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(The photograph illustrates a land reclamation project by Benalec Holdings Berhad and its subsidiaries ("Benalec Group"). However, certain properties and assets depicted in the photograph do not belong to the Benalec Group.)

BENALEC HOLDINGS BERHAD | PROSPECTUS




BENALEC HOLDINGS BERHAD
 (Company No. 702653-V)
 (Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 100,000,000 NEW ORDINARY SHARES OF RM0.25 EACH ("SHARES") ("PUBLIC ISSUE SHARES") IN THE FOLLOWING MANNER:-

- 36,500,000 PUBLIC ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 6,500,000 PUBLIC ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF BENALEC AND ITS SUBSIDIARIES ("BENALEC GROUP" OR "GROUP"); AND
 - 57,000,000 PUBLIC ISSUE SHARES MADE AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS;
- AND**

OFFER FOR SALE OF 130,000,000 EXISTING SHARES ("OFFER SHARES") IN THE FOLLOWING MANNER:-

- 73,000,000 OFFER SHARES MADE AVAILABLE FOR APPLICATION BY BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY; AND
- 57,000,000 OFFER SHARES MADE AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS.

AT AN ISSUE/OFFER PRICE OF RM1.00 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION PURSUANT TO OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

Principal Adviser, Sole Underwriter and Sole Placement Agent

AmInvestment Bank Berhad

(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

A member of



AmInvestment Bank

Group

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO SECTION 3 FOR "RISK FACTORS".

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA.

THIS PROSPECTUS IS DATED 28 DECEMBER 2010

RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND OFFERORS HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THE PROSPECTUS FALSE OR MISLEADING.

AmINVESTMENT BANK BERHAD, A MEMBER OF AmINVESTMENT BANK GROUP, BEING OUR PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING ("IPO").

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR THE OFFERING (WHERE APPLICABLE) AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE IPO, OUR COMPANY OR OUR SECURITIES.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE HEREIN BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS. BURSA SECURITIES MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETENESS OF THIS PROSPECTUS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THIS PROSPECTUS.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

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SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE IPO FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE SECURITIES OF OUR COMPANY ARE CLASSIFIED AS SHARIAH-COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC ("SAC") BASED ON THE PROFORMA CONSOLIDATED FINANCIAL STATEMENTS OF BENALEC HOLDINGS BERHAD FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THE PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SAC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SYARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER OF EACH YEAR.

THE ACCEPTANCE OF APPLICATIONS FOR THE SHARES IS CONDITIONAL UPON PERMISSION BEING GRANTED BY BURSA SECURITIES FOR THE QUOTATION OF THE ENTIRE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY ON THE MAIN MARKET OF BURSA SECURITIES. ACCORDINGLY, ALL MONIES PAID IN RESPECT OF ANY APPLICATION ACCEPTED WILL BE RETURNED WITHOUT INTEREST TO THE APPLICANTS IF THE AFORESAID PERMISSION IS NOT GRANTED WITHIN SIX (6) WEEKS FROM THE DATE OF ISSUE OF THIS PROSPECTUS (OR SUCH LONGER PERIOD AS MAY BE SPECIFIED BY THE SC), PROVIDED THAT THE COMPANY IS NOTIFIED BY BURSA SECURITIES WITHIN THE AFORESAID TIME FRAME. IF SUCH MONIES ARE NOT REPAID WITHIN FOURTEEN (14) DAYS AFTER THE COMPANY BECOMES LIABLE TO DO SO, THE PROVISION OF SUB-SECTION 243(2) OF THE CMSA SHALL APPLY ACCORDINGLY.

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT <http://www.bursamalaysia.com>. THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

YOU MAY ALSO OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT <http://www.eipocimb.com>, THE WEBSITE OF CIMB BANK BERHAD AT <http://www.cimbclicks.com.my>, THE WEBSITE OF MALAYAN BANKING BERHAD AT <http://www.maybank2u.com.my>, THE WEBSITE OF RHB BANK BERHAD AT <http://www.rhbbank.com.my>, THE WEBSITE OF AFFIN BANK BERHAD AT <http://www.affinOnline.com> AND THE WEBSITE OF PUBLIC BANK BERHAD AT <http://www.pbepbank.com> VIA HYPERLINK TO THE WEBSITE OF BURSA SECURITIES.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. INTERNET APPLICATIONS MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT ABOUT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE MALAYSIAN ISSUING HOUSE SDN BHD, A PAPER / PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER / PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER / PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES") WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, INVESTORS ACKNOWLEDGE AND AGREE THAT:-

- (I) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, THE CONTENT ON, OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;

- (ii) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (iii) ANY DATA FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

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- (ii) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF THE ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURED MEDIUM.

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THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA. THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE OFFERING OR YOU ARE OR MIGHT BE SUBJECT. NEITHER WE NOR THE ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE OFFERING SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

THE CIRCULATION OF THIS PROSPECTUS AND THE ISSUE, OFFER OR INVITATION OF THE SECURITIES MAY BE RESTRICTED IN CERTAIN JURISDICTIONS OUTSIDE MALAYSIA AND THEREFORE PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES SHALL SEEK ADVICE ON AND OBSERVE ANY SUCH RESTRICTIONS. THIS PROSPECTUS DOES NOT CONSTITUTE AN ISSUE, OFFER OR INVITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH ISSUE, OFFER OR INVITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH ISSUE, OFFER OR INVITATION.

OUR SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES OF AMERICA ("US") SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR TRANSFERRED WITHIN OR INTO THE US, EXCEPT PURSUANT TO AN EXEMPTION UNDER THE US SECURITIES ACT. OUR SHARES ARE BEING OFFERED AND SOLD TO CERTAIN PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S OF THE US SECURITIES ACT.

IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE OFFERING WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE OFFERING WOULD BE IN COMPLIANCE WITH THE TERMS OF THE OFFERING AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECT. WE WILL FURTHER ASSUME THAT YOU HAD RECEIVED THE PROSPECTUS AND ACCEPTED THE OFFERING IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECT ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE OFFERING, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE AN ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

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INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Malaysia Securities Berhad is set out below:-

<u>Date</u>	<u>Event</u>
28 December 2010	: Issue of Prospectus / opening date of the Initial Public Offering ("IPO")

Tentative Dates

6 January 2011	: Closing date of the IPO
10 January 2011	: Tentative date for balloting of applications
14 January 2011	: Tentative date for allotment of IPO Shares
17 January 2011	: Tentative listing date

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.

THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 5.00 P.M. ON 6 JANUARY 2011 OR FOR SUCH FURTHER PERIOD OR PERIODS AS OUR DIRECTORS, PROMOTERS AND OFFERORS TOGETHER WITH OUR SOLE UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE. WE WILL NOT ACCEPT LATE APPLICATIONS.

IN THE EVENT THAT THE CLOSING DATE FOR THE APPLICATIONS IS EXTENDED, YOU WILL BE NOTIFIED OF THE CHANGE IN A WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA NEWSPAPER IN MALAYSIA. SHOULD THE APPLICATION PERIOD BE EXTENDED, THE DATES FOR THE BALLOTING OF THE APPLICATIONS AND THE LISTING OF OUR COMPANY WILL BE EXTENDED ACCORDINGLY.

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DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings -

- Acquisitions** : Collectively, the Acquisition of BSB, Acquisition of BenShip and Acquisition of Oceanliner
- Acquisition of BSB** : The acquisition by our Company of 100% of the issued and paid-up share capital of BSB comprising 730,000 ordinary shares of RM10.00 each for a purchase consideration of RM153,369,559, which was satisfied by the issuance of 613,478,236 new Shares, credited as fully paid-up at an issue price of RM0.25 per Share, which forms part of the Listing Scheme
- Acquisition of BenShip** : The acquisition by our Company of 100% of the issued and paid-up share capital of BenShip comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM3,678,253 which was wholly satisfied by the issuance of 14,713,012 new Shares, credited as fully paid-up at an issue price of RM0.25 per Share, which forms part of the Listing Scheme
- Acquisition of Oceanlec Vessels** : Acquisition by Oceanliner of eleven (11) vessels (comprising eight (8) barges and three (3) tugboats) from Oceanlec for a total purchase consideration of SGD28,000,000 (or RM65.212 million based on an exchange rate of SGD1:RM2.329) to be settled via the assumption of Oceanlec's bank borrowings amounting to SGD8,546,601 (or RM19.904 million based on an exchange rate of SGD1:RM2.329) and the balance of SGD19,453,399 (or RM45.308 million based on an exchange rate of SGD1:RM2.329) via creation of indebtedness by Oceanliner to Oceanlec. The said acquisition was deemed completed on 17 September 2010
- Acquisition of Oceanliner** : The acquisition by our Company of 100% of the issued and paid-up share capital of Oceanliner comprising 200,000 ordinary shares of SGD1.00 each for a purchase consideration of RM452,186 which was wholly satisfied by the issuance of 1,808,744 new Shares, credited as fully paid-up at an issue price of RM0.25 per Share, which forms part of the Listing Scheme
- Acquisition of OML** : The acquisition by BSB of 100% of the issued and paid-up share capital of OML from OGSB comprising 2,432,067 ordinary shares of USD1.00 each for a purchase consideration of RM7.5 million (based on exchange rate of USD1:RM3.084 as at 29 September 2010), which was wholly satisfied by BSB via the creation of indebtedness of RM7.5 million to OGSB and deemed completed on 30 September 2010
- Acquisition of Pacific** : The acquisition by BSB of 100% of the issued and paid-up share capital of Pacific from OGSB comprising 18,645,829 ordinary shares of USD1.00 each for a purchase consideration of RM57.5 million (based on exchange rate of USD1:RM3.084 as at 29 September 2010), which was wholly satisfied by BSB via the creation of indebtedness of RM57.5 million to OGSB and deemed completed on 30 September 2010
- Acquisitions of OML and Pacific** : The Acquisition of OML and the Acquisition of Pacific, collectively

DEFINITIONS (Cont'd)

Act	:	Companies Act, 1965
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
Admission	:	Admission of the entire issued and paid-up capital of Benalec to the Official List of the Main Market of Bursa Securities
AHTS	:	Anchor-handling tug supply. AHTS are vessels with high horsepower capable of towing oil rigs, platforms and other steel structures and secure them at specific locations, but are constructed with larger open deck space to enable the vessel to also transport supplies
AmlInvestment Bank	:	AmlInvestment Bank Berhad (23742-V), a member of AmlInvestment Bank Group
Application	:	The application for the IPO Shares by way of Application Forms or by way of Electronic Share Application or Internet Share Application
Application Form(s)	:	The printed Application Form(s) for the application for the IPO Shares
ATM	:	Automated Teller Machine
BCA	:	Building and Construction Authority, Singapore
Benalec or the Company	:	Benalec Holdings Berhad (702653-V)
Benalec Group or the Group	:	Benalec and our subsidiaries
BenShip	:	Benalec Shipyard Sdn Bhd (49956-P)
BNM	:	Bank Negara Malaysia
Board or Directors	:	Board of Directors of Benalec
BSB	:	Benalec Sdn Bhd (39054-A)
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W), a subsidiary of Bursa Securities
Bursa Securities or Stock Exchange	:	Bursa Malaysia Securities Berhad (635998-W)
CAGR	:	Compound annual growth rate
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
Central Depositories Act	:	Securities Industry (Central Depositories) Act, 1991
CIDB	:	Construction Industry Development Board
CMSA	:	Capital Markets and Services Act 2007

