land with remaining lease terms ranging from 90 to 97 years (2014: 92 to 98 years).

12. INVENTORIES (continued)

(c) Lien holder's cavent was created on certain land held for sale of the Group amounting to RM18,975,920 (2014: RM53,415,196) for credit facilities granted to the Group as disclosed in Note 21(c) to the financial statements.

(d) Land held for sale of the Group with carrying amount of RM107,782,902 (2014: Nil) are charged to the security trustee as collateral for the issuance of RCSB as disclosed in Note 20 to the financial statements.

(e) Properties held for sale are in respect of nineteen (19) units of properties, which are available for immediate sales.

13. LAND RECLAMATION WORK IN PROGRESS

	Group	
	2015	**2014**
	RM	**RM**
Land reclamation work in progress	106,345,712	53,970,200

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

	Group	
	2015	**2014**
	RM	**RM**
Balance as at 1 July 2014/2013	53,970,200	29,581,333
Costs incurred during the financial year	74,492,785	24,388,867
Transferred to land held for sale (Note 12)	(22,117,273)	-
Balance as at 30 June 2015/2014	106,345,712	53,970,200

(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 RM75,263,691 (2014: RM31,056,504) are capitalised as land reclamation work in progress.

(c) Included in land reclamation work in progress of the Group amounting to RM31,082,021 (2014: RM22,913,696) are preliminary development costs incurred, such as hydraulic study and environmental impact assessment (EIA) approval for the reclamation works in Pengerang and Tanjung Piai in the State of Johor.

14. TRADE AND OTHER RECEIVABLES

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Trade					
Third parties	(a)	450,149,270	148,523,083	-	-
Less: Impairment losses					
- third parties		(4,687,954)	(2,428,367)	-	-
	(b)	445,461,316	146,094,716	-	-
Amounts due from contract customers					
- Third parties		32,772,522	13,234,795	-	-
- Related parties		246,220,809	221,124,463	-	-
Less: Impairment loss					
- third party		(1,174,324)	(1,174,324)	-	-
	15	277,819,007	233,184,934	-	-
Non-trade					
Other receivables					
- third parties		3,265,564	9,262,302	20,043	79,791
- subsidiaries	(c)	-	-	218,992,833	219,499,803
Deposits		7,917,809	9,407,748	5,000	5,000
		11,183,373	18,670,050	219,017,876	219,584,594
Less: Impairment losses					
- third parties		(929,569)	(929,569)	-	-
- subsidiary		-	-	(114,544)	(114,544)
		10,253,804	17,740,481	218,903,332	219,470,050
Loans and receivables		733,534,127	397,020,131	218,903,332	219,470,050
Prepayments		4,782,486	2,646,504	-	-
		738,316,613	399,666,635	218,903,332	219,470,050

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 60 days to 90 days (2014: 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 amounting to RM438,908,402 (2014: RM138,342,054), which represent proceeds receivable from disposals of land held for sale.

Included in trade receivables of the Group is an amount of RM42,821,222 (2014: Nil) representing sales proceeds receivable from disposal of land held for sale, which is assigned to licensed financial institutions for credit facilities granted to the Group as disclosed in Note 21(c) to the financial statements.

14. TRADE AND OTHER RECEIVABLES (continued)

(b) Included in trade receivables of the Group are retention sums for contract works amounting to RM3,830,458 (2014: RM2,965,860).

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

	Group	
	2015	**2014**
	RM	**RM**
Within one (1) year	2,533,674	2,965,860
Within two (2) years	1,296,784	-
	3,830,458	2,965,860

(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 RM3,500,000 (2014: RM25,000,000).

(d) Included in deposits of the Group is an amount of RM4,009,611 (2014: 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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	715,818,041	396,772,175	218,903,332	219,470,050
Singapore Dollar	1,525,029	7,570	-	-
United States Dollar	16,191,057	240,386	-	-
	733,534,127	397,020,131	218,903,332	219,470,050

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

	Group	
	2015	**2014**
	RM	**RM**
Neither past due nor impaired	440,959,939	139,699,425
Past due but not impaired		
- 31 to 90 days	-	-
- 91 to 120 days	-	-
- 121 to 180 days	-	2,953,832
- More than 180 days	4,501,377	3,441,459
	4,501,377	6,395,291
Past due and impaired	4,687,954	2,428,367
	450,149,270	148,523,083

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:

	Individually impaired	
	2015	**2014**
Group	**RM**	**RM**
Trade receivables, gross	4,687,954	2,428,367
Less: Impairment losses	(4,687,954)	(2,428,367)
	-	-

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

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Trade receivables				
Balance as at 1 July 2014/2013	2,428,367	992,401	-	-
Charge for the financial year (Note 31)	2,259,587	1,801,426	-	-
Reversal of impairment loss (Note 31)	-	(365,460)	-	-
Balance as at 30 June 2015/2014	4,687,954	2,428,367	-	-
Amounts due from contract customers				
Balance as at 1 July 2014/2013	1,174,324	740,200	-	-
Charge for the financial year (Note 15 and Note 31)	-	1,174,324	-	-
Reversal of impairment loss (Note 31)	-	(740,200)	-	-
Balance as at 30 June 2015/2014	1,174,324	1,174,324	-	-
Other receivables				
Balance as at 1 July 2014/2013	929,569	929,569	114,544	114,544
Charge for the financial year	-	-	-	-
Balance as at 30 June 2015/2014	929,569	929,569	114,544	114,544
	6,791,847	4,532,260	114,544	114,544

14. TRADE AND OTHER RECEIVABLES (continued)

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

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 40 to the financial statements.

15. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2015 RM	**2014 RM**
Aggregate costs incurred to date	499,359,413	448,036,786
Add: Attributable profits	127,403,607	116,860,274
	626,763,020	564,897,060
Less: Progress billings	(349,846,769)	(207,939,911)
Add: Transferred from land held for sale (Note 12)	500,115	-
Less: Transferred to land held for sale (Note 12)	-	(124,178,256)
	277,416,366	232,778,893
Less: Impairment loss (Note 14)	(1,174,324)	(1,174,324)
	276,242,042	231,604,569
Analysed as:		
Amounts due from contract customers (Note 14)	277,819,007	233,184,934
Amounts due to contract customers (Note 24)	(1,576,965)	(1,580,365)
	276,242,042	231,604,569

The amounts due from contract customers of the Group of RM249,181,608 (2014: RM224,085,262) shall be settled by way of apportionment of completed reclaimed land.

16. SHORT TERM FUNDS

	Group	
	2015 RM	**2014 RM**
Financial assets at fair value through profit or loss		
Unit trust quoted in Malaysia	127,418	23,236,090

(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 40 to the financial statements.

(c) Information on the fair value hierarchy is disclosed in Note 39(d) to the financial statements.

(d) Short term funds are denominated in Ringgit Malaysia ('RM').

17. CASH AND BANK BALANCES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash and bank balances	185,904,694	17,575,107	177,566,455	2,417,259
Deposits with licensed financial institutions	22,794,665	17,856,124	4,478,000	-
As per statements of financial position	208,699,359	35,431,231	182,044,455	2,417,259
Short term funds (Note 16)	127,418	23,236,090	-	-
Bank overdraft	(2,167,819)	-	-	-
	206,658,958	58,667,321	182,044,455	2,417,259
Less:				
Fixed deposits pledged with licensed financial institutions (Note (a))	(18,316,665)	(17,856,124)	-	-
As per statements of cash flows	188,342,293	40,811,197	182,044,455	2,417,259

(a) Fixed deposits with licensed financial institutions of the Group amounting to RM18,316,665 (2014: RM17,856,124) were pledged as security for banking facilities granted to the Group as disclosed in Note 21(c) to the financial statements.

