



BENALEC HOLDINGS BERHAD
(702653-V)



FORGING AHEAD | ANNUAL REPORT 2017



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TWELFTH

ANNUAL GENERAL MEETING

 Ballroom Selangor 3,
Grand Dorsett Subang Hotel
Jalan SS12/1, 47500 Subang Jaya
Selangor Darul Ehsan

 Wednesday, 22 November 2017

 10.00 a.m.



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Access the full version of this report, or view a summary of our 2017 performance at www.benalec.com.my

CORPORATE PROFILE

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

Founded by the late Mr. Leaw Eng Chang, Leaw Eng Chang Construction Co. Sdn Bhd. was first incorporated in 1978 as a contracting company specialising in civil engineering works. Subsequently in 1996, it was renamed as Benalec Sdn Bhd. “Benalec” was derived from combining the Malay word “BENA” (which means to build or construct) with “LEC” which were the initials of Mr. Leaw Eng Chang.

Our first foray into the marine construction industry was in 1993 when Benalec was awarded two coastal protection work projects by Jabatan Pengairan dan Saliran, which includes the restoration of the damaged bund at Sungai Belukang, Bagan Datoh, Perak. Despite being widely recognised as one of the most difficult coastal protection works in Malaysia, Benalec earned high commendation for the successful completion of the project ahead of schedule and under extreme circumstances. This has become the foundation of Benalec’s strong belief today that every adversity could be turned into opportunity.

The core values which we proudly embrace in Benalec are Innovation, Proactivity and Perseverance; these attributes, which form the foundation of our unique business model, are the source of inspiration driving us on our incessant quest to create value from all areas within the space we have chosen to operate in. Apart from our portfolio of securing land reclamation contracts from third parties, Benalec has been successfully undertaking its own projects, including land reclamation in Melaka, Port Klang and Johor since 2003.

Benalec has in a short span of time emerged as one of Malaysia’s top-notch homegrown integrated marine construction solution providers and proven its capability in undertaking high end reclamation projects locally as well as regionally. It is a class “A” Civil and Marine Engineering Contractor registered with Sijil Perolehan Kerja Kerajaan (SPKK) and Construction Industry Development Board Malaysia (CIDB) and is an ISO 9001:2008 certified company. Benalec has also further expanded its operations into Singapore with the setting up of Benalec Sdn Bhd Singapore Branch, which has also achieved ISO 9001:2008 and OHSAS 18001:2007 accreditation and is registered with the Building and Construction Authority (BCA) Singapore under CW02-B1 and under SY01-L6.

Equipped with professional expertise and experience in marine and civil engineering works, coupled with its own wide range of marine equipment and marine vessels now at its disposal, the Group has extended its capacity and capability to become a provider of an integrated, one-stop centre for marine construction services, competent in delivering top-grade quality services to its customers.



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 Solution Providers contributing positively to the economic development of Malaysia.

MISSION

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



KEY MILESTONES

THE JOURNEY BEGINS

➤ **1978** Incorporated as an earthwork and general contractor serving major clients such as MADA, JKR, JPS and PKNK

➤ **1993**

Awarded two coastal protection works project in Sungai Belukang and Sungai Tiang, Perak by JPS which marks our first foray into the marine construction industry



➤ **1995**

Built our first vessel, a Twin Screw Anchor Handling Tugboat

➤ **1996**



Changed our name from Leaw Eng Chang Construction Co. Sdn Bhd to Benalec Sdn Bhd

➤ **2000**

First turnkey Design & Build, Construction of Jetty, Helipad, Staircase and Associated Works at Pulau Perak, Kedah



Commenced first land reclamation project in Pantai Kok, Pulau Langkawi, Kedah

➤ **2003**



1. First turnkey Design & Build, Beach nourishment works in Port Dickson (5km length)
2. Land reclamation and soil improvement works for Glenmarie Cove Project, Port Klang
3. Maiden large-scale land reclamation project in Melaka



KEY MILESTONES (CONTINUED)

➤ 2005

Obtained ISO 9001:2000 for the provision of marine engineering and construction works and the provision of marine vessels and equipment chartering services

➤ 2008

1. Nusajaya Waterfront Precinct Project, Construction of marina at Puteri Harbour, Nusajaya Johor
2. Secured contract to supply and deliver sand to Tuas View reclamation in Singapore via a related company
3. Expanded our shipbuilding business activities through Benalec Shipyard



➤ 2009

Benalec's ISO upgraded to ISO 9001:2008

➤ 2010

Benalec Singapore Branch obtained ISO 9001:2008 and OHSAS 18001:2007

Land reclamation for Pulau Indah, Port Klang



➤ 2011



Listed on the Main Market of Bursa Malaysia Securities Berhad (stock code : 5190)

➤ 2015

Commencement of reclamation works at Tanjung Piai Maritime Industrial Park



➤ 2017

THE JOURNEY CONTINUES

CORPORATE INFORMATION



BOARD OF DIRECTORS

- 1 Datuk Aznam bin Mansor**
Chairman, Independent Non-Executive Director
- 2 Dato' Leaw Seng Hai**
Group Managing Director / Chief Executive Officer
- 3 Koo Hoong Kwan**
Senior Independent Non-Executive Director
- 4 Wong Yoke Nyen**
Independent Non-Executive Director
- 5 Leaw Ai Lin**
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)
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 & Issuing House 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

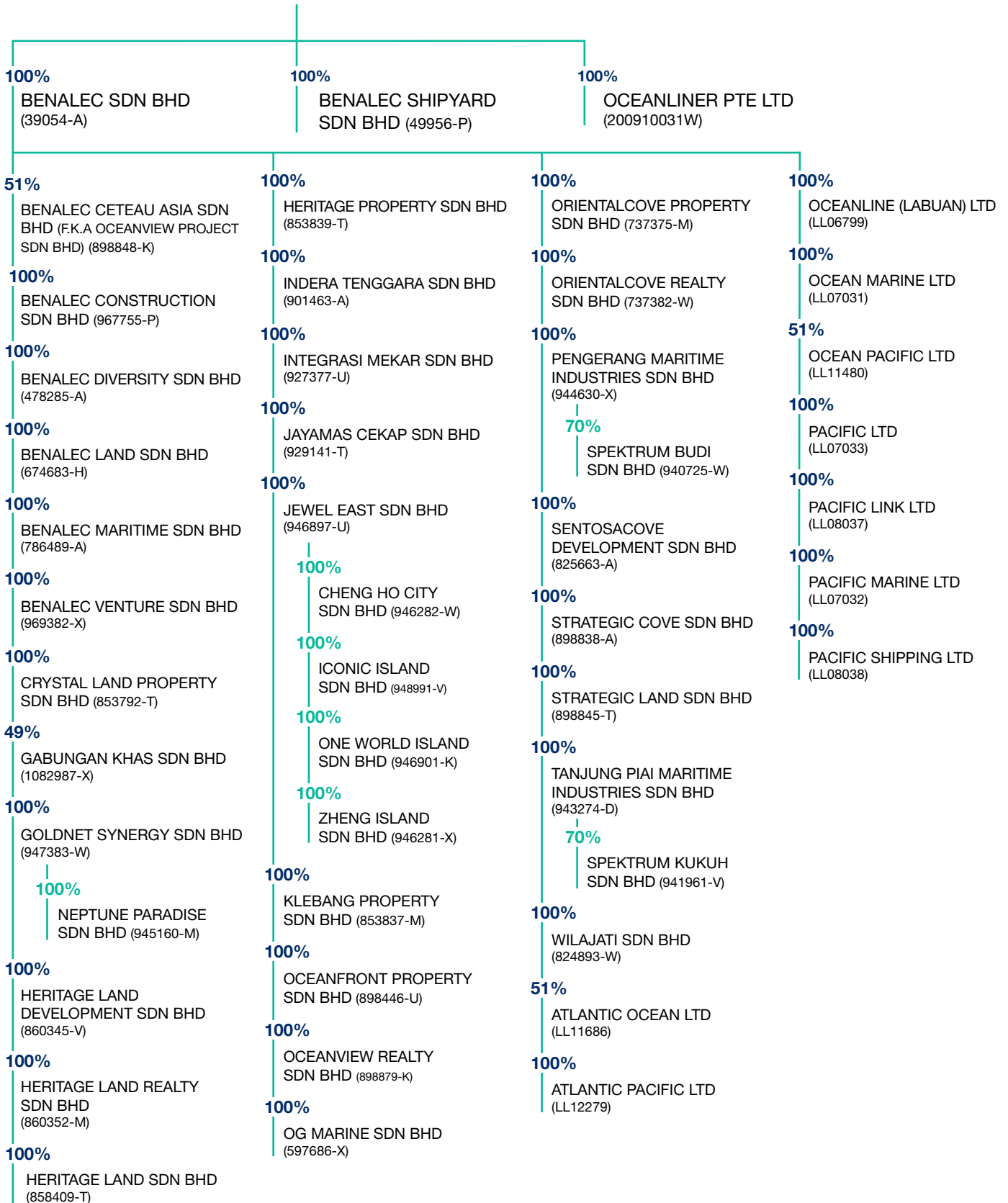
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : **BENALEC**
Stock Code : **5190**

COMPANY WEBSITES

www.benalec.com.my
www.tgpiamaritime.com.my
www.pengerangmaritime.com.my

CORPORATE STRUCTURE



PROFILE OF DIRECTORS

DATUK AZNAM BIN MANSOR

Chairman, Independent Non-Executive Director

Age 58 | Male | Malaysian

Datuk Aznam bin Mansor, 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 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 four (4) out of five (5) board meetings held during the financial year ended 30 June 2017.



PROFILE OF DIRECTORS (CONTINUED)

DATO' LEAW SENG HAI

Group Managing Director / Chief Executive Officer

Age 55 | Male | Malaysian

Dato' Leaw Seng Hai, was appointed to the Board as a Director of the Company on 12 July 2005. He was redesignated as Group Managing Director on 5 October 2010 and was further redesignated as Group Managing Director/Chief Executive Officer on 11 February 2015. He is a member of the Evaluation Committee. He obtained a Bachelor of Science in Civil 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 tasked with overall site management. He was promoted to the position of Project Manager in 1992 and assumed the position of Managing Director in 1994.

Dato' Leaw has accumulated extensive expertise in marine construction and business management over the past twenty-eight (28) years. He has been the driving force behind the Group's remarkable growth and remains the chief architect in conceptualising, formalising and implementing the Group's strategies. He maintains a hands-on approach and is actively involved in overall contract implementation, execution and management of all projects undertaken by the Group to ensure that the Group remains consistently reliable, cost-effective and efficient. His in-depth knowledge of marine construction has been the key factor in the Group's success in securing major marine construction contracts and concessions.

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. He is the father of Leaw Ai Lin, an Executive Director of the Company. Save as disclosed above, he has no family relationship with any other director and/or direct major shareholder of the Company. He has no conflict of interest with the Company except for certain recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group. He has been publicly reprimanded on 11 August 2015 by Bursa Malaysia Securities Berhad ("Bursa Securities") with a fine of RM50,000 for breach of Paragraph 16.13(b) of the Main Market of Listing Requirements of Bursa Securities. He attended all five (5) board meetings held during the financial year ended 30 June 2017.



PROFILE OF DIRECTORS (CONTINUED)

LEAW AI LIN

Executive Director

Age 25 | Female | Malaysian

Leaw Ai Lin, was appointed to the Board as an Executive Director of the Company on 20 January 2017. She holds a Bachelor of Science in Accounting and Finance with First Class Honours from the London School of Economics and Political Science (LSE), United Kingdom. She later attended Harvard University's Undergraduate Summer School in Boston, Massachusetts, United States of America, where she completed an undergraduate programme in Corporate Strategy.

She began her career in investment banking as a client coverage banker with Hong Leong Investment Bank ("HLIB") where she participated in structuring and executing M&A transactions in industries such as real estate, property development and oil & gas. During her time at HLIB, she assisted in pitching for and the execution of various corporate exercises involving IPOs, RTOs, equity as well as debt issuances. She later joined the Company as Senior Manager to head the Corporate Strategy and Business Development departments. Following her appointment as Executive Director, her current role consists of planning and establishing the Company's long-term strategic goals, identifying and assessing new synergistic business areas aligned with the Company's core competencies. She is responsible for putting in place and executing these strategies with the aim of adding value and improving the Company's competitive position. She is also overseeing the Company's corporate affairs and public relations.

She has no directorships in other public companies. She is the daughter of Dato' Leaw Seng Hai, a Director and substantial shareholder of the Company. Save as disclosed, she does not have any family relationship with any other Directors and/or major shareholders of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past ten (10) years. She attended all two (2) board meetings held during the financial year ended 30 June 2017.



PROFILE OF DIRECTORS (CONTINUED)

KOO HOONG KWAN

Senior Independent Non-Executive Director
Age 72 | Male | Malaysian

Koo Hoong Kwan, 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 five (5) board meetings held during the financial year ended 30 June 2017.



PROFILE OF DIRECTORS (CONTINUED)

WONG YOKE NYEN

Independent Non-Executive Director
Age 58 | Male | Malaysian

Wong Yoke Nyen, 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, United States of America. 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 thirty (30) 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 all five (5) board meetings held during the financial year ended 30 June 2017.



PROFILE OF KEY MANAGEMENT

CHIN WEI EE

Financial Controller
Age 33 | Female | Malaysian

Chin Wei Ee, graduated with a Bachelor of Accounting (Hons.) from Multimedia University in 2009. She is also a member of CPA Australia and Malaysian Institute of Accountants (MIA).

Upon obtaining her degree, she started her career as an Internal Auditor in Tien Wah Press Holdings Berhad and thereafter proceeded to join the finance department of GPA Holdings Berhad. She joined the Company in 2013 as a Group Accountant. She was promoted to her current position in 2016 and currently oversees the financial management of the Group.

She is not a director of any public company. She 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. She does not hold any securities in the Company. She has not been convicted of any offences within the past five (5) years.

YAP LEE CHOR

*General Manager,
Projects and Contracts*
Age 57 | Male | Malaysian

Ir. Yap Lee Chor, is a Professional Engineer registered with the Board of Engineers, Malaysia. He graduated with Bachelor of Science in Civil Engineering from Imperial College, University of London in 1984. He started his career as an Engineer with Department of Irrigation and Drainage, Ministry of Agriculture Malaysia, Senior Engineer in Ganendra, Ahmad & Associates. He was with Jurutera Konsultant (SEM) Sdn Bhd from 1992 to 1995 and later with J.K. Bersatu Sdn Bhd as Senior Engineer/Associate from 1995 to 2015.

He joined the Group in 2015 and is responsible to oversee the technical and contractual matter of the projects.

He is not a director of any public 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 does not hold any securities in the Company. He has not been convicted of any offences within the past five (5) years.

NORAZIRA BINTI SAIDUN

*Senior Manager,
Contracts and Operations*
Age 37 | Female | Malaysian

Norazira, graduated with a Diploma in Building in 2001 and a Bachelor Building Surveying (Hons.) in 2003 from the MARA University of Technology. Upon graduation, she joined our Group as a Quantity Surveyor and has accumulated direct relevant knowledge and exposure to different civil, marine and building engineering works. In the course of her years with our Group, she has also been extensively exposed to both pre and post contract works, having taken lead roles in managing the tendering processes and overseen many projects from inception to completion. She is now the Senior Manager in Contracts and Operations, primarily responsible for managing the overall pre and post contract administration of the Group.

She is not a director of any public company. She 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. She does not hold any securities in the Company. She has not been convicted of any offences within the past five (5) years.

PROFILE OF KEY MANAGEMENT (CONTINUED)

KOID HENG HUA

Senior Project Manager
Age 52 | Male | Malaysian

Koid Heng Hua, completed his Sijil Pelajaran Malaysia Vokasional. He joined the Company in 1995 as a Project Supervisor and has since accumulated more than twenty-five (25) years of experience in civil and marine construction works through his role of managing the Company's projects. With his vast on-site management experience, he was promoted to his current position in 2014 and is assigned with the responsibility of overseeing key areas in project planning, project implementation, monitoring and management of site activities.

He is not a director of any public 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 does not hold any securities in the Company. He has not been convicted of any offences within the past five (5) years.

TAN GUAN CHONG

Project Manager
Age 27 | Male | Malaysian

Tan Guan Chong, graduated with a Bachelor of Mass Communication (Hons.) from SEGi University. He started his career with Sunway IFM in 2011 as Public Relations Officer and joined the Group as Supervisor in 2015. He was promoted to his current position in March 2017 and is assigned with the responsibility of overseeing key areas in project planning, project implementation, monitoring and management of site activities for the project in Johor.

He is not a director of any public company. He is a nephew of Dato' Leaw Seng Hai, a Director and substantial shareholder of the Company, and cousin of Leaw Ai Lin, a Director of the Company. Save as disclosed, he does not have any family relationship with any other Directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

NORMALAWATI BINTI NADZRI

*Senior Manager,
Human Resources and Admin*
Age 42 | Female | Malaysian

Normalawati, graduated with Executive Masters in Management from Asia E University in 2013. She has vast experience and knowledge in human resource management in various industries namely Property Development, Construction and MNC Manufacturing. She was with Puncak Niaga Group (2001 – 2006), SP Setia Group (2007-2008) and DRB Hicom Group (2009 – 2014).

Normalawati joined the Group in 2015 and is responsible for overseeing the Human Resource and Admin portfolios.

She is not a director of any public company. She 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. She does not hold any securities in the Company. She has not been convicted of any offences within the past five (5) years.

SALEHUDIN BIN OMAR

*Assistant Manager,
Marine Admin*
Age 46 | Male | Malaysian

Salehudin, completed his Sijil Tinggi Pelajaran Malaysia pre-university education. He started his career with Equator Engineering Sdn Bhd from 1993 to 2010. In August 2010, he joined the Group as Human Resource & Admin Assistant. Progressively, he expanded his role into marine administration and was promoted to his current position in 2016, overseeing all aspects of marine administration activities.

He is not a director of any public 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 does not hold any securities in the Company. He has not been convicted of any offences within the past five (5) years.

MANAGEMENT DISCUSSION AND ANALYSIS



Over the years, from its humble beginnings as a civil works contractor, Benalec has today morphed into a master developer of prime sea-fronting land in Melaka, Pulau Indah and Johor.

Datuk Aznam Bin Mansor
Chairman

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Benalec Holdings Berhad's ("Benalec" or "the Group") principal activity is in marine constructions works, which includes land reclamation, dredging, shore protection, soil consolidation, beach nourishment, breakwater construction and jetty construction. The Group owns and operates its own fleet of vessels which is utilised for its own operations to ensure that the Group is in full control of the entire value chain of its reclamation works.

Benalec's business model is unique as it seeks to secure and hold land reclamation concessions on its own, undertake and fund reclamation works using its own internally generated funds as far as possible and wholly own and operate as master developers for its reclaimed land bank. In adopting this strategic business model, Benalec sets itself apart from other land reclamation contractors who are primarily or solely engaged in reclamation activities for or on behalf of other third parties.

By acting as the master developer, project owner and contractor of its own projects, Benalec is able to create more value to further enhance returns on invested capital.

Benalec has a proven and solid track record; having secured a concession in Melaka over 2,600 acres in size. Over the past 13 years, the Group has reclaimed and sold over 2,400 acres of commercial land in Melaka.

The Group is currently pursuing its next phase of growth via two (2) flagship projects in south Johor; namely Tanjung Piai Maritime Industrial Park ("TPMIP") and Pengerang Maritime Industrial Park ("PMIP"). Leveraging on its execution capabilities and proven track record as a successful master developer of its Melaka concessions, Benalec plans to replicate its role as a master developer for both TPMIP and PMIP.

TPMIP is a man-made island with sea fronting industrial land spanning 3,485 acres, located within the vicinity of Port of Tanjung Pelepas and strategically situated along one of the busiest shipping routes in the world, the Melaka and Singapore Straits, a mere 8km away from the Johor-Tuas second link bridge and 17km away from Jurong Island in Singapore, the main oil distribution and trading hub of Southeast Asia.

PMIP, a sea-fronting tract of industrial land spanning 1,672.8 acres, 5-6km from Petronas' RAPID project within Pengerang Integrated Petroleum Complex ("PIPC"). Located strategically on the southeast tip of Johor, it will be the only remaining sea-fronting industrial land available within the vicinity upon completion of reclamation.

Both TPMIP and PMIP will be developed into oil and gas industrial parks in line with the Malaysian Government's and the State of Johor's common objective of transforming Johor into a sustainable, world-class downstream oil and gas hub. Strategically located and nestled among various other catalytic development projects, TPMIP and PMIP will spearhead Benalec's future growth for the next 10 to 15 years.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL RESULTS AND REVIEW OF OPERATING ACTIVITIES

The Group has four (4) operating segments that are recognised and managed separately according to the nature of each of the segments. The reportable segments are as follows:-

- a. Marine construction activities;
- b. Vessel chartering and marine transportation;
- c. Shipbuilding and provision of ship repair, maintenance, fabrication and refurbishment services; and
- d. Other operating segment comprising investment holding.