DEFINITIONS (Cont'd)

Deposited Security	:	A security in our Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Central Depositories Act and the Rules
Depositor	:	A holder of a Securities Account
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
Electronic Share Application or ESA	:	An application for the IPO Shares through a Participating Financial Institutions' ATM
EPIRB	:	Emergency Position-Indicating Radio Beacons
EPS	:	Earnings per Share
EPU	:	Economic Planning Unit
ESOS	:	Employee Share Option Scheme
ESOS Options	:	The right to subscribe for new Shares upon acceptance of an offer under the ESOS
FPE	:	Financial period ended
Frost & Sullivan	:	Frost & Sullivan Malaysia Sdn Bhd
FRS	:	Financial Reporting Standards
FYE	:	Financial year ended / ending
GDP	:	Gross domestic product
GMDSS	:	Global Maritime Distress Safety System
GP	:	Gross profit
HP	:	Horse power, being a measurement of power of a vessel
HUSB	:	Haruman Utama Sdn Bhd (399706-T)
Internal Restructuring	:	Collectively, the Acquisitions of OML and Pacific and the Acquisition of Oceanlec Vessels
Internet Participating Financial Institution(s)	:	Participating organisations in the Internet Share Application, as listed in Section 17.7(II) of this Prospectus
Internet Share Application	:	Application for the IPO Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering comprising the Public Issue and the Offer For Sale, collectively
IPO Price	:	RM1.00 per IPO Share, being the price payable by investors under the Public Issue and Offer For Sale

DEFINITIONS (Cont'd)

IPO Share(s)	:	The Public Issue Shares and Offer Shares, collectively
ISO	:	International Organisation for Standardisation, a developer and publisher of international standards
JKR	:	Public Works Department Malaysia (Jabatan Kerja Raya)
JPS	:	Department of Irrigation and Drainage (Jabatan Pengairan dan Saliran)
LADA	:	Langkawi Development Authority
Land Portion	:	The portion of the land which we have reclaimed for our customers, allocated to our Group as settlement or part-settlement for our marine construction services
Leaw Brothers	:	Leaw Ah Chye, Datuk Leaw Tua Choon and Leaw Seng Hai, collectively
Listing	:	Admission to the Official List and the listing of and quotation for our entire issued and paid up share capital of RM182,500,000 comprising 730,000,000 Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Listing Scheme	:	The Subdivision, Acquisitions, Public Issue, Offer for Sale, ESOS and Listing collectively
LFSA	:	Labuan Financial Services Authority
LPD	:	30 November 2010, being the latest practicable date prior to the printing of this Prospectus
Malaysian Public or Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	A day on which the stock market of the Bursa Securities is open for trading in securities
MI	:	Minority interests
MADA	:	Muda Agriculture Development Authority (Lembaga Kemajuan Pertanian Muda)
MIDA	:	Malaysian Industrial Development Authority (Lembaga Kemajuan Perindustrian Malaysia)
MIH or Issuing House	:	Malaysian Issuing House Sdn Bhd (258345-X)
MITI	:	Ministry of International Trade and Industry
MoF	:	Ministry of Finance
NA	:	Net assets
NBV	:	Net book value
NTA	:	Net tangible assets

DEFINITIONS (Cont'd)

Oceancove	:	Oceancove Sdn Bhd (863187-T)																		
Oceanlec	:	Oceanlec Pte Ltd (200717077C)																		
Oceanliner	:	Oceanliner Pte Ltd (200910031W)																		
Oceanview	:	Oceanview Cove Sdn Bhd (898867-V)																		
Offer for Sale or Offer	:	Offer for sale by the Offerors of the Offer Shares in the following manner:- (i) 73,000,000 Offer Shares made available for application by Bumiputera investors approved by MITI; and (ii) 57,000,000 Offer Shares made available for private placement to selected investors; at an offer price of RM1.00 per Share, payable in full upon application, subject to the terms and conditions of this Prospectus.																		
Offer Shares	:	130,000,000 existing Shares which are the subject of the Offer for Sale																		
Offerors	:	Collectively, the following shareholders:-																		
		<table border="1"> <thead> <tr> <th>Shareholders</th> <th>No. of Offer Shares</th> <th>% of Enlarged Share Capital</th> </tr> </thead> <tbody> <tr> <td>Leaw Seng Hai</td> <td>43,035,649</td> <td>5.90</td> </tr> <tr> <td>Leaw Ah Chye</td> <td>34,733,643</td> <td>4.76</td> </tr> <tr> <td>Datuk Leaw Tua Choon</td> <td>34,264,872</td> <td>4.69</td> </tr> <tr> <td>Foo Polin</td> <td>17,965,836</td> <td>2.46</td> </tr> <tr> <td>Total</td> <td>130,000,000</td> <td>17.81</td> </tr> </tbody> </table>	Shareholders	No. of Offer Shares	% of Enlarged Share Capital	Leaw Seng Hai	43,035,649	5.90	Leaw Ah Chye	34,733,643	4.76	Datuk Leaw Tua Choon	34,264,872	4.69	Foo Polin	17,965,836	2.46	Total	130,000,000	17.81
Shareholders	No. of Offer Shares	% of Enlarged Share Capital																		
Leaw Seng Hai	43,035,649	5.90																		
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Datuk Leaw Tua Choon	34,264,872	4.69																		
Foo Polin	17,965,836	2.46																		
Total	130,000,000	17.81																		
Official List	:	The official list of the Main Market of Bursa Securities																		
OGSB	:	Oriental Grandeur Sdn Bhd (253369-X)																		
OGMSB	:	Oriental Grandeur Marine Sdn Bhd (555358-K)																		
OHSAS 18001	:	Occupation Health and Safety Assessment Series for health and safety management systems																		
OML	:	Ocean Marine Ltd (LL07031)																		
Pacific	:	Pacific Ltd (LL07033)																		
Participating Financial Institution(s)	:	The participating financial institution(s) for Electronic Share Application as listed in Section 17.6(ii)(p) of this Prospectus																		
PAT	:	Profit after taxation																		
PBT	:	Profit before taxation																		
PE Multiple	:	Price earnings multiple																		

DEFINITIONS (Cont'd)

Pink Form Shares	:	The 6,500,000 Public Issue Shares of our Company representing approximately 0.89% of the enlarged issued and paid-up share capital of our Company at the IPO Price to the eligible Directors, employees and business associates of our Group
PKK	:	Contractor Services Centre of the Ministry of Works (Pusat Khidmat Kontraktor Kementerian Kerja Raya Malaysia)
PQP	:	Project quality plan, which states the specific procedures, works programme, licenses to be obtained (if required), resources and manpower to be committed, list of suppliers and sub-contractors to be involved and other details relating to a project
Prescribed Security	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
Principal Adviser	:	AmlInvestment Bank
Promoters	:	Oceancove, the Leaw Brothers and Foo Polin, collectively
Prospectus	:	This Prospectus dated 28 December 2010 issued by our Company in respect of the IPO
Public Issue	:	Public issue of the Public Issue Shares in the following manner:- <ul style="list-style-type: none"> (i) 36,500,000 Public Issue Shares made available for application by the Malaysian public; (ii) 6,500,000 Public Issue Shares made available for application by our eligible Directors, employees and business associates of Benalec and its subsidiaries; (iii) 57,000,000 Public Issue Shares made available for private placement to selected investors; at an issue price of RM1.00 per Share, payable in full upon application, subject to the terms and conditions of this Prospectus.
Public Issue Shares / Issue Shares	:	The 100,000,000 new Shares in the Company which are the subject of the Public Issue
Raine & Horne or Independent Registered Valuers	:	Raine & Horne International Zaki + Partners Sdn Bhd (99440-T), an independent firm of valuers
Record of Depositors	:	A record provided by Bursa Depository to our Company under Chapter 24 of the Rules
Regulation S	:	Regulation S under the US Securities Act, 1993
RM and sen	:	Ringgit Malaysia and sen respectively
RPT(s)	:	Related-party transaction(s)
Rules	:	Rules of Bursa Depository

DEFINITIONS (Cont'd)

R&D	:	Research and development
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission
SC Guidelines	:	SC's Equity Guidelines
Securities Account	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
SGD	:	Singapore Dollar
Share(s)	:	Ordinary share(s) of RM0.25 each in Benalec
SIRIM	:	Standards and Industrial Research Institute of Malaysia (Institut Penyelidikan Industri dan Standard Malaysia)
Sole Underwriter	:	AmlInvestment Bank
SOSB	:	Strategic Oscar Sdn Bhd (390622-W)
SSB	:	Sentosacove Sdn Bhd (672354-K)
Subdivision	:	Subdivision of every one (1) ordinary share of RM1.00 each into four (4) subdivided shares of RM0.25 each in the Company
TSHD	:	Trailer suction hopper dredger
UK	:	United Kingdom
Underwriting Agreement	:	The underwriting agreement dated 6 December 2010 between our Company and Sole Underwriter
US	:	United States of America
USD	:	US Dollar
€	:	Euro Dollar

Words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include a company or a corporation.

Any enactment referred to in this Prospectus is a reference to that enactment for the time being amended or re-enacted.

PRESENTATION OF INFORMATION

All references to "Benalec" and "Company" in this Prospectus are to Benalec. References to "our Group" are to our Company and our subsidiaries, and references to "we", "us", "our" and "ourselves" are to our Company, and where the context requires, includes our subsidiaries.

Unless the context otherwise requires, references to "management" are to our Directors and key management personnel as at the date of this Prospectus. Statements as to our beliefs, expectations, estimates and opinions are those of our Directors.

Certain acronyms, technical terms and other abbreviations used are defined in the "Definitions" section of this Prospectus. Words denoting the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include companies or corporations.

Any reference in this Prospectus, the Application Form(s), Electronic Share Applications or Internet Share Applications to any legislation, statute or statutory provision is a reference to that legislation, statute or statutory provision for the time being as amended or re-enacted, and to any repealed legislation, statute or statutory provision which it re-enacts (with or without modification). Any word defined in the Act, CMSA, Listing Requirements or any statutory modification thereof and used in this Prospectus and the Application Form(s) shall, where applicable, have the meaning ascribed to it under the Act, CMSA, Listing Requirements or any statutory modification thereof (as the case may be).

Any reference to a time of day in this Prospectus, the Application Form(s), Electronic Share Applications or Internet Share Applications shall be a reference to Malaysia time unless otherwise stated.

The information on our websites, or any website directly or indirectly linked to such websites does not form part of this Prospectus and you should not rely on it.

The term "entity" includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest tenth/ hundredth or one/ two decimal places. Any numeric discrepancies in the tables included in this Prospectus between the listed amounts and the totals thereof are due to rounding differences.