(b) The currency exposure profile of cash and bank balances is as follows:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Ringgit Malaysia	203,915,464	31,885,672	182,044,045	2,417,259
Singapore Dollar	547,323	642,509	-	-
United States Dollar	4,236,572	2,903,050	-	-
	208,699,359	35,431,231	182,044,045	2,417,259

(c) Information on financial risks of cash and bank balances is disclosed in Note 40 to the financial statements.

18. SHARE CAPITAL

	2015 Number of shares	2015 RM	2014 Number of shares	2014 RM
Ordinary shares of RM0.25 each				
Authorised				
At 30 June 2015/2014	2,000,000,000	500,000,000	2,000,000,000	500,000,000
Issued and fully paid-up				
At 1 July 2014/2013	811,412,000	202,853,000	807,648,500	201,912,125
Issued for cash pursuant to the Share Issuance Scheme (Note 23)	390,500	97,625	3,763,500	940,875
At 30 June 2015/2014	811,802,500	202,950,625	811,412,000	202,853,000

18. SHARE CAPITAL (continued)

(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 RM202,853,000 to RM202,950,625 (2014: RM201,912,125 to RM202,853,000) by way of issuance of 390,500 (2014: 3,763,500) new ordinary shares of RM0.25 each for cash pursuant to the exercise of the options under the Share Issuance Scheme (Note 23).

19. RESERVES

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Non-distributable					
Treasury shares	(a)	(12,679,307)	(11,114,879)	(12,679,307)	(11,114,879)
Share premium		157,537,902	157,259,788	157,537,902	157,259,788
Exchange translation reserve	(b)	27,367,299	9,684,500	-	-
Reverse acquisition debit	(c)	(146,069,559)	(146,069,559)	-	-
Share options reserve	(d)	2,083,068	2,136,904	2,083,068	2,136,904
Available-for-sale reserve	(e)	(23,222)	(18,443)	-	-
Equity component of RCSB	(f)	25,225,506	-	25,225,506	-
Distributable					
Retained earnings		335,208,845	328,689,085	21,949,224	23,759,181
		388,650,532	340,567,396	194,116,393	172,040,994

(a) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at Annual General Meeting held on 22 December 2014, approved the Company's plan to repurchase its own shares. 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.

During the financial year, the Company repurchased 1,510,000 (2014: 9,810,500) of its own ordinary shares of RM0.25 each from the open market for a total consideration of RM1,564,428 (2014: RM9,637,801) at an average price of RM1.036 (2014: 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 811,802,500 (2014: 811,412,000) issued and fully paid up ordinary shares of RM0.25 each as at 30 June 2015, 12,665,400 (2014: 11,155,400) ordinary shares of RM0.25 each amounting to RM12,679,307 (2014: 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 799,137,100 (2014: 800,256,600).

19. RESERVES (continued)

(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.

(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 or are forfeited, 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) Equity component of RCSB

The equity component of RCSB represents the residual amount of the RCSB after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability. The salient terms of the RCSB are as disclosed in Note 20 to the financial statements.

20. REDEEMABLE CONVERTIBLE SECURED BONDS

	Group and Company	
	2015 RM	**2014 RM**
Liability component on date of issuance	144,621,388	-
Finance costs (Note 30)	916,078	-
Liability component as at 30 June 2015	145,537,466	-

20. REDEEMABLE CONVERTIBLE SECURED BONDS (continued)

During the financial year, the Company completed the issuance of RM200 million nominal value of 7-year RCSB for additional working capital purposes. The salient terms of the RCSB are as follows:

(a) Conversion rights and rates

The RCSB are convertible to new ordinary shares of RM0.25 each in the Company during the conversion period (i.e. any time after the issue date of 27 April 2015 and up to the maturity date of 29 April 2022). The conversion price is fixed at RM0.705 per ordinary share of the Company. However, the conversion price would be subject to further price adjustments against certain dilutive events as stipulated in the Trust Deed.

The new ordinary shares to be allotted and issued upon conversion of the RCSB would rank pari passu in all respects with the existing ordinary shares of the Company.

(b) Tenure

The RCSB are for a period of seven (7) years maturing on 29 April 2022.

(c) Coupon rate

The RCSB bear a coupon interest rate of four point five percent (4.50%) per annum payable semi-annually in arrears, with the first payment due on 29 October 2015.

(d) Put option

The RCSB may be redeemed on the 5th anniversary of the issue date in whole or in part at the nominal value of the outstanding RCSB.

(e) Redemption

All outstanding RCSB would be mandatorily redeemed in full by the Company on 29 April 2022.

The net proceeds received from the issue of the RCSB have been split between the liability component and equity component, representing the fair value of the embedded option to convert the liability into equity of the Company, as follows:

	Group and Company RM
Proceeds received	181,170,000
RCSB issuance expenses	(3,357,157)
	177,812,843
Deferred tax liability (Note 11)	(7,965,949)
Liability component	(144,621,388)
Equity component (Note 19)	25,225,506

The RCSB are secured by inter-alia, legal charges over the land held for sale of the Group as disclosed in Note 12(d) to the financial statements.

Information on financial risks of RCSB is disclosed in Note 40 to the financial statements.

21. BORROWINGS

	Group	
	2015	2014
	RM	RM
Non-current liabilities		
Secured		
Hire purchase liabilities (Note 22)	4,237,428	836,440
Term loans	2,399,101	6,766,071
	6,636,529	7,602,511
Current liabilities		
Secured		
Hire purchase liabilities (Note 22)	2,815,228	344,452
Bank overdraft	2,167,819	-
Bankers' acceptance	2,467,000	-
Revolving credit	19,187,300	-
Term loans	4,287,868	23,988,842
	30,925,215	24,333,294
Total borrowings		
Hire purchase liabilities (Note 22)	7,052,656	1,180,892
Bank overdraft	2,167,819	-
Bankers' acceptance	2,467,000	-
Revolving credit	19,187,300	-
Term loans	6,686,969	30,754,913
	37,561,744	31,935,805

(a) Term loans of the Group are repayable by 60, 144 and 166 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	
	2015	2014
	RM	RM
Ringgit Malaysia	37,561,744	31,861,902
Singapore Dollar	-	73,903
	37,561,744	31,935,805

21. BORROWINGS (continued)

(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) Lien holder's caveat over certain land held for sale of the Group as disclosed in Note 12(c) to the financial statements;

(iii) Legal charge over certain land held for sale of the Group as disclosed in Note 12(d) to the financial statements;

(iv) Assignment of sales proceeds receivable from disposal of land held for sale of the Group as disclosed in Note 14(a) to the financial statements;

(v) Fixed deposits of the Group as disclosed in Note 17 to the financial statements;

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

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

(d) Information on financial risks and remaining maturity of borrowings is disclosed in Note 40 to the financial statements.

22. HIRE PURCHASE LIABILITIES

	Group	
	2015	**2014**
	RM	**RM**
Minimum hire purchase payments:		
- not later than one (1) year	3,130,708	383,495
- later than one (1) year but not later than five (5) years	4,428,816	887,269
Total minimum hire purchase payments	7,559,524	1,270,764
Less: Future interest charges	(506,868)	(89,872)
Present value of hire purchase payments	7,052,656	1,180,892
Repayable as follows:		
Current liabilities		
- not later than one (1) year	2,815,228	344,452
Non-current liabilities		
- later than one (1) year but not later than five (5) years	4,237,428	836,440
	7,052,656	1,180,892

Information on financial risks of hire purchase liabilities is disclosed in Note 40 to the financial statements.