REVENUE AND GROSS PROFIT

The Group's revenue for the financial year end ("FYE") 2017 recorded a decrease of 17.0% compared to FYE 2016. Gross profit was recorded at RM78.7 million or 29.4% of total revenue in FYE 2017 compared to RM90.7 million or 28.1% of total revenue in the previous year. The decrease in revenue was mainly attributable to the Group's reduced marine construction activities, as discussed below:-

a. Marine Construction segment

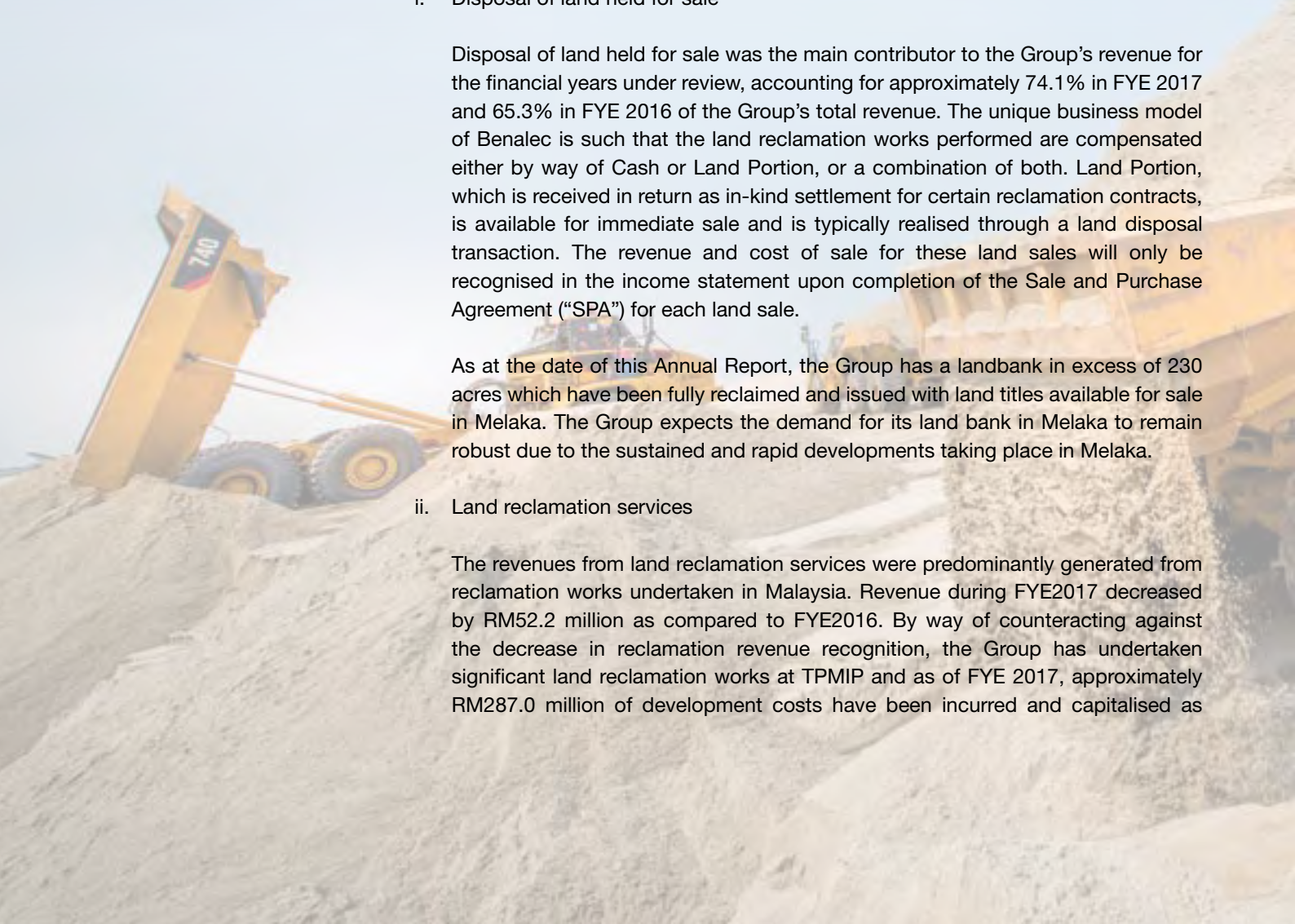
i. Disposal of land held for sale

Disposal of land held for sale was the main contributor to the Group's revenue for the financial years under review, accounting for approximately 74.1% in FYE 2017 and 65.3% in FYE 2016 of the Group's total revenue. The unique business model of Benalec is such that the land reclamation works performed are compensated either by way of Cash or Land Portion, or a combination of both. Land Portion, which is received in return as in-kind settlement for certain reclamation contracts, is available for immediate sale and is typically realised through a land disposal transaction. The revenue and cost of sale for these land sales will only be recognised in the income statement upon completion of the Sale and Purchase Agreement ("SPA") for each land sale.

As at the date of this Annual Report, the Group has a landbank in excess of 230 acres which have been fully reclaimed and issued with land titles available for sale in Melaka. The Group expects the demand for its land bank in Melaka to remain robust due to the sustained and rapid developments taking place in Melaka.

ii. Land reclamation services

The revenues from land reclamation services were predominantly generated from reclamation works undertaken in Malaysia. Revenue during FYE2017 decreased by RM52.2 million as compared to FYE2016. By way of counteracting against the decrease in reclamation revenue recognition, the Group has undertaken significant land reclamation works at TPMIP and as of FYE 2017, approximately RM287.0 million of development costs have been incurred and capitalised as



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

land reclamation work in progress. The Development Agreement which grants the exclusive right to undertake the reclamation and development of TPMIP totaling 3,485 acres (to be developed over 3 phases) was entered into by Spektrum Kukuh Sdn Bhd (a 70%-owned subsidiary of Benalec) with the State Government of Johor Darul Ta'zim and the State Secretary, Johor (Incorporated) ("SSI").

Other land reclamation projects undertaken by the Group include the reclamation and development of PMIP measuring 1,672.8 acres (to be developed over 2 phases). Preliminary preparatory works have been carried out at PMIP and we target to commence reclamation works in the first half of 2018.

With vast tracts of land to be reclaimed at its two current flagship projects, namely TPMIP and PMIP, the Group's venture into Johor provides a springboard for achieving business sustainability and positive growth prospects over the next several years. This is despite the prevailing risks dominating the myriad of dynamics in the business environment – depressed oil prices, volatility, trends, financial leverage and the below-par performance of the Ringgit.



b. Vessel Chartering and Shipbuilding segment

Vessel chartering activity during FYE 2017 recorded an increase in revenue by RM9.3 million or 128.6%. A part of the Group's fleet was deployed during the year for chartering services to a third-party client by way of a bare-boat charter arrangement. The Group has, on an ongoing basis, been providing vessel chartering services – spot charter, time charter, as well as contracts for freight arrangement to a diversified clientele base within the land reclamation and dredging industry.

No revenue contribution by external customers was recorded from the shipbuilding segment as ship repair and maintenance activities were only performed on vessels owned by the Group.

Assets, Liabilities and Liquidity

Trade and other receivables decreased by 39.8% as compared to the preceding year, recorded at the balance of RM235.9 million in FYE 2017 and RM392.1 million in FYE 2016. The decrease was mainly due to the collection of payments pursuant to the SPA(s) entered into by Benalec and purchasers of our land from year 2011 to the current year. Similarly, deferred revenue from these receivables will be reversed and recognised as profit or loss upon the transfer of significant risks and rewards of ownership of the lands to the purchasers.

As at 30 June 2017, the Group had cash and bank balances of RM153.3 million, including a deposit of RM121.4 million being pledged as security for the Group's Redeemable Convertible Secured Bond ("RCSB") in favour of the Security Trustee. The salient terms of the RCSB are disclosed in Note 17 of the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



ANTICIPATED OR KNOWN RISKS

Our Group operates in the marine construction business and its primary activity involves reclaiming large tracts of commercial and industrial land, operations which are capital intensive and have long gestation periods. Our business operations and financial condition have been and will continue to be affected by internal and external factors predominantly affecting the marine construction and property/real estate industry, including but not limited to the following:-

a. Demand and supply conditions

The demand for marine construction projects and reclaimed sea fronting land is generally dependent on the demand from key target markets, such as companies and government authorities involved in:-

- Mixed residential and commercial developments;
- Industrial/urban developments;
- Maritime and logistics industries;
- Civil and agricultural industries; and
- Socio-economic and environment protection sectors.

Generally, an increase in the activities within these sectors would increase the demand for sea fronting land and in turn, our marine construction services as well.

b. Supply of diesel, sand and rocks

Diesel, sand and rocks represent major components utilised in our marine construction activities. Hence, any shortage in the supply of diesel, sand or rocks may affect the operations of the Group. To mitigate this, the Group maintains a varied base of suppliers of diesel to reduce over-dependency on any single supplier. In addition, any fluctuation in the prices of diesel, sand or rocks will directly affect the profit margin of the Group. We endeavor to mitigate the fluctuations in the price of sand by entering into agreements with sand concessionaires to extract sand at specified pricing for a defined time period.

c. Delay in completion of marine construction contracts and cost overruns

Marine construction companies are vulnerable to operational risks such as breakdowns of equipment and machinery; accidents involving operation facilities and personnel during an assignment; and other natural factors such as weather conditions. The Group strives to complete its projects within the stipulated timeframe by adopting the following measures:-

- i. Our vessels and equipment are well maintained by our own in-house repair and maintenance team and are managed under a programmed maintenance schedule to prevent breakdown and minimize downtime. Personnel operating the Group's vessels and equipment are professionally trained in proper handling of its vessels and equipment, safety requirements and emergency procedures;
- ii. The Group ensures that it has the necessary back-up resources to cope with unexpected breakdowns at any one time, such as storage of adequate spare parts and back-up equipment;
- iii. The Group mitigates the effects of weather factors through systematic project planning such as taking cognizance of weather forecasts from the Malaysian Meteorological Department and the use of tide tables published by the National Hydrographic Centre to estimate the occurrences of high and low tides.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

d. Market prices of reclaimed land upon disposal of our Land Portion

Under our revenue model, payment for our land reclamation projects is settled by way of Cash and/or Land Portion. In this respect, market prices of the Land Portion is not within the Group's control. However, to mitigate this, comprehensive due diligence is carried out on the land and surrounding vicinity whereby the potential value of the Land Portion, as well as the demand-supply condition of land in such vicinity, are given due and critical considerations. We also assess the possible infrastructure enhancements on the said lands which could potentially increase their market value.



e. Dependence of economic, regulatory and political consideration

Marine construction companies are dependent on prevailing economic conditions. During an economic downturn, the property and marine construction industries are likely to be affected and projects may slow down. In addition, marine construction companies are governed by national, regional and international regulations and policies. Failure to obtain the necessary approvals may result in inability to undertake such projects while non-compliance may result in stop work orders, penalties or detention of vessels.



The Group undertakes detailed planning and assessment prior to commencing a particular project and formalise as well as adhere to a comprehensive project quality plan throughout the course of its projects. Nevertheless, there can be no guarantee that no changes will be made to such regulations by the relevant authorities in the future which would require the Group to modify its facilities or incur expenses that could have an effect on the Group's operating results.

f. Recognition of Barges and Dredgers

Vessels and equipment are essential operational assets for a marine construction company. Unlike many other marine construction contractors, Benalec owns and operates its own fleet of vessels to support its marine construction projects and ship chartering activities. The recognition and recoverability amount of these vessels is dependent on domestic and regional shipping and fleet demand. As disclosed in Note 5 of the financial statements, the Group performed assessment on those vessels based either on fair value less cost to sell (as estimated by an independent valuer) or on management's estimations by reference to adjusted available market data obtained by comparison with recent transactions involving other similar barges and dredgers.

Due to the current market environment of the domestic and regional maritime industry, there has been a softening in demand for vessels. The softening of demand for vessels affects the valuation of barges and dredgers owned by the Group. However, by owning and operating a fleet of specialised vessels and equipment essential for a wide range of marine construction projects, the Group is able to undertake sizeable marine construction jobs and, in the process, capitalise on many different business opportunities, thereby ensuring optimum utilisation of its fleet of vessels.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FORWARD-LOOKING STATEMENTS

Melaka – Cheng Ho City

Demand for the Group's prime sea fronting land bank in Cheng Ho City, Melaka, continues to be robust due to the sustained and rapid developments taking place in Melaka over the past few years. The Group currently has in excess of 230 acres of land bank available for sale with land titles already issued which it can depend on to sustain its land sales. In addition to this, the Group is in possession of over 228 acres of prime sea-fronting land reclamation concession which it has yet to start to reclaim.

A UNESCO-listed World Heritage site, the total number of tourists visiting Melaka rose by of 12.7% to 5.38 million in the first four months of 2017 as compared to 4.77 million for the same period in 2016. Tourist arrivals in Melaka for 2017 is expected to reach 16.75 million in 2017 compared to 15.73 million tourists in 2015, and 16.28 million tourists in 2016.

Melaka, strategically located along an important sea route which has been described as 'The 21st Century Maritime Silk Road' is primed to become China's gateway to Southeast Asia. Furthermore, bilateral ties established between Melaka and Guangdong Province in China back in September 2015, which led to the commencement of direct flights between the two cities, thereby further boosting Melaka's economic prospects.

With Melaka sustaining its growth trajectory, both in terms of economic development and international prominence, the value of the Group's substantial land bank in the State is bound to be significantly enhanced and the Group is set to continue to benefit from its substantial land bank in Melaka moving forward.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Pulau Indah

The Group's Pulau Indah industrial land development continues to receive strong interest and demand from various small to medium sized, as well as large scale logistics companies, which are interested in building facilities in the Pulau Indah area. The Group's development provides excellent connectivity with Westport being literally located next door and Kuala Lumpur International Airport only 45 minutes away.

Spillover effects from surrounding developments within the area will further enhance the value of the Group's land bank in Pulau Indah. A case in point is the recent announcement that IKEA, the world's largest furniture retailer will be building a RM908 million regional distribution and supply chain centre at Central Spectrum's Pulau Indah Industrial Park ("PIIP") development, which is located directly opposite Benalec's development. Intended to serve IKEA's 12 key ASEAN markets, this regional distribution and supply chain centre will be IKEA's third-largest furniture distribution hub in the world. Another major development within the vicinity announced earlier this year in April 2017 was Westports Holdings Bhd's RM800 million port expansion, which involves the construction of additional wharves and a new container yard. These additional facilities will increase Westports Holdings Bhd capability to handle up to 14 million 20ft equivalent units (TEUs) annually from 12 million currently.

The Group aims to provide an alternative land development product offering within the area by differentiating its development within the Pulau Indah area. Other developments within the area such as Central Spectrum's PIIP offers smaller plots of land for sale with full infrastructure in place such as access roads, drainage, street lighting, electrical power and water supply up to the boundary of each plot. Accordingly, plots of land at PIIP are being offered for sale at a much higher price point compared to Benalec's development. In comparison, the Group's development offers larger plots of land with access to the river front and at a significantly more competitive and attractive price point. This offers potential offtakers of the Group's Pulau Indah industrial land development a much more accessible price point into the booming and ideally located Pulau Indah area.



Benalec's strategy in selling larger plots of land with basic infrastructure not only allows it to differentiate its offering from other surrounding developments; it further allows the Group to lower the holding costs of its land bank. This is due to the fact that Benalec would not need to incur additional costs and capex in putting in the full infrastructure of the land. This would be akin to providing potential buyers of the Group's Pulau Indah industrial land development with a large blank canvas to design and build large scale facilities to fit specific and tailored requirements. This would very much appeal to companies seeking larger plots of land to build larger purpose-built warehouses or develop integrated logistics parks within the strategically located Pulau Indah area which is known for scarcity of suitable and available land.

Based on the Group's strategy targeting different market segments and clientele compared to other existing surrounding developments, the Group is confident that it has a competitive advantage and will be able to successfully monetise its land bank in Pulau Indah in the not too distant future.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Johor – Tanjung Piai Maritime Industrial Park (“TPMIP”)

Reclamation works of the Group’s TPMIP project, which commenced in December 2015 after securing the Department of Environment’s approval on its Detailed Environmental Impact Assessment, is progressing well and on track with the first 100-acre plot expected to be ready for topside development by the first quarter of 2018. Installation of prefabricated vertical drains (“PVD”) to accelerate the consolidation process is almost complete and further consolidation works such as surcharging have begun on the southern parts of the first 100-acre plot of TPMIP. Benalec’s approach in undertaking PVD works in-house has led to significant cost savings and efficiency in terms of timeline being achieved.

In the near term, the Group is targeting storage terminals for oil, gas and chemicals to offtake its available land. This demand is driven by the spillover demand for land from the neighboring Jurong Island, which is the main oil distribution and trading hub in Southeast Asia as well as the largest bunkering hub in the world. TPMIP has several unique characteristics which make it ideal for operating storage terminals. It is strategically located at the confluence of Melaka Straits, Singapore Straits and Johor Straits, making it well placed to capture value-added activities from one of the busiest shipping lanes in the world. Also, TPMIP is at the doorstep of other major ports in Southeast Asia such as Jurong Port and Port of Tanjung Pelepas. Coupled with its natural deepwater of up to 30 meters and the availability of vast tracts of land for future expansion, TPMIP offers itself as an extremely viable and attractive storage and logistical alternative to the land and draft restricted Singapore.

In the longer term, the Group envisions that TPMIP would see the development of storage facilities for feedstock, power plants, downstream petrochemical plants, purpose-built warehouses and fully integrated logistics parks. TPMIP will be a free commercial zone where developments within the park will be able to enjoy zero import and excise duties if products are re-exported or until they leave the zone for domestic use.

With its unrivalled strategic location at the doorstep of one of the busiest shipping routes in the world, close proximity to Jurong Island and natural deep water, TPMIP continues to garner strong and sustained interest from the market.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Johor – Pengerang Maritime Industrial Park (“PMIP”)

Preliminary preparatory works have been carried out at the Group’s PMIP project at Teluk Ramunia, Johor. The management is bullish on PMIP’s potential due to its close proximity to Petronas’ RAPID project, which is slated to come online in the first quarter of 2019. It is envisioned that once RAPID’s refinery is operational, PMIP will be well placed to capture the spill over demand that is bound to be generated by such a catalytic development which is geared towards driving the local oil and gas market.

PMIP, being only 5km away from RAPID, offers an excellent location for the development of downstream support activities which are intended to serve or complement RAPID. Upon completion, PMIP will be the only sea fronting piece of land affording access to water draft of up to 24m, and remaining available for third party investments within the PIPC.

The RAPID project, worth US\$27 billion, is the largest downstream investment ever committed by Petronas in Malaysia to date. Located within PIPC, RAPID’s overall progress is at 67% completion as of May 2017 with 48,000 personnel deployed on-site. In February 2017, Saudi Aramco and Petronas signed a US\$7 billion deal whereby Aramco purchased a 50% stake in selected ventures and assets in the RAPID project.

PMIP has cleared the requisite EIA approvals for land reclamation and potential topside developments such as storage warehousing, shipyards and fabrication yards for this project. Hence, the most significant licensing hurdle for potential developers has been removed from the equation, thereby significantly expediting any future topside developments at PMIP.

The Group is confident that the first parcel of land at PMIP will be ready and available for sale, lease or joint venture by 2019, in line with the commissioning of RAPID’s refinery. Similarly, the Group is also currently pursuing the procurement of free commercial zone status for PMIP to enable users of PMIP to enjoy zero import and excise duties.

Therefore, with these two specific areas of growth identified in Johor, Benalec has clearly aligned itself well to be an integral part of the Malaysian government’s plans for Johor to become a regional oil and gas hub via its two main flagship projects, namely the TPMIP and PMIP.

Both TPMIP and PMIP are expected to propel the Group to the next level of growth, enabling the Group to capitalise on the abundant opportunities stemming from downstream activities within the oil and gas sector.

DIVIDEND POLICY

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 0.4 sen for every ordinary share held to be paid on 2 February 2018, subject to the approval of shareholders at the forthcoming Annual General Meeting.

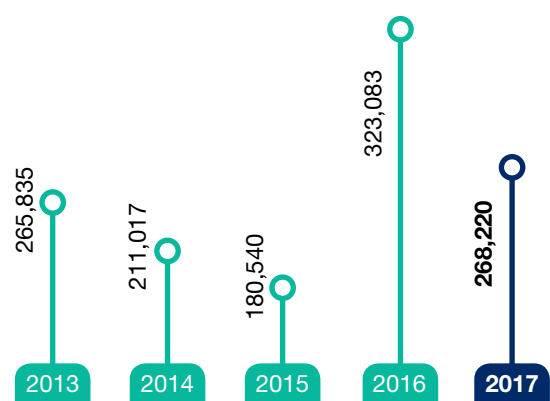


GROUP FINANCIAL HIGHLIGHTS

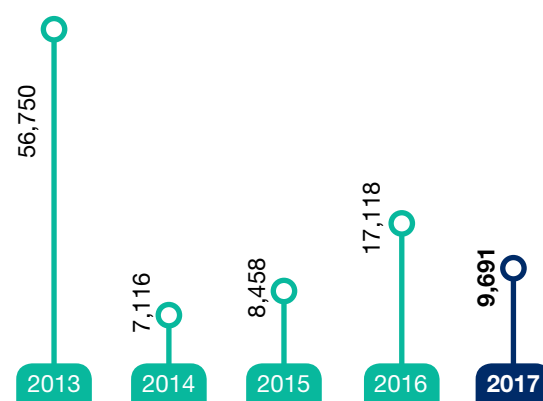
Year ended 30 June		2017	2016	2015	2014	2013
Revenue	(RM'000)	268,220	323,083	180,540	211,017	265,835
Profit Before Taxation	(RM'000)	21,324	32,012	19,161	18,203	65,560
Profit After Taxation	(RM'000)	11,336	18,055	8,474	7,103	56,662
Profit Attributable to Owners of the Parent	(RM'000)	9,691	17,118	8,458	7,116	56,750
Paid-up Capital	(RM'000)	360,489	202,951	202,951	202,853	201,912
No. of Shares (units)	('000)	811,803⁽¹⁾	811,803 ⁽²⁾	811,803 ⁽³⁾	811,412 ⁽⁴⁾	807,649 ⁽⁵⁾
Equity Attributable to Owners of the Parent	(RM'000)	625,068	613,398	591,601	543,420	554,036
Basic Earnings Per Share	(sen)	1	2	1	1	7
Diluted Earnings Per Share	(sen)	1	2	1	1	7
Net Assets Per Share	(sen)	77	76	73	67	69

Notes:

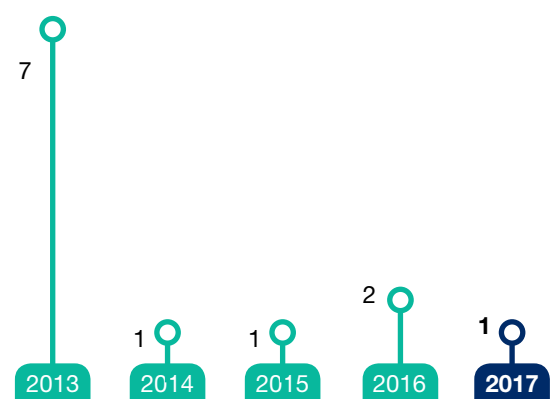
- (1) Include 12,705,400 treasury shares repurchased from the open market for a total consideration of RM12,698,955 at average price of RM1.0000 per ordinary share.
- (2) Include 12,685,400 treasury shares repurchased from the open market for a total consideration of RM12,689,959 at average price of RM1.0004 per ordinary share.
- (3) Include 12,665,400 treasury shares repurchased from the open market for a total consideration of RM12,679,307 at average price of RM1.0010 per ordinary share.
- (4) Include 11,155,400 treasury shares repurchased from the open market for a total consideration of RM11,114,879 at average price of RM0.9964 per ordinary share.
- (5) Include 1,344,900 treasury shares repurchased from the open market for a total consideration of RM1,477,078 at average price of RM1.0983 per ordinary share.