This Prospectus contains forward-looking statements, which are statements other than statements of historical facts, and are based on assumptions that are subject to known and unknown risks, uncertainties and contingencies. The words, such as "believe", "plan", "expect", "intend", "estimate" and similar expressions are used to identify such forward-looking statements. These forward-looking statements represent our Directors' views and beliefs with respect to the future of our Group, and do not constitute a guarantee of the future performance of our Group.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Address	Occupation	Nationality
Aznam Bin Mansor	Independent Non-Executive Chairman	C-G-1 Madge Residences No. 15, Jalan Madge 55000 Kuala Lumpur	Advocate and Solicitor	Malaysian
Leaw Seng Hai	Group Managing Director	No. 2458K, Taman Lumba Kuda 05250 Alor Setar Kedah Darul Aman	Company Director	Malaysian
Datuk Leaw Tua Choon	Non-Independent Executive Director	52, Jalan AP 5 Alai Perdana 75460 Alai Melaka	Company Director	Malaysian
Leaw Ah Chye	Non-Independent Executive Director	No. 2405, Lebuhraya Darulaman 05100 Alor Setar Kedah Darul Aman	Company Director	Malaysian
Wong Yoke Nyen	Independent Non-Executive Director	48, Jalan 17/33 Taman Tan Sri Lee Yan Lian 46400 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Koo Hoong Kwan	Independent Non-Executive Director	53 Jalan 21/31 S.E.A. Park 46300 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Koo Hoong Kwan	Chairman of Audit Committee	Independent Non-Executive Director
Aznam Bin Mansor	Member of Audit Committee	Independent Non-Executive Chairman
Wong Yoke Nyen	Member of Audit Committee	Independent Non-Executive Director

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CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Chung Phaik Khe (MAICSA No. 7048081)
No. 85, Jalan SS 5A/8
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
- Wong Wai Foong (MAICSA No.7001358)
1164, Jalan 17/46
Happy Garden
46400 Petaling Jaya
Selangor Darul Ehsan
- Tham Wai Ying (MAICSA No.7016123)
46, Jalan Midah 19-A
Taman Midah
56000 Kuala Lumpur
- REGISTERED OFFICE** : Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No. : (03) 2264 8888
Facsimile No. : (03) 2282 2733 / 2264 8997
- HEAD OFFICE** : No. 38 Jalan Pengacara U1/48
Temasya Industrial Park, Glenmarie
40150 Shah Alam
Selangor Darul Ehsan
Telephone No. : (03) 5569 7366 / 8366 / 9366
Facsimile No. : (03) 55690366
E-mail : enquiry@benalec.com.my
- SHARE REGISTRAR** : Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No. : (03) 2264 3883
Facsimile No. : (03) 2282 1886
- REPORTING ACCOUNTANTS
AND AUDITORS** : BDO (AF: 0206)
12th Floor, Menara Uni.Asia
1008, Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No. : (03) 2616 2888
Facsimile No. : (03) 2616 3190 / 3191
- SOLICITORS FOR THE IPO** : Wong Beh & Toh
Peti #30, Level 19, West Block
Wisma Selangor Dredging
142-C Jalan Ampang
50450 Kuala Lumpur
Telephone No. : (03) 2713 6050
Facsimile No. : (03) 2713 6052

CORPORATE DIRECTORY (Cont'd)

VALUERS Raine & Horne International Zaki + Partners Sdn Bhd (99440-T)
Perpetual 99
Jalan Raja Muda Abdul Aziz
50300 Kuala Lumpur
Telephone No. : (03) 2698 0911
Facsimile No. : (03) 2691 1959

PRINCIPAL BANKERS : Malayan Banking Berhad (3813-K)
Shah Alam Business Centre
Level 2, Bangunan Maybank
Lot 10, Persiaran Perbandaran
Section 14
40000 Shah Alam
Selangor Darul Ehsan
Telephone No. : (03) 5511 6949 / 6952
Facsimile No. : (03) 5511 6946

United Overseas Bank (Malaysia) Bhd (271809-K)
Commercial Banking Centre
Central Area II
2nd Floor, Wisma UOB
2108, Jalan Meru
P.O.Box 98
41710 Klang
Selangor Darul Ehsan
Telephone No. : (03) 3342 0712
Facsimile No. : (03) 3344 3813

CIMB Islamic Bank Berhad (671380-H)
Level 2, Lot P5.5
Persiaran Perbandaran
Bangunan UMNO
Section14
40675 Shah Alam
Selangor Darul Ehsan
Telephone No. : (03) 5511 0395
Facsimile No. : (03) 5511 3508

AmBank (M) Berhad (8515-D)
Business Banking Head Office
Level 18
Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone No. : (03) 2026 3939
Facsimile No. : (03) 2026 6855

INDEPENDENT MARKET RESEARCH CONSULTANTS : Frost & Sullivan Malaysia Sdn Bhd
Suite E-08-15, Block E, Plaza Mont' Kiara
2, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Telephone No. : (03) 6204 5800
Facsimile No. : (03) 6201 7402

CORPORATE DIRECTORY (Cont'd)

ISSUING HOUSE	: Malaysian Issuing House Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46, 47301 Petaling Jaya Selangor Darul Ehsan Telephone No. : (03) 7841 8000 Facsimile No. : (03) 7841 8150
PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT	: AmInvestment Bank Berhad (23742-V) (A member of AmInvestment Bank Group) 22nd Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Telephone No. : (03) 2036 2633 Facsimile No. : (03) 2070 8596
SHARIAH ADVISER	: AmInvestment Bank Berhad (23742-V) (A member of AmInvestment Bank Group) 22 nd Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Telephone No. : (03) 2036 2633 Facsimile No. : (03) 2070 8596
LISTING SOUGHT	: Main Market of Bursa Securities
SHARIAH STATUS	: Approved by the SAC

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1. INFORMATION SUMMARY

THE INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR COMPANY'S SHARES. THE INFORMATION SUMMARY SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

1.1 HISTORY, PRINCIPAL ACTIVITIES AND GROUP STRUCTURE

We were incorporated in Malaysia under the Act on 12 July 2005 as a private limited company under the name of Benalec Holdings Sdn Bhd. Subsequently, we were converted to a public limited company and assumed our present name on 29 September 2010.

The business of Benalec is that of an investment holding company. Our subsidiary companies are principally involved in the provision of marine construction services, mainly in the area of land reclamation, dredging and beach nourishment; coastal protection works such as rock revetment works, shore protection works and breakwater construction; pre-bore and marine piling; and construction of marine structures, bridges, jetties, ports and other offshore and ancillary structures. In addition, our ancillary services include vessels chartering, the provision of marine vessel support services, ship repair, ship maintenance, shipbuilding, fabrication and refurbishment activities.

Our subsidiary companies and their respective principal activities are as follows:-

Corporation	Date of Incorporation	Place of	Issued and Paid-up Share Capital	Equity Interest (%)	Principal Activities
Subsidiaries of Benalec					
BSB	29 April 1978	Malaysia	RM7,300,000	100.0	Marine construction and civil engineering.
BenShip	16 August 1979	Malaysia	RM1,000,000	100.0	Ship repair, ship maintenance, shipbuilding, fabrication, refurbishment and ship trading.
Oceanliner	4 June 2009	Singapore	SGD200,000	100.0	Charter of vessels
Subsidiaries of BSB					
OG Marine Sdn Bhd	5 November 2002	Malaysia	RM1,000,000	100.0	Charter of vessels
OML	17 April 2009	Labuan	USD4,974,761	100.0	Charter / leasing of vessels
Benalec Maritime Sdn Bhd	29 August 2007	Malaysia	RM100,000	100.0	Dormant. Its intended principal activity is marine construction.
Pacific Marine Ltd	17 April 2009	Labuan	USD1,000,000	100.0	Charter / leasing of vessels
Oceanline (Labuan) Ltd	28 October 2008	Labuan	USD7,050,000	100.0	Charter / leasing of vessels and the business of trading of marine vessels
Pacific	17 April 2009	Labuan	USD18,645,829	100.0	Charter / leasing of vessels

1. INFORMATION SUMMARY (Cont'd)

Corporation	Date / Place of Incorporation	Issued and Paid-up Share Capital	Equity Interest	Principal Activities
Benalec Land Sdn Bhd	9 December 2004 / Malaysia	RM4	100.0	Property investment holding
Arus Kreatif Sdn Bhd	5 March 1999 / Malaysia	RM500,000	100.0	Property investment holding
Crystal Land Development Sdn Bhd (Note 1)	11 June 2009 / Malaysia	RM2	100.0	Property investment holding
Crystal Land Property Sdn Bhd	16 April 2009 / Malaysia	RM2	100.0	Property investment holding
Heritage Land Development Sdn Bhd	11 June 2009 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Heritage Land Realty Sdn Bhd	11 June 2009 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Heritage Land Sdn Bhd	26 May 2009 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Heritage Property Sdn Bhd	16 April 2009 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Klebang Property Sdn Bhd	16 April 2009 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Oceanfront Property Sdn Bhd	15 April 2010 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Oceanview Project Sdn Bhd	19 April 2010 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Oceanview Realty Sdn Bhd	19 April 2010 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Sentosacove Development Sdn Bhd	17 July 2008 / Malaysia	RM250,000	100.0	Dormant. Its intended principal activity is property investment holding
Strategic Cove Sdn Bhd	19 April 2010 / Malaysia	RM2	100.0	Property investment holding
Strategic Land Sdn Bhd	19 April 2010 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Orientalcove Realty Sdn Bhd	13 June 2006 / Malaysia	RM3	100.0	Dormant. Its intended principal activity is property investment holding

1. INFORMATION SUMMARY (Cont'd)

Corporation	Date of Incorporation	Place of	Issued and Paid-up Share Capital	Equity Interest	Principal Activities
Orientalcove Property Sdn Bhd	13 June 2006	Malaysia	RM3	100.0	Dormant. Its intended principal activity is property investment holding
Wilajati Sdn Bhd	10 July 2008	Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding

Note 1 BSB had on 29 November 2010 entered into a Share Sale Agreement with Puncak Pasir Sdn Bhd to dispose of BSB's entire equity stake in Crystal Land Development Sdn Bhd. As at the date of this Prospectus, the completion of the said Share Sale Agreement is still pending.

Our Group does not have any associate companies.

Our founder, Leaw Eng Chang, started our operations as an earthworks and general contractor in year 1960 (as a sole proprietorship) which was later corporatised under the name of Leaw Eng Chang Construction Co. Sdn Bhd in year 1978. We were based in Alor Setar, Kedah and provided civil engineering services to *inter-alia*, JPS, MADA and JKR. Datuk Leaw Tua Choon, Leaw Ah Chye and Leaw Seng Hai, and the late Madam Leaw Guat Hua, subsequently joined their late father and our founder at the company to assist in further growing and developing the civil engineering business. The company subsequently changed its name to Benalec Sdn Bhd in year 1996.

In year 1993, our Group was awarded two (2) coastal protection work projects, (in Sungai Belukang and Sungai Tiang) by JPS. This marked our first (1st) foray into the marine construction business where we carried out engineering works in a marine and coastal environment.