23. 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;

(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 of the ordinary shares on the Main Market of Bursa Malaysia Securities Berhad through exercising the options); and

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

Details of the options over ordinary shares of the Company are as follows:

		Number of options over ordinary shares of RM0.25 each					
	Exercise	Outstanding	Movements during the financial year			Outstanding	Exercisable
	price	as at				as at	as at
Date of offer	RM	1.7.2014	Granted	Exercised	Forfeited	30.6.2015	30.6.2015
2015							
16 April 2012	1.06	5,176,500	-	-	(899,000)	4,277,500	4,277,500
3 January 2014	0.78	600,000	-	-	-	600,000	600,000
28 January 2014	0.79	11,813,500	-	(390,500)	(3,053,000)	8,370,000	8,370,000
		17,590,000	-	(390,500)	(3,952,000)	13,247,500	13,247,500
Weighted average exercise prices (RM)		0.87	-	0.79	0.85	0.88	0.88
Weighted average remaining contractual life (months)		18					6

23. SHARE ISSUANCE SCHEME (continued)

Date of offer	Exercise price RM	Outstanding as at 1.7.2013	Number of options over ordinary shares of RM0.25 each — Movements during the financial year: Granted	Exercised	Forfeited	Outstanding as at 30.6.2014	Exercisable as at 30.6.2014
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

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

2014/2015	Weighted average exercise price RM	Exercise period
	1.06	1.7.2012 - 16.1.2016[(2)]
2012 options [(1)]	1.06	30.4.2013 - 16.1.2016[(2)]
	0.78	4.1.2014 - 16.1.2016[(2)]
2014 options [(3)]	0.79	29.1.2014 - 16.1.2016[(2)]
	0.79	28.1.2015 - 16.1.2016[(2)]

(1) *50% exercisable during the financial year ended 30 June 2012 and the remaining 50% exercisable commencing 30 April 2014 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 during the financial year ended 30 June 2014 and the remaining 50% exercisable 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 First Grant	2014 Second Grant	2014 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

23. SHARE ISSUANCE SCHEME (continued)

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

	2015 RM	2014 RM
Options granted under the Share Issuance Scheme		
- Company	-	125,460
- Subsidiaries	472,345	2,033,596
	472,345	2,159,056

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 390,500 (2014: 3,763,500) ordinary shares at RM0.79 (2014: RM0.79 or RM1.06). The related weighted average ordinary share price at the date of exercise was RM1.01 (2014: RM1.14).

During the financial year, there were 3,952,000 (2014: 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 RM458,936 (2014: RM649,384) has been transferred from the share options reserve to retained earnings.

24. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Non-current					
Amount owing to a related party	(a)	27,746,176	22,288,461	-	-
Current					
Trade payables					
- third parties	(b)	56,633,473	4,662,596	-	-
- a related party	(b)	18,923	18,923	-	-
- amounts due to contract customers	15	1,576,965	1,580,365	-	-
Other payables and accruals	(c)	41,455,306	29,775,581	4,151,332	845,879
Advances from a contract customer		13,139,030	-	-	-
Amounts owing to related parties	(d)	66,319,694	58,460,740	4,660	4,660
		179,143,391	94,498,205	4,155,992	850,539
		206,889,567	116,786,666	4,155,992	850,539

(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 (2014: 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 (2014: 30 days to 90 days).

24. TRADE AND OTHER PAYABLES (continued)

(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 RM6,342,295 (2014: RM20,289,722) and coupon interests payable in respect of the RCSB amounting to RM1,504,110 (2014: Nil).

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.

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

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Ringgit Malaysia	156,880,442	73,030,035	4,155,992	850,539
Singapore Dollar	41,576,145	41,443,091	-	-
United States Dollar	8,432,980	2,313,540	-	-
	206,889,567	116,786,666	4,155,992	850,539

(f) Information on financial risks of trade and other payables is disclosed in Note 40 to the financial statements.

25. DEFERRED REVENUE

	Group	
	2015 RM	**2014 RM**
Deferred revenue	496,438,893	204,312,214

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

Group	**Note**	**Reclaimed land component RM**	**Infrastructure cost component RM**	**Total RM**
At 1 July 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
Additions during the financial year		339,517,751	74,165,470	413,683,221
Recognised in profit or loss	28	(108,316,015)	(13,240,527)	(121,556,542)
At 30 June 2015		369,110,558	127,328,335	496,438,893

26. 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	
	2015	**2014**
	RM	**RM**
Not later than one (1) year	791,542	2,343,472
Later than one (1) year but not later than five (5) years	44,848	15,888
	836,390	2,359,360

(b) Capital commitment

	Group	
	2015	**2014**
	RM	**RM**
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	15,467,989	10,744,580

27. CONTINGENT LIABILITIES

	Company	
	2015	**2014**
	RM	**RM**
Secured		
Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiaries	31,888,322	31,900,244

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

28. REVENUE

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Marine construction				
- Contract revenue and sales of marine construction materials	39,712,728	17,617,674	-	-
- Disposal of land held for sale	108,316,015	175,642,429	-	-
- Infrastructure works	13,240,527	-	-	-
Vessels chartering and transportation income	19,271,055	17,757,111	-	-
Dividend income	-	-	3,500,000	25,000,000
	180,540,325	211,017,214	3,500,000	25,000,000

29. COST OF SALES

	Group 2015 RM	Group 2014 RM
Marine construction		
- Contract works and sales of marine construction materials	22,034,761	11,145,206
- Disposals of land held for sale and other miscellaneous costs	54,581,008	117,505,845
- Infrastructure works	7,851,805	-
Shipbuilding, repair and maintenance	1,201,571	1,508,387
Vessels chartering and transportation services	26,808,815	24,156,195
	112,477,960	154,315,633

30. FINANCE COSTS

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Interest expense on:				
- bank overdraft	272,479	6,123	-	-
- hire purchase liabilities	226,123	54,011	-	-
- redeemable convertible secured bonds:				
- unwinding of discount (Note 20)	916,078	-	916,078	-
- coupon interests (Note 24(c))	1,504,110	-	1,504,110	-
- term loans	1,232,912	2,122,289	-	-
- unwinding of discount on fair value gain on amount owing to a related party	1,084,165	550,271	-	-
- others	297,609	148,677	-	-
	5,533,476	2,881,371	2,420,188	-

31. PROFIT BEFORE TAX

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Profit before tax is arrived at after charging:					
Amortisation of an intangible asset	8	779,719	20,281	-	-
Auditors' remuneration					
- statutory audits:					
- current year		372,204	328,346	62,900	59,400
- under provision in prior years		-	700	-	-
Depreciation of property, plant and equipment	7	11,649,643	10,416,558	-	-
Directors' remuneration:					
Fees:					
- payable by the Company		540,000	540,000	540,000	540,000
Other emoluments:					
- paid by the Company		177,269	494,505	177,269	494,505
- paid/payable by a subsidiary		6,505,053	9,019,946	-	-
Finance costs	30	5,533,476	2,881,371	2,420,188	-
Impairment losses on:					
- amount due from a contract customer	14	-	1,174,324	-	-
- property, plant and equipment	7	13,650,796	16,214,677	-	-
- trade and other receivables	14	2,259,587	1,801,426	-	-
Inventories written down	12(a)	372,130	270,023	-	-
Loss on disposal of property, plant and equipment		-	2,886,576	-	-
Loss on disposal of short term funds		19,248	-	-	-
Loss on foreign exchange:					
- realised		27,740	-	-	-
- unrealised		5,661,803	844,213	-	-
Property, plant and equipment written off	7	-	44,682	-	-
And crediting:					
Dividend income from a subsidiary	28	-	-	3,500,000	25,000,000
Fair value gain on amount owing to a related party		-	2,667,972	-	-
Gain on disposal of property, plant and equipment		252,792	-	-	-
Gain on disposal of unit trust		-	32,262	-	-
Gain on foreign exchange:					
- realised		-	12,094	-	-
Gross dividend received from shares quoted in Malaysia		19,261	112,285	-	-
Interest income from:					
- fixed deposits		1,598,214	969,847	794,046	8,300
- others		251,851	230,450	890	2,147
Land sale deposits forfeited		-	5,431,453	-	-
Reversal of impairment loss on:					
- amount due from a contract customer	14	-	740,200	-	-
- a trade receivable	14	-	365,460	-	-

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM85,517 (2014: RM77,810) and RM21,250 (2014: RM21,250) respectively.