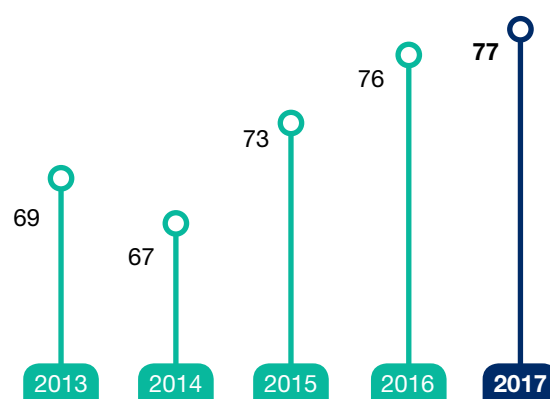
Revenue
(RM'000)



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



Basic Earnings Per Share
(Sen)



Net Assets Per Share
(Sen)

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. With the release of the Malaysian Code on Corporate Governance (“New Code”) on 26 April 2017, the Board aspires to ensure that the principles and best practices as set out in the New Code are well understood, applied and reported for ensuring excellence in corporate governance standards at all times.

The Board presents this statement to provide an insight into how the Company has applied the principles as set out in the Malaysian Code on Corporate Governance 2012 (“the Code”) and the extent of its compliance with the principles. Where the Company has not followed any Recommendation or has taken steps to follow such Recommendation, or has established an alternative approach, together with the reasons, where applicable, is disclosed in this Statement.

A. BOARD OF DIRECTORS

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 two (2) Executive Directors 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
Leaw Ai Lin (Appointed on 20 January 2017)	Executive Director

The present composition of the Board complies with the requirement of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) 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 its appropriateness and effectiveness. The profiles of the Directors are set out on pages 8 to 12 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

2. Roles and Responsibilities of the Board

The roles and responsibilities of the Board and Management are clearly delineated in the Board Charter. The Board is mainly responsible for the Group's overall strategic plans for business performance and is accountable to shareholders in performing that role. Whilst Management is accountable for the execution of the expressed policies and attainment of the objectives of the Group. The clear separation complements and reinforces the supervisory role of the Board. Nonetheless, the Board is always guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging its roles and duties.

All Board members participate fully in decisions making on key issues involving the Group. The Board assumes, inter alia, the following roles and responsibilities:-

- Ensuring that the Company's goals are clearly established and strategies are in place for achieving the Company's long-term growth;
- Provide clear objectives and policies to senior management for operations;
- Oversee the conduct and proper management of the Company's businesses, including succession planning;
- Ensure establishment of appropriate risk management framework and adequate management information and internal control system of the Company; and
- Approve transactions and activities outside the discretionary powers of Senior Management, subject to shareholders' approval where necessary.

The Board reserves certain powers for itself and delegates other matters to the Executive Directors, Group Managing Director/Chief Executive Officer and Senior Management. The responsibilities amongst others, are as follows:

- Overall responsibility for the day-to-day management of the business of the Company and the Group, with all the powers, discretions and delegations authorized, from time to time, by the Board;
- Ensuring the due execution of strategic goals, effective operation within the Company, and explaining, clarifying and informing the Board on matters pertaining to the Company and the Group;
- Developing and implementing strategies, business direction, plans and policies of the Company and the Group;
- Assessing business opportunities which are of potential benefit to the Group;
- Ensuring the efficiency and effectiveness of the operations of the Company and the Group; and
- Supervising heads of divisions and departments who are responsible for all functions contributing to the success of the Company and the Group.

The Board has formalised a Code of Ethics and Conduct for its Directors and employees. The Board would periodically review the Code of Ethics and Conduct and it is available for reference at the Company's website at www.benalec.com.my.

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.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

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 five (5) times during the financial year ended 30 June 2017. 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	4 out of 5
Dato' Leaw Seng Hai	5 out of 5
Koo Hoong Kwan	5 out of 5
Wong Yoke Nyen	5 out of 5
Leaw Ai Lin (Appointed on 20 January 2017)	2 out of 2
Kenneth Chin Kah Kiong (Resigned on 12 May 2017)	4 out of 4

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

(i) 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 page 41 of this Annual Report.

(ii) Nomination Committee

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

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

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

5. Board Committees (continued)

(ii) Nomination Committee (continued)

The terms of reference of the Nomination Committee, which is made available at the Company's website at www.benalec.com.my, 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 2017 are as follows:

- Recommending the re-election of Directors retiring at the Annual General Meeting 2017;
- Assessing compliance of Board Committees with their respective Term of References;
- Recommending revisions/amendments to the Term of Reference of the Board Committees;
- Conducting the annual assessment in respect of its Board Committees and individual Directors; and
- Evaluating and make recommendations of the suitable candidates for appointment to the Board/Board Committees of Benalec.

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 Nomination Committee met two (2) times during the financial year to review the performance of all the Board members and of the Board Committees, both individually and collectively.

(iii) Remuneration Committee

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

- | | |
|--|------------|
| • Koo Hoong Kwan
<i>(Senior Independent Non-Executive Director)</i> | - Chairman |
| • Datuk Aznam bin Mansor
<i>(Independent Non-Executive Director)</i> | - Member |
| • Wong Yoke Nyen
<i>(Independent Non-Executive Director)</i> | - 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 Directors to act in ways that enhance the Company's long term profitability and value; and
- Recommending to the Board a Remuneration Framework on the fee structure and level of remuneration for the Executive Directors and Senior Management.

The Remuneration Committee met two (2) times during the year under review.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

5. Board Committees (continued)

(iv) Option Committee

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

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

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.

(v) Evaluation Committee

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

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

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 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. Independence

In accordance with Paragraph 1.01 and Practice Note 13 of the MMLR, the Board recognises the important contribution that Independent Directors made to ensure good corporate governance. The Independent Non-Executive Directors play a crucial role of bringing objectivity to the decisions made by the Board and to 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.

The independence of Independent Directors is assessed annually through the Assessment of Independence of Independent Directors in conjunction with Board evaluation process. The assessment of independence is based on the criteria prescribed under the MMLR and the Corporate Governance Guide.

During the financial year, none of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions. The independence assessment undertaken for the financial year has shown that all the Independent Directors have demonstrated their ability to act independently. The Board was satisfied with the level of independence of all Independent Directors.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

7. 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. In making these recommendations, the Nomination Committee considers the criteria such as the required mix of skills, experience and knowledge which the Directors bring to the Board. The decision in respect of the appointment of new Directors is a matter for deliberation by the Board as a whole.

In its effort to promote boardroom diversity, the Nomination Committee has taken various steps to ensure that women candidates are sought from various sources as part of its recruitment exercise. In 2017, the Nomination Committee having considered Ms Leaw Ai Lin's qualifications, opined that she has the relevant expertise, skills and experience which would add value to the Board's mix and diversity, and hence, recommended her as the Executive Director to the Board. The Board accepted the recommendation and Ms Leaw Ai Lin was duly appointed on 20 January 2017. In this respect, the Board had concluded the recruitment exercise has achieved its target of having a woman Director on the Board of the Company.

8. Re-appointment and Re-election of the Directors

In accordance with Article 112 of the Company's Constitution, 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 Company's Constitution also provide that at least one-third (1/3) of the remaining Directors be subjected 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.

At the Eleventh AGM of the Company held on 28 November 2016, Mr Koo Hoong Kwan, who is above the age of seventy (70), was re-appointed pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next AGM. His terms of office therefore will end at the conclusion of the forthcoming Twelfth AGM.

With the coming into force of the Companies Act 2016 ("the Act") on 31 January 2017 and having repealed Section 129 of the Companies Act, 1965, there is no age limit for directors. The re-appointment of Mr Koo Hoong Kwan will be proposed to shareholders for approval so that he will continue in office as Director from the date of the Twelfth AGM and thereafter be subjected to retirement by rotation pursuant to the Article 108 of the Company's Constitution.

The list of Directors who are subject to re-election or re-appointment are presented to the Nomination Committee for endorsement. The names of Directors seeking for re-election or re-appointment at the forthcoming AGM are disclosed in the Notice of AGM in this Annual Report.

With the aim of enhancing the overall Board effectiveness, the Nomination Committee and the Board have always considered the length of service of a Director as a key element in their review of any renewal of a Board position. 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 a cumulative term of 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.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

9. Board Diversity

The Board strongly views that diversity of the Board's composition is important to facilitate optimal decision-making by harnessing different insights and perspectives. Having a diverse range of skills, background, expertise and experience are critical elements in ensuring an effective Board.

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 current diversity in the gender, race/ethnicity and age distribution of the existing Board are as follows:

No. of Directors	Gender		Race/Ethnicity			Age Group (years)		
	Male	Female	Malay	Chinese	Others	20-39	40-59	60 and above
	4	1	1	4	-	1	3	1

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 acknowledges that there is always room for improving diversity in ensuring continuous efficient functioning of the Board and open to changes as and when appropriate.

10. 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/her for discharging his/her 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. During the financial year, most of 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	How Effective Boards Engage on Succession Planning for the CEO and Top Management by PNB	18 August 2016
	Seminar on Business Sustainability and Latest Amendments to Listing Requirement by Tricor	22 August 2016
	8th International Conference on Financial Crime and Terrorism Financing	5 October 2016
	Launch of the AGM Guide & CG Breakfast Series - How to Leverage on AGMs for Better Engagement with Shareholders	21 November 2016
Leaw Ai Lin	Empowering Women Series	10 November 2016
	Withholding Tax in Malaysia - Understanding the Law and Practice	19 April 2017
	Mandatory Accreditation Programme for Directors of Public Listed Companies	27 & 28 July 2017

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

10. Directors' Training and Development (continued)

Name of Directors	Title of Seminar/Forum/Courses	Date of Attendance
Koo Hoong Kwan	What Directors Need to Know on Reporting & Disclosure Obligations to Prevent Public Reprimand & Fines by the Regulators	20 April 2017
	Changes Affecting Directors under the Companies Act 2016: What Every Director Needs To Know	22 June 2017
Wong Yoke Nyen	Amendments to Bursa's Listing Requirements	19 July 2016
	Merger & Acquisitions: Pricing the Deal, Due Diligence and Alternatives to M&A	22 July 2016
	China's One Belt, One Road (OBOR) Initiative: The Rise of East Asia and Pacific	21 June 2017

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.

11. 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.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

B. 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 Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the level of responsibilities undertaken by the particular Non-Executive Director concerned.

The authority, functions and responsibilities of the Remuneration Committee are set out in its terms of reference. The Remuneration Committee will review the remuneration packages of each individual Executive Directors 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 Directors play no part in decisions pertaining to their 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 during the financial year to discuss and recommend the remuneration structure and packages for the financial year ended 30 June 2017 of the Directors for review by the Board.

The aggregate remuneration of Directors for the financial year ended 30 June 2017 is as follows:

Directors' Remuneration

Category	Company			Group		
	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total
	RM	RM	RM	RM	RM	RM
Directors' Fees	-	540,000	540,000	91,611	540,000	631,611
Directors' Salaries	-	-	-	5,142,904	-	5,142,904
Other Emoluments	100,350	29,943	130,293	1,035,794	29,943	1,065,737
Benefits in kind	-	10,625	10,625	77,067	10,625	87,692
TOTAL	100,350	580,568	680,918	6,347,376	580,568	6,927,944

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

Range of Remuneration	Company			Group		
	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total
	RM	RM	RM	RM	RM	RM
RM150,001 to RM200,000	-	3	3	-	3	3
RM200,001 to RM250,000	-	-	-	1	-	1
RM250,001 to RM300,000	-	-	-	2	-	2
RM5,500,001 to RM6,000,000	-	-	-	1	-	1
TOTAL	-	3	3	4	3	7

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 MMLR.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

C. STAKEHOLDERS COMMUNICATION

1. Investor Relations Function

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, in 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.

2. Dialogue between the Company and Stakeholders

The Group recognises the importance of stakeholders communication and has established a dedicated Investor Relations Department to manage the interests of shareholders and other stakeholders of the Company. This is an important channel for minority shareholders and relevant stakeholders to air their concerns to the Company and Management. Communication and feedback from investors can also be directed to ir@benalec.com.my.

D. 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. Directors' Responsibility Statement

The Directors are required by the Act to direct Management to prepare the financial statements for each financial year in accordance with the provisions of the Act and applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

The Statement of Directors' Responsibility in preparing financial statements of the Company and Group is as outlined on page 44 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

D. ACCOUNTABILITY AND AUDIT (CONTINUED)

3. 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 38 to 40 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 therefrom.

4. 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.

E. SUSTAINABILITY

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.

COMPLIANCE STATEMENT

Pursuant to Paragraph 15.25 and 15.08A of the MMLR of Bursa Securities, the Board is pleased to report that this Statement provides the corporate governance practices of the Company with reference to the Code. This Statement sets out the manner in which the Company has applied the principles as prescribed in the Code.

This Statement was approved by the Board on 9 October 2017.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of proceeds from Redeemable Convertible Secured Bond issuance

On 29 April 2015, the Company announced the completion of the RM 200 million nominal value of 7-year Redeemable Convertible Secured Bond (“RCSB”) issuance.

The status of utilisation of proceeds arising from the issuance, amounting to RM181,170,000 as at 9 October 2017 is as follows:-

Description	Proposed utilisation	Relocate of utilisation	Actual utilisation	Deviation		Estimated timeframe for utilisation	Note
	RM'000	RM'000	RM'000	RM'000	%		
Land reclamation projects of the Group	146,500	-	(104,388)	42,112	28.75	Within 24 months	(i)
Working capital and reserve requirement for a debt service account	31,170	9	(31,179)	-	-	Within 12 months	(ii)
Defray expenses	3,500	(9)	(3,491)	-	-	Within 12 months	(iii)
Total	181,170	-	(139,058)	42,112	23.24		

(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 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.

ADDITIONAL COMPLIANCE INFORMATION (CONTINUED)

2. Audit and Non-Audit Fees Paid

During the financial year ended 30 June 2017, the amount of audit and non-audit fees paid by the Company and the Group to the External Auditors are as follows:

	Group RM	Company RM
Audit Fees	425,922	73,000
Non-Audit Fees	82,200	25,400

3. 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 2017, save as disclosed in the Prospectus dated 28 December 2010 and Related Party Disclosure presented in the Financial Statements of this Annual Report.

4. Recurrent Related Party Transactions

The recurrent related party transactions or trading nature conducted by the Group during the financial year ended 30 June 2017 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

The following statement outlines the nature and scope of the risk management and internal control within Benalec Holdings Berhad and its subsidiaries (“the Group”) during the financial year under review.

BOARD’S 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 the 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 has reviewed the adequacy and effectiveness of the risk management and internal control system;
2. The Board has commented on the adequacy and effectiveness of the risk management and internal control system; and
3. Assurance was obtained from Group Managing Director/Chief Executive Officer and Chief Financial Officer/ Finance Controller 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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

1. Control Environment and Risk Management Framework (Continued)

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 of Ethics and Conduct. The employee should immediately report any malpractice that exists in the work place to his/her immediate superior or Head of Department. However, if the employee feels reluctant to do so, the employee has an option to report it to the Board.

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 rectifying 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.

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 Group Managing Director/Chief Executive Officer and Chief Financial Officer/Finance Controller 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 9 October 2017.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, 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 and management thereon. Based on their procedures performed, the External Auditors have reported to the Board 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

During the financial year, the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the internal auditors, external auditors and relevant members of management. The Board is pleased to present the Audit Committee Report for the year ended 30 June 2017.

MEMBERSHIP AND MEETING ATTENDANCES

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors as follows:

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

* *Member of Malaysian Institute of Accountants ("MIA")*

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 ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), 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 MIA.

In the event of any vacancy of the Audit Committee resulting in the non-compliance with Paragraph 15.09(1) of the MMLR, the Board shall appoint a new member within three (3) months.

The Audit Committee held five (5) meetings during the financial year ended 30 June 2017 and the attendance of each members of the Audit Committee are as follows:

Name of Directors	No. of meetings attended
Koo Hoong Kwan	5 out of 5
Datuk Aznam bin Mansor	4 out of 5
Wong Yoke Nyen	5 out of 5

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee which lays down the duties and responsibilities of its members is accessible via the Company's website at www.benalec.com.my. The Board is satisfied that the Audit Committee had discharged their duties and responsibilities in accordance with its Terms of Reference in ensuring that the Company upholds the appropriate Corporate Governance standards.

AUDIT COMMITTEE REPORT

(CONTINUED)

SUMMARY OF ACTIVITIES AND WORK OF THE AUDIT COMMITTEE

During the financial year ended 30 June 2017, the Audit Committee had worked closely with the external auditors, internal auditors and management to carry out its functions and duties in line with the Terms of Reference.

A summary of the activities and work of the Audit Committee in discharging its duties includes the following:-

i. Financial Reporting

- a. Reviewed the unaudited quarterly financial results of the Group including draft announcements pertaining thereto before recommending the same for the Board's approval and release to Bursa Securities and Securities Commission of Malaysia.
- b. Reviewed the audited financial statements of the Group and the external audit report with the External Auditors prior to the submission to the Board for approval.
- c. Reviewed the impacts of any changes to the accounting policies and adoption of new accounting standards as well as significant matters highlighted in the financial statements.

ii. External Audit

- a. Reviewed the Audit Plan and fees of the Group for the financial year ended 30 June 2017 prepared by the External Auditors setting out their responsibilities, scope of work and key audit areas in connection with their audit of the Group.
- b. Reviewed with the External Auditors the results of the audit, the report and the management letter, including management's response.
- c. Evaluated the performance and assessed the independence and objectivity of the External Auditors in providing their services and made recommendations to the Board on their re-appointment and remuneration.
- d. Held private sessions with the External Auditors without the presence of Executive Directors and management.

iii. Internal Audit

- a. Reviewed the annual internal audit plan and fees to ensure adequate scope and comprehensive coverage over the activities of the Group.
- b. Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's responses. Discussed with management on actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.
- c. Reported to the Board on significant audit issues and concerns discussed during the Audit Committee's meetings which have significant impact on the Group from time to time, for consideration and deliberation by the Board.

iv. Related Party Transactions

- a. Reviewed on a quarterly basis the related party transaction(s) and recurrent related party transaction(s) entered into by the Group and any conflict of interest situation that may arise within the Group.

v. Other Matters

- a. Reviewed the Audit Committee Report and Statement of Risk Management and Internal Control prior to the submission of the same to the Board for consideration and inclusion in the Annual Report of the Company.
- b. Reviewed the Risk Management Report on the risk profile of the Group and the adequacy of internal control systems to manage these risks.
- c. Reviewed the Circular to Shareholders in relation to the Proposed Renewal of Authority for Share Buy-Back.
- d. Reviewed on any other matters including material litigation(s).

AUDIT COMMITTEE REPORT (CONTINUED)

INTERNAL AUDIT FUNCTION

The Group engaged the internal audit services from a professional internal audit service provider to ensure that the outsourced internal auditor is independent as it has no involvement in the operations of the Group. The outsourced internal auditors 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 scopes, functions, competency and resources of the 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.

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

- i. Presented the internal audit plan to the Audit Committee during the meeting held on 24 February 2017 for approval;
- ii. Performed operational audits on business units of the Group in accordance with the approved internal audit plan which covers review of internal control system;

During the financial year ended 30 June 2017, the internal auditors carried out its audit on the following functions:-

- a. Human Resource & Marine Admin;
- b. Follow-up on Site Project & Maintenance (Malacca) and Maintenance, Site Project & Purchasing;
- c. Procurement;
- d. Follow-up on Human Resource and Marine Admin;
- e. Finance;
- f. Follow-up on Procurement;
- g. Project Department (Tanjung Piai Maritime Industrial Park); and
- h. Follow-up on Finance.

The fee incurred for internal audit function in respect of the financial year amount to RM82,500.

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.

- 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. Presented internal audit reports to the Audit Committee for review and provide recommendations, if any for improvement of the internal control policies and procedures.

The fee incurred for internal audit function in respect of the financial year amounted to RM82,500.

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 2016, 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 2017, 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 2016 and MFRS.

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

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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 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are set out in Note 6 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	11,335,935	1,952,417
Attributable to:		
Owners of the parent	9,690,796	1,952,417
Non-controlling interests	1,645,139	-
	11,335,935	1,952,417

DIVIDENDS

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

	Company RM
In respect of the financial year ended 30 June 2016:	
Final single tier dividend of 0.7 sen per ordinary share, paid on 10 February 2017	5,593,750

The Directors proposed a final dividend of 0.4 sen per ordinary share, amounting to RM3,400,781 in respect of the financial year ended 30 June 2017, which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than the effects of adoption of Companies Act, 2016 as disclosed in Note 16 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or 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.