In year 1998, the Marine Department (Jabatan Laut Semenanjung Malaysia) commissioned us to construct an off-shore beacon for them. In year 2000, we were engaged by JKR to construct a helipad and jetty in the remote island of Pulau Perak, Kedah to facilitate the Royal Malaysian Navy in Malaysia's offshore border control patrols. We also successfully completed the Pantai Kok Wave Breaker project in Pulau Langkawi, Kedah commissioned by LADA (Pantai Kok project), followed by another Government contract awarded by the Sewerage Services Department (Jabatan Perkhidmatan Pembetungan) for land reclamation in Jelutong, Penang.

As our marine construction business requires a large volume of sand and rock, OGSB (a company owned by some of our Promoters) was established in year 1992 and OG Marine Sdn Bhd in year 2002 to own, operate and charter vessels to enable us to better source and control our sand and rock supply management. This expanded capability also enhanced our ability to carry out land reclamation projects more efficiently. In year 2000, we commenced our first (1st) land reclamation project (including beach nourishment) in Pantai Kok, Pulau Langkawi, Kedah and subsequently, Melaka in year 2003, involving the reclamation of 180 acres of land. Subsequently, we undertook several other land reclamation projects in Melaka. In year 2003, we also undertook related land reclamation works in Teluk Gong, Port Klang, Selangor. We also carried out our first (1st) turnkey design and build project for beach nourishment works in Port Dickson, Negeri Sembilan.

In year 2005, our Group obtained ISO 9001:2000 for the provision of marine engineering and construction works, as well as the provision of marine vessel and equipment chartering services. This ISO certification was upgraded to the ISO 9001:2008 in year 2009. In year 2010, our branch office in Singapore obtained ISO 9001:2008 and OHSAS 18001:2007 for civil engineering works: land reclamation (including sand supply and delivery).

1. INFORMATION SUMMARY (Cont'd)

In year 2008, we secured another land reclamation and dredging project for the waterfront precinct in Nusajaya, Johor. The Group secured yet another land reclamation and shore protection project in Melaka in early 2008. This reclamation project covered some 204 acres of prime seafront land.

In order to establish ourselves as an integrated one-stop marine construction services provider, we expanded our shipbuilding business in year 2008 through our subsidiary BenShip and has within just two (2) years, built and delivered four (4) tug-boats that are now plying the waters in South East Asia. We are now building more tug-boats and barges intended for deployment as support vessels for our reclamation and dredging projects in Malaysia. In addition, our shipyard also serves as a ship repair, ship maintenance, shipbuilding, fabrication and refurbishment support centre for our Group's fleet of vessels and marine equipment.

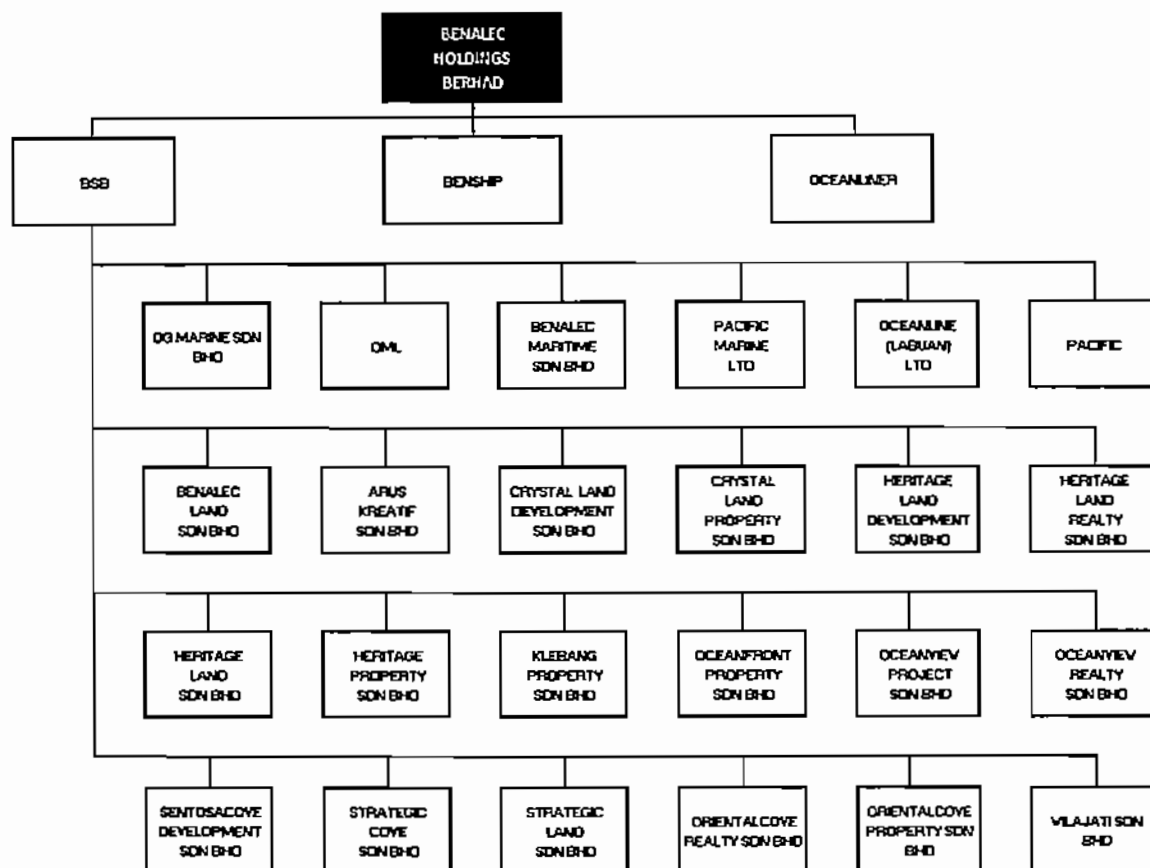
We also established a number of subsidiaries to serve as registered owners for our charter vessels in Malaysia and Singapore for better risk and fleet management. In addition, Benalec has also established a number of subsidiaries to serve as registered owners for the Land Portion. Such an arrangement allows us to provide flexibility to the prospective buyers of our Land Portion in terms of either acquiring the Land Portion or the subsidiary holding the Land Portion, depending on the respective prospective buyers' requirements.

In year 2010, two (2) internal restructuring exercises were undertaken whereby BSB acquired OML and Pacific, OGSB's subsidiaries, which holds a fleet of vessels. Oceanliner also acquired vessels from Oceanlec, another company owned by the Leaw Brothers, further details of the Internal Restructuring are provided in Section 4.1.5.

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1. INFORMATION SUMMARY (Cont'd)

As at LPD, our corporate structure is as follows: -



Further details on our history and business of our Group are set out in Section 4 of this Prospectus.

1.2 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

We have created a business with competitive advantages and key strengths to compete against other service providers, and at the same time provide us with the platform to grow our business. Our competitive advantages and key strengths include the following:-

- (i) We are an integrated one-stop marine construction solutions provider;
- (ii) We have a competitive cost structure and viable business model;
- (iii) We possess competent project management skills;
- (iv) We employ adaptive approaches complemented by a large and comprehensive range of vessels and equipment for our core activities;
- (v) We practise prudent risk management of our projects; and
- (vi) Industry barriers to entry.

Further details on our competitive advantages and key strengths are set out in Section 4.4 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)**1.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF OUR GROUP**

Our Promoters, substantial shareholders, Directors and key management are as follows:-

Name	Designation
<p><u>Promoters and Substantial Shareholders</u> Oceancove Leaw Seng Hai Datuk Leaw Tua Choon Leaw Ah Chye Foo Polin Oceanview</p>	<p>Promoter and substantial shareholder Group Managing Director Non-Independent Executive Director Non-Independent Executive Director Promoter and substantial shareholder Substantial shareholder</p>
<p><u>Directors</u> Aznam Bin Mansor Leaw Seng Hai Datuk Leaw Tua Choon Leaw Ah Chye Wong Yoke Nyen Koo Hoong Kwan</p>	<p>Independent Non-Executive Chairman Group Managing Director Non-Independent Executive Director Non-Independent Executive Director Independent Non-Executive Director Independent Non-Executive Director</p>
<p><u>Key Management</u> Kenneth Chin Kah Kiong Bernard Boey Weng Onn Swee Ching Lai Norazira Binti Saidun Koid Heng Hua Mohd Jailani Bin Nayan Cheong Yew Huat Saman @ Sulaiman Bin Awang Jaafar</p>	<p>Chief Financial Officer Chief Operating Officer General Manager, Projects & Contracts Senior Quantity Surveyor Senior Project Manager Senior Site Surveyor Shipyard Manager Group Dredge Master</p>

Further details of our Promoters, substantial shareholders, Directors and key management are set out in Section 6 of this Prospectus.

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1. INFORMATION SUMMARY (Cont'd)**1.4 PRINCIPAL STATISTICS RELATING TO THE LISTING SCHEME**

	No. of Shares	Share Capital (RM)
Authorised share capital	2,000,000,000	500,000,000
Existing issued and fully paid-up share capital	630,000,000	157,500,000
New Shares to be issued pursuant to the Public Issue	100,000,000	25,000,000
Enlarged issued and paid-up share capital upon Listing	730,000,000	182,500,000
New Shares to be issued assuming full exercise of ESOS Option	73,000,000	18,250,000
Enlarged share capital assuming full exercise of ESOS Option	803,000,000	200,750,000
Offer for Sale	130,000,000	32,500,000
IPO Price		RM1.00
Proforma consolidated NA (after the IPO and deducting estimated Listing expenses of RM6.5 million)		RM244.676 million
Proforma consolidated NA per Share (based on the enlarged issued and paid-up share capital of 730,000,000 Shares upon Listing)		RM0.34
Market Capitalisation (based on the IPO Price and enlarged share capital of 730,000,000 Shares upon Listing).		RM730.000 million

Further details on the Listing Scheme are set out in Section 2.3 and Section 4.1.6 of this Prospectus.

1.5 UTILISATION OF PROCEEDS

The total gross proceeds arising from the Public Issue of approximately RM100.0 million will be utilised by our Group in the following manner: -

No.	Description	Estimated Timeframe for Utilisation Upon Listing	Amount (RM'000)	% of Total Gross Proceeds
(i)	Finance on-going projects	Within 24 months	90,000	90.00
(ii)	Working capital	Within 24 months	3,500	3.50
(iii)	Estimated listing expenses	Immediate	6,500	6.50
	Total proceeds		100,000	100.00

1. INFORMATION SUMMARY (Cont'd)

The Offer for Sale is expected to raise gross proceeds of approximately RM130.0 million. The entire proceeds of the Offer for Sale, net of relevant fee, will accrue to the Offerors.

Further information on the utilisation of proceeds is set out in Section 2.6 of this Prospectus.

1.6 PROFORMA CONSOLIDATED INCOME STATEMENTS

The summary of the proforma consolidated results of our Group for the past three (3) FYE 30 June 2010 has been prepared for illustrative purposes only based on the audited financial statements of the companies in our Group and on the assumption that the current structure of our Group has been in existence throughout the financial years under review.

The proforma consolidated results should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 10.3 of this Prospectus.