32. TAX EXPENSE/(INCOME)

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Current tax expense based on profit for the financial year:				
- Malaysian income tax	11,253,498	22,594,309	192,751	-
- Foreign income tax	-	-	-	-
	11,253,498	22,594,309	192,751	-
(Over)/Under provision in prior years	(89,056)	(596,417)	2,884	(22,538)
	11,164,442	21,997,892	195,635	(22,538)
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	(800,866)	(10,169,832)	(138,644)	-
Over/(Under) provision in prior years	323,217	(727,786)	-	-
	(477,649)	(10,897,618)	(138,644)	-
Tax expense/(income)	10,686,793	11,100,274	56,991	(22,538)

(a) The Malaysian income tax is calculated at the statutory tax rate of twenty-five percent (25%) (2014: 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 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	4,790,174	4,550,823	46,233	5,366,342
Tax effects in respect of:				
Non-allowable expenses	7,268,323	8,388,403	877,097	883,658
Non-taxable income	(208,378)	(329,952)	(875,000)	(6,250,000)
Real property gains tax	-	45,960	-	-
Reduction in deferred taxes as a result of reduction in tax rate	107,899	(230,288)	5,777	-
Deferred tax assets not recognised	-	268,422	-	-
Utilisation of previously unrecognised deferred tax assets	(370,921)	-	-	-
Difference in foreign tax rates and exemptions	(1,134,465)	(268,891)	-	-
	10,452,632	12,424,477	54,107	-
(Over)/Under provision in prior years				
- current tax expense	(89,056)	(596,417)	2,884	(22,538)
- deferred tax expense	323,217	(727,786)	-	-
Tax expense/(income)	10,686,793	11,100,274	56,991	(22,538)

32. TAX EXPENSE/(INCOME) (continued)

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

	Group		
	Before tax RM	**Tax effect RM**	**After tax RM**
Items that may be reclassified subsequently to profit or loss			
30 June 2015			
Fair value gain on available-for sale financial assets	(4,779)	-	(4,779)
Foreign currency translations	17,682,799	-	17,682,799
	17,678,020	-	17,678,020
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

33. EARNINGS PER SHARE

(a) Basic

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

	Group	
	2015 RM	**2014 RM**
Profit attributable to owners of the parent	8,457,656	7,115,972

	Group	
	2015	**2014**
Weighted average number of ordinary shares in issue	799,132,571[(1)]	805,353,014[(2)]

[(1)] *Based on the treasury shares held as at 30 June 2015 of 12,665,400 and exercise of options during the financial year, which translate to the effect of weighted average number of ordinary shares of 12,533,044 shares and 253,615 shares respectively.*

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

	Group	
	2015 sen	**2014 sen**
Basic earnings per ordinary share	1.06	0.88

33. EARNINGS PER SHARE (continued)

(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	
	2015 RM	2014 RM
Profit attributable to owners of the parent	8,457,656	7,115,972

	Group	
	2015	2014
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	799,132,571	805,353,014
Effect of dilution on options under:		
- Share Issuance Scheme	432,317[(3)]	954,137[(5)]
- Redeemable Convertible Secured Bonds	-[(4)]	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	799,564,888	806,307,151

	Group	
	2015	2014
Diluted earnings per ordinary share	1.06[(3)]	0.88[(5)]

(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 8,970,000 options under the Share Issuance Scheme granted, adjusted for the number of such shares that would have been issued at fair value.*

(4) *The RCSB that could potentially dilute the earnings per ordinary shares were not included in the calculation of diluted earnings per ordinary shares as it would have an anti-dilution effect thereon.*

(5) *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.*

34. DIVIDENDS

	Group			
	2015		2014	
	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 2014/2013	0.3	2,396,832	2	16,130,252

34. DIVIDENDS (continued)

A final single tier dividend in respect of the financial year ended 30 June 2015 of 0.3 sen per ordinary share of RM0.25 each, amounting to RM2,397,411 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 2016.

35. EMPLOYEE BENEFITS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Administrative and other expenses				
Wages, salaries and bonuses	10,258,755	10,975,251	540,000	540,000
Contribution to defined contribution plan	1,527,076	1,681,128	-	-
Other benefits	502,548	617,628	226,111	445,728
Options granted under the Share Issuance Scheme	472,345	2,159,056	-	125,460
	12,760,724	15,433,063	766,111	1,111,188
Capitalised in amounts due from contract customers				
Salaries, wages, bonuses and allowances	4,976,927	3,638,091	-	-
Contribution to defined contribution plan	276,282	163,031	-	-
	5,253,209	3,801,122	-	-
	18,013,933	19,234,185	766,111	1,111,188

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM6,682,322 (2014: RM9,514,451) and RM177,269 (2014: RM494,505) respectively.

36. 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.

36. RELATED PARTY DISCLOSURES (continued)

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
With related parties in which a Director has substantial financial interests:				
Contract revenue earned from:				
- Sentosacove Sdn. Bhd.	16,027,340	11,268,660	-	-
- Oceanfront Land Sdn. Bhd. - Oceanic Sdn. Bhd. - Oceanview Property Sdn. Bhd. - Atlantic Property Sdn. Bhd.	8,568,891	3,812,015	-	-
With a subsidiary				
Dividend income receivable from BSB	-	-	3,500,000	25,000,000

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

(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	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Short term employee benefits	6,872,028	8,762,142	573,500	765,000
Contributions to defined contribution plan	1,040,607	1,397,403	-	-
Options granted under the Share Issuance Scheme	312,328	1,086,465	-	125,460
	8,224,963	11,246,010	573,500	890,460

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	
	2015	**2014**
As at 1 July 2014/2013	9,650,500	6,228,000
Granted	-	7,441,000
Exercised	-	(988,500)
Forfeited	(2,399,000)	(3,030,000)
As at 30 June 2015/2014	7,251,500	9,650,500

The terms and conditions of the Share Issuance Scheme are detailed in Note 23 to the financial statements.

37. INCORPORATION AND ACQUISITION OF NEW SUBSIDIARIES

(a) On 26 November 2014, BSB, a wholly-owned subsidiary of the Company incorporated a subsidiary, OPL, by subscribing to 51 ordinary shares of USD1.00 each representing 51% of the total issued and paid-up share capital of OPL for cash consideration of USD51 or equivalent to RM171 (based on exchange rate at USD1: RM3.3510).

The incorporation of OPL did not have any material financial effect to the Group.

(b) On 6 March 2015, BSB, a wholly-owned subsidiary of the Company acquired 51 ordinary shares of USD1.00 each representing 51% of the total issued and paid-up share capital of AOL for a cash consideration of USD51 or RM186 (based on the exchange rate at USD1: RM3.6470).

The acquisition of AOL did not have any material financial effect to the Group.

(c) On 12 June 2015, BSB, a wholly-owned subsidiary of the Company had acquired 53,900 ordinary shares of RM1.00 each representing 49% of the total issued and paid-up share capital of GKSB for a cash consideration of RM53,900.

The acquisition of GKSB did not have any material financial effect to the Group.

38. 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.

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 compensation for in-kind settlement contracts, 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.

(d) Other operating segment comprises investment holding.

38. OPERATING SEGMENTS (continued)

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, 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.