DIRECTORS' REPORT

(CONTINUED)

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

The Share Issuance Scheme of the Company came into effect on 17 January 2011. The Share Issuance Scheme shall be in force for a period of five (5) years until 16 January 2016 ('the option period'). Pursuant to the Clause 20.1 of the Share Issuance Scheme By-Laws, the Company extended the Scheme which expired on 16 January 2016 for another five (5) years until 15 January 2021. 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 RM0.25 each, 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 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:

Date of offer	Exercise price	Outstanding as at 1 July 2016	Number of options over ordinary shares			Outstanding as at 30 June 2017	Exercisable as at 30 June 2017
			Granted	Exercised	Forfeited		
16 April 2012	RM1.06	3,974,500	-	-	(596,000)	3,378,500	3,378,500
3 January 2014	RM0.78	600,000	-	-	-	600,000	600,000
28 January 2014	RM0.79	7,623,000	-	-	(1,000,000)	6,623,000	6,623,000
		12,197,500	-	-	(1,596,000)	10,601,500	10,601,500

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

DIRECTORS' REPORT (CONTINUED)

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 28 November 2016, 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 20,000 of its issued ordinary shares from the open market for a total consideration of RM8,996 at an average price of RM0.450 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 127 of the Companies Act, 2016 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 as at 30 June 2017, 12,705,400 ordinary shares amounting to RM12,698,955 are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 799,097,100 as disclosed in Note 16 to the financial statements.

DIRECTORS

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

Benalec Holdings Berhad

Dato' Leaw Seng Hai

Datuk Aznam bin Mansor

Koo Hoong Kwan

Wong Yoke Nyen

Leaw Ai Lin

(Appointed on 20 January 2017)

Kenneth Chin Kah Kiong

(Resigned on 12 May 2017)

Dato' Leaw Seng Hai and Leaw Ai Lin are also the Directors of certain subsidiaries of the Company.

Subsidiaries of Benalec Holdings Berhad

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries during the financial year and up to the date of this report, not including those Directors listed above is as follows:

Tunku Ismail Idris Ibni Tunku Ibrahim

Daing A Malek Bin Daing Rahaman

Rosly Bin Ahmad

Salehudin Bin Omar

Yan Su Wen

Yan Binghua

Hariharan A/L N R Govindapillai

(Appointed on 28 November 2016)

Yvonne Tan (Chen Xianglian)

(Appointed on 12 January 2017)

Ragunatha Naicker A/L Elumalai

(Alternate Director of Tiji Pieter De Zwart)

(Appointed on 20 January 2017)

Tiji Pieter De Zwart

(Appointed on 20 January 2017)

Bernard Boey Weng Onn

(Resigned on 6 September 2017)

DIRECTORS' REPORT

(CONTINUED)

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 of the Company and of its related corporations during the financial year ended 30 June 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia were as follows:

Shares in the Company	Number of ordinary shares			Balance as at 30.6.2017
	Balance as at 1.7.2016	Bought	Sold	
Direct interests				
Dato' Leaw Seng Hai	444,100	-	-	444,100
Koo Hoong Kwan	270,000	-	-	270,000
Indirect interests				
Dato' Leaw Seng Hai	381,780,400	-	(47,000,000)	334,780,400 ⁽¹⁾

⁽¹⁾ Deemed interest by virtue of his direct interests in Ocean Cove Sdn. Bhd. ('Ocean Cove') and indirect interests in Ocean Cove via Oceanview Cove Sdn. Bhd. ('Oceanview') pursuant to Section 8(4) of the Companies Act, 2016 in Malaysia ('the Act').

Options in the Company	Number of options over ordinary shares			Balance as at 30.6.2017
	Balance as at 1.7.2016	Granted	Forfeited	
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

Shares in the immediate holding company, Ocean Cove	Number of ordinary shares			Balance as at 30.6.2017
	Balance as at 1.7.2016	Bought	Sold	
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.

Shares in the ultimate holding company, Oceanview	Number of ordinary shares			Balance as at 30.6.2017
	Balance as at 1.7.2016	Bought	Sold	
Direct interests				
Dato' Leaw Seng Hai	7,843	-	-	7,843

By virtue of Section 8(4) of the Companies Act, 2016 in Malaysia, 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.

None of the other Director holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' REPORT

(CONTINUED)

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 remuneration 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 transaction entered into the ordinary course of business with companies in which the Directors of the Company has substantial financial interest as disclosed in Note 32 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 20 to the financial statements.

DIRECTORS' REMUNERATION

Fees and other benefits of the Directors who held office during the financial year ended 30 June 2017 are disclosed in Note 31(c) to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The total amount of insurance premium effected for any Directors of the Group and of the Company was RM140,350.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(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.

DIRECTORS' REPORT

(CONTINUED)

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

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

- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the abilities of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Oceancove as the immediate holding company and Oceanview Cove 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.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2017 amounted to RM95,400 and RM352,922 respectively.

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

Dato' Leaw Seng Hai
Director

Leaw Ai Lin
Director

Selangor
9 October 2017

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 57 to 112 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 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 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 36 to the financial statements on page 113 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Leaw Seng Hai
Director

Leaw Ai Lin
Director

Selangor
9 October 2017

STATUTORY DECLARATION

I, Chin Wei Ee, being the officer primarily responsible for the financial management of Benalec Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 113 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
9 October 2017)

Chin Wei Ee

Before me:

W.663
Baloo A/L T.Pichai

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BENALEC HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Benalec Holdings Berhad, which comprise the statements of financial position as at 30 June 2017 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 112.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment assessment of barges and dredgers

As at 30 June 2017, the carrying amounts of barges and dredgers were RM131,353,089 as disclosed in the Note 5 to the financial statements. Management assessed and estimated the recoverable amounts of the barges and dredgers by referring to the market values provided by an independent external valuer and/or the available market data.

The impairment review was significant to our audit as the assessment process and the determination of their recoverable amounts involved significant management judgement.

Audit response

Our audit procedures included the following:

- (i) Assessed the competence, capabilities and objectivity of independent external valuer vis-à-vis the expert's qualifications, membership of a professional body or industry association, and license to practice;
- (ii) Enquired with the management to obtain an understanding of the conditions of the barges and dredgers and performed physical sighting of barges and dredgers;
- (iii) Interviewed the independent external valuer and evaluated the appropriateness of valuation method used to estimate the market values of the barges and dredgers;
- (iv) Assessed the reasonableness of the assumptions used by management to estimate the recoverable amounts of those barges and dredgers that were not valued by the independent external valuer; and
- (v) Challenged the significant assumptions and critical judgemental areas, including intensity of use, present physical condition and estimated replacement cost of those barges and dredgers.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BENALEC HOLDINGS BERHAD (CONTINUED)

Key Audit Matters (continued)

2. Revenue recognition for contract revenue and profit

We refer to Note 25 to the financial statements on the recognition of revenue for construction contracts, which is based on percentage of completion method. The determination of the stage of completion requires management to exercise significant judgement in estimating the total cost to complete.

In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims, and cost contingencies. The total cost to complete including sub-contractor costs, varies with market conditions and may also be inaccurately forecasted due to unforeseen events during construction.

Audit response

Our audit procedures included the following:

- (i) Assessed the estimated total costs to complete through inquiries with the operational and financial personnel of the Group;
- (ii) Inspected documentation to support cost estimates made including contract variations and cost contingencies;
- (iii) Compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls; and
- (iv) Inspected correspondences from sub-contractors in relation to variations and claims to corroborate key judgement applied by management.

We have determined that there are no key audit matters to communicate in our report in relation to our audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BENALEC HOLDINGS BERHAD (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BENALEC HOLDINGS BERHAD (CONTINUED)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 36 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 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

AF: 0206

Chartered Accountants

Kuala Lumpur
9 October 2017

Ng Soe Kei

02892/08/19 (J)

Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	212,843,297	215,001,865	-	-
Investments in subsidiaries	6	-	-	153,821,745	153,821,745
Other investments	7	48,705	36,397	-	-
Deferred tax assets	8	13,989,681	7,904,660	-	-
		226,881,683	222,942,922	153,821,745	153,821,745
Current assets					
Inventories	9	296,090,662	411,062,163	-	-
Land reclamation work in progress	10	287,042,931	150,105,217	-	-
Trade and other receivables	11	235,866,376	392,090,419	284,009,671	290,698,104
Current tax assets		9,432,415	15,887,393	269,634	9,898
Short term funds	13	136,847	131,945	-	-
Cash and bank balances	14	153,309,637	163,140,593	121,404,482	113,137,972
		981,878,868	1,132,417,730	405,683,787	403,845,974
TOTAL ASSETS		1,208,760,551	1,355,360,652	559,505,532	557,667,719
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	360,488,527	202,950,625	360,488,527	202,950,625
Reserves	16	264,579,617	410,446,875	33,014,603	194,202,834
		625,068,144	613,397,500	393,503,130	397,153,459
Non-controlling interests	6(c)	11,659,726	7,731,430	-	-
TOTAL EQUITY		636,727,870	621,128,930	393,503,130	397,153,459
LIABILITIES					
Non-current liabilities					
Redeemable convertible secured bonds ('RCSB')	17	157,829,832	151,365,009	157,829,832	151,365,009
Borrowings	18	17,582,595	4,761,378	-	-
Deferred tax liabilities	8	8,706,300	9,531,629	5,993,221	6,952,572
		184,118,727	165,658,016	163,823,053	158,317,581
Current liabilities					
Trade and other payables	21	210,314,052	179,059,277	2,179,349	2,196,679
Borrowings	18	7,255,670	32,808,768	-	-
Deferred revenue	22	170,297,590	356,568,344	-	-
Current tax liabilities		46,642	137,317	-	-
		387,913,954	568,573,706	2,179,349	2,196,679
TOTAL LIABILITIES		572,032,681	734,231,722	166,002,402	160,514,260
TOTAL EQUITY AND LIABILITIES		1,208,760,551	1,355,360,652	559,505,532	557,667,719

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 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	25	268,219,600	323,083,316	3,500,000	6,000,000
Cost of sales	26	(189,490,437)	(232,409,061)	-	-
Gross profit		78,729,163	90,674,255	3,500,000	6,000,000
Other income		10,923,791	9,530,390	14,426,530	12,588,426
Administrative and other expenses		(50,963,090)	(50,292,335)	(1,299,940)	(1,475,574)
Finance costs	27	(17,365,860)	(17,900,371)	(15,464,823)	(14,852,201)
Profit before tax		21,324,004	32,011,939	1,161,767	2,260,651
Taxation	28	(9,988,069)	(13,956,825)	790,650	233,823
Profit for the financial year		11,335,935	18,055,114	1,952,417	2,494,474
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value gain/(loss) on available-for-sale financial assets	28(d)	12,308	(2,660)	-	-
Foreign currency translations	28(d)	7,893,443	7,332,360	-	-
Total other comprehensive income		7,905,751	7,329,700	-	-
Total comprehensive income		19,241,686	25,384,814	1,952,417	2,494,474
Profit attributable to:					
Owners of the parent		9,690,796	17,118,204	1,952,417	2,494,474
Non-controlling interests	6(c)	1,645,139	936,910	-	-
		11,335,935	18,055,114	1,952,417	2,494,474
Total comprehensive income attributable to:					
Owners of the parent		17,273,390	24,204,376	1,952,417	2,494,474
Non-controlling interests		1,968,296	1,180,438	-	-
		19,241,686	25,384,814	1,952,417	2,494,474

Earnings per ordinary share attributable to owners of the parent:

	Note	Group	
		2017 sen	2016 sen
Basic	29	1.21	2.14
Diluted	29	1.21	2.14

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Group	Note	Non-distributable					Distributable					Total equity RM	
		Share capital RM	Treasury shares RM	Share premium RM	Exchange translation reserve RM	Reverse acquisition debit RM	Share options reserve RM	Available-for-sale reserve RM	Equity component of RCSB RM	Retained earnings RM	Total attributable to owners of parent RM		Non-controlling interests RM
Balance as at 1 July 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
Profit for the financial year		-	-	-	-	-	-	-	17,118,204	17,118,204	17,118,204	936,910	18,055,114
Fair value loss on available-for-sale financial assets, net of tax		-	-	-	-	-	-	(2,660)	-	-	(2,660)	-	(2,660)
Foreign currency translations, net of tax		-	-	-	7,088,832	-	-	-	-	-	7,088,832	243,528	7,332,360
Total comprehensive income		-	-	-	7,088,832	-	-	(2,660)	-	17,118,204	24,204,376	1,180,438	25,384,814
Transactions with owners													
Options forfeited under the Share Issuance Scheme	20	-	-	-	-	(165,205)	-	-	-	165,205	-	-	-
Share repurchased	16	(10,652)	-	-	-	-	-	-	-	(10,652)	-	-	(10,652)
Dividend paid	30	-	-	-	-	-	-	-	(2,397,381)	(2,397,381)	-	-	(2,397,381)
Total transactions with owners		-	(10,652)	-	-	(165,205)	-	-	(2,232,176)	(2,408,033)	-	-	(2,408,033)
Balance as at 30 June 2016		202,950,625	(12,689,959)	157,537,902	34,456,131	(146,069,559)	1,917,863	(25,882)	25,225,506	350,094,873	613,397,500	7,731,430	621,128,930

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

(CONTINUED)

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	Distributable			Total equity RM	
									Equity component of RCSB RM	Retained earnings RM	Total attributable to owners of parent RM		
Balance as at 1 July 2016		202,950,625	(12,689,959)	157,537,902	34,456,131	(146,069,559)	1,917,863	(25,882)	25,225,506	350,094,873	613,397,500	7,731,430	621,128,930
Profit for the financial year		-	-	-	-	-	-	-	-	9,690,796	9,690,796	1,645,139	11,335,935
Fair value gain on available-for-sale financial assets, net of tax		-	-	-	-	-	-	12,308	-	-	12,308	-	12,308
Foreign currency translations, net of tax		-	-	-	7,570,286	-	-	-	-	-	7,570,286	323,157	7,893,443
Total comprehensive income		-	-	-	7,570,286	-	-	12,308	-	9,690,796	17,273,390	1,968,296	19,241,686
Transactions with owners													
Options forfeited under the Share Issuance Scheme	20	-	-	-	-	-	(244,137)	-	-	244,137	-	-	-
Share repurchased	16	-	(8,996)	-	-	-	-	-	-	-	(8,996)	-	(8,996)
Dividend paid	30	-	-	-	-	-	-	-	-	(5,593,750)	(5,593,750)	-	(5,593,750)
Subscription of new shares by non-controlling interest of a subsidiary	6(b)	-	-	-	-	-	-	-	-	-	-	1,960,000	1,960,000
Total transactions with owners		-	(8,996)	-	-	-	(244,137)	-	-	(5,349,613)	(5,602,746)	1,960,000	(3,642,746)
Effects of the new Companies Act, 2016	16	157,537,902	-	(157,537,902)	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2017		360,488,527	(12,698,955)	-	42,026,417	(146,069,559)	1,673,726	(13,574)	25,225,506	354,436,056	625,068,144	11,659,726	636,727,870

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Company	Note	Non-distributable				Distributable		Total equity RM
		Share capital RM	Treasury shares RM	Share premium RM	Share options reserve RM	Equity component of RCSB RM	Retained earnings RM	
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
Profit for the financial year		-	-	-	-	-	2,494,474	2,494,474
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	2,494,474	2,494,474
Transactions with owners								
Options forfeited under the Share Issuance Scheme	20	-	-	-	(165,205)	-	165,205	-
Share repurchased	16	-	(10,652)	-	-	-	-	(10,652)
Dividend paid	30	-	-	-	-	-	(2,397,381)	(2,397,381)
Total transactions with owners		-	(10,652)	-	(165,205)	-	(2,232,176)	(2,408,033)
Balance at 30 June 2016		202,950,625	(12,689,959)	157,537,902	1,917,863	25,225,506	22,211,522	397,153,459
Balance at 30 June 2016		202,950,625	(12,689,959)	157,537,902	1,917,863	25,225,506	22,211,522	397,153,459
Profit for the financial year		-	-	-	-	-	1,952,417	1,952,417
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	1,952,417	1,952,417
Transactions with owners								
Options forfeited under the Share Issuance Scheme	20	-	-	-	(244,137)	-	244,137	-
Share repurchased	16	-	(8,996)	-	-	-	-	(8,996)
Dividend paid	30	-	-	-	-	-	(5,593,750)	(5,593,750)
Total transactions with owners		-	(8,996)	-	(244,137)	-	(5,349,613)	(5,602,746)
Effects of the new Companies Act, 2016	16	157,537,902	-	(157,537,902)	-	-	-	-
Balance at 30 June 2017		360,488,527	(12,698,955)	-	1,673,726	25,225,506	18,814,326	393,503,130

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		21,324,004	32,011,939	1,161,767	2,260,651
Adjustments for:					
Depreciation of property, plant and equipment	5	14,375,187	14,107,135	-	-
Dividend income		(78,478)	(6,103)	(3,500,000)	(6,000,000)
(Gain)/loss on disposal of property, plant and equipment		(1,513,525)	7,448,055	-	-
Impairment losses on:					
- amount due from a contract customer	11(i)	-	468,658	-	-
- property, plant and equipment	5	7,747,243	4,414,379	-	-
- trade and other receivables	11(i)	120,647	1,356,805	-	-
Interest expense	27	17,365,860	17,900,371	15,464,823	14,852,201
Interest income		(4,379,396)	(4,761,729)	(14,426,530)	(12,588,426)
Inventories written off	9	221,150	114,000	-	-
Inventories written down	9	3,175,522	-	-	-
Property, plant and equipment written off	5	-	1,533,855	-	-
Reversal of impairment loss on:					
- amount due from a contract customer	11(i)	-	(1,174,324)	-	-
- trade receivable	11(i)	(722,488)	-	-	-
Unrealised loss on foreign exchange		3,324,668	2,628,538	-	-
Operating profit/(loss) before changes in working capital		60,960,394	76,041,579	(1,299,940)	(1,475,574)
Changes in working capital:					
Inventories		111,574,829	(95,584,672)	-	-
Land reclamation work in progress		(136,937,714)	(150,277,841)	-	-
Trade and other receivables		156,718,236	350,891,868	6,476	(795)
Trade and other payables		28,172,792	(42,053,953)	(41,987)	(3,463,422)
Deferred revenue		(186,270,754)	(139,870,549)	-	-
Cash generated from/(used in) operations		34,217,783	(853,568)	(1,335,451)	(4,939,791)
Tax refunded		2,177	94,299	1,000	-
Tax paid		(10,536,293)	(15,708,704)	(429,437)	(832,559)
Net cash from/(used in) operating activities		23,683,667	(16,467,973)	(1,763,888)	(5,772,350)
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayments from/(Advances to) a subsidiary		-	-	15,369,210	(60,191,064)
Dividend received		78,478	6,103	6,000,000	3,500,000
Interest received		4,379,396	4,761,729	3,239,277	3,485,512
Placements of fixed deposits pledged with licensed financial institutions		(388,746)	(4,019,077)	-	-
Placements of short term funds		(4,902)	(4,527)	-	-
(Placements)/Withdrawals of deposits charged in favour of the Security Trustee pursuant to RCSB		(8,431,867)	69,064,715	(8,431,867)	69,064,715
Proceeds from disposal of property, plant and equipment		8,506,203	20,985,865	-	-
Purchase of property, plant and equipment	5(f)	(8,854,634)	(38,271,096)	-	-
Advances from related parties		-	1,434,633	-	-
Net cash (used in)/from investing activities		(4,716,072)	53,958,345	16,176,620	15,859,163

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	30	(5,593,750)	(2,397,381)	(5,593,750)	(2,397,381)
Drawdown of borrowings		5,861,565	2,576,057	-	-
Interest paid		(10,901,037)	(9,335,687)	(8,975,343)	(7,520,548)
Ordinary share capital contributed by non-controlling interests of a subsidiary		1,960,000	-	-	-
Repayments of borrowings		(26,742,239)	(9,859,477)	-	-
Shares repurchased	16(a)	(8,996)	(10,652)	(8,996)	(10,652)
Net cash used in financing activities		(35,424,457)	(19,027,140)	(14,578,089)	(9,928,581)
Net (decrease)/increase in cash and cash equivalents		(16,456,862)	18,463,232	(165,357)	158,232
Effects of exchange rate changes on cash and cash equivalents		583,625	413,127	-	-
Cash and cash equivalents at beginning of financial year		25,105,432	6,229,073	216,885	58,653
Cash and cash equivalents at end of financial year	14(e)	9,232,195	25,105,432	51,528	216,885

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

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Dividend receivable from a subsidiary	25	-	-	3,500,000	6,000,000
Transfer of 'amounts due from contract customers' to 'land held for sale'	12	-	(209,933,819)	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

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 2017 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 9 October 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 57 to 112 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 2016 in Malaysia.

However, Note 36 to the financial statements set out on page 113 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.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 35(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

4. OPERATING SEGMENT

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 Benalec Sdn. Bhd., a wholly-owned subsidiary of the Company.

The Group 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) Shipbuilding

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

(c) Vessel chartering and marine transportation

Chartering of vessels on time and voyage charters.