	FYE 30 June		
	2008	2009	2010
	RM'000	RM'000	RM'000
Revenue	74,055	120,937	116,478
Cost of sales	(53,385)	(91,818)	(59,830)
Gross profit	20,670	29,119	56,648
Other operating income	2,737	6,559	23,089
Administrative expenses	(1,466)	(1,848)	(2,338)
Other operating expenses	(3,880)	(6,452)	(5,839)
Operating profits	18,061	27,378	71,560
Financing costs	(1,185)	(3,498)	(2,934)
PBT	16,876	23,880	68,626
Taxation	(3,436)	(6,614)	(10,245)
PAT	13,440	17,266	58,381
Attributable to:-			
- Equity holders of Benalec	13,440	17,266	58,381
- Minority interest	-	-	-
Number of Shares assumed in issue ⁽¹⁾	630,000	630,000	630,000
Gross EPS (sen)	2.68	3.79	10.89
Net EPS (sen)	2.13	2.74	9.27
Fully diluted EPS (sen) ⁽²⁾	1.84	2.37	8.00
EBITDA (RM'000)	24,575	35,576	82,314
Gross profit margin (%)	27.91	24.08	48.63
PBT margin (%)	22.79	19.75	58.92
PAT margin (%)	18.15	14.28	50.12

1. INFORMATION SUMMARY (Cont'd)*Notes:-*

- (1) based on the issued and paid-up share capital of 630,000,000 Shares after the Subdivision and Acquisitions.
- (2) Fully diluted EPS in the aforementioned context is calculated based on PAT divided by the enlarged issued and paid-up share capital after the Listing Scheme of 730,000,000 Shares (excluding ESOS).

The financial information of our Group is detailed in Section 10 of this Prospectus.

1.7 SUMMARISED PROFORMA CONSOLIDATED BALANCE SHEETS

Our summarised proforma consolidated balance sheets as at 30 June 2010 set out below have been prepared for illustrative purposes only to show the effects of the Listing Scheme on our audited consolidated balance sheet, had the Listing Scheme and Internal Restructuring been implemented and completed on 30 June 2010 and is prepared on the basis consistent with the accounting policies adopted by our Group.

The summarised proforma consolidated balance sheets should be read in conjunction with the accompanying notes and assumptions included in the Proforma Consolidated Financial Information set out in Section 10.3 of this Prospectus.

	Proforma			
	Audited as at 30 June 2010	(I) After Subdivision	(II) After Proforma (I) Internal Restructuring and Acquisitions	(III) After Proforma (II) Public Issue and Utilisation of Proceeds
	RM'000	RM'000	RM'000	RM'000
Share capital	(1)	(2)	157,500	182,500
Share premium	-	-	-	72,235
Foreign exchange reserve	-	-	(1,564)	(1,564)
Reverse acquisition reserve (Accumulated losses) / Retained earnings	-	-	(146,070)	(148,070)
Shareholders' Funds / NA	(14)	(14)	141,310	137,575
	(14)	(14)	151,176	244,676
Number of Shares assumed in Issue ('000)	Neg ⁽¹⁾	Neg ⁽²⁾	630,000	730,000
NA / Net Liabilities (RM'000)	(14)	(14)	151,176	244,676
NA / Net Liabilities per Share (RM)	(7.000)	(1.750)	0.24	0.34
Total Borrowings and Indebtedness (Interest bearing) (RM'000)	-	-	106,939	106,939
Gearing (Times)	-	-	0.71	0.44

Notes: -

- Neg* Negligible
- (1) Represents 2 ordinary shares of RM1.00 each
- (2) Represents 8 ordinary shares of RM0.25 each

1. INFORMATION SUMMARY (Cont'd)

1.8 SUMMARY OF MATERIAL RISK FACTORS

In evaluating an investment in the IPO Shares, you should carefully consider all information contained in this Prospectus, including but not limited to the general and specific risks set out below.

1.8.1 Risks relating to the industry in which our Group operates

- (i) Project based business
- (ii) Fluctuating market prices and disposal of our Land Portion
- (iii) Dependence on economic conditions
- (iv) Environmental concerns

1.8.2 Risks relating to the business and operations of our Group

- (i) Supply of diesel, sand and rocks
- (ii) Delay in completion of marine construction projects and cost overruns
- (iii) Defects liability
- (iv) Threat of competition
- (v) Cashflow and liquidity position of our Group
- (vi) Dependence on related parties to obtain marine construction contracts
- (vii) Operational, health and safety risks
- (viii) Foreign exchange fluctuations
- (ix) Regulatory and political considerations
- (x) Dependence on key management personnel
- (xi) Shipyard operating license
- (xii) Dependence on supply of foreign workers
- (xiii) Dependence on licences and registration
- (xiv) Dependence on revenue from land reclamation projects
- (xv) Land reclamation risk

1.8.3 Other risks relating to investing in our Shares

- (i) There is no prior market for our Shares, and an active market for our Shares may not develop after Listing
- (ii) Capital market risks
- (iii) Dividends to our shareholders
- (iv) Control by our Promoters
- (v) Future fund-raising may dilute shareholders' equity / future covenants restricting our operations
- (vi) Forward-looking statements
- (vii) Failure / delay in the Listing
- (viii) Delay between admission and trading of the IPO Shares

Further details of these risk factors are set out in Section 3 of this Prospectus.

1.9 AUDITORS' QUALIFICATION

None of the financial statements of the companies within our Group for the FYE 30 June 2008 to FYE 30 June 2010 were subject to any audit qualification.

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1. INFORMATION SUMMARY (Cont'd)

1.10 SHARIAH STATUS

We have voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the SAC as part of the process of determining our Shariah status at IPO.

The SAC has classified our securities as Shariah-compliant based on the proforma consolidated financial statements of the Benalec Group and the Shariah criteria adopted by the SAC.

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2. PARTICULARS OF THE IPO

This Prospectus is dated 28 December 2010. The IPO is subject to the terms and conditions of this Prospectus.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies who takes no responsibility for its contents.

The approval of the SC for the IPO (details of which are set out in Section 7 of this Prospectus) was obtained vide its letter dated 29 November 2010 and the Shariah Advisory Council of the SC had on 18 November 2010 (for the purpose for the IPO and Listing) classified the Company's securities as Shariah-compliant based on the proforma consolidated financial statements of the Group for the FYE 30 June 2010. This classification remains valid until the next Shariah compliance review is undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November of each year. The approvals of the SC shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.

Bursa Securities has approved our admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM182,500,000 comprising 730,000,000 Shares on the Main Market of Bursa Securities, vide its letter dated 9 December 2010. Listing of and quotation for our Shares will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment and allocation information for the crediting of the IPO Shares, and receipt of an undertaking that all notices of allotment will be issued and despatched to all successful applicants prior to the date of listing of and quotation for the Shares, failing which any allotment and allocation made on an Application to subscribe for and / or purchase of our Shares pursuant to this Prospectus is required under Malaysian law to be void.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. In consequence thereof, our Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules.

Persons submitting Applications by way of Application Forms or by way of Electronic Share Application of Internet Share Application must have a CDS Account. If you do not have a CDS account, you may open one (1) by contacting any of the ADAs listed in Section 17.11 of this Prospectus. In the case of an Application by way of Application Form, an applicant should state his / her CDS Account number in the space provided in the Application Form. In the case of an Application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application of Internet Share Application.

Pursuant to the Listing Requirements, we must have at least 25% of our total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of our merit or the merit of our Shares.

2. PARTICULARS OF THE IPO (Cont'd)

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of the IPO Shares are subject to Malaysian laws and we, together with the Principal Adviser, Sole Underwriter and Sole Placement Agent take no responsibility for the distribution of this Prospectus and the offer of any part of the IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Our Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act"), and may not be offered, sold, pledged or transferred within or into the US, except pursuant to an exemption under the Securities Act. Our Shares are being offered and sold to certain persons in offshore transactions in reliance on Regulation S. Our Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of our IPO or the accuracy of adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the US.

If you are in doubt concerning this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant, or any other professional advisers.

2.1 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (i) To enable our Group to gain recognition and enhance our profile through listing status and further augment our corporate reputation;
- (ii) To further enhance the financial position of our Group and to enable us to gain access to the capital markets to raise funds for our future expansion, diversification and the overall continued growth of our Group;
- (iii) To further enhance our Group's visibility and presence in the marine construction industry;
- (iv) To provide an opportunity for our eligible Directors, employees and business associates as well as the Malaysian public to participate in our equity and continuing growth; and
- (v) To facilitate the listing of and quotation for our entire enlarged issued and paid-up share capital on Bursa Securities.

2. PARTICULARS OF THE IPO (Cont'd)**2.2 SHARE CAPITAL**

Details of our share capital are as follows:-

	No. of Shares	Share Capital (RM)
Authorised share capital	2,000,000,000	500,000,000
Existing Issued and fully paid-up share capital	630,000,000	157,500,000
New Shares to be issued pursuant to the Public Issue	100,000,000	25,000,000
Enlarged issued and paid-up share capital upon Listing	730,000,000	182,500,000
New Shares to be issued assuming full exercise of ESOS Option	73,000,000	18,250,000
Enlarged share capital assuming full exercise of ESOS Option	803,000,000	200,750,000
Offer for Sale*	130,000,000	32,500,000

- * *The Offer for Sale would not have an effect on our issued and paid-up share capital as the Offer Shares are already in existence prior to the IPO.*

2.2.1 Classes of Shares and Rights

As at the date of this Prospectus, we have only one (1) class of shares, being ordinary shares of RM0.25 each, all of which rank *pari passu* with one another. The rights and privileges of our Shares are stated in our Memorandum and Articles of Associations.

The Shares owned by our Directors and substantial shareholders are not entitled to any different voting rights from the Public Issue Shares. There are no founder, management or deferred Shares reserved for issuance for any purpose. The IPO Shares shall upon issuance and allotment, rank *pari passu* in all respects with our other existing Shares, including voting rights, liquidation rights, and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attaching to any Shares which we may issue in the future, the holders of our Shares shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in respect of surplus in the event of liquidation, in accordance with our Articles of Associations.

At every general meeting, each member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative (in the case of a member who is a corporation). On a show of hands, every person who is a member or proxy or attorney or representative of a member shall have one (1) vote; and on a poll, every member present in person or by proxy or attorney or representative shall have one (1) vote for each share he holds. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting.

2. PARTICULARS OF THE IPO (Cont'd)

2.3 DETAILS OF THE IPO

2.3.1 Public Issue

The 100,000,000 Public Issue Shares representing 13.70% of our enlarged issued and paid-up share capital upon Listing, is offered at the IPO Price, payable in full on application upon the terms and conditions as set out in this Prospectus and will be allocated in the following manner:-

(i) Malaysian Public via Balloting

36,500,000 Public Issue Shares representing 5.00% of our enlarged issued and paid-up share capital upon Listing will be made available for application by the Malaysian Public, of which at least 50.0% will be set aside for Bumiputera investors.