	Marine <------ construction ------>					
2015	**Land reclamation services RM**	**Disposal of land held for sale RM**	**Vessel chartering RM**	**Ship-building RM**	**Others RM**	**Total RM**
Revenue						
Total revenue	206,337,630	121,556,542	38,342,201	4,237,537	3,500,000	373,973,910
Inter-segment revenue	(166,624,902)	-	(19,071,146)	(4,237,537)	(3,500,000)	(193,433,585)
Revenue from external customers	**39,712,728**	**121,556,542**	**19,271,055**	**-**	**-**	**180,540,325**
Interest income	1,016,903	-	18,318	19,908	794,936	1,850,065
Finance costs	(1,961,542)	-	(1,084,175)	(67,571)	(2,420,188)	(5,533,476)
Net finance expense/(income)	(944,639)	-	(1,065,857)	(47,663)	(1,625,252)	3,683,411
Segment profit/(loss) before tax	**(5,571,068)**	**59,123,728**	**96,313**	**(315,688)**	**73,226**	**53,406,511**
Tax income/(expense)	2,660,875	(13,433,752)	112,944	30,131	(56,991)	(10,686,793)
Other material non-cash items:						
- Amortisation of intangible asset	(779,719)	-	-	-	-	(779,719)
- Depreciation of property, plant and equipment	(4,500,966)	-	(6,799,583)	(349,094)	-	(11,649,643)
- Impairment losses on:						
- property, plant and equipment	(222,730)	-	(13,428,066)	-	-	(13,650,796)
- trade and other receivables	(2,259,587)	-	-	-	-	(2,259,587)
- Inventories written down	-	-	-	(372,130)	-	(372,130)
Additions to non-current assets	19,334,676	-	14,240,260	-	-	33,574,936
Segment assets	**497,722,010**	**611,021,379**	**137,721,423**	**17,605,437**	**208,017,429**	**1,472,087,678**
Segment liabilities	**(161,354,616)**	**(496,438,893)**	**(55,499,147)**	**(2,736,049)**	**(170,348,965)**	**(886,427,670)**

38. OPERATING SEGMENTS (continued)

2014	Marine <------ construction ------> Land reclamation services RM	Disposal of land held for sale RM	Vessel chartering RM	Ship-building RM	Others RM	Total RM
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)**

38. 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:

	2015 RM	2014 RM
Revenue		
Total revenue for reportable segments	373,973,910	272,836,803
Elimination of inter-segment revenues	(193,433,585)	(61,819,589)
Revenue of the Group per consolidated statements of profit or loss and other comprehensive income	180,540,325	211,017,214
Profit for the financial year		
Total profit for reportable segments	53,406,511	84,407,232
Options granted under the Share Issuance Scheme	(472,345)	(2,159,056)
Elimination of inter-segment profits	(33,773,470)	(64,044,884)
Profit before tax	19,160,696	18,203,292
Tax expense	(10,686,793)	(11,100,274)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	8,473,903	7,103,018
Assets		
Total assets for reportable segments	1,472,087,678	904,671,390
Unallocated assets:		
- Other investments	39,057	43,836
- Current tax assets	16,609,184	177,787
- Deferred tax assets	4,895,518	4,962,612
Assets of the Group per consolidated statement of financial position	1,493,631,437	909,855,625
Liabilities		
Total liabilities for reportable segments	886,427,670	353,034,685
Unallocated liabilities:		
- Current tax liabilities	368,330	9,243,012
- Deferred tax liabilities	8,683,288	1,262,082
Liabilities of the Group per consolidated statement of financial position	895,479,288	363,539,779

38. 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	
	2015	**2014**
	RM	**RM**
Revenue from external customers		
Malaysia	180,540,325	211,017,214
Non-current assets		
Malaysia	146,835,818	127,927,631
Singapore	62,689,603	60,460,774
	209,525,421	188,388,405

(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	
	2015	**2014**
	RM	**RM**
Customer A	46,504,378	43,376,690
Customer B	41,349,693	45,314,410
Customer C	22,723,542	39,590,567
Customer D	18,834,442	31,291,321
	129,412,055	159,572,988

The above customers are related to the marine construction segment.

39. 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 2015 and 30 June 2014.

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	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Redeemable convertible secured bonds	145,537,466	-	145,537,466	-
Borrowings	37,561,744	31,935,805	-	-
Trade and other payables	206,889,567	116,786,666	4,155,992	850,539
Financial debts	389,988,777	148,722,471	149,693,458	850,539
Less:				
Short term funds	(127,418)	(23,236,090)	-	-
Cash and bank balances	(208,699,359)	(35,431,231)	(182,044,455)	(2,417,259)
Net debts/(cash)	181,162,000	90,055,150	(32,350,997)	(1,566,720)
Total equity	591,624,379	543,438,839	397,067,018	374,893,994
Net debts	181,162,000	90,055,150	-	-
Total equity plus net debts	772,786,379	633,493,989	397,067,018	374,893,994
Gearing ratio (%)	23.44	14.22	*	*

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

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 2015.

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

	Loans and receivables RM	Available-for-sale RM	Fair value through profit or loss RM	Total RM
Group				
30 June 2015				
Financial assets				
Other investments	-	39,057	-	39,057
Trade and other receivables, net of prepayments	733,534,127	-	-	733,534,127
Short term funds	-	-	127,418	127,418
Cash and bank balances	208,699,359	-	-	208,699,359
	942,233,486	39,057	127,418	942,399,961

	Other financial liabilities RM	Total RM
Financial liabilities		
Redeemable Convertible Secured Bonds	145,537,466	145,537,466
Borrowings	37,561,744	37,561,744
Trade and other payables	193,750,537	193,750,537
	376,849,747	376,849,747

	Loans and receivables RM	Total RM
Company		
30 June 2015		
Other receivables and deposits	218,903,332	218,903,332
Cash and bank balances	182,044,455	182,044,455
	400,947,787	400,947,787

	Other financial liabilities RM	Total RM
Company		
30 June 2015		
Financial liabilities		
Redeemable Convertible Secured Bonds	145,537,466	145,537,466
Other payables and accruals	4,155,992	4,155,992
	149,693,458	149,693,458

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

	Loans and receivables RM	Available-for-sale RM	Fair value through profit or loss RM	Total RM
Group				
30 June 2014				
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

	Loans and receivables RM	Total RM
Company		
30 June 2014		
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

	Other financial liabilities RM	Total RM
Company		
30 June 2014		
Financial liabilities		
Other payables and accruals	850,539	850,539

39. FINANCIAL INSTRUMENTS (continued)

(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.

(v) Redeemable Convertible Secured Bond

The fair value of RCSB is determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. The liability component of the RCSB is subsequently measured at amortised cost using effective interest method.

(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).

(i) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of RCSB, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

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).

39. 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.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value					
Group 2015	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Total fair values RM**	**Carrying amount RM**
Financial assets										
Available-for-sale										
- Other investments	39,057	-	-	39,057	-	-	-	-	39,057	39,057
Fair value through profit or loss										
- Short term funds	127,418	-	-	127,418	-	-	-	-	127,418	127,418
Financial liabilities										
Other financial liabilities										
- Hire purchase liabilities	-	-	-	-	-	7,126,644	-	7,126,644	7,126,644	7,052,656
- Amount owing to a related party	-	27,746,176	-	27,746,176	-	-	-	-	27,746,176	27,746,176
- Redeemable Convertible Secured Bonds	-	-	-	-	-	145,537,466	-	145,537,466	145,537,466	145,537,466
Company 2015										
Other financial liabilities										
- Redeemable Convertible Secured Bonds	-	-	-	-	-	145,537,466	-	-	145,537,466	145,537,466

39. 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).

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value					
Company 2015	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Total fair values RM**	**Carrying amount RM**
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	160,971	160,971	160,971	-
Group 2014										
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	-

40. 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.