(d) Other operating segment comprises investment holding

The Group evaluates performance on the basis of profit or loss from operations before tax, excluding 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 conditions and is eliminated on 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 financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

(CONTINUED)

4. OPERATING SEGMENTS (continued)

(a) Operating segments

2017	← Marine construction →		Vessel chartering RM	Shipbuilding RM	Others RM	Total RM
	Land reclamation services RM	Disposal of land held for sale RM				
Revenue						
Total revenue	181,715,052	198,786,023	21,746,241	-	3,528,350	405,775,666
Inter-segment revenue	(128,850,452)	-	(5,205,614)	-	(3,500,000)	(137,556,066)
Revenue from external customers	52,864,600	198,786,023	16,540,627	-	28,350	268,219,600
Interest income	1,103,466	-	6,490	20,404	3,249,036	4,379,396
Finance costs	(1,890,700)	-	-	(10,312)	(15,464,848)	(17,365,860)
Net finance (expense)/income	(787,234)	-	6,490	10,092	(12,215,812)	(12,986,464)
Segment (loss)/profit before tax	(28,933,222)	44,615,402	2,341,934	(1,372,736)	(2,603,869)	14,047,509
Taxation	4,216,614	(14,804,322)	(214,089)	28,926	784,802	(9,988,069)
Other information						
Depreciation of property, plant and equipment	(7,266,534)	-	(6,759,574)	(349,079)	-	(14,375,187)
Impairment losses on:						
- property, plant and equipment	(2,868,063)	-	(4,434,601)	(444,579)	-	(7,747,243)
- trade and other receivables	(120,647)	-	-	-	-	(120,647)
Inventories written down	-	-	-	-	(3,175,522)	(3,175,522)
Inventories written off	-	-	(221,150)	-	-	(221,150)
Additions to non-current assets	19,781,759	-	-	-	-	19,781,759
Segment assets	527,234,240	356,782,975	120,217,256	12,693,939	168,361,340	1,185,289,750
Segment liabilities	(161,380,910)	(170,297,590)	(68,758,958)	(1,148,818)	(161,693,463)	(563,279,739)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

4. OPERATING SEGMENTS (continued)

(a) Operating segments (continued)

2016	← Marine construction →		Vessel chartering RM	Shipbuilding RM	Others RM	Total RM
	Land reclamation services RM	Disposal of land held for sale RM				
Revenue						
Total revenue	251,987,568	227,889,078	22,675,368	1,064,816	6,001,350	509,618,180
Inter-segment revenue	(146,965,463)	(17,076,055)	(15,428,530)	(1,064,816)	(6,000,000)	(186,534,864)
Revenue from external customers	105,022,105	210,813,023	7,246,838	-	1,350	323,083,316
Interest income	1,245,007	-	2,132	21,686	3,492,904	4,761,729
Finance costs	(1,812,180)	-	(1,233,031)	(2,959)	(14,852,201)	(17,900,371)
Net finance (expense)/income	(567,173)	-	(1,230,899)	18,727	(11,359,297)	(13,138,642)
Segment (loss)/profit						
before tax	(34,226,931)	66,197,680	(1,737,007)	(2,373,584)	2,146,896	30,007,054
Taxation	5,376,021	(19,703,770)	169,667	(26,134)	227,391	(13,956,825)
Other information						
Depreciation of property, plant and equipment	(6,665,494)	-	(7,092,561)	(349,080)	-	(14,107,135)
Impairment losses on:						
- amount due from a contract customer	(468,658)	-	-	-	-	(468,658)
- property, plant and equipment	-	-	(4,414,379)	-	-	(4,414,379)
- trade and other receivables	(1,356,805)	-	-	-	-	(1,356,805)
Inventories written off	-	-	-	(114,000)	-	(114,000)
Properties, plant and equipment written off	-	-	-	(1,533,855)	-	(1,533,855)
Additions to non-current assets	31,975,849	-	12,976,556	-	-	44,952,405
Segment assets	447,817,505	587,678,217	127,462,275	14,962,645	153,611,560	1,331,532,202
Segment liabilities	(144,766,532)	(356,568,342)	(66,835,450)	(1,210,718)	(155,181,734)	(724,562,776)

NOTES TO THE FINANCIAL STATEMENTS

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4. OPERATING SEGMENTS (continued)

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

	2017 RM	2016 RM
Revenue		
Total revenue for reportable segments	405,775,666	509,618,180
Elimination of inter-segment revenues	(137,556,066)	(186,534,864)
Revenue of the Group per consolidated statements of profit or loss and other comprehensive income	268,219,600	323,083,316
Profit for the financial year		
Total profit for reportable segments	14,047,509	30,007,054
Elimination of inter-segment profits	7,276,495	2,004,885
Profit before tax	21,324,004	32,011,939
Tax expense	(9,988,069)	(13,956,825)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	11,335,935	18,055,114
Assets		
Total assets for reportable segments	1,185,289,750	1,331,532,202
Unallocated assets:		
- Other investments	48,705	36,397
- Current tax assets	9,432,415	15,887,393
- Deferred tax assets	13,989,681	7,904,660
Assets of the Group	1,208,760,551	1,355,360,652
Liabilities		
Total liabilities for reportable segments	563,279,739	724,562,776
Unallocated liabilities:		
- Current tax liabilities	46,642	137,317
- Deferred tax liabilities	8,706,300	9,531,629
Liabilities of the Group	572,032,681	734,231,722

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

4. OPERATING SEGMENTS (continued)

(b) Geographical segments

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 from which the sale transactions originated.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include financial instruments and deferred tax assets.

(i) Revenue from external customers

	Group	
	2017 RM	2016 RM
Malaysia	268,219,600	323,083,316

(ii) Non-current assets

	Group	
	2017 RM	2016 RM
Malaysia	178,449,695	181,735,002
Singapore	34,393,602	33,266,863
	212,843,297	215,001,865

(c) Major customers

The following are major customers with revenue equal to or more than ten percent (10%) of Group revenue:

	Revenue	
	2017 % of total	2016 % of total
Marine construction segment		
Customer A	13%	27%
Customer B	42%	17%
Customer C	-	12%
Customer D	-	11%
Customer E	-	11%
Customer F	23%	-
	78%	78%

The above customers are related to the marine construction segment.

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

Group	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
At 30 June 2017										
Cost										
At 1 July 2016	15,356,915	11,919,537	11,624,568	39,473,011	261,541,535	5,841,171	1,005,092	12,142,274	2,389,981	361,294,084
Additions	-	-	-	14,748,838	658,180	331,632	191,478	1,561,758	2,289,873	19,781,759
Disposals	-	-	-	(5,195,865)	(6,022,488)	(8,100)	-	(700,609)	-	(11,927,062)
Transfer	-	-	-	-	1,209,596	-	-	-	(1,209,596)	-
Translation adjustments	-	-	68,992	132,251	12,112,092	23,362	3,812	-	25,719	12,366,228
At 30 June 2017	15,356,915	11,919,537	11,693,560	49,158,235	269,498,915	6,188,065	1,200,382	13,003,423	3,495,977	381,515,009
Accumulated depreciation										
At 1 July 2016	-	1,146,652	1,074,995	11,496,554	77,620,478	3,439,395	660,634	7,389,744	-	102,828,452
Charge for the financial year	-	205,371	233,458	3,919,335	8,026,397	389,810	87,967	1,512,849	-	14,375,187
Disposals	-	-	-	(1,026,093)	(3,369,517)	(1,640)	-	(537,134)	-	(4,934,384)
Translation adjustments	-	-	8,112	68,205	2,840,440	11,549	1,544	-	-	2,929,850
At 30 June 2017	-	1,352,023	1,316,565	14,458,001	85,117,798	3,839,114	750,145	8,365,459	-	115,199,105
Impairment losses										
At 1 July 2016	-	-	-	-	43,463,767	-	-	-	-	43,463,767
Charge for the financial year	-	-	-	63,832	7,302,664	255,188	23,815	-	101,744	7,747,243
Translation adjustments	-	-	-	-	2,261,597	-	-	-	-	2,261,597
At 30 June 2017	-	-	-	63,832	53,028,028	255,188	23,815	-	101,744	53,472,607

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land	Leasehold land	Buildings	Plant and machinery	Barges and dredgers	Tools and office equipment	Furniture and fittings	Motor vehicles	Construction-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 30 June 2016										
Cost										
At 1 July 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
Additions	10,430,000	-	4,962,235	14,059,449	11,939,869	738,726	171,964	1,851,320	798,842	44,952,405
Disposals	(235,000)	-	(405,553)	(761,311)	(37,615,580)	-	-	(253,110)	-	(39,270,554)
Written off	-	-	-	-	-	-	-	-	(1,533,855)	(1,533,855)
Translation adjustments	-	-	98,243	130,236	13,799,543	23,136	5,373	-	94,242	14,150,773
At 30 June 2016	15,356,915	11,919,537	11,624,568	39,473,011	261,541,535	5,841,171	1,005,092	12,142,274	2,389,981	361,294,084
Accumulated depreciation										
At 1 July 2015	-	941,284	1,002,108	8,037,828	76,540,331	3,098,463	594,163	5,923,823	-	96,138,000
Charge for the financial year	-	205,368	152,381	3,433,351	8,415,235	332,071	64,841	1,503,888	-	14,107,135
Disposals	-	-	(89,078)	(25,377)	(10,376,768)	-	-	(37,967)	-	(10,529,190)
Translation adjustments	-	-	9,584	50,752	3,041,680	8,861	1,630	-	-	3,112,507
At 30 June 2016	-	1,146,652	1,074,995	11,496,554	77,620,478	3,439,395	660,634	7,389,744	-	102,828,452
Impairment losses										
At 1 July 2015	-	-	-	-	37,331,894	-	-	-	-	37,331,894
Charge for the financial year	-	-	-	-	4,414,379	-	-	-	-	4,414,379
Disposals	-	-	-	-	(307,444)	-	-	-	-	(307,444)
Translation adjustments	-	-	-	-	2,024,938	-	-	-	-	2,024,938
At 30 June 2016	-	-	-	-	43,463,767	-	-	-	-	43,463,767

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

(CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Carrying amount	
	2017 RM	2016 RM
Freehold land	15,356,915	15,356,915
Leasehold land	10,567,514	10,772,885
Buildings	10,376,995	10,549,573
Plant and machinery	34,636,402	27,976,457
Barges and dredgers	131,353,089	140,457,290
Tools and office equipment	2,093,763	2,401,776
Furniture and fittings	426,422	344,458
Motor vehicles	4,637,964	4,752,530
Construction-in-progress	3,394,233	2,389,981
	212,843,297	215,001,865

(a) Each class of property, plant and equipment are measured after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

(b) 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 periods and its annual rates are as follows:

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

Freehold land has unlimited useful life and is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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.

(c) The Group has 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 leasehold land as finance leases in accordance with MFRS 117 Leases.

(d) The carrying amount of the property, plant and equipment of the Group held under hire purchase arrangements at the end of the reporting period are as follows:

	Group	
	2017 RM	2016 RM
Motor vehicles	2,763,976	2,870,853
Plant and machinery	16,642,611	7,643,534
Tools and office equipment	245,333	277,333
	19,651,920	10,791,720

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

- (e) 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 18(c) to the financial statements are as follows:

	Group	
	2017 RM	2016 RM
Freehold land	15,356,915	15,356,915
Leasehold land	10,567,514	10,772,885
Buildings	6,333,614	6,475,090
	32,258,043	32,604,890

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

	Group	
	2017 RM	2016 RM
Additions of property, plant and equipment	19,781,759	44,952,405
Additions via hire purchase arrangements	(10,927,125)	(2,332,460)
Addition via term loans	-	(4,348,849)
Cash outflow for acquisition of property, plant and equipment	8,854,634	38,271,096

- (g) Impairment of property, plant and equipment

During the financial year, the Group recognised impairment losses of RM7,302,664 (2016: RM4,414,379) on certain barges and dredgers.

The Group has performed impairment assessment on those barges and dredgers that have an indication of impairment. The recoverable amounts of those barges and dredgers are derived from either their fair value less cost to sell estimated by an independent valuer or management's estimations based on adjusted available market data. The fair value measurement was categorised as Level 3 fair value.

The valuation was made based on the comparison method and depreciated replacement cost method that made reference to available market data by comparing to recent transactions involving other similar barges and dredgers and estimating the current new replacement costs of the barges and dredgers and therefrom less the accrued depreciation for age and obsolescence. The intensity of use, present physical condition and estimated replacement cost of those barges and dredgers were the significant key assumptions used by independent valuer and management.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM	2016 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

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

6. INVESTMENTS IN SUBSIDIARIES (continued)

- (a) Investments in subsidiaries are stated at cost less impairment loss. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRSs. Management reviews the investments in subsidiaries for impairment when there is an indication of impairment.
- (b) Details of the subsidiaries are as follows:

Name of company	Place of incorporation	Effective interest in equity		Principal activities
		2017 %	2016 %	
Direct subsidiaries				
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. ⁽¹⁾ ('Oceanliner')	Singapore	100	100	Charter of vessels
Subsidiaries of BSB				
OG Marine Sdn. Bhd. ('OGMSB')	Malaysia	100	100	Charter of vessels
Pacific Ltd	Labuan	100	100	Charter/leasing of vessels
Ocean Marine Ltd	Labuan	100	100	Charter/leasing of vessels
Pacific Marine Ltd	Labuan	100	100	Charter/leasing of vessels
Ocean Pacific Ltd	Labuan	51	51	Charter/leasing of vessels
Atlantic Ocean Ltd	Labuan	51	51	Charter/leasing of vessels
Oceanline (Labuan) Ltd	Labuan	100	100	Charter/leasing of vessels and the business of trading of vessels
Benalec Land Sdn. Bhd.	Malaysia	100	100	Property investment holding
Benalec Maritime Sdn. Bhd. ('BMSB')	Malaysia	100	100	Marine construction and civil engineering
Benalec Diversity Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Marine construction and civil engineering
Benalec Venture Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Marine construction and civil engineering
Benalec Construction Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Marine construction and civil engineering

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

6. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of company	Place of incorporation	Effective interest in equity		Principal activities
		2017 %	2016 %	
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
Crystal Land Property Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
Heritage Land Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
Heritage Property Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
Sentosacove Development Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
Jewel East Sdn. Bhd. ('JESB') ⁽¹⁾	Malaysia	100	100	Property investment holding
Goldnet Synergy Sdn. Bhd. ('GSSB') ⁽¹⁾	Malaysia	100	100	Investment holding company
Pacific Link Ltd	Labuan	100	100	Trading and investment holding
Pacific Shipping Ltd	Labuan	100	100	Trading and investment holding
Jayamas Cepak Sdn. Bhd.	Malaysia	100	100	Reclamation works
Gabungan Khas Sdn. Bhd. ⁽¹⁾⁽²⁾	Malaysia	49	49	Acting as agent for clearance of vessels with port authorities
Klebang Property Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Oceanfront Property Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Benalec CeTeau Asia Sdn. Bhd. (formerly known as Oceanview Project Sdn. Bhd.) ('BCASB') ⁽¹⁾⁽³⁾	Malaysia	51	100	To carry on the business of installing geo-technical prefabricated vertical drains.
Oceanview Realty Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Orientalcove Realty Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Orientalcove Property Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Heritage Land Development Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Heritage Land Realty Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Strategic Cove Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

6. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of company	Place of incorporation	Effective interest in equity		Principal activities
		2017 %	2016 %	
Subsidiaries of BSB (continued)				
Strategic Land Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Wilajati Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Integrasi Mekar Sdn. Bhd.	Malaysia	100	100	Dormant
Indera Tenggara Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Atlantic Pacific Ltd	Labuan	100	100	Dormant
Subsidiaries of JESB				
Iconic Island Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
One World Island Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
Cheng Ho City Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
Zheng Island Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
Subsidiary of PMISB				
Spektrum Budi Sdn. Bhd.	Malaysia	70	70	Marine construction
Subsidiary of TPMISB				
Spektrum Kukuh Sdn. Bhd.	Malaysia	70	70	Marine construction and civil engineering
Subsidiary of GSSB				
Neptune Paradise Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	General trading

⁽¹⁾ Subsidiaries not audited by BDO member firms.⁽²⁾ The Group considers that it controls Gabungan Khas Sdn. Bhd. 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 Gabungan Khas Sdn. Bhd. via a shareholders agreement. The remaining fifty-one percent (51%) of the equity shares in Gabungan Khas Sdn. Bhd. are held by an individual shareholder that is not related to the Group.⁽³⁾ During the financial year, BCASB has increased its issued and paid-up share capital from RM2 to RM4,000,000 by way of issuance of 3,999,998 new ordinary shares. BSB had subscribed 2,039,998 ordinary shares in BCASB for a cash consideration RM2,039,998, representing 51% of the additional share capital of BCASB for a purchase consideration RM2,038,998.

The remaining 1,960,000 ordinary shares were subscribed by the non-controlling interests for cash consideration of RM1,960,000.

This resulted in decrease in equity interest of BSB in BCASB from 100% to 51%.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

6. INVESTMENTS IN SUBSIDIARIES (continued)

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

2017	Spektrum Budi Sdn. Bhd.	Spektrum Kukuh Sdn. Bhd.	Ocean Pacific Ltd	Benalec CeTeau Asia Sdn. Bhd.	Others	Total
NCI percentage of ownership and voting interests	30%	30%	49%	49%		
Carrying amount of NCI (RM)	1,440,182	1,203,107	7,502,858	1,752,636	(239,057)	11,659,726
(Loss)/Profit allocated to NCI (RM)	(4,234)	(218,348)	2,131,503	(199,123)	(64,659)	1,645,139
2016						
NCI percentage of ownership and voting interests	30%	30%	49%	-		
Carrying amount of NCI (RM)	1,444,415	1,421,456	5,033,630	-	(168,071)	7,731,430
(Loss)/Profit allocated to NCI (RM)	(3,633)	(19,709)	1,145,473	-	(185,221)	936,910

(d) Summarised financial information before inter-company elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

2017	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM	Ocean Pacific Ltd RM	Benalec CeTeau Asia Sdn. Bhd. RM
Assets and liabilities				
Non-current assets	4,550	513,927	17,854,449	4,374,087
Current assets	21,172,796	292,636,894	10,215,392	725,631
Current liabilities	(16,376,741)	(289,140,464)	(12,757,886)	(1,522,910)
Net assets	4,800,605	4,010,357	15,311,955	3,576,808
Results				
Revenue	-	-	6,667,440	3,720,662
(Loss)/Profit for the financial year	(14,113)	(727,827)	4,350,007	(406,374)
Total comprehensive (loss)/income	(14,113)	(727,827)	5,039,241	(406,374)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

(CONTINUED)

6. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) Summarised financial information before inter-company elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (continued):

	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM	Ocean Pacific Ltd RM	Benalec CeTeau Asia Sdn. Bhd. RM
2017				
Cash flows (used in)/from operating activities	(8,807,050)	(132,929,658)	5,362,387	167,390
Cash flows from/(used in) investing activities	8,795,401	132,721,371	(5,935,838)	(4,663,265)
Cash flows from financing activities	-	-	-	4,541,783
Net (decrease)/increase in cash and cash equivalents	(11,649)	(208,287)	(573,451)	45,908
Dividend paid to NCI	-	-	-	-

	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM	Ocean Pacific Ltd RM
2016			
Assets and liabilities			
Non-current assets	-	238,746	17,488,268
Current assets	12,321,502	162,436,251	4,970,439
Current liabilities	(7,506,784)	(157,936,813)	(12,185,993)
Net assets/(liabilities)	4,814,718	4,738,184	10,272,714
Results			
Revenue	-	-	3,508,026
(Loss)/Profit for the financial year	(12,110)	(65,698)	2,337,701
Total comprehensive (loss)/income	(12,110)	(65,698)	2,841,238
Cash flows (used in)/from operating activities	(1,632,002)	(89,287,037)	6,387,989
Cash flows from/(used in) investing activities	1,629,436	89,746,454	(5,781,867)
Net (decrease)/increase in cash and cash equivalents	(2,566)	459,417	606,122
Dividend paid to NCI	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

7. OTHER INVESTMENTS

	Group	
	2017 RM	2016 RM
Available-for-sale financial assets		
Quoted ordinary shares in Malaysia		
As at 1 July 2016/2015	36,397	39,057
Fair value gain/(loss)	12,308	(2,660)
As at 30 June 2017/2016	48,705	36,397

- (a) Quoted ordinary shares in Malaysia are classified as available-for-sale financial assets, and measured at fair value through other comprehensive income.
- (b) Quoted ordinary shares in Malaysia are listed on the Bursa Malaysia Securities and are held for strategic rather than trading purpose.
- (c) Fair value of quoted ordinary shares in Malaysia is determined by reference to the exchange quoted market price at the close of the business on the reporting date.
- (d) Fair value of quoted ordinary shares is categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

8. DEFERRED TAX

- (a) Deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Balance as at 1 July 2016/2015	1,626,969	3,787,770	6,952,572	7,827,305
Recognised in profit or loss (Note 28)	(6,910,350)	(2,160,801)	(959,351)	(874,733)
Balance as at 30 June 2017/2016	(5,283,381)	1,626,969	5,993,221	6,952,572
Presented after appropriate offsetting:				
Deferred tax assets, net	(13,989,681)	(7,904,660)	-	-
Deferred tax liabilities, net	8,706,300	9,531,629	5,993,221	6,952,572
	(5,283,381)	1,626,969	5,993,221	6,952,572

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

8. DEFERRED TAX (continued)

(b) Components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group	Property, plant and equipment RM	RCSB RM	Total RM
At 1 July 2016	10,754,498	6,952,572	17,707,070
Recognised in profit or loss	784,137	(959,351)	(175,214)
At 30 June 2017 (before offsetting)	11,538,635	5,993,221	17,531,856
Offsetting			(8,825,556)
At 30 June 2017			8,706,300
At 1 July 2015	9,851,705	7,827,305	17,679,010
Recognised in profit or loss	902,793	(874,733)	28,060
At 30 June 2016 (before offsetting)	10,754,498	6,952,572	17,707,070
Offsetting			(8,175,441)
At 30 June 2016			9,531,629

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
At 1 July 2016	-	173,717	1,162,722	14,743,662	16,080,101
Recognised in profit or loss	-	1,996,258	(602,607)	5,341,485	6,735,136
At 30 June 2017 (before offsetting)	-	2,169,975	560,115	20,085,147	22,815,237
Offsetting					(8,825,556)
At 30 June 2017					13,989,681
At 1 July 2015	1,818,204	120,524	1,162,448	10,790,064	13,891,240
Recognised in profit or loss	(1,818,204)	53,193	274	3,953,598	2,188,861
At 30 June 2016 (before offsetting)	-	173,717	1,162,722	14,743,662	16,080,101
Offsetting					(8,175,441)
At 30 June 2016					7,904,660

NOTES TO THE FINANCIAL STATEMENTS

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8. DEFERRED TAX (continued)

(b) Components and movements of deferred tax liabilities and assets during the financial year are as follows (continued):

Deferred tax liabilities of the Company

	RCSB RM	Total RM
At 1 July 2016	6,952,572	6,952,572
Recognised in profit or loss (Note 28)	(959,351)	(959,351)
At 30 June 2017	5,993,221	5,993,221
At 1 July 2015	7,827,305	7,827,305
Recognised in profit or loss (Note 28)	(874,733)	(874,733)
At 30 June 2016	6,952,572	6,952,572

(c) Amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position is as follows:

	Group	
	2017 RM	2016 RM
Other taxable temporary differences	(221,657)	(532,970)
Unused tax losses	12,464,112	12,422,714
Unabsorbed capital allowances	298,534	144,489
	12,540,989	12,034,233

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. These temporary differences do not expire under the current tax legislation.