(ii) Our Eligible Directors, Employees and Business Associates of Our Group

6,500,000 Public Issue Shares representing approximately 0.89% of our enlarged issued and paid-up share capital upon Listing, will be reserved for our eligible Directors, employees and business associates of our Group. As at LPD, the total number of persons eligible for the Pink Form Shares Allocation is 163 comprising the Directors, employees and business associates of the Group.

Details of the Pink Form Shares allocation to our eligible Directors, employees and business associates of our Group are as follows:-

Eligibility	Number of eligible persons / corporations	Pink Form Shares Allocation ('000)
Eligible Directors of our Group ⁽¹⁾	3	3,000
Eligible employees of our Group ⁽²⁾	60	1,000
Eligible business associates of our Group ⁽³⁾	100	2,500
Total	163	6,500

Notes:-

(1) The criteria for allocation to our eligible Directors are based on, amongst others, position and contribution to our Group. The number of Pink Form Shares to be allocated to our eligible Directors are as follows:-

Name	Designation	Pink Form Shares Allocation ('000)
Aznam Bin Mansor	Independent Non-Executive Chairman	1,000
Wong Yoke Nyen	Independent Non-Executive Director	1,000
Koo Hoong Kwan	Independent Non-Executive Director	1,000
Total		3,000

2. PARTICULARS OF THE IPO (Cont'd)

- (2) *The criteria for allocation to our eligible employees are based on, amongst others, length of service, position and contribution to our Group.*
- (3) *The criteria for allocation to our eligible business associates are based on, amongst others, volume of transaction and length of relationship with our Group.*

However, the above Pink Form Shares allocation is subject to the eligible Directors, employees and business associates of our Group subscribing to their respective allocations.

(iii) Selected Investors via Placement

57,000,000 Public Issue Shares, representing approximately 7.81% of our enlarged issued and paid-up share capital upon Listing will be placed out to selected investors who have been identified.

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2. PARTICULARS OF THE IPO (Cont'd)**Notes:-**

- (1) Based on our issued and paid-up share capital of 630,000,000 Shares after the Subdivision and Acquisitions
- (2) Based on our enlarged issued and paid-up share capital of 730,000,000 Shares after the IPO (excluding ESOS Options)
- (3) Deemed interest by virtue of interest in Oceancove
- (4) (i) Pursuant to the Acquisition of BSB, 420,000,000 Shares were issued and allotted to Oceancove, being the nominated investment holding company of the four (4) Promoters resulting in Oceancove being a substantial shareholder of Benalec
- (ii) Deemed interest by virtue of their interest in Oceanview, of which Oceanview is a substantial shareholder in Oceancove

In summary, the Public Issue Shares and Offer Shares will be allocated in the following manner:-

	Public Issue		Offer For Sale	
	No. of Shares	%	No. of Shares	%
(a) Malaysia Public (via balloting)	36,500,000	5.00	-	-
(b) Our eligible Directors, employees and business associates	6,500,000	0.89	-	-
(c) Selected investors (via private placement)	57,000,000	7.81	57,000,000	7.81
(d) Bumiputera investors approved by MITI	-	-	73,000,000	10.00
	100,000,000	13.70	130,000,000	17.81

2.3.3 Underwriting and Allocation of the IPO Shares

All the 43,000,000 Public Issue Shares made available for application by the Malaysian Public and the eligible Directors, employees and business associates of our Group under Sections 2.3.1(i) and 2.3.1(ii) respectively of this Prospectus have been fully underwritten.

The 57,000,000 Public Issue Shares and 57,000,000 Offer Shares to be allocated by way of private placement to selected investors (who are deemed public) under Section 2.3.1(iii) and Section 2.3.2 of this Prospectus respectively are not underwritten as irrevocable undertakings have been obtained from the selected investors to take up the Public Issue Shares and Offer Shares available under the private placement.

The 73,000,000 Offer Shares made available for application by Bumiputera investors approved by MITI under Sections 2.3.2 of this Prospectus are not underwritten as these IPO Shares have been allocated for MITI's approved and recognised Bumiputera investors whereby irrevocable undertakings from the Bumiputera investors have been obtained.

In the event of an under-subscription of the 73,000,000 Offer Shares made available for application by Bumiputera investors by MITI under Section 2.3.2 of this Prospectus, the unsubscribed Offer Shares shall be made available for application by the Bumiputera public as part of the balloting process. Subsequently, any of the unsubscribed Shares which are not taken up by the Bumiputera public will be made available for application by the Malaysian public and / or private placement to selected investors.

2. PARTICULARS OF THE IPO (Cont'd)

The allocations of the IPO Shares shall take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public spread requirements of Bursa Securities and to establish a liquid and adequate market for our Company's Shares.

In the event of an under-subscription of the Public Issue Shares by the Malaysian public under Section 2.3.1(i), the unsubscribed Public Issue Shares will be made available to the selected investors. Any Public Issue Shares which are not taken up by our eligible Directors, employees and / or business associates will be reoffered to our Group's eligible Directors, employees and / or business associates. Subsequently, any of the unsubscribed Shares reoffered which are not taken up will be made available for application by the Malaysian public on a fair and equitable manner and / or selected investors via the private placement. Any further Public Issue Shares not subscribed for will be made available for subscription by the Underwriter based on the terms of the Underwriting Agreement.

2.3.4 ESOS

In conjunction with our Listing, we are implementing an ESOS which entails the issuance of up to 10% of our issued and paid-up share capital (excluding treasury shares) at any one time pursuant to the options to be granted under the ESOS to our Group's eligible Directors and employees.

Our Directors may grant up to 73,000,000 ESOS Options to our Group's eligible Directors and employees prior to our Listing. The exercise price of such ESOS Options is the IPO Price.

During the tenure of the ESOS, not more than fifty percent (50%) of the new Shares available under the Scheme would be allocated in aggregate, to the Directors and senior management of our Group. In addition, not more than ten percent (10%) of the new Shares available under the Scheme shall be allocated to any individual Eligible Employee (as defined therein in the ESOS By-Laws 4.3), who singly or collectively through persons connected with the Eligible Employee, holds 20% or more of the issued and paid-up share capital (excluding treasury shares) of the Company. Please refer to ESOS By-Law 4 in Section 14 of this Prospectus for further details of the basis of allotment and maximum allowable allocation of ESOS Options.

In addition to the initial grant, the ESOS committee established to administer the ESOS shall, within the duration of the ESOS, make offers to grant ESOS Options to the Eligible Employee in accordance with the ESOS By-Laws. Each such option which is not part of the initial grant shall be exercisable at a price which is the higher of:-

- the price based on the five (5) consecutive market days weighted average market price of our Shares immediately preceding the date of offer of such option, with a discount of not more than 10% (or such other permitted pricing mechanism); or
- the par value of our Shares.

The ESOS shall be in force for 5 years. However, our Board at its sole discretion, upon the recommendation of the ESOS committee, may extend the ESOS for up to another 5 years or any other duration that is allowed by the relevant authorities.

The new Shares to be issued upon the exercise of the ESOS Options will, upon issue and allotment, rank *pari passu* in all respects with our then existing issued and paid-up share capital, except that the new Shares will not be entitled to any dividend, rights, allotment or other distribution, the entitlement date of which is prior to the date of allotment of the said Shares. The new Shares will be subject to all the provisions of our Articles of Association.

2. PARTICULARS OF THE IPO (Cont'd)

2.4 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price was determined and agreed upon by us, AmInvestment Bank as the Principal Adviser, Sole Underwriter and Sole Placement Agent after taking into consideration, amongst others, the following factors:-

- (a) Our Group's operating and financial history and position as outlined in Section 4 and Section 10 of this Prospectus;
- (b) Our proforma consolidated NA as at 30 June 2010 of RM244.676 million or RM0.34 per Share based on the enlarged issued and paid-up share capital of 730,000,000 Shares;
- (c) The future plans and prospects of our Group as set out in Sections 4.19 and 4.20 of this Prospectus;
- (d) our Group's historical proforma consolidated PAT of approximately RM58.381 million or approximately 8.00 sen per Share (based on the issued and paid-up share capital of 730,000,000 Shares after the Public Issue) for FYE 30 June 2010;
- (e) the prevailing favorable outlook in the marine construction industry which is driven by the increase in industrial / urban developments, expansion of ports and harbours, the need for environmental protection and the expansion of oil and gas terminals as listed in Section 5 of this Prospectus; and
- (f) our competitive advantages and key strengths as listed in Section 4.4 of this Prospectus.

Our Directors and the Offerors are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, you should note that the market price of our Shares upon listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties which may affect the price of the Shares when they are traded.

You should form your own views on the valuation of the IPO Shares and the reasonableness of the IPO Price.

You should bear in mind the risk factors as set out in Section 3 of this Prospectus and form your own views on the valuation of the IPO Shares and the reasonableness of the bases used before deciding to invest in our Shares.

2.5 MARKET CAPITALISATION UPON LISTING

Based on the IPO Price and our enlarged issued and paid-up share capital of 730,000,000 Shares, our market capitalisation upon Listing will be approximately RM730.0 million.

2. PARTICULARS OF THE IPO (Cont'd)

2.6 UTILISATION OF PROCEEDS

The Public Issue Shares will raise gross proceeds of RM100.0 million. We intend to utilise the proceeds raised in the following manner:-

Description	Note	Estimated timeframe utilisation upon Listing	Amount (RM '000)	% of Total Gross Proceeds
Finance on-going projects	(a)	Within 24 months	90,000	90.00
Working capital	(b)	Within 24 months	3,500	3.50
Estimated listing expenses	(c)	Immediate	6,500	6.50
Total proceeds			100,000	100.00

(a) Finance on-going projects

At present, our Group's activities are supported via internally generated funds as well as bank borrowings. Going forward, in order to fund our growing operations, an amount of up to RM90.0 million from the Public Issue will be utilized to finance our on-going projects. These relate to the estimated operating expenses to be incurred by our Group including that for raw materials and other operating costs such as payments to license holders / sand concessionaires for the rights to dredge sand ex-seabed in respect of our Group's reclamation contracts; payments to suppliers of diesel / lubricants for our fleet of vessels; direct labour costs as well as sub-contract costs relating to sand discharging, as follows: -

Client or Employer / Project location	Contract Value (RM'million)	Total budgeted costs (RM'million)	Total cost incurred as at 30 June 2010 (RM'million)	% of completion as at 30 June 2010	Allocation of IPO proceeds (RM'million)	Remaining costs estimated to be incurred (RM'million)
i) SSB, Melaka	468.0	351.0	-	-	65.0	286.0
ii) HUSB, Melaka	71.3	55.8	37.4	67.0	5.0	13.4
iii) SOSB, Melaka	77.2	61.8	17.6	28.5	20.0	24.2
	616.5	468.6	55.0		90.0	323.6

The remaining costs estimated to be incurred for the aforementioned projects (amounting to RM323.6 million) are expected to be financed over a period of time (up to year 2016), via internally generated funds and / or external bank borrowings.

2. PARTICULARS OF THE IPO (Cont'd)**(b) Working Capital**

Our requirement for working capital will increase in tandem with our expected business growth and future plans. Therefore, we expect to utilize approximately RM3.5 million of the proceeds raised as additional working capital to finance our day-to-day operations, including inter-alia, the payment of salaries and defrayment of operational expenses.