<u>Sensitivity analysis for foreign currency risk</u>

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	
		2015 RM	2014 RM
Profit after tax			
USD/RM	- strengthen by 10% (2014: 2%)	+ 899,599	+ 12,448
	- weaken by 10% (2014: 2%)	- 899,599	- 12,448
SGD/RM	- strengthen by 10% (2014: 2%)	- 2,962,784	- 613,004
	- weaken by 10% (2014: 2%)	+ 2,962,784	+ 613,004

40. 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	
	2015	**2014**
	RM	**RM**
Profit after tax		
- Increased by 0.3% (2014: 0.3%)	- 68,646	- 69,216
- Decreased by 0.3% (2014: 0.3%)	+ 68,646	+ 69,216

The sensitivity is lower in 2015 than in 2014 because of a decrease in outstanding borrowings with floating rates during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

40. 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:

	Note	Weighted average effective interest rate %	Within 1 year RM	2 to 5 years RM	More than 5 years RM	Total RM
Group						
At 30 June 2015						
Fixed rates						
Deposits with licensed financial institutions	17	2.92	22,794,665	-	-	22,794,665
Hire purchase liabilities	22	3.41	(2,815,228)	(4,237,428)	-	(7,052,656)
Redeemable Convertible Secured Bonds	20	5.06	-	-	(145,537,466)	(145,537,466)
Floating rates						
Bank overdraft	21	8.35	(2,167,819)	-	-	(2,167,819)
Bankers' acceptance	21	5.67	(2,467,000)	-	-	(2,467,000)
Revolving credit	21	8.35	(19,187,300)	-	-	(19,187,300)
Term loans	21	7.61	(4,287,868)	(1,415,243)	(983,858)	(6,686,969)
At 30 June 2014						
Fixed rates						
Deposits with licensed financial institutions	17	2.72	17,856,124	-	-	17,856,124
Hire purchase liabilities	22	4.10	(344,452)	(836,440)	-	(1,180,892)
Floating rates						
Term loans	21	6.83	(23,988,842)	(5,514,764)	(1,251,307)	(30,754,913)
Company						
At 30 June 2015						
Fixed rates						
Deposits with licensed financial institutions	17	3.25	4,478,000	-	-	4,478,000
Redeemable Convertible Secured Bonds	20	5.06	-	-	(145,537,466)	(145,537,466)

40. 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 2015				
Group				
Financial liabilities				
Trade and other payables	166,004,361	28,912,480	-	194,916,841
Loans and borrowings	31,675,171	6,157,567	1,068,337	38,901,075
Redeemable Convertible Secured Bonds	9,024,658	27,000,000	225,520,548	261,545,206
Total undiscounted financial liabilities	204,704,190	62,070,047	226,588,885	495,363,122
Company				
Financial liabilities				
Other payables and accruals	4,155,992	-	-	4,155,992
Redeemable Convertible Secured Bonds	9,024,658	27,000,000	225,520,548	261,545,206
Total undiscounted financial liabilities	13,180,650	27,000,000	225,520,548	265,701,198
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

40. 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 disclosed in Note 38 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:

	2015		2014	
	RM	**% of total**	**RM**	**% of total**
By country				
Malaysia	445,461,316	100.00%	146,094,716	100.00%
By industry sectors				
Marine construction				
- Land reclamation services	5,515,702	1.24%	7,752,662	5.31%
- Disposal of land held for sale	438,908,402	98.53%	138,342,054	94.69%
Vessel chartering	1,037,212	0.23%	-	-
	445,461,316	100.00%	146,094,716	100.00%

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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Credit risk (continued)

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 RM166,475 (2014: RM23,279,926). 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.

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 2 December 2014, the Group entered into a sale and purchase agreement with Jadex Land Sdn. Bhd. ('JLSB') to dispose off three (3) parcels of its leasehold land to JLSB for a total consideration of RM35,419,507.

(b) On 2 December 2014, the Group entered into a sale and purchase agreement with Quality Paradise Sdn. Bhd. ('QPSB') to dispose off six (6) parcels of its leasehold land to QPSB for a total consideration of RM71,845,250.

(c) On 23 January 2015, the Group obtained the approval from the Department of Environment ('DOE') on the Detailed Environment Impact Assessment Study ('DEIA') in respect of its reclamation works for the Tanjung Piai Integrated Petroleum & Petrochemical Hub and Maritime Industrial Park.

(d) On 9 March 2015, the Group entered into three (3) separate sales and purchase agreements with Arena Progresif Sdn. Bhd. ('APSB') to dispose off nine (9) parcels of its leasehold land to APSB for a total consideration of RM128,907,979.

42. MATERIAL LITIGATIONS

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

Further to a series of case management, on 28 April 2015, the Plaintiff had withdrawn the suit without liberty to file afresh and the Plaintiff's counsel had filed the Notice of Discontinuance accordingly.

(b) On 30 April 2015, a subsidiary of the Group received a Writ of Summons and Statement of Claim dated 21 April 2015 filed by Sentosacove Sdn. Bhd. ('SSB') (the 'First Suit').

SSB is alleging that the subsidiary had breached its contractual and implied duties under an agreement ('Reclamation Agreement'), which was entered into between the subsidiary and SSB on 10 September 2010. Under the Reclamation Agreement, the subsidiary was appointed as a contractor to carry out marine reclamation works in Daerah Klebang, Melaka. SSB is claiming for, inter alia, a Declaration that the subsidiary had breached the Reclamation Agreement and for other consequential and ancillary reliefs.

The Group is rigorously contesting the alleged claims and of the view that the SSB's claims are without merit. In a Counter Claim Action, the subsidiary had on 15 May 2015 filed a Reply to Defence and Counterclaim in the High Court of Malaya at Kuala Lumpur against SSB, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye as 1st, 2nd and 3rd defendants in the counter claim.

The counter claim is for, amongst others an order that the 1st defendant performs the Land Reclamation Agreement dated 10 September 2010. The subsidiary is also seeking for damages against the 1st and/or 2nd and/or 3rd defendants for damages to be assessed by the Registrar of the High Court and other reliefs as may be just.

At the same time, the subsidiary has also filed a Notice of Application for an injunction against the 1st and/or 2nd and/or 3rd defendants. The injunction decision was fixed for decision on 8 September 2015. On the said date, The Court dismissed the subsidiary's application for injunction with costs of RM8,000. The subsidiary's Solicitors had advised the subsidiary to appeal against the said decision. Thus, a Notice to Appeal has been filed in the Court of Appeal.

On 1 June 2015, SSB has filed a Reply to Defence and Counterclaim in relation to this First Suit.

On 22 July 2015, Dato' Leaw Seng Hai ('DLSH') and the subsidiary was served with a Writ of Summons and Statement of Claim dated 8 July 2015 filed by SSB (the 'Second Suit').

The Second Suit is pertaining to the issuance of 2 letters by SSB in relation to the Reclamation Agreement entered into on 10 September 2010 between SSB and the subsidiary, which subject matter is already part of the First Suit.

The Group strongly disputes SSB's stance and has referred the matter to its legal counsel to advise and give instructions for the necessary and relevant action to be taken.

Following the hearing on 10 September 2015 for SSB's application to consolidate the Second Suit into the First Suit, the Court had adjourned the hearing and fixed another hearing date on 17 September 2015. On 17 September 2015, SSB has withdrawn the Second Suit with no order as to costs and with liberty to file afresh. SSB's solicitors also indicated that SSB's will amend the First Suit to incorporate DLSH as a party in the First Suit.

In relation to the potential financial impact of the cited litigation on the Group, it is difficult to estimate accurately such impact as it is dependent on the Court's decision. It is, however, instructive to be guided by the sharing ratio between the subsidiary and SSB of 95% to 5% of the reclaimed land after allocating one-sixth of all reclaimed land to the Melaka state Government, and the strong grounds on which the Group is basing its legal action.