9. INVENTORIES

		Group	
	Note	2017 RM	2016 RM
At cost			
Consumables	(b)	545,610	1,153,845
Land held for sale	(c)	276,659,669	376,171,540
Properties held for sale	(d)	4,302,211	33,736,778
		281,507,490	411,062,163
At net realisable value			
Properties held for sale	(d)	14,583,172	-
		296,090,662	411,062,163

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

9. INVENTORIES (continued)

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Consumables
- (i) Consumables represent parts purchased for future consumption in the construction of vessels and infrastructure works.
- (ii) Cost is determined using the first-in, first-out basis. The cost comprises all costs of purchases, cost of conversion plus other costs incurred in bringing the consumables to their present location and condition.
- (iii) During the financial year, cost of consumables written off recognised in profit and loss amounted to RM221,150 (2016: RM114,000).

(c) Land held for sale

- (i) 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.
- (ii) Movements of the land held for sale are as follows:

	2017 RM	Group 2016 RM
As at 1 July 2016/2015	376,171,540	172,112,976
Transferred from amounts due from contract customers (Note 12)	-	209,933,819
Transferred from land reclamation work in progress (Note 10)	-	97,130,672
Costs incurred during the financial year	11,391,270	25,182,928
Less: Recognised in profit or loss during the financial year	(110,903,141)	(128,188,855)
As at 30 June 2017/2016	276,659,669	376,171,540

- (iii) Land held for sale represents reclaimed leasehold land with remaining lease terms ranging from 92 to 98 years (2016: 89 to 99 years).
- (iv) Lien holder's caveat was created on certain land held for sale of the Group amounting to RM2,556,325 (2016: RM4,475,365) for credit facilities granted to the Group as disclosed in Note 18(c) to the financial statements.
- (v) Land held for sale of the Group with carrying amount of RM103,855,584 (2016: RM102,654,590) are charged to the security trustee as collateral for the issuance of RCSB as disclosed in Note 17 to the financial statements.
- (d) Properties held for sale
- (i) Properties held for sale are in respect of twelve (12) units (2016: nineteen (19)) of properties, which are available for immediate sales.
- (ii) Cost of properties held for sale is determined using cost of the acquisition of properties held for sale and direct costs attributable to the acquisition of properties held for sale.
- (iii) During the financial year, properties held for sale written down recognised in profit and loss amounted to RM3,175,522 (2016: Nil).
- (e) 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 trends when making this judgement to evaluate 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.

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10. LAND RECLAMATION WORK IN PROGRESS

	Group	
	2017 RM	2016 RM
Land reclamation work in progress	287,042,931	150,105,217

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

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

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

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

	Group	
	2017 RM	2016 RM
Balance as at 1 July 2016/2015	150,105,217	106,345,712
Costs incurred during the financial year	136,937,714	140,890,177
Transferred to land held for sale (Note 9)	-	(97,130,672)
Balance as at 30 June 2017/2016	287,042,931	150,105,217

- (c) Land reclamation work in progress of the Group at the end of the reporting period are costs incurred for the reclamation works in Tanjung Piai and Pengerang in the State of Johor.

11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables					
Third parties		99,979,566	279,317,841	-	-
Less: Impairment losses		(5,065,466)	(5,787,954)	-	-
		94,914,100	273,529,887	-	-
Amounts due from contract customers					
- Third parties		20,426,454	16,907,046	-	-
- Related parties		76,055,318	55,665,086	-	-
		96,481,772	72,572,132	-	-
Less: Impairment losses					
- Third parties	12	(468,658)	(468,658)	-	-
		96,013,114	72,103,474	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

(CONTINUED)

11. TRADE AND OTHER RECEIVABLES (continued)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Other receivables and deposits					
Other receivables		35,862,451	29,219,331	12,242	20,838
Related parties		240	228	-	-
Amounts owing by subsidiaries		-	-	284,104,853	290,786,810
Deposits		7,119,421	7,310,173	5,000	5,000
		42,982,112	36,529,732	284,122,095	290,812,648
Less: Impairment losses					
- Third parties		(1,307,021)	(1,186,374)	-	-
- Subsidiaries		-	-	(114,544)	(114,544)
		41,675,091	35,343,358	284,007,551	290,698,104
Loans and receivables		232,602,305	380,976,719	284,007,551	290,698,104
Prepayments					
Prepayments		3,264,071	11,113,700	2,120	-
		235,866,376	392,090,419	284,009,671	290,698,104

- (a) Trade and other receivables are classified as loans and receivables, and measured at amortised cost using the effective interest method.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 60 days to 90 days (2016: 60 days to 90 days) from the date of invoice. They are recognised at their original invoices amounts, which represent their fair values on initial recognition.

Included in trade receivables of the Group are amounts owing by third parties amounting to RM77,948,529 (2016: RM211,506,677), which represent proceeds receivable from disposals of land held for sale.

Included in trade receivables of the Group is an amount of RM13,524,939 (2016: RM55,007,416), which represent proceeds receivable from a land reclamation contract, which is assigned to the Security Trustee for the issuance of RCSB as disclosed in Note 17 to the financial statements.

- (c) Included in trade receivables of the Group are retention sums for contract works amounting to RM10,507,963 (2016: RM11,684,752). The retention sums are unsecured, interest free and are expected to be collected within one (1) year.
- (d) Non-trade balances owing by related parties and subsidiaries 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 (2016: RM6,000,000).
- (e) Included in deposits of the Group is an amount of RM4,009,611 (2016: RM4,009,611) paid as deposit for the acquisition of a parcel of land.
- (f) Currency exposure profile of trade and other receivables (exclude prepayments) are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	230,274,263	378,749,735	284,007,551	290,698,104
Singapore Dollar	6,705	4,821	-	-
United States Dollar	2,321,337	2,222,163	-	-
	232,602,305	380,976,719	284,007,551	290,698,104

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

11. TRADE AND OTHER RECEIVABLES (continued)

- (g) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2017 RM	2016 RM
Effect of 10% change in		
- RM/USD	176,422	168,884
- RM/SGD	510	366
Profit after tax	176,932	169,250

- (h) Ageing analysis of trade receivables of the Group are as follows:

	Group	
	2017 RM	2016 RM
Neither past due nor impaired	91,297,124	237,680,946
Past due but not impaired		
- 61 to 90 days	3,316,976	15,369,148
- 91 to 120 days	-	-
- 121 to 180 days	-	17,993,792
- More than 180 days	300,000	2,486,001
Past due and impaired	5,065,466	5,787,954
	99,979,566	279,317,841

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

Trade receivables that are past due but not impaired arose from active corporate customers with healthy business relationships, and the Group is of the view that these balances are recoverable based on historical receipts pattern.

Trade receivables of the Group that are past due but not impaired are unsecured in nature.

Receivables that are past due and impaired

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

	Individually impaired	
Group	2017 RM	2016 RM
Trade receivables, gross	5,065,466	5,787,954
Less: Impairment losses	(5,065,466)	(5,787,954)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

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11. TRADE AND OTHER RECEIVABLES (continued)

(i) Reconciliation of movements in the impairment loss is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables				
Balance as at 1 July 2016/2015	5,787,954	4,687,954	-	-
Charge for the financial year	-	1,100,000	-	-
Reversal of impairment loss	(722,488)	-	-	-
Balance as at 30 June 2017/2016	5,065,466	5,787,954	-	-
Amounts due from contract customers				
Balance as at 1 July 2016/2015	468,658	1,174,324	-	-
Charge for the financial year	-	468,658	-	-
Reversal of impairment loss	-	(1,174,324)	-	-
Balance as at 30 June 2017/2016	468,658	468,658	-	-
Other receivables				
Balance as at 1 July 2016/2015	1,186,374	929,569	114,544	114,544
Charge for the financial year	120,647	256,805	-	-
Balance as at 30 June 2017/2016	1,307,021	1,186,374	114,544	114,544
	6,841,145	7,442,986	114,544	114,544

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

The Group and the Company recognises impairment of receivables based on an assessment of the recoverability of receivables. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to measure impairment of receivables.

(j) Credit risk concentration profile of the trade receivables at the end of the reporting period are as follows:

	2017		2016	
	RM	% of total	RM	% of total
By country				
Malaysia	94,914,100	100.00%	273,529,887	100.00%
By industry sector				
Marine construction				
- Land reclamation services	13,824,939	14.57%	57,493,416	21.02%
- Disposal of land held for sale	77,948,529	82.13%	211,506,677	77.32%
Vessel chartering	3,140,632	3.30%	4,529,794	1.66%
	94,914,100	100.00%	273,529,887	100.00%

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

12. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2017 RM	2016 RM
Aggregate costs incurred to date	579,621,691	578,625,853
Add: Attributable profits	105,390,664	131,624,551
	685,012,355	710,250,404
Less: Progress billings	(590,093,443)	(429,307,313)
Less: Transferred to land held for sale (Note 9)	-	(209,933,819)
	94,918,912	71,009,272
Less: Impairment loss (Note 11)	(468,658)	(468,658)
	94,450,254	70,540,614
Analysed as:		
Amounts due from contract customers (Note 11)	96,013,114	72,103,474
Amounts due to contract customers (Note 21)	(1,562,860)	(1,562,860)
	94,450,254	70,540,614

The amounts due from contract customers of the Group of RM76,055,318 (2016: RM55,665,086) shall be settled by way of apportionment of completed reclaimed land.

13. SHORT TERM FUNDS

	Group	
	2017 RM	2016 RM
Financial assets at fair value through profit or loss		
Unit trust quoted in Malaysia	136,847	131,945

(a) Short term funds are classified as fair value through profit or loss and measured at fair value categorised as Level 1 of the fair value hierarchy. Fair value of short term funds in Malaysia is determined by reference to counter parties' quotation at the close of business at the end of the reporting period.

(b) All short term funds are denominated in Ringgit Malaysia.

14. CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	9,099,928	23,210,381	62,773	229,066
Deposits with licensed financial institutions	144,209,709	139,930,212	121,341,709	112,908,906
	153,309,637	163,140,593	121,404,482	113,137,972

(a) Deposits with licensed financial institutions of the Group amounting to RM22,724,488 (2016: RM22,335,742) were pledged as security for banking facilities granted to certain subsidiaries of the Group as disclosed in Note 18(c) to the financial statements.

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(CONTINUED)

14. CASH AND BANK BALANCES (continued)

- (b) Deposits and bank balances of the Group and of the Company amounting to RM121,352,954 (2016: RM112,921,087) were charged in favour of the Security Trustee of the Group pursuant to RCSB as disclosed in Note 17 to the financial statements.
- (c) Deposits with licensed banks are subject to fixed weighted average effective interest rates of 2.82% (2016: 2.97%).
- (d) Sensitivity analysis of interest rate at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	150,596,757	158,363,655	121,404,482	113,137,972
Singapore Dollar	1,521,098	477,140	-	-
United States Dollar	1,191,782	4,299,798	-	-
	153,309,637	163,140,593	121,404,482	113,137,972

Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

Effect of 10% changes in	Group	
	2017 RM	2016 RM
- RM/USD	47,202	326,785
- RM/SGD	115,603	36,263
Profit after tax	162,805	363,048

- (e) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	9,099,928	23,210,381	62,773	229,066
Deposits with licensed financial institutions	144,209,709	139,930,212	121,341,709	112,908,906
	153,309,637	163,140,593	121,404,482	113,137,972
Less:				
Bank overdrafts	-	(2,778,332)	-	-
Fixed deposits pledged with licensed financial institutions (Note a)	(22,724,488)	(22,335,742)	-	-
Deposits/bank balances charged in favour of the Security Trustee pursuant to Redeemable Convertible Secured Bonds (Note b)	(121,352,954)	(112,921,087)	(121,352,954)	(112,921,087)
	9,232,195	25,105,432	51,528	216,885

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15. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Issued and fully paid up ordinary shares				
At beginning of financial year	811,802,500	202,950,625	811,802,500	202,950,625
Effects of the new Companies Act, 2016 (Note 16(b))	-	157,537,902	-	-
At end of financial year	811,802,500	360,488,527	811,802,500	202,950,625

Owners of the parent 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 meeting of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

16. RESERVES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable:				
Treasury shares	(12,698,955)	(12,689,959)	(12,698,955)	(12,689,959)
Share premium	-	157,537,902	-	157,537,902
Exchange translation reserve	42,026,417	34,456,131	-	-
Reverse acquisition debit	(146,069,559)	(146,069,559)	-	-
Share options reserve	1,673,726	1,917,863	1,673,726	1,917,863
Available-for-sale reserve	(13,574)	(25,882)	-	-
Equity component of RCSB	25,225,506	25,225,506	25,225,506	25,225,506
Distributable:				
Retained earnings	354,436,056	350,094,873	18,814,326	22,211,522
	264,579,617	410,446,875	33,014,603	194,202,834

(a) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 28 November 2016, 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 20,000 (2016: 20,000) of its own ordinary shares from the open market for a total consideration of RM8,996 (2016: RM10,652) at an average price of RM0.450 (2016: RM0.533) 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 127 of the Companies Act, 2016 in Malaysia. None of the treasury shares held were re-sold or cancelled during the financial year.

Of the total 811,802,500 (2016: 811,802,500) issued and fully paid up ordinary shares as at 30 June 2017, 12,705,400 (2016: 12,685,400) ordinary shares amounting to RM12,698,955 (2016: RM12,689,959) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 799,097,100 (2016: 799,117,100).

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16. RESERVES (continued)

(b) Share premium

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, amounts standing to the credit of the share premium of RM157,537,902 has been transferred to the share capital account of the Company pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the share premium amount for purposes as set out in Sections 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(c) Exchange translation reserve

Exchange translation reserve is used to record 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.

(d) Reverse acquisition debit

Reverse acquisition debit arose from the reverse acquisition of the Company, BSSB and Oceanliner by BSB in the previous financial years, as follows:

	Group RM
Issued equity of the Company for the acquisitions (comprising 629,999,992 ordinary shares)	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

(e) 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.

(f) Available-for-sale reserve

The reserve arose from gains or losses of available-for-sale financial assets as disclosed in Note 7 to the financial statements.

(g) 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 17 to the financial statements.

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17. REDEEMABLE CONVERTIBLE SECURED BONDS ('RCSB')

	Group and Company	
	2017 RM	2016 RM
Liability component at beginning of financial year	151,365,009	145,537,465
Finance costs (Note 27)	6,464,823	5,827,544
Liability component as at end of financial year	157,829,832	151,365,009

(a) The liability component of RCSB are classified as other financial liability and measured at amortised cost using effective interest rate method.

(b) The salient terms of the RCSB are as follows:

(i) Conversion rights and rates

The RCSB are convertible to new ordinary shares 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.

(ii) Tenure

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

(iii) Coupon rate

The RCSB bear a coupon rate of 4.50% per annum payable semi-annually in arrears.

(iv) 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.

(v) Redemption

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

(c) 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	(7,965,949)
Liability component	(144,621,388)
Equity component (Note 16)	25,225,506

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17. REDEEMABLE CONVERTIBLE SECURED BONDS ('RCSB') (continued)

- (c) 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: (continued)

The RCSB are secured by inter-alia:

- (i) legal charges over the land held for sale of the Group as disclosed in Note 9(c) to the financial statements;
 - (ii) assignment of land reclamation agreement awarded to the Group as disclosed in Note 11(b) to the financial statements; and
 - (iii) deposits and bank balances charged in favour of the Security Trustee of the Group as disclosed in Note 14(b) to the financial statements.
- (d) The table below summarises the maturity profile of the RCSB of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations:

Group and Company	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
30 June 2017				
RCSB	9,000,000	234,520,548	-	243,520,548
Total undiscounted financial liabilities	9,000,000	234,520,548	-	243,520,548
30 June 2016				
RCSB	9,000,000	36,024,658	207,495,890	252,520,548
Total undiscounted financial liabilities	9,000,000	36,024,658	207,495,890	252,520,548

- (e) RCSB are subject to fixed effective interest rates of 5.06% (2016: 5.06%).
- (f) Sensitivity analysis of interest rate as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.
- (g) The fair value of borrowings is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

18. BORROWINGS

	2017 RM	Group 2016 RM
Non-current liabilities		
Secured		
Hire purchase liabilities (Note 19)	7,395,840	2,817,341
Term loans	10,186,755	1,944,037
	17,582,595	4,761,378

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

18. BORROWINGS (continued)

	Group	
	2017 RM	2016 RM
Current liabilities		
Secured		
Hire purchase liabilities (Note 19)	5,650,834	3,464,487
Bank overdraft	-	2,778,332
Trust receipt	710,414	2,451,568
Revolving credit	-	19,311,789
Term loans	894,422	4,802,592
	7,255,670	32,808,768
Total borrowings		
Hire purchase liabilities (Note 19)	13,046,674	6,281,828
Bank overdraft	-	2,778,332
Trust receipt	710,414	2,451,568
Revolving credit	-	19,311,789
Term loans	11,081,177	6,746,629
	24,838,265	37,570,146

- (a) Borrowings are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Borrowings are denominated in Ringgit Malaysia ('RM').
- (c) Borrowings of the Group are secured by:
- (i) Legal charge over certain property, plant and equipment of the Group as disclosed in Note 5(e) to the financial statements;
 - (ii) Lien holder's caveat over certain land held for sale of the Group as disclosed in Note 9(c) to the financial statements;
 - (iii) Deposits and bank balances of the Group as disclosed in Note 14(a) to the financial statements;
 - (iv) Assignment of receivables or any other assignment of earnings over the vessels acceptable to the financial institutions; and
 - (v) 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) 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.

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18. BORROWINGS (continued)

(e) Interest rate profile of the borrowings are as follows:

	Group	
	2017 RM	2016 RM
Fixed rate	13,046,674	6,281,828
Floating rate	11,791,591	31,288,318
	24,838,265	37,570,146

(f) The weighted average interest rates per annum of borrowings of the Group that were effective as at end of reporting date were as follows:

	Group	
	2017 %	2016 %
Fixed rate		
Hire purchase liabilities	3.74	3.44
Floating rate		
Bank overdraft	-	8.10
Revolving credit	-	8.35
Term loans	6.67	7.71
Trust receipt	7.75	7.95

(g) Sensitivity analysis of interest rate at the end of the reporting period, assuming that all other variables remain constant, is as follows:

	Group	
	2017 RM	2016 RM
Effects of 30bp changes to profit after tax		
Floating rate instruments	26,885	71,338

Sensitivity analysis for fixed rate borrowings as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.

(h) The table below summarises the maturity profile of the borrowings of the Group at the end of the reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
30 June 2017				
Hire purchase liabilities	6,341,433	7,852,474	-	14,193,907
Trust receipts	710,414	-	-	710,414
Term loans	1,433,307	4,952,603	8,591,773	14,977,683
Total undiscounted financial liabilities	8,485,154	12,805,077	8,591,773	29,882,004

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

18. BORROWINGS (continued)

(h) The table below summarises the maturity profile of the borrowings of the Group at the end of the reporting period based on contractual undiscounted repayment obligations: (continued)

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
30 June 2016				
Hire purchase liabilities	3,722,958	2,916,247	-	6,639,205
Bank overdraft	2,778,332	-	-	2,778,332
Trust receipts	2,451,568	-	-	2,451,568
Revolving credit	19,311,789	-	-	19,311,789
Term loans	4,913,835	1,469,951	760,833	7,144,619
Total undiscounted financial liabilities	33,178,482	4,386,198	760,833	38,325,513

19. HIRE PURCHASE LIABILITIES

	Group 2017 RM	2016 RM
Minimum hire purchase payments:		
- not later than one (1) year	6,341,433	3,722,979
- later than one (1) year and not later than five (5) years	7,852,474	2,916,247
	14,193,907	6,639,226
Less: Future interest charges	(1,147,233)	(357,398)
Present value of hire purchase liabilities	13,046,674	6,281,828
Repayable as follows:		
Current liabilities		
- not later than one (1) year	5,650,834	3,464,487
Non-current liabilities		
- later than one (1) year and not later than five (5) years	7,395,840	2,817,341
	13,046,674	6,281,828

(a) The following table sets out the financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amount shown in the statements of financial position:

Group	2017		2016	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Hire purchase liabilities	13,046,674	12,166,123	6,281,828	5,947,951

The fair value of hire purchase liabilities are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

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20. 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'). Pursuant to the Clause 20.1 of the Share Issuance Scheme By-Laws, the Company extended the Scheme which expired on 16 January 2016 for another five (5) years until 15 January 2021. 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 RM0.25 each, 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 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:

Date of offer	Exercise price RM	Outstanding as at 1.7.2016	Number of options over ordinary shares			Outstanding as at 30.6.2017	Exercisable as at 30.6.2017
			Granted	Movements during the financial year Exercised	Forfeited		
2017							
16 April 2012	1.06	3,974,500	-	-	(596,000)	3,378,500	3,378,500
3 January 2014	0.78	600,000	-	-	-	600,000	600,000
28 January 2014	0.79	7,623,000	-	-	(1,000,000)	6,623,000	6,623,000
		12,197,500	-	-	(1,596,000)	10,601,500	10,601,500
Weighted average exercise prices (RM)		0.88	-	-	0.89	0.88	0.88
Weighted average remaining contractual life (months)		55					43

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
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20. SHARE ISSUANCE SCHEME (continued)

(g) Details of the options over ordinary shares of the Company are as follows: (continued)

Date of offer	Exercise price RM	Outstanding as at 1.7.2015	Number of options over ordinary shares			Outstanding as at 30.6.2016	Exercisable as at 30.6.2016
			Granted	Movements during the financial year Exercised	Forfeited		
2016							
16 April 2012	1.06	4,277,500	-	-	(303,000)	3,974,500	3,974,500
3 January 2014	0.78	600,000	-	-	-	600,000	600,000
28 January 2014	0.79	8,370,000	-	-	(747,000)	7,623,000	7,623,000
		13,247,500	-	-	(1,050,000)	12,197,500	12,197,500
Weighted average exercise prices (RM)		0.88	-	-	0.87	0.88	0.88
Weighted average remaining contractual life (months)		67					55

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

	Weighted average exercise price RM	Exercise period
2012 options ⁽¹⁾	1.06	16.1.2016 - 15.1.2021 ⁽²⁾
2014 options ⁽³⁾	0.78	16.1.2016 - 15.1.2021 ⁽²⁾
	0.79	16.1.2016 - 15.1.2021 ⁽²⁾

⁽¹⁾ 50% exercisable during the financial year ended 30 June 2012 and the remaining 50% exercisable commencing 30 April 2014 and thereafter.