(c) Estimated Listing Expenses

The estimated listing expenses for the Listing to be borne by us are as follows:-

Expenses	RM'000.
Fees to authorities	250
Professional fees ⁽¹⁾	2,500
Underwriting, placement and brokerage fees	2,765
Printing, advertising and other expenses in relation to the Listing	500
Other miscellaneous expenses ⁽²⁾	485
Total	6,500⁽³⁾

Notes:-

- (1) *Includes fees for the Adviser, Reporting Accountants, Solicitors, Independent Market Research Consultants, Independent Registered Valuers and other professional advisers, as well as the Issuing House*
- (2) *Other incidental or related expenses in connection with the IPO*
- (3) *If the actual listing expenses are higher than budgeted, a portion of the amount allocated for working capital purposes will be utilized to fund the deficit. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilized for working capital purposes*

The Offer for Sale is expected to raise proceeds of RM130.0 million. The entire proceeds of the Offer for Sale shall accrue entirely to the Offerors and no part of the proceeds is receivable by the Company. The Offerors shall bear all expenses such as placement, management and miscellaneous fees relating to the Offer Shares estimated to be approximately RM3.15 million.

Pending the utilisation of the proceeds from the Public Issue as mentioned above, the funds will be placed in short-term deposits with financial institutions.

2.7 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

We will utilise approximately RM93.5 million of the Public Issue proceeds for our working capital requirements which includes the financing of on-going projects and other operating expenses. Out of the said proceeds, RM90.0 million is to be used to finance our three (3) main on-going projects of which two (2) of them (HUSB Project and SOSB Project) are in various stages of completion and the SSB project is expected to commence in year 2011. All three (3) are sizeable projects and will contribute positively to our future profitability. Our cash and cash equivalent balance will be increased to approximately RM109.9 million after the Listing. This will allow us to internally fund our operations without being over-dependent on external funding, thus giving us the flexibility to pursue investment and / or joint venture opportunities in a timely manner.

2. PARTICULARS OF THE IPO (Cont'd)

Should bank borrowings be procured instead of utilizing the Public Issue proceeds, our Group's gearing ratio and financing costs is expected to increase accordingly. Strictly for illustration purposes assuming bank borrowings are procured at the annual interest rate of 5.0% (based on the average interest rate incurred by our Group for the FYE 30 June 2010), the potential interest cost per annum would amount to approximately RM4.7 million.

2.8 UNDERWRITING COMMISSION, PLACEMENT FEE AND BROKERAGE

(i) Placement Fee

We will pay the Sole Placement Agent a placement fee at the rate of 2% of the value of the 57,000,000 Public Issue Shares reserved for private placement under Section 2.3.1(iii) of this Prospectus (being the number of Public Issue Shares reserved for private placement multiplied by the IPO Price).

The Offeror will pay the Sole Placement Agent a placement fee at the rate of 2% of the value of the 130,000,000 Offer Shares reserved for private placement under Sections 2.3.2 of this Prospectus (being the number of Offer Shares reserved for private placement multiplied by the IPO Price).

(ii) Underwriting Commission

We will pay the Underwriter an underwriting commission at the rate of 2% of the value of the total underwritten 43,000,000 Public Issue Shares made available for application by the Malaysian Public and our eligible employees and / or business associates under Sections 2.3.1(i) and 2.3.1 (ii) of this Prospectus (being the number of Public Issue Shares made available for application by the Malaysian Public and our eligible Directors, employees and / or business associates multiplied by the IPO Price).

(iii) Brokerage Fee

We will pay the brokerage fee to be incurred on the sale of the 36,500,000 Public Issue Shares under Section 2.3.1(i) at the rate of 1.0% of the IPO Price in respect of successful applications by the Malaysian Public which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and / or MIH.

2.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The salient clauses of the Underwriting Agreement dated 6 December 2010 entered into between our Company and the Sole Underwriter ("Agreement"), which may allow the Sole Underwriter to withdraw from its obligations under the agreement after the IPO as extracted from the Agreement, are set out below.

Unless otherwise stated, all capitalised terms herein shall bear the same meanings as prescribed in the Underwriting Agreement.

"(i) Conditions Precedent

Unless waived by the Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Underwriter under this Agreement shall be conditional upon the following:-

- (a) *this Agreement having been duly executed by all the parties hereto and duly stamped;*

2. PARTICULARS OF THE IPO (Cont'd)

- (b) *the issue of the Public Issue Shares having been approved by the SC or any other relevant authority and the shareholders of the Company in general meeting;*
- (c) *the listing and quotation of the Offer Shares / issued and paid up capital of the Company on the Stock Exchange having been unconditionally approved-in-principle by the Stock Exchange or subject only to conditions which are acceptable to the Underwriter and such approval is not withdrawn and the Underwriter being reasonably satisfied that such listing and quotation shall be granted within two (2) clear Market Days after an application for quotation is made to the Stock Exchange;*
- (d) *the Prospectus being in form and substance satisfactory to the Underwriter;*
- (e) *the Prospectus having been registered with the SC and lodged with the CCM within two (2) months from the date of this Agreement, or within such other period as the parties may mutually agree;*
- (f) *there shall not have occurred, on or prior to the Closing Date, in the opinion of the Underwriter (whose opinion is final and binding) any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue or the occurrence of any event rendering untrue, inaccurate or incorrect in any material respect any of the representations or warranties contained in Clause 5(1) hereof;*
- (g) *there shall not have occurred, on or prior to the Closing Date or Extended Closing Date, as the case may be, any material breach of any representations, warranty, covenant and or failure to perform any of the undertakings contained in Clause 5(1) hereof;*
- (h) *the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 19 hereof;*
- (i) *the Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;*
- (j) *the delivery of the following documents to the Underwriter on or before the Closing Date:*
 - (i) *such reports and confirmations dated the Closing Date from the board of directors of the Company as the Underwriter may reasonably require to confirm that there has not been any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue and the listing and quotation of the Offer Shares and / or the Underwritten Shares nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained; and*

2. PARTICULARS OF THE IPO (Cont'd)

- (ii) *a certificate, in the form or substantially in the form contained in the Third Schedule hereto, dated the Closing Date signed by a duly authorised officer of the Company stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 4(j)(i) above;*
 - (k) *the Underwriter receiving a copy duly certified by a director or secretary of the Company to be a true copy of a resolution of the board of directors of the Company approving the Listing Exercise, the Prospectus and this Agreement, the issue and offer of the Public Issue Shares and authorising a person or persons to sign this Agreement on behalf of the Company;*
 - (l) *the Prospectus having been issued within two (2) months of the date hereof or within such extended period as may be consented to by the Underwriter; and*
 - (m) *the Underwriter having been satisfied that the Company has in relation to the issue and offer of the Shares complied with and is in compliance with all policies guidelines and requirements of the relevant authorities of Malaysia and in full force and effect and any jurisdiction within which such Shares are offered (if applicable) and all revisions; amendments and / or supplements thereto and have complied with all conditions imposed by the relevant authorities of Malaysia in respect of their approvals for the Offer Shares.*
- (ii) **Termination**
- (1) *Subject to Clause 14(2) below but notwithstanding any other provision herein contained, the Underwriter may by notice in writing to the Company given at any time before the completion of the Listing Exercise, terminate and cancel and withdraw the commitment of the Underwriter to underwrite the Underwritten Shares if:-*

 - (a) *any of the conditions precedent set out in Clause 4 hereof are not duly satisfied by the Closing Date; or*
 - (b) *there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clause 5(1) hereof, which is not capable of remedy or, if capable of remedy, is not remedied to the reasonable satisfaction of the Underwriter within ten (10) Market Days from the date the Company is notified by the Underwriter of such breach; or*
 - (c) *there is failure on the part of the Company to perform in any material respect any of its obligations herein contained; or*
 - (d) *there is withholding of information by the Company which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Offer Shares; or*
 - (e) *the approval-in-principle of the Stock Exchange for the listing and quotation of its entire issued and paid-up share capital on the Stock Exchange is withdrawn; or*
 - (f) *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or*

2. PARTICULARS OF THE IPO (Cont'd)

- (g) *a petition is presented or an order is made or a resolution is passed for the winding up of the Company; or*
- (h) *an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the Company; or*
- (i) *the Company becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; or*
- (j) *the Company ceases or threatens to cease to carry on the whole or any substantial part of its business; or*
- (k) *there shall have occurred, or happened any of the following circumstances:-*
 - (i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (including but not limited to conditions on the stock market in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing; or*
 - (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, national disorder, declaration of a state of national emergency, pandemics, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*

which, would have or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and / or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Public Issue, or the distribution or sale of the Offer Shares, or which has or is reasonably likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

- (2) *In the event that this Agreement is terminated pursuant to Clause 14(1)(f), the Underwriter and the Company may confer with a view to deferring the Public Issue by amending its terms or the terms of this Agreement and may enter into a new underwriting agreement accordingly, but neither the Underwriter nor the Company shall be under any obligation to enter into a fresh agreement."*

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2. PARTICULARS OF THE IPO (Cont'd)**2.10 DILUTION**

Dilution is the amount of which our proforma consolidated NA per Share immediately after the implementation of the Listing Scheme is less than the IPO Price. The proforma consolidated NA per Share as at 30 June 2010 (after the Internal Restructuring and Acquisitions but before the Public Issue) based on the issued and paid-up share capital of 630,000,000 Shares before the IPO is RM0.24.

Pursuant to the Public Issue of 100,000,000 new Shares at the IPO Price and after adjusting for the effects of the utilization of proceeds, the proforma consolidated NA per Share of our Group as at 30 June 2010 will increase to RM0.34 per Share based on the enlarged issued and paid-up share capital of 730,000,000 Shares after the IPO. This represents an immediate increase in adjusted NA of RM0.10 per Share to our existing shareholders and an immediate dilution in NA of RM0.66 per Share to our new investors. The following table illustrates such dilution on a per Share basis:-

	RM
IPO Price	1.00
Proforma consolidated NA per Share as at 30 June 2010	0.24
Increase in proforma consolidated NA per Share contributed by new investors	0.10
Proforma consolidated NA per Share after the IPO	0.34
Dilution in NA per Share to new investors - amount (RM)	0.66
- %	66%

The following table summarises the total number of Shares acquired by our Promoters and substantial shareholders, the total consideration paid by them and the average effective cash cost per Share to our Promoters and substantial shareholders of Shares acquired by them since the date of incorporation of our Company, and to the new investors who subscribe for and / or purchase the Public Issue Shares and the Offer Shares pursuant to the Public Issue and the Offer for Sale:-

	Before the IPO No. of Shares	Total consideration RM	Average effective cash cost per Share RM
Promoters and substantial shareholders			
Oceancove	420,000,000	105,000,000	0.25
Leaw Seng Hai	69,519,124	17,379,781	0.25
Leaw Ah Chye	56,108,193	14,027,048	0.25
Datuk Leaw Tua Choon	55,350,947	13,837,737	0.25
Foo Polin	29,021,736	7,255,434	0.25
Oceanview ⁽¹⁾	420,000,000	105,000,000	0.25
New Investors			
- from Public Issue	-	100,000,000	1.00
- from Offer for Sale	-	130,000,000	1.00

Note:-

⁽¹⁾ Deemed interest by virtue of interest in Oceancove

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3. RISK FACTORS

You should carefully consider the following risk factors (which are not exhaustive) in addition to the other information contained elsewhere in this Prospectus before applying for the IPO Shares: -

3.1 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES

(a) Project based business

It is an industry norm for companies providing marine construction services to render its services on a project basis. The award of marine construction contracts is typically done on a tender basis, and hence the absence of recurring long term contracts. Upon completion of the project, there is no guarantee that the project owner / client will continue using the same service provider, except where new contracts are awarded by the same client to the existing service provider. Our ability to replenish our contracts in hand is dependent on *inter-alia* policies and regulations relevant to the marine construction industry; fluctuations in demand for our services; changes in general economic, business and credit conditions; competition in the industry; and other business risks common to going concerns. In addition, our marine construction services (which are project based), may also be subject to cancellation, deferral or rescheduling which may affect our Group's profitability. In addition, any termination of our marine construction services contracts for whatsoever reason will also affect the size of our order book.