43. 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:

	2015 Group RM	2015 Company RM
Total retained earnings of the Company and its Subsidiaries		
- Realised	337,422,417	29,776,529
- Unrealised	(9,449,573)	(7,827,305)
	327,972,844	21,949,224
Add: Consolidation adjustments	7,236,001	-
Total retained earnings	335,208,845	21,949,224

	2014 Group RM	2014 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
Add: Consolidation adjustments	10,541,838	-
Total retained earnings	328,689,085	23,759,181

Group Properties
as at 30 June 2015

A. Summary of Land Held for Sale

No.	PT No.	Lot No.	Description	Land Area (acres)	Existing usage	Tenure	NBV as at 30/06/2015 (RM)	Date of acquisition (based on title date)
1	PT 1490	HS (D) 61492	Kawasan Bandar VI, Melaka Tengah, Melaka	5.30	Vacant land / Residential	Leasehold & expiring on 18/05/2105	3,741,645	19/05/2006
2	PT 115	HS (D) 69056	Pekan Klebang Sek. III, Melaka Tengah, Melaka	5.00	Vacant land / Residential	Leasehold & expiring on 09/12/2109	3,477,322	10/12/2010
3	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
4	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	34,647,328	25/04/2012
5	PT 550 - 552	HS (D) 75531 - 33	Pekan Klebang Sek. II, Melaka Tengah, Melaka	36.51	Vacant land / Commercial	Leasehold & expiring on 29/07/2112	36,391,696	30/07/2013
6	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	23,045,984	30/07/2013
7	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	34,112,419	03/10/2013
		Total		**176.84**			**158,280,872**	

Group Properties
as at 30 June 2015
(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 30/06/2015 (RM)	Date of acquisition / SPA
1	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	2,308,643	10/02/2004
2	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	552,828	12/08/2005
3	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	4,500,554	22/07/2011
4	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	1,355,319	26/11/2010
5	PT 9723	HS (D) 27282	Kampung Sijangkang, Batu 7, Kawasan Banting Laut, 42500 Telok Panglima Garang, Kuala Langat, Selangor.	870,903.64/ 31,092.97	Industrial land erected with the cum 2-storey office building. (Shipping fabrication yard and office)	Leasehold & expiring on 03/04/2068	11,961,331	Land : 06/09/2007 Building : 22/10/2010
6	PT001790	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	1,429,028	01/06/2011
						Total (RM)	**22,107,703**	

C. Information on Properties Held For Sale

No.	PT No.	Block No.	Location	Built up area (sq. ft)	Description Existing usage	Tenure / Date of expiry of lease	NBV as at 30/06/2015 (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	2,491,462	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	1,281,559	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	1,390,138	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	1,390,138	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	1,390,138	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	1,390,138	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	1,390,138	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	2,590,403	29/03/2013
9	PT 8655	B-1	Cheng Business Park, Melaka Tengah, Melaka.	2,002.00	2 storey shop office (Vacant)	Freehold	988,000	27/03/2015
10	PT 8658	C-6	Cheng Business Park, Melaka Tengah, Melaka.	1,248.00	1½ storey shop office (Vacant)	Freehold	368,000	27/03/2015
11	PT 21608	C-3	Kompleks Perniagaan Musai Bistari, Melaka.	7,758.00	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	2,280,000	27/03/2015
12	PT 21608	C-4	Kompleks Perniagaan Musai Bistari, Melaka.	7,654.00	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	2,280,000	27/03/2015
13	PT 21608	C-5	Kompleks Perniagaan Musai Bistari, Melaka.	7,550.00	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	2,280,000	27/03/2015
14	PT 21608	C-6	Kompleks Perniagaan Musai Bistari, Melaka.	7,446.00	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	2,280,000	27/03/2015
15	PT 21608	C-7	Kompleks Perniagaan Musai Bistari, Melaka.	7,345.00	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	2,280,000	27/03/2015
16	PT 1860	A-8-1	Melaka Boulevard, Kota Laksamana, Melaka tengah, Melaka.	8,162.00	4 storey shop office (Vacant)	Leasehold & expiring on 30/09/2106	2,888,888	27/03/2015
17	PT 1860	A-12-6	Melaka Boulevard, Kota Laksamana, Melaka tengah, Melaka.	6,639.00	4 storey shop office (Vacant)	Leasehold & expiring on 30/09/2106	1,888,888	27/03/2015
18	PT 1860	A-12-7	Melaka Boulevard, Kota Laksamana, Melaka tengah, Melaka.	9,529.00	4 storey shop office (Vacant)	Leasehold & expiring on 30/09/2106	2,888,888	27/03/2015
19	Lot 9174	C-1	Gangsa Avenue, Daerah Alor Gajah, Melaka.	4,370.00	2 storey shop office (Vacant)	Freehold	838,000	03/06/2015
						Total (RM)	**34,574,778**	

Statement of Shareholders
as at 7 October 2015

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	:	RM202,950,625 divided into 811,802,500 Ordinary Shares of RM0.25 each (including 12,675,400 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 7 OCTOBER 2015

Size of Shareholdings	No of Holders	%	Total Holdings	%
Less than 100	21	0.19	261	0.00
100 to 1,000	557	5.02	459,778	0.06
1,001 to 10,000	6,110	55.05	37,073,041	4.64
10,001 to 100,000	3,835	34.56	128,700,220	16.11
100,001 to 39,956,354*	574	5.17	251,113,400	31.42
39,956,355** and above	1	0.01	381,780,400	47.77
Total	**11,098**	**100.00**	**799,127,100+**	**100.00**

+ *Total number of shares issued of 811,802,500 less 12,675,400 treasury shares as per the Record of Depositors as at 7 October 2015.*

* *Less than 5% of the Issued and Paid-Up Share Capital (excluding treasury shares)*

** *5% and above of the Issued and Paid-Up Share Capital (excluding treasury shares)*

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 7 OCTOBER 2015

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of Shares**	**%^**	**No. of Shares**	**%^**
Oceancove Sdn Bhd	381,780,400	47.77	-	-
Dato' Leaw Seng Hai	444,100	0.06	381,780,400(1)	47.77
Datuk Leaw Ah Chye	-	-	381,780,400(1)	47.77
Foo Polin	-	-	381,780,400(2)	47.77
Oceanview Cove Sdn Bhd	-	-	381,780,400(3)	47.77

Notes:

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

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

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

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

DIRECT AND INDIRECT INTEREST OF DIRECTORS IN THE ORDINARY SHARES OF BENALEC HOLDINGS BERHAD AS AT 7 OCTOBER 2015

	Direct Interest		Deemed Interest	
Directors	**No of Shares**	**%^**	**No of Shares**	**%^**
Datuk Aznam bin Mansor	-	-	-	-
Dato' Leaw Seng Hai	444,100	0.06	381,780,400(1)	47.77
Koo Hoong Kwan	270,000	0.03	-	-
Wong Yoke Nyen	-	-	-	-

Notes:

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

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

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 7 OCTOBER 2015
(without aggregating securities from different securities accounts belonging to the same registered holder)

	Names of Shareholders	Shareholdings	%
1.	Oceancove Sdn Bhd	381,780,400	47.77
2.	Lim Kean Tin	22,495,200	2.81
3.	DB (Malaysia) Nominee (Asing) Sdn Bhd *(Exempt An for Bank of Singapore Limited)*	12,952,900	1.62
4.	Citigroup Nominees (Asing) Sdn Bhd *(CBNY for Dimensional Emerging Markets Value Fund)*	9,598,500	1.20
5.	Citigroup Nominees (Tempatan) Sdn Bhd *(Employees Provident Fund Board (PHEIM))*	7,662,500	0.96
6.	Citigroup Nominees (Asing) Sdn Bhd *(CBNY for DFA Emerging Markets Small Cap Series)*	6,269,700	0.78
7.	Citigroup Nominees (Asing) Sdn Bhd *(CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc)*	5,318,700	0.67
8.	Chow Hui Yan	4,499,900	0.56
9.	Citigroup Nominees (Tempatan) Sdn Bhd *(Kumpulan Wang Persaraan (Diperbadankan) (Kenanga))*	4,165,300	0.52
10.	Lim Kim Lin	3,950,000	0.49
11.	Liew Boon Kiat	3,500,000	0.44
12.	Maybank Nominees (Asing) Sdn Bhd *(Pledged Securities Account for San Tuan Sam)*	3,084,500	0.39
13.	Teoh Boon Beng @ Teoh Eng Kuan	2,089,700	0.26
14.	Tham Kin Foong (John)	1,900,000	0.24
15.	Malacca Equity Nominees (Tempatan) Sdn Bhd *(Exempt An for Phillip Capital Management Sdn Bhd (EPF))*	1,878,300	0.24
16.	Cimsec Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Chan Foong Cheng (Tmn Cheras-CL))*	1,851,100	0.23
17.	Maybank Nominees (Tempatan) Sdn Bhd *(Soh Peek Tat)*	1,760,000	0.22