⁽²⁾ The expiry of the option period has been extended to 15 January 2021 pursuant to the Clause 20.1 of the Share Issuance Scheme By-Laws.

⁽³⁾ 50% exercisable during the financial year ended 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 modified fair value of options granted due to the extension of exercise period, 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)	0.046	0.090	0.093
Weighted average share price (RM)	0.58	0.58	0.58
Weighted average exercise price (RM)	1.06	0.78	0.79
Expected volatility (%)	25.48	25.48	25.48
Expected life (years)	5.00	5.00	5.00
Risk free interest rate (%)	3.43	3.43	3.43

During the financial year, there were 1,596,000 (2016: 1,050,000) options being forfeited as a result of termination of employment of the Eligible Executives of the Group and accordingly an amount of RM244,137 (2016: RM165,205) has been transferred from the share options reserve to retained earnings.

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21. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables				
- third parties	53,173,862	23,694,827	-	-
- a related party	18,923	18,923	-	-
- amounts due to contract customers	1,562,860	1,562,860	-	-
	54,755,645	25,276,610	-	-
Other payables				
Other payables	28,550,622	13,545,140	7,432	14,527
Accruals	35,496,266	53,237,657	2,167,257	2,177,492
Amounts owing to related parties	91,511,519	86,999,870	4,660	4,660
	155,558,407	153,782,667	2,179,349	2,196,679
	210,314,052	179,059,277	2,179,349	2,196,679

- (a) Trade and other payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Trade payables, including amount owing to a related party, are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2016: 30 days to 90 days).
- (c) Included in other payables of the Group are deposits received from third party purchasers for the purchase of leasehold land held for sale amounting to RM7,915,303 (2016: RM Nil) and coupon interests payable in respect of the RCSEB of the Group and of the Company amounting to RM1,528,767 (2016: RM1,504,110).
- (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) Currency exposure profile of trade and other payables of the Group and of the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	160,646,991	126,833,044	2,179,349	2,196,679
Singapore Dollar	48,231,243	48,232,875	-	-
United States Dollar	1,435,818	3,993,358	-	-
	210,314,052	179,059,277	2,179,349	2,196,679

- (f) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2017 RM	2016 RM
Effects of 10% changes in		
- RM/USD	(109,122)	(303,495)
- RM/SGD	(3,665,574)	(3,665,699)
Profit after tax	(3,774,696)	(3,969,194)

- (g) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligation is repayable on demand or within one year.

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(CONTINUED)

22. DEFERRED REVENUE

	Group	
	2017 RM	2016 RM
Deferred revenue	170,297,590	356,568,344

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

	Reclaimed land component RM	Infrastructure cost component RM	Total RM
Group			
At 1 July 2015	369,110,558	127,328,335	496,438,893
Additions during the financial year	61,274,424	12,668,050	73,942,474
Recognised in profit or loss	(187,515,140)	(26,297,883)	(213,813,023)
At 30 June 2016	242,869,842	113,698,502	356,568,344
Recognised in profit or loss	(171,359,917)	(14,910,837)	(186,270,754)
At 30 June 2017	71,509,925	98,787,665	170,297,590

23. COMMITMENTS

(a) Operating lease commitments

(i) 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	
	2017 RM	2016 RM
Not later than one (1) year	123,376	150,872
Later than one (1) year but not later than five (5) years	15,190	40,256
	138,566	191,128

(b) Capital commitment

	Group	
	2017 RM	2016 RM
Capital expenditure in respect of purchase of property, plant and equipment: Contracted but not provided for	8,213,767	13,864,381

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

24. CONTINGENT LIABILITIES

	Company	
	2017 RM	2016 RM
Secured		
Corporate guarantees given to licensed financial institutions for credit facilities granted to subsidiaries	13,081,899	31,408,318

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contract as defined in MFRS 4 *Insurance Contracts*.

The Directors are of the view that the chances of the financial institutions calling upon the corporate guarantees are remote. Accordingly, the fair values of the corporate guarantees are negligible.

25. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Marine construction				
- Contract revenue and sales of marine construction materials	52,864,600	105,022,105	-	-
- Disposal of land held for sale	171,359,917	184,515,140*	-	-
- Infrastructure works	14,910,837	26,297,883	-	-
Disposal of properties held for sale	12,515,269	-	-	-
Vessels chartering, rental and transportation income	16,568,977	7,248,188	-	-
Dividend income	-	-	3,500,000	6,000,000
	268,219,600	323,083,316	3,500,000	6,000,000

* Net of trade discount of RM3,000,000.

(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.

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(CONTINUED)

25. REVENUE (continued)

(a) Construction contracts (continued)

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.

Significant judgement is required in estimating the total costs to complete. In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims, and cost contingencies. The total cost to complete including sub-contractor costs, varies with market conditions and may also be inaccurately forecasted due to unforeseen events during construction.

(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.

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.

(c) Disposal of properties held for sale

Revenue from disposal of properties held for sale are recognised net of discount and upon transfer of significant risks and rewards of ownership to the purchasers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of the properties.

(d) 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.

(e) Vessels chartering and marine transportation income

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

(f) Dividend income

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

(g) Rental income

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

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26. COST OF SALES

	Group	
	2017 RM	2016 RM
Marine construction		
- Contract works and sales of marine construction materials	41,134,979	86,995,104
- Disposals of land held for sale and other miscellaneous costs	108,853,875	112,639,579
- Infrastructure works	17,181,856	22,275,938
Disposal of properties held for sale	13,336,716	-
Shipbuilding, repair and maintenance	120,524	1,088,721
Vessels chartering, rental and transportation services	8,862,487	9,409,719
	189,490,437	232,409,061

27. FINANCE COSTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Bank overdraft	20,206	3,817	-	-
Hire purchase liabilities	399,653	366,608	-	-
RCSB:				
- unwinding of discount (Note 17)	6,464,823	5,827,544	6,464,823	5,827,544
- coupon interests	9,000,000	9,024,657	9,000,000	9,024,657
Term loans	1,285,583	1,242,208	-	-
Unwinding of discount on fair value gain on amount owing to a related party	-	1,233,031	-	-
Trust receipts	125,919	40,491	-	-
Others	69,676	162,015	-	-
	17,365,860	17,900,371	15,464,823	14,852,201

28. TAXATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current tax expense based on profit for the financial year	13,053,747	15,893,033	402,525	641,108
Under/(Over) provision in prior years	3,844,672	224,593	(233,824)	(198)
	16,898,419	16,117,626	168,701	640,910
Deferred tax (Note 8):				
- Relating to origination and reversal of temporary differences	(7,085,530)	(2,160,708)	(959,351)	(874,733)
- Under/(Over) provision in prior years	175,180	(93)	-	-
	(6,910,350)	(2,160,801)	(959,351)	(874,733)
Total taxation from operations	9,988,069	13,956,825	(790,650)	(233,823)

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28. TAXATION (continued)

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) 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) Numerical reconciliation between the taxation and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	5,117,761	7,682,865	278,824	542,556
Tax effects in respect of:				
Non-allowable expenses	1,715,879	8,406,944	4,350	663,819
Non-taxable income	(503,418)	(343,265)	(840,000)	(1,440,000)
Real property gains tax	-	9,942	-	-
Withholding tax	1,412	1,490	-	-
Deferred tax assets not recognised	121,621	437,637	-	-
Difference in foreign tax rates and exemptions	(485,038)	(2,463,288)	-	-
	5,968,217	13,732,325	(556,826)	(233,625)
Under/(Over) provision in prior years				
- current tax expense	3,844,672	224,593	(233,824)	(198)
- deferred tax expense	175,180	(93)	-	-
Tax expense/(income)	9,988,069	13,956,825	(790,650)	(233,823)

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

	Before tax RM	Group Tax effect RM	After tax RM
	Items that may be reclassified subsequently to profit or loss		
30 June 2017			
Fair value gain on available-for sale financial assets	12,308	-	12,308
Foreign currency translations	7,893,443	-	7,893,443
	7,905,751	-	7,905,751
30 June 2016			
Fair value loss on available-for sale financial assets	(2,660)	-	(2,660)
Foreign currency translations	7,332,360	-	7,332,360
	7,329,700	-	7,329,700

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29. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

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.

	2017 RM	Group 2016 RM
Profit attributable to owners of the parent	9,690,796	17,118,204

	2017	Group 2016
Weighted average number of ordinary shares in issue	799,105,511 ⁽¹⁾	799,125,187 ⁽²⁾

⁽¹⁾ Based on the treasury shares held as at 30 June 2017 of 12,705,400 during the financial year, which translate to the effect of weighted average number of ordinary shares of 12,696,989 shares.

⁽²⁾ Based on the treasury shares held as at 30 June 2016 of 12,685,400 during the financial year, which translate to the effect of weighted average number of ordinary shares of 12,677,313 shares.

	2017 sen	Group 2016 sen
Basic earnings per ordinary share	1.21	2.14

(b) Diluted earnings per ordinary share

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.

	2017 RM	Group 2016 RM
Profit attributable to owners of the parent	9,690,796	17,118,204
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	799,105,511	799,125,187
- Redeemable Convertible Secured Bonds	- ⁽³⁾	- ⁽³⁾
- Share Issuance Schemes	- ⁽³⁾	- ⁽³⁾
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	799,105,511	799,125,187

	2017 sen	Group 2016 sen
Diluted earnings per ordinary share	1.21	2.14

⁽³⁾ The RCSB and Share Issuance Schemes 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.

NOTES TO THE FINANCIAL STATEMENTS

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30. DIVIDENDS

	Group and Company			
	2017	2016		
	Dividend per ordinary share Sen	Amount of dividend RM	Dividend per ordinary share Sen	Amount of dividend RM
Final dividend paid in respect of financial year ended 30 June 2016/2015	0.7	5,593,750	0.3	2,397,381

A final single tier dividend in respect of the financial year ended 30 June 2017 of 0.4 sen per ordinary share, amounting to RM3,400,781 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 2018.

31. EMPLOYEE BENEFITS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Administrative and other expenses				
Wages, salaries and bonuses	10,409,189	9,724,692	540,000	540,000
Contribution to defined contribution plan	1,507,056	1,392,671	-	-
Other benefits	529,429	657,167	165,914	210,307
	12,445,674	11,774,530	705,914	750,307
Capitalised in amounts due from contract customers				
Salaries, wages, bonuses and allowances	4,921,963	6,599,649	-	-
Contribution to defined contribution plan	379,735	445,784	-	-
	5,301,698	7,045,433	-	-
	17,747,372	18,819,963	705,914	750,307

- (a) Included in the employees benefit of the Group and of the Company are remuneration paid to Executive Directors amounting to RM6,208,641 (2016: RM7,928,812) and RM130,293 (2016: RM176,350).
- (b) The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM87,692 (2016: RM84,000).
- (c) Remuneration of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors' fees	631,611	540,000	540,000	540,000
Salaries, and other short term employee benefits:				
Directors	6,208,641	7,928,812	130,293	176,350
Other key management personnel	907,126	944,069	-	-
	7,115,767	8,872,881	130,293	176,350

NOTES TO THE FINANCIAL STATEMENTS

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32. 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 company. The Group also has related party relationship with the entities in which a Director has substantial financial interest.

(b) Significant related party transactions

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	
	2017 RM	2016 RM	2017 RM	2016 RM
<i>With related parties in which a Director has substantial financial interests:</i>				
Contract revenue earned from:				
- Sentosacove Sdn. Bhd.	2,508	6,396,930	-	-
- Oceanfront Land Sdn. Bhd.				
- Oceanic Sdn. Bhd.				
- Oceanview Property Sdn. Bhd.	18,212,947	10,020,366	-	-
- Atlantic Property Sdn. Bhd.				
<i>With a subsidiary</i>				
Dividend income receivable from BSB	-	-	3,500,000	6,000,000

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

The remuneration of the Directors' and other members of key management are disclosed in Note 31 to the financial statements.

33. CAPITAL AND FINANCIAL RISK MANAGEMENT

(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.

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

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 2017 and 30 June 2016.

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	
	2017 RM	2016 RM	2017 RM	2016 RM
RCSB	157,829,832	151,365,009	157,829,832	151,365,009
Borrowings	24,838,265	37,570,146	-	-
Trade and other payables	210,314,052	179,059,277	2,179,349	2,196,679
Financial debts	392,982,149	367,994,432	160,009,181	153,561,688
<u>Less:</u>				
Short term funds	(136,847)	(131,945)	-	-
Cash and bank balances	(153,309,637)	(163,140,593)	(121,404,482)	(113,137,972)
Net debts	239,535,665	204,721,894	38,604,699	40,423,716
Total equity	625,081,718	613,423,382	393,503,130	397,153,459
Net debts	239,535,665	204,721,894	38,604,699	40,423,716
Total equity plus net debts	864,617,383	818,145,276	432,107,829	437,577,175
Gearing ratio (%)	27.70	25.02	8.93	9.24

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 equals to or not less than 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 2017.

(b) Financial risk management

The financial risk management objective of the Group and of the Company 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

(CONTINUED)

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

The Group is exposed mainly to foreign currency risk, interest rate risk, liquidity and cash flow risk and credit risk. Information on the management of the related exposures is detailed below:

(i) Credit risk

Cash deposits and trade and other receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of the 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.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

(iii) Interest rate risk

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.

(iv) 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.

(iv) Foreign currency risk

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 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.

NOTES TO THE FINANCIAL STATEMENTS

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34. MATERIAL LITIGATIONS

- (a) On 30 April 2015, BSB received a Writ of Summons and Statement of Claim dated 21 April 2015 filed by Sentosacove Sdn. Bhd. ('SSB').

SSB is alleging that BSB had breached its contractual and implied duties under an agreement ('Reclamation Agreement') which was entered into between BSB and SSB on 10 September 2010. Under the Reclamation Agreement, BSB was appointed as a contractor to carry out marine reclamation works to reclaim a total area spanning 720 acres in Daerah Klebang, Melaka. SSB is claiming for, inter alia, a Declaration that BSB had breached the Reclamation Agreement and for other consequential and ancillary reliefs.

The Group is rigorously contesting the alleged claims and is of the view that the SSB's claims are without merit and had filed a defence and counter claim in the High Court of Malaya at Kuala Lumpur on 15 May 2015 against SSB, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye.

The next trial of this suit have been fixed on 30 to 31 October 2017 and 21 to 23 November 2017.

In relation to the potential financial/operational impact of the cited litigation on the Group, it is difficult to estimate accurately such impact as the final outcome is dependent on the Court's decision. It is, however, instructive to be guided by the sharing ratio between BSB 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.

- (b) On 5 February 2017, BSB and the Company were served with a Writ of Summons and Statement of Claim dated 2 February 2016 together with the privately owned companies namely Oceanic Sdn. Bhd., Atlantic Property Sdn. Bhd., Oceanfront Land Sdn. Bhd. and Oceanview Property Sdn. Bhd. ('4 Cos') by Datuk Leaw Ah Chye ('Plaintiff') through the Plaintiff's Solicitors.

In September 2010, the 4 Cos entered into reclamation agreement respectively with BSB to carry out land reclamation in Pulau Indah ('Pulau Indah project'). The subject matter of the suit pertains to Pulau Indah project. The initial period for BSB to complete the works under the Reclamation Agreements was 36 months from the date of the agreement; that is sometime in September/October 2013. There was an extension granted for an additional period of 36 months for completion of the reclamation works under the Reclamation Agreements ('Extension of Time') and that is in September 2016.

The Plaintiff contended that from the date of the Extension of Time till the date of this Statement of Claim, BSB had failed to carry out any reclamation works at the site of the Pulau Indah project. Contrary to the allegation, BSB has in fact completed a substantial portion of the works.

On 3 March 2016, BSB and the Company were served with a Statement of Claim dated 1 March 2016 filed by the Plaintiff. The Plaintiff, being the same person in both suits was bringing his legal action in his different capacity. In this suit, the Plaintiff was suing in his representative capacity for and on behalf of the Company, whereas in 1st suit the Plaintiff was bringing an action in his representative capacity for and on behalf of 4 Cos. Both suits involved similar subject matter.

The Group rigorously defended the alleged claims and was of the view that both the Plaintiff's claims were without merit and had filed a striking out application to strike out the Plaintiff's claims.

During the striking out application hearing on 11 November 2016, the High Court allowed the said application in both suits and dismissed the Plaintiff's claims against BSB and the Company and all the other co-defendants on the basis that the Plaintiff had no locus standi to commence both the derivative actions.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

(CONTINUED)

34. MATERIAL LITIGATIONS (continued)

- (c) On 21 July 2015, BSB and OGM (collectively referred to as 'Defendants') were served with a Writ of Summons and Statement of Claim dated 13 July 2015 filed by Glenmarie Cove Development Sdn. Bhd. ('the Plaintiff').

OGM was engaged as a sub-contractor to carry out earthwork, river protection works and other associated works together with the chartering of a dumb barge owned by BSB for the purpose of transporting and/or storing materials used in carrying out the sub-contracted works. The subject barge was anchored approximately 0.6 nautical miles away from the jetty owned and operated by the Plaintiff.

The Plaintiff had commenced legal action alleging negligence by BSB and OGM in causing some damage to the jetty. The Plaintiff was seeking against BSB and OGM inter alia, special damages for the damage to the said jetty.

On 16 November 2016, the Sessions Court had recorded Consent Judgment without admission to liability that the Defendants' insurer shall pay an agreed final settlement sum to the Plaintiff's insurer and no other claims or action shall be commence arising from this subject matter.

- (d) On 17 November 2016, BSB was served with a Writ of Summons and Statement of Claim dated 16 November 2016 by Nusa Waja Sdn. Bhd. and Dewi Pertiwi Development Sdn. Bhd. ('the Plaintiffs').

The Plaintiffs' alleged claim, among others, was that BSB had, without the Plaintiffs' alleged consent, entered into their concession site and was extracting sands from the said area. The Plaintiffs also sought a declaratory order that BSB had allegedly committed trespass to the Plaintiffs' concession site. BSB remained steadfast that the Plaintiffs' claims were without merit and rigorously opposed the Plaintiffs' claim.

BSB further filed a counterclaim against the Plaintiffs for the retention of stockpiles of sand that were been deposited by BSB at the concession area before the Plaintiffs had entered into reclamation agreements with the State Government of Melaka. Via this counterclaim, BSB sought for, inter alia, a declaratory order that the Plaintiffs have wrongfully retained this stockpile of sand and have demanded for the return of the same or alternatively, for damages.

On 10 February 2017, the learned Judge had dismissed the Plaintiffs' injunction application and set aside the ad-interim injunction order obtained with costs to be determined after trial. The trial was thereafter scheduled for 3 and 17 May 2017.

On 17 May 2017, both parties agreed to withdraw their respective claims and counterclaims against one another with no liberty to file afresh and with no order as to costs. Thus, the learned Judge proceeded to strike out the claim and the counterclaim by the parties without liberty to file afresh and with no orders as to costs.

- (e) Benalec Construction Sdn. Bhd. ('BCSB') and Benalec Diversity Sdn. Bhd. ('BDSB') (collectively referred to as 'Defendants'), both wholly-owned subsidiaries of BSB, which in turn is a wholly-owned subsidiary of BHB, had on 3 August 2017 and 7 August 2017 respectively, been served with two (2) separate Writ of Summons and Statements of Claims (collectively referred to as 'Actions') by Hailong Shipping Sdn. Bhd. ('Plaintiff').

The Actions pertains to the Plaintiff's alleged claim for the retention sum arising from two (2) work contracts entered into between the Plaintiff and the Defendants, wherein the Plaintiff was responsible for carrying out sand deliveries for Defendants from the sand concession area to the Defendants' land reclamation project sites.

In relation to the BCSB Writ, the Plaintiff's claims against BCSB are as follows:

- a. Settlement of an outstanding balance amount of RM285,905;
- b. Interest on the outstanding amount at the rate of 5% per annum from the date of filing of the writ until the date of completion of the Action;
- c. Cost of this Action; and
- d. Any other order or relief that the Court deems just and proper.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017
(CONTINUED)

34. MATERIAL LITIGATIONS (continued)

- (e) In relation to the BDSB Writ, the Plaintiff's claims against BDSB are as follows:
- a. Settlement of an outstanding balance amount of RM117,626;
 - b. Interest on the outstanding amount at the rate of 5% per annum from the date of filing of the writ until the date of completion of the Action;
 - c. Cost of this Action; and
 - d. Any other order or relief that the Court deems just and proper.

On 18 September 2017, BSB has served a sealed Writ of Summons and Statement of Claims against Hailong Shipping Sdn. Bhd. for the recovery of, inter alia, the sum of RM565,909 and the interest on the said sum at such rate and for such period deemed fit by the Court. During the case management on 20 September 2017, the Sessions Court gave the directions to file any necessary applications on/before 9 October 2017. The next case management was then fixed on 9 October 2017.

The Group takes the view that it has strong and compelling arguable cases against the Plaintiff and is currently in the process of procuring advice from its legal counsel. Further, the Board and the Management are of the opinion that the Actions have minimal potential financial and operational impact, as the maximum expected claim arising from the Actions, if any, is insignificant (as quantified above) and the Group has more than adequate resources to meet this commitment if circumstances so dictate.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

(a) New MFRSs adopted during the financial year

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

Title	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs Annual Improvements to 2012-2014 Cycle	1 January 2016

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company, other than the adoption of Amendments to MFRS 101 *Disclosure Initiative*, which resulted in the following:

- (a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- (b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

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35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

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

Title	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

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

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36. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

	2017	
	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries		
- Realised	330,628,968	24,807,547
- Unrealised	1,958,713	(5,993,221)
	332,587,681	18,814,326
Add: Consolidation adjustments	21,848,375	-
Total retained earnings in the financial statements	354,436,056	18,814,326

	2016	
	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries		
- Realised	341,811,569	29,164,094
- Unrealised	(4,255,391)	(6,952,572)
	337,556,178	22,211,522
Add: Consolidation adjustments	12,538,695	-
Total retained earnings in the financial statements	350,094,873	22,211,522

GROUP PROPERTIES

AS AT 30 JUNE 2017

A. Summary of Land Held for Sale

No.	PT No.	Lot No.	Description	Land Area (acres)	Existing usage	Tenure / Expired date	NBV as at 30/06/2017 (RM)	Date of acquisition (based on title date)
1	PT 115	HS (D) 69056	Pekan Klebang Sek. III, Melaka Tengah, Melaka.	5.00	Vacant land / Residential	Leasehold & expiring on 09/12/2109	2,556,325	10/12/2010
2	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	37,312,126	25/04/2012
3	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	39,146,474	30/07/2013
4	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	36,691,565	03/10/2013
5	PT 564	HS (D) 80226	Pekan Klebang Sek. II, Melaka Tengah, Melaka	1.51	Vacant land / Commercial	Leasehold & expiring on 07/02/2113	1,333,316	03/07/2014
6	PT 150 - 155	HS (D) 80967 - 72	Pekan Klebang Sek. III, Melaka Tengah, Melaka	29.37	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	22,964,888	21/04/2016
7	PT 156 - 158	HS (D) 80989 - 91	Pekan Klebang Sek. III, Melaka Tengah, Melaka	23.19	Vacant land / Commercial	Leasehold & expiring on 21/04/2115	24,522,610	22/04/2016
8	PT 159 - 160	HS (D) 80992 - 3	Pekan Klebang Sek. III, Melaka Tengah, Melaka	10.87	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	11,493,426	21/04/2016
9	PT 167 - 168	HS (D) 81000 - 1	Pekan Klebang Sek. III, Melaka Tengah, Melaka	11.12	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	11,757,286	21/04/2016
10	PT 169 - 170	HS (D) 80984 - 5	Pekan Klebang Sek. III, Melaka Tengah, Melaka	23.30	Vacant land / Commercial	Leasehold & expiring on 21/04/2115	24,634,927	22/04/2016
11	PT 176 - 177	HS (D) 80982 - 3	Pekan Klebang Sek. III, Melaka Tengah, Melaka	13.41	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	14,179,987	21/04/2016
12	PT 178 - 183	HS (D) 81002 - 7	Pekan Klebang Sek. III, Melaka Tengah, Melaka	47.35	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	50,066,739	21/04/2016
Total				277.54			276,659,669	

GROUP PROPERTIES

AS AT 30 JUNE 2017
(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 30/06/2017 (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 (Headquarters of the Group)	Freehold	2,266,283	10/02/2004
2	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 (Headquarters of the Group)	Freehold	4,425,345	22/07/2011
3	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	1,441,803	26/11/2010
4	PT 9723	HS (D) 27282	Kampung Sijangkang, Batu 7, Kawasan Banting Laut, 42500 Telok Panglima Garang, Kuala Langat, Selangor.	870,903.64 / 31,092.97	Industrial land erected with the cum 2-storey office building. (Shipping fabrication yard & office)	Leasehold & expiring on 03/04/2068	11,506,690	Land : 06/09/2007 Building: 22/10/2010
5	PT 001790	HS (D) 0070078	No. 2, Jalan KL 3/9, Taman Kota Laksamana Sek. 3, 75200 Melaka.	6,088.00	3 storey shop office (Melaka site office)	Leasehold & expiring on 29/05/2110	1,368,314	01/06/2011
6	PT 16149	HS (D) 102335	No. 23, Jalan Perintis U1/52, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor.	21,797.00	Semi-detached double storey factory (Headquarters of the Group)	Freehold	15,292,989	18/03/2016
Total (RM)							36,301,424	

GROUP PROPERTIES

AS AT 30 JUNE 2017

(CONTINUED)

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 30/06/2017 (RM)	Date of acquisition / SPA
1	PT 8655	B-1	Cheng Business Park, Melaka Tengah, Melaka.	2,002.00	2 storey shop office (Vacant)	Freehold	753,592	27/03/2015
2	PT 8658	C-6	Cheng Business Park, Melaka Tengah, Melaka.	1,248.00	1 1/2 storey shop office (Vacant)	Freehold	354,875	27/03/2015
3	PT 21608	C-3	Kompleks Perniagaan Musai Bistari, Melaka.	7,758.00	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,942,467	27/03/2015
4	PT 21608	C-4	Kompleks Perniagaan Musai Bistari, Melaka.	7,654.00	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,940,130	27/03/2015
5	PT 21608	C-5	Kompleks Perniagaan Musai Bistari, Melaka.	7,550.00	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,940,128	27/03/2015
6	PT 21608	C-6	Kompleks Perniagaan Musai Bistari, Melaka.	7,446.00	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,940,127	27/03/2015
7	PT 21608	C-7	Kompleks Perniagaan Musai Bistari, Melaka.	7,345.00	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,940,125	27/03/2015
8	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	2,400,885	27/03/2015
9	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	1,725,442	27/03/2015
10	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	1,540,000	27/03/2015
11	Lot 9174	C-1	Gangsa Avenue, Daerah Alor Gajah, Melaka.	4,370.00	2 storey shop office (Vacant)	Freehold	806,632	03/06/2015
12	Lot 125568	18	Jalan Damar Bayu 5, Telok Glenmarie, Jalan Telok Gong, 42000 Port Klang, Selangor Darul Ehsan.	6,296.89	Double storey detached house (Vacant)	Freehold	1,600,980	17/10/2016
Total (RM)							18,885,383	

STATISTICS OF SHAREHOLDINGS

AS AT 20 SEPTEMBER 2017

Number of Issued Shares	:	811,802,500 (including 12,715,400 treasury shares)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	%	Total Holdings	%
Less than 100	26	0.221	404	0.000
100 to 1,000	526	4.488	422,052	0.052
1,001 to 10,000	5,725	48.856	35,795,424	4.479
10,001 to 100,000	4,755	40.578	164,487,120	20.584
100,001 to 39,954,354*	685	5.845	263,601,700	32.987
39,954,355** and above	1	0.008	334,780,400	41.895
Total	11,718	100.000	799,087,100⁺	100.000

+ Total number of shares issued of 811,802,500 less 12,715,400 treasury shares as per the Record of Depositors as at 20 September 2017.

* Less than 5% of the Issued Shares (excluding treasury shares)

** 5% and above of the Issued Shares (excluding treasury shares)

LIST OF SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 20 SEPTEMBER 2017

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% [^]	No. of Shares	% [^]
Oceancove Sdn Bhd	334,780,400	41.895	-	-
Dato' Leaw Seng Hai	444,100	0.055	334,780,400 ⁽¹⁾	41.895
Datuk Leaw Ah Chye	1,000	0.000	334,780,400 ⁽¹⁾	41.895
Foo Polin	-	-	334,780,400 ⁽²⁾	41.895
Oceanview Cove Sdn Bhd	-	-	334,780,400 ⁽³⁾	41.895

Notes:

[^] The percentages 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 8(4) of the Companies Act, 2016 ("the Act").

⁽²⁾ Deemed interest by virtue of her direct interest in Oceancove Sdn Bhd pursuant to Section 8(4) of the Act.

⁽³⁾ Deemed interest by virtue of its direct interest in Oceancove Sdn Bhd pursuant to Section 8(4) of the Act.

DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS

Directors	Direct Interest		Deemed Interest	
	No of Shares	% [^]	No of Shares	% [^]
Datuk Aznam bin Mansor	-	-	-	-
Dato' Leaw Seng Hai	444,100	0.055	334,780,400 ⁽¹⁾	41.895
Koo Hoong Kwan	270,000	0.033	-	-
Wong Yoke Nyen	-	-	-	-
Leaw Ai Lin	-	-	-	-

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 8(4) of the Act.

STATISTICS OF SHAREHOLDINGS

AS AT 20 SEPTEMBER 2017

(CONTINUED)

TOP THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 20 SEPTEMBER 2017

	Names of Shareholders	No. of Issued Shares	% of Issued Shares
1.	Oceancove Sdn Bhd	334,780,400	41.895
2.	Amsec Nominees (Asing) Sdn Bhd (Pledged Securities Account For Ocean Venture Pte.Ltd.)	14,282,700	1.787
3.	Tham Kin Foong (John)	10,714,200	1.340
4.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for Dimensional Emerging Markets Value Fund)	6,612,100	0.827
5.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc)	5,069,600	0.634
6.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Siaw Teck Siong (E-PDG))	3,688,300	0.461
7.	Citigroup Nominees (Asing) Sdn Bhd (CBNY for DFA Emerging Markets Small Cap Series)	3,667,000	0.458
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Ong Siew Eng @ Ong Chai (8040800))	3,653,200	0.457
9.	Maybank Nominees (Asing) Sdn Bhd (Pledged Securities Account for San Tuan Sam)	3,114,500	0.389
10.	CIMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chan Foong Cheng (Tmn Cheras-CL))	3,000,000	0.375
11.	Maybank Nominees (Tempatan) Sdn Bhd (Soh Peek Tat)	2,700,000	0.337
12.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Loh Yoon Meng @ Loh Yoon Min (E-IMO))	2,540,000	0.317
13.	Tham Kin Kiong	2,497,200	0.312
14.	Beh Sui Loon	1,841,000	0.230
15.	AmSec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account Ambank (M) Berhad for Si Tho Yoke Meng (SMART))	1,800,000	0.225
16.	Lim Siu Luan	1,800,000	0.225
17.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Poh Seng Kian (TJJ/KEN))	1,800,000	0.225

STATISTICS OF SHAREHOLDINGS

AS AT 20 SEPTEMBER 2017

(CONTINUED)

TOP THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 20 SEPTEMBER 2017 (CONTINUED)

	Names of Shareholders	No. of Issued Shares	% of Issued Shares
18.	Teo Guan Lee Holdings Sendirian Berhad	1,765,000	0.220
19.	Esplanade Land Sdn. Bhd.	1,727,100	0.216
20.	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tan Chun Hoe)	1,700,000	0.212
21.	AmSec Nominees (Tempatan) Sdn Bhd (Toh Seng Tat)	1,691,000	0.211
22.	CIMSEC Nominees (Tempatan) Sdn Bhd (Cimb Bank for Mak Ngia Ngia @ Mak Yoke Lum (MM0749))	1,675,200	0.209
23.	Liew Wei Kin	1,671,500	0.209
24.	Goh Boon Soo @ Goh Yang Eng	1,630,000	0.203
25.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for the Hongkong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL))	1,588,100	0.198
26.	Cheah See Han	1,572,700	0.196
27.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Chai Chau @ Peh Chai Chau (M09))	1,530,000	0.191
28.	Ong Chin Kang	1,515,000	0.189
29.	Chong Fu Seong	1,500,000	0.187
30.	Loh Kian Chong	1,500,000	0.187

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWELFTH ANNUAL GENERAL MEETING (“12TH AGM”) OF BENALEC HOLDINGS BERHAD (“BENALEC” OR “THE COMPANY”) WILL BE HELD AT BALLROOM SELANGOR 3, GRAND DORSETT SUBANG HOTEL, JALAN SS12/1, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN ON WEDNESDAY, 22 NOVEMBER 2017 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 2017 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 0.4 Sen for each Ordinary Share in respect of the financial year ended 30 June 2017. | Resolution 1 |
| 3. To approve the payment of Directors’ fees of RM631,611 for the financial year ended 30 June 2017. | Resolution 2 |
| 4. To approve the payment of the Directors’ benefits of RM58,979 to the Non-Executive Directors for the period from 31 January 2017 until the next Annual General Meeting. | Resolution 3 |
| 5. To re-elect Dato’ Leaw Seng Hai, a Director who is retiring by rotation pursuant to Article 108 of the Company’s Constitution and being eligible, has offered himself for re-election. | Resolution 4 |
| 6. To re-elect Ms Leaw Ai Lin, a Director who is retiring pursuant to Article 112 of the Company’s Constitution and being eligible, has offered herself for re-election. | Resolution 5 |
| 7. To re-appoint Messrs BDO as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 6 |

SPECIAL BUSINESS

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

- | | |
|--|---------------------|
| 8. Proposed Re-Appointment of Mr Koo Hoong Kwan as Director of the Company | Resolution 7 |
| <p>“THAT Mr Koo Hoong Kwan who retires at the conclusion of this 12th Annual General Meeting of the Company, be and is hereby re-appointed as Director of the Company.”</p> | |
| 9. Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 | Resolution 8 |
| <p>“THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”) and the Constitution of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued during the preceding 12 months does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being 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.”</p> | |

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

10. **Proposed Renewal of Authority for the Company to Purchase its own shares of up to Ten Percent of the Total Number of Issued Shares of the Company** **Resolution 9**

“THAT, subject always to the Companies Act 2016 (“the Act”), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- a. the aggregate number of shares purchased does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- b. the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the purchase(s); and
- c. the Directors of the Company may decide to:-
 - i. retain the shares purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; and/or
 - ii. cancel the shares so purchased; and/or
 - iii. retain part of the shares so purchased as treasury shares and cancel the remainder in the manner as allowed by the Act.

THAT such authority shall commence upon passing of this resolution and shall continue to be in force until:-

- a. the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such resolution was passed at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- b. the expiration of the period within which the next Annual General Meeting of the Company after the date is required by law to be held; or
- c. revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Act, the provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Securities and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities.”

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

11. Proposed Grant of Options to Ms Leaw Ai Lin, an Executive Director of the Company

Resolution 10

“THAT the Option Committee of the Company for administering the Share Issuance Scheme (“SIS”) be and is hereby authorised at any time and from time to time, during the existence of the SIS, to offer and to grant to Ms Leaw Ai Lin, an Executive Director of the Company, options to subscribe for the new Shares under the SIS and to allot and issue from time to time new Shares upon exercise of such options, provided always that:-

- i. she must not participate in the deliberation or discussion of her own allocation of the number of Options to be offered to her, as well as that of the persons connected with her, under the SIS; and
- ii. not more than ten percent (10%) (or such percentage as allowable by the relevant authorities) of the new Shares available under SIS shall be allocated to her, if she, either singly or collectively through persons connected with her (as defined in the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares); and

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the SIS and any prevailing guidelines issued by Bursa Securities, the MMLR of Bursa Securities or any other relevant authorities as amended from time to time.”

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of shareholders at the Twelfth Annual General Meeting of the Company to be held on Wednesday, 22 November 2017, the Final Single Tier Dividend of 0.4 Sen for each Ordinary Share for the financial year ended 30 June 2017 will be paid on Friday, 2 February 2018 to the shareholders of the Company whose names appear in the Record of Depositors on Friday, 5 January 2018. The entitlement date for the dividend payment is on Friday, 5 January 2018.

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 5 January 2018 in respect of ordinary transfers; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board of
BENALEC HOLDINGS BERHAD

WONG WAI FOONG (MAICSA 7001358)
LIM WEI LEE (MAICSA 7064249)
Company Secretaries
Kuala Lumpur

24 October 2017

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

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.*
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, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, 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 Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 15 November 2017. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote on his stead.*

Explanatory Note on Ordinary Business

Note A – To receive Audited Financial Statement for the financial year ended 30 June 2017

This agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act 2016, the audited financial statements does not require approval of the shareholders. Hence, this resolution is not put forward to the shareholders for voting.

Ordinary Resolution 2 and 3 – To approve the payment of the Directors' fees and benefits

The proposed Ordinary Resolution 2 and 3, if passed, will facilitate the payment of Directors' fees and benefits for the period commencing 31 January 2017 through the next Annual General Meeting.

The Remuneration Committee and the Board have reviewed the Directors' fees after taking into account fee levels and trends for similar positions in the market and time commitment required from the Directors.

The Non-Executive Directors are entitled to the meeting allowance of the Company for RM500 per member and RM1,000 for the Chairman, for each meeting attended. The estimated Directors' meeting allowance of RM22,000 is based on the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committees of the Company during the period from 31 January 2017 until the next Annual General Meeting. The Directors' benefits (other than Directors' fees and Board Committees' fees) comprise attendance allowances and other benefits such as insurance coverage and other claimable benefits.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Explanatory Notes on Special Business

Ordinary Resolution 7 – Proposed Re-appointment of Mr Koo Hoong Kwan as Director of the Company

Mr Koo Hoong Kwan, who was re-appointed at the Eleventh Annual General Meeting of the Company held on 28 November 2016, shall retire at the conclusion of this Twelfth Annual General Meeting of the Company. Based on the Nomination Committee's recommendation, the Board recommended the re-appointment of Mr Koo Hoong Kwan as Director to the shareholders for consideration at this Twelfth Annual General Meeting. Mr Koo Hoong Kwan, as a Chairman of the Nomination Committee of the Company, had abstained from the deliberations and voting pertaining to his re-appointment at the Nomination Committee and Board of Directors' meetings.

Ordinary Resolution 8 - Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 8 is the renewal of general mandate ("general mandate") under Sections 75 and 76 of the Companies Act 2016 ("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, which the Directors of the Company consider to be in the best interest of the Company. 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 Sections 75 and 76 of the Act under the general mandate approved at the Eleventh Annual General Meeting of the Company held on 28 November 2016. The Company did not issue any new shares pursuant to the mandate granted because there were no investment(s), acquisition(s) or working capital that required fund raising activity.

Ordinary Resolution 9 - Proposed Renewal of Authority for the Company to Purchase its own shares of up to Ten Percent of its Issued and Paid-up Share Capital

The proposed Ordinary Resolution 9, if passed, will empower the Directors to purchase the Company's shares through Bursa Malaysia Securities Berhad up to ten percent (10%) of the total number of issued shares of the Company for the time being. This authority will expire at the conclusion of the next Annual General Meeting unless earlier revoked or varied by ordinary resolution passed by shareholders at a general meeting.

For further information on this resolution, please refer to the Circular to Shareholders in relation to the Proposed Renewal of Authority for Share Buy-Back dated 24 October 2017 which is despatched together with the Annual Report 2017.

Ordinary Resolution 10 – Proposed Grant of Options to Ms Leaw Ai Lin, an Executive Director of the Company

The proposed Ordinary Resolution 10, if passed, will empower the Company to grant options to Ms Leaw Ai Lin, an Executive Director of the Company, to allow her to subscribe for the new Shares under the Share Issuance Scheme of the Company.

For further information on this resolution, please refer to the Circular to Shareholders in relation to the Proposed Grant of Options under the Share Issuance Scheme to Ms Leaw Ai Lin, an Executive Director of the Company dated 24 October 2017.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) and Appendix 8A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individuals who are standing for election as Directors.

No individual is seeking election as a Director (excluding the Directors who are standing for re-election or re-appointment) at the Twelfth Annual General Meeting ("12th AGM") of the Company.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Details of the general mandate to allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in Explanatory Notes on Special Business of the Notice of the 12th AGM in this Annual Report.

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CDS Account No	
No. of shares held	

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 **Twelfth Annual General Meeting ("12th AGM")** of the Company to be held at the **Ballroom Selangor 3, Grand Dorsett Subang Hotel, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan** on **Wednesday, 22 November 2017** 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 Single Tier Dividend for the financial year ended 30 June 2017	Resolution 1		
2.	Payment of Directors' fees of RM631,611 for the financial year ended 30 June 2017	Resolution 2		
3.	Payment of the Directors' benefits of RM58,979 to the Non-Executive Directors for the period from 31 January 2017 until the next Annual General Meeting	Resolution 3		
4.	Re-election of Dato' Leaw Seng Hai as Director pursuant to Article 108 of the Company's Constitution	Resolution 4		
5.	Re-election of Ms Leaw Ai Lin as Director pursuant to Article 112 of the Company's Constitution	Resolution 5		
6.	Re-appointment of Messrs BDO as Auditors and to authorise the Directors to fix their remuneration	Resolution 6		
7.	Proposed Re-appointment of Mr Koo Hoong Kwan as Director of the Company	Resolution 7		
8.	Authority to issue shares pursuant to Section 75 and 76 of the Companies Act 2016	Resolution 8		
9.	Proposed Renewal of Authority for the Company to Purchase its own shares of up to Ten Percent of its Issued and Paid-up Share Capital	Resolution 9		
10.	Proposed Grant of Options to Ms Leaw Ai Lin, an Executive Director of the Company	Resolution 10		

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/proxies will vote or abstain as he/they may think fit.

Signed this _____ day of _____, 2017

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.
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 appointer 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 Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 15 November 2017. 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.

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The Share Registrar

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

Affix
stamp

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TG PIAI

MARITIME INDUSTRIAL PARK

PENGERANG

MARITIME INDUSTRIAL PARK





BENALEC HOLDINGS BERHAD (702653-V)

Listed on the Main Market of Bursa Malaysia Securities Berhad

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

www.benalec.com.my