Statement of Shareholders
as at 7 October 2015
(continued)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 7 OCTOBER 2015 (continued)
(without aggregating securities from different securities accounts belonging to the same registered holder)

	Names of Shareholders	Shareholdings	%
18.	Public Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Liew Jew Fook (E-PDG))*	1,705,000	0.21
19.	HLB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Tan Chun Hoe)*	1,700,000	0.21
20.	Amsec Nominees (Tempatan) Sdn Bhd *(Toh Seng Tat)*	1,691,000	0.21
21.	Goh Boon Soo @ Goh Yang Eng	1,630,000	0.20
22.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account for Chai Chau @ Peh Chai Chau (M09))*	1,530,000	0.19
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Ong Siew Eng @ Ong Chai (8040800))*	1,468,400	0.18
24.	Lim Han Ho @ Lim Sua Now	1,350,000	0.17
25.	Shameer Sdn Bhd	1,300,000	0.16
26.	Amsec Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Mok E. King)*	1,280,000	0.16
27.	Cimsec Nominees (Tempatan) Sdn Bhd *(CIMB Bank for Mak Ngia Ngia @ Mak Yoke Lum (MM0749))*	1,271,300	0.16
28.	Cheah See Han	1,242,700	0.16
29.	RHB Nominees (Tempatan) Sdn Bhd *(Pledged Securities Account for Goh Sin Bong)*	1,233,200	0.15
30.	Maybank Nominees (Tempatan) Sdn Bhd *(Lee De-Hao)*	1,232,000	0.15

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING ("AGM") OF BENALEC HOLDINGS BERHAD ("BENALEC" OR "COMPANY") WILL BE HELD AT GLENMARIE BALLROOM, LOBBY LEVEL, HOLIDAY INN KUALA LUMPUR GLENMARIE, 1 JALAN USAHAWAN U1/8, 40250 SHAH ALAM, SELANGOR DARUL EHSAN ON WEDNESDAY, 25 NOVEMBER 2015 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 2015 and the Reports of the Directors and Auditors thereon. **Please refer to Note A**

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 2015. **Resolution 1**

3. To approve the payment of Directors' fees of RM540,000 for the financial year ended 30 June 2015. **Resolution 2**

4. To re-elect Mr Wong Yoke Nyen, a Director retiring by rotation pursuant to Article 108 of the Company's Articles of Association and being eligible, has offered himself for re-election. **Resolution 3**

5. To re-appoint Messrs BDO as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 4**

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following as Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965 ("the Act"): **Resolution 5**

   "THAT Mr Koo Hoong Kwan who is over the age of seventy years and retiring pursuant to Section 129(2) of the Act, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting."

   To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:

7. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 ("the Act")** **Resolution 6**

   "THAT, subject always to the Act, 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 Act, to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion 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 AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities")."

8. **Proposed Renewal of the Existing Authority for the Company to Purchase its own shares of up to Ten Percent of its Issued and Paid-up Share Capital** **Resolution 7**

"THAT, subject to the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of 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 purchase such number 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 per cent (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 2015, the audited retained profits and share premium of the Company were RM21,949,224 and RM157,537,902 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; and/or

(ii) retain the Shares so purchased as Treasury Shares; and/or

(iii) retain part of Shares so purchased as Treasury Shares and cancel the remainder; or

(iv) resell the Treasury Shares on Bursa Securities and/or distribute the Treasury Shares as dividends to the Company's shareholders and/or subsequently cancel the Treasury Shares or combination of the three;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of 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 this Annual 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 by law 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 Existing Authority for the Company to Purchase its own shares of up to Ten Percent of its Issued and Paid-up Share Capital 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 Tenth Annual General Meeting of the Company to be held on Wednesday, 25 November 2015, the Final Single Tier Dividend of 0.3 Sen for each Ordinary Share of RM0.25 each for the financial year ended 30 June 2015 will be paid on Monday, 15 February 2016 to the shareholders of the Company whose names appear in the Record of Depositors on Wednesday, 20 January 2016. The entitlement date for the dividend payment is on Wednesday, 20 January 2016.

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 20 January 2016 in respect of ordinary transfers; 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 7001358)
NG BEE LIAN (MAICSA 7041392)
LIM WEI LEE (MAICSA 7064249)
Company Secretaries
Kuala Lumpur

3 November 2015

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 (2) 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 Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 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 18 November 2015. 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.*

Notice of Annual General Meeting
(continued)

Explanatory Notes on Ordinary Business

Note A - To receive Audited Financial Statement for the financial year ended 30 June 2015

This agenda item is meant for discussion only as under the provision of Section 169(1) of the Act, the audited financial statements does not require a formal approval of the shareholders. Hence, this resolution is not put forward to the shareholders for voting.

Explanatory Notes on Special Business

Ordinary Resolution 5 - Re-appointment of Director pursuant to Section 129(6) of the Act

Pursuant to Section 129(6) of the Act, the proposed Ordinary Resolution 5 is to seek shareholders' approval on the re-appointment of a Director who is over the age of seventy years.

Ordinary Resolution 6 - Authority to allot and issue shares pursuant to Section 132D of the Act

Ordinary Resolution 6 is the renewal of general mandate ("general mandate") under Section 132D of the Act 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 Act under the general mandate which was approved at Ninth Annual General Meeting of the Company held on 22 December 2014. 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 Act 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 be 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.

Ordinary Resolution 7 - Proposed Renewal of the Existing Authority for the Company to Purchase its own shares of up to Ten Percent of its Issued and Paid-up Share Capital

Ordinary Resolution 7, if passed, will empower the Directors to purchase the Company's shares through Bursa Securities up to ten per cent (10%) of the issued and paid-up share capital 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 this resolution, please refer to the Share Buy-Back Statement dated 3 November 2015 which is despatched together with the Annual Report 2015.

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 is no Director standing for election at the Tenth Annual General Meeting of the Company.

BENALEC HOLDINGS BERHAD (702653-V)
Incorporated in Malaysia under the Companies Act, 1965

CDS Account No.

No. of shares held

Proxy Form

I/We ____ Tel: ______________

NRIC no./Company no. ____

[Full name in Block, NRIC no./Company no. and telephone number]

of ____

____

being a member/members of **BENALEC HOLDINGS BERHAD,** hereby appoint:

Full Name (in block)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name (in block)	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Tenth Annual General Meeting of the Company to be held at Glenmarie Ballroom, Lobby Level, Holiday Inn Kuala Lumpur Glenmarie, 1 Jalan Usahawan U1/8, 40250 Shah Alam, Selangor Darul Ehsan on Wednesday, 25 November 2015 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

NO	AGENDA	RESOLUTION	FOR	AGAINST
1.	Payment of a Final Dividend	Resolution 1		
2.	Payment of Directors' fees	Resolution 2		
3.	Re-election of Mr Wong Yoke Nyen as Director	Resolution 3		
4.	Re-appointment of Messrs BDO as Auditors	Resolution 4		
5.	Re-appointment of Mr Koo Hoong Kwan as Director	Resolution 5		
6.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965	Resolution 6		
7.	Proposed Renewal of the Existing Authority for the Company to Purchase its own shares of up to Ten Percent of its Issued and Paid-up Share Capital	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   , 2015

____
Signature of Shareholder/Common Seal

Notes:

1. *A member of the Company entitled to attend and vote at the general meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a representative to attend and vote in his place. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) 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.*
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Fold Here

Affix
stamp

The Share Registrar

BENALEC HOLDINGS BERHAD
c/o Tricor Investor Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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Benalec Holdings Berhad (702653-V)
No. 38, Jalan Pengacara U1/48, Seksyen U1
Temasya Industrial Park, Glenmarie
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : +603-5569 7366 / 5569 8366 / 5569 9366
Fax : +603-5569 0366
Email : enquiry@benalec.com.my

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