We recognise this risk and have taken steps to ensure that we will continue to secure a pipeline of projects via the following: -

- (i) Establishing and retaining a client base consisting of Government authorities involved in marine and coastal environments and private companies involved in property development, maritime and logistics and civil works and agriculture.
- (ii) Offering a comprehensive range of solutions to enhance revenue.
- (iii) Providing appropriate solutions to the task at hand, ensuring customer satisfaction and customer retention where applicable.

We have a large clientele group, ranging from state Governments (whereby we are contracted by the concessionaires who are awarded the state contracts to undertake land reclamation activities); to public / private companies. Since year 2000, we have completed projects ranging from land reclamation and its related works, to construction of marine structures, bridges, jetties and helipads. We currently have outstanding contracts in hand with expected completion period of up to year 2016, amounting to RM855.7 million of which RM664.1 million remains unbilled as at the LPD. However, there are no assurances that such outstanding contracts in hand will be realized should there be any termination of such contracts, cancellation, deferral or rescheduling.

We seek to limit these risks through, amongst others, careful identification of the type of projects to be undertaken, prudent risk management and also endeavour to continuously replenish our contracts in hand from existing and new clients as well as close supervision of our projects.

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3. RISK FACTORS (Cont'd)

(b) Fluctuating market prices and disposal of our Land Portion

As highlighted under Section 4.2.1 of this Prospectus, settlement for our Group's land reclamation contracts can be in the form of a portion of the land which the Company has reclaimed for the customers, i.e. the Land Portion. The Land Portion would be subject to land alienation process at the relevant land offices for issuance of the document of title ("Alienation Process") and will be held for sale by our Group. However, pending issuance of the land titles under the Alienation Process, our Group can commence the disposal of the Land Portion. However, the disposal can only be completed upon completion of the Alienation Process, which usually takes between seven (7) to twelve (12) months to complete.

The Land Portion received by our Group (in accordance with the stages of completion of the reclamation projects) would be subject to fluctuating property market prices until such time that they are disposed of. In the event of less favourable property market conditions, the Land Portion received by our Group may be affected in terms of the consideration receivable on disposal and / or in terms of the saleability of the Land Portion. However, as at to-date, our Group has not recorded any loss on disposal of the Land Portion.

Our Group only undertakes projects whereby payments are in the form of the reclaimed land after conducting sufficient due diligence on the land and surrounding vicinity whereby we critically consider the potential value of the Land Portion as well as the demand-supply condition for land in such vicinity. Considerations are also given to possible infrastructure enhancements on the said lands to increase the potential values.

As at the LPD, the total Land Portion held by our Group is 296.72 acres which we reclaimed for a total contract sum of RM176.2 million. As at LPD, our Group has disposed 190.28 acres of our Land Portion for a total disposal consideration amounting to RM138.8 million, giving rise to a total gain on disposal of RM24.1 million. Our Group has also entered into agreements for the disposal of 58.88 acres of our Land Portion for a total disposal consideration amounting to RM49.6 million, giving rise to a total gain on disposal of RM17.3 million. Our Management is confident in our ability to continue to dispose of our remaining Land Portion taking into account the aforementioned historical track record of our past disposals of land and taking into consideration the demand-supply condition of land in the surrounding vicinity.

(c) Dependence on economic conditions

A prolonged and / or widespread economic downturn such as the current global financial crisis may negatively affect Malaysia and its key trading nations, thus affecting demand for marine construction services from Malaysia, as some businesses may curtail or eliminate spending on such services. During an economic downturn, the property and marine construction industries are likely to be affected and projects from the public and private sector may slow down. However, expansionary fiscal policies and Government spending implemented via public sector projects to stimulate the economy will benefit our Group.

3. RISK FACTORS (Cont'd)

We have a spread of Government (including those which we are sub-contractors for Government initiated projects) and private sector projects. From FYE 30 June 2008 to FYE 30 June 2010 an average of approximately 77% of our marine construction projects were Government contracts while approximately 23% of our marine construction projects were for private companies. However, dredging and land reclamation as well as coastal and waterway projects, are largely focused on maintaining and developing infrastructure whereby the long-term economic and social benefits are of greater significance than short-term economic fluctuations.

In addition, payment for our marine construction services is settled via cash or in the form of the Land Portion or a combination of both. By diversifying our revenue model such that we are also paid in the form of land, we are able to reduce our exposure to bad debts in the event of default in cash payment by our customers. By leveraging on our status as an integrated one-stop marine construction solutions provider, we are able to keep our operational costs low and realise a gain on disposal upon sale of land received as payment for our land reclamation activities. We have not previously experienced any difficulty in disposing our land and have not recognised any loss on disposal of land received as payment in-kind. Our revenue model allows us flexibility to secure marine construction contracts under various economic conditions.

(d) Environmental concerns

Environmental concerns are an important aspect for consideration when undertaking marine construction works. The activity of dredging and land reclamation introduces environmental noise pollution from the high powered pumps, mechanical equipment and engines. In addition, dredging also stirs up sediments, sand and clay increasing the level of suspended materials, and may release contaminants in the water. Disposal of dredge spoils, if unregulated, can also result in environmental pollution. We incur and expect to continue to incur, capital and operating costs to comply with the various environmental laws and regulations governing our operations. Similarly, should we be subject to any litigation or claims made against us following a breach of environment laws or regulations by us, our reputation as well as our operations and profits may be adversely affected. For further information on the laws and regulations relevant to marine construction activities, kindly refer to Sections 5.2.6 and 12 of this Prospectus.

We endeavour to ensure that our projects adhere to various legal, regulatory and environmental requirements by undertaking a comprehensive assessment at each stage via the PQP to assess compliance with the relevant requirements on an on-going basis.

We also normally seek to limit our exposure to these claims and liabilities through our membership in Protection and Indemnity ("P&I") Clubs to provide insurance coverage for our ocean-going vessels. P&I Clubs are mutual insurance clubs whose members must contribute to cover losses sustained by other club members. The objective of a P&I Club is to provide mutual coverage based on the aggregate tonnage of a member's vessels entered into the club. Claims are paid through the aggregate premium of all members. Notwithstanding the above, there may be circumstances in which we would not be fully covered or compensated for losses and liabilities arising from potential sanctions / penalties imposed following a breach of environmental laws by our vessels which are not ocean-going vessels. In this respect, our Company's reputation may also be affected.

3. RISK FACTORS (Cont'd)

Although we will conscientiously address environmental concerns, the nature of our operations is such that there can be no assurance that such environmental concerns will not have an adverse impact on our future projects and / or business. However, to-date, we have not experienced any significant adverse impact to our operations and / or financial performance as a result of a breach of environmental laws or regulations.

3.2 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

(a) Supply of diesel, sand and rocks

Diesel is used in large quantities by our fleet of vessels, machinery and vehicles and in the operation of our other equipment, constituting approximately 21.5% of our operating costs in the FYE 30 June 2010. Hence, we are exposed to the fluctuations of the prices of diesel.

As set out in Section 4.8 of this Prospectus, pursuant to the terms of BSB's license from the Ministry of Domestic Trade, Co-operatives and Consumerism, BSB is only allowed to purchase diesel from licensed suppliers at regulated prices. We procure our diesel supply from a varied base of suppliers and, as such, there is no over-dependence on any single supplier. We do not foresee that there will be any difficulties in procuring diesel as we source our diesel from a large base of suppliers and we select our suppliers based on quality, reliability and dependability of the supplier. However, there can be no assurance that any shortage of diesel across the board or increase in the prices of diesel in the global markets will not have any adverse impact on our financial performance.

In addition, sand comprises an important component of raw materials for our marine construction operations, while rocks comprise a core raw material in our rock revetment, shore protection works and breakwater construction projects. Sand and rocks represent approximately 85.9% of the total raw materials costs incurred for FYE 30 June 2010. Should we not be able to locate a suitable sand source or obtain approval from the relevant Government authority for a concession to dredge sand, we may not be able to undertake our land reclamation and related activities. Similarly, should we not be able to secure supply of rocks, our rock revetment, shore protection or breakwater projects may be hampered.

As the supply of sand and rocks are often readily available in Malaysia, we have not encountered any significant difficulties in obtaining a sand source or locating a quarry for rock supply, or experienced any significant delays in commencing our land reclamation, rock revetment, shore protection or breakwater construction projects. For land reclamation contracts, we enter into agreements with sand concessionaires (based on our expected usage contemplated under our contracts) to dredge sand at specified pricing. In relation to potential projects, we may price in potential increases in the price of sand or rocks into our land reclamation, rock revetment, shore protection or breakwater construction contracts when preparing the project costing.

For any supply of construction materials for land reclamation projects in overseas countries, our Company will source sand from the nearest legal sources of sand.

3. RISK FACTORS (Cont'd)

(b) Delay in completion of marine construction projects and cost overruns

Whilst the Company may have a comprehensive PQP, detailing the scope of works from inception to completion, there are a host of factors which may delay the completion of our projects which include operational risks such as breakdown of equipment and machinery, accidents involving our operation facilities or even to our personnel during an assignment on the project. Our business is also susceptible to natural factors i.e. weather conditions. The occurrence of these events are sudden, unexpected and may result in substantial costs to our operations.

We strive to complete our projects within the stipulated timeframe by adopting the following measures: -

- (i) Our vessels and equipment are well maintained and are managed under a programmed maintenance schedule to prevent breakdown and minimise downtime. Personnel operating our vessels and equipment are specially trained in proper handling of our vessels and equipment, safety requirements and emergency procedures;
- (ii) We ensure that we have 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. Moreover, we have our own shipyard and shipyard personnel to perform our own repairs, hence placing less reliance on third (3rd) parties and therefore, reducing vessel downtime;
- (iii) We endeavour to mitigate the effects of weather factors on our marine construction operations through proper project planning as follows: -
 - we rely on weather forecasts from the Malaysian Meteorological Department to plan our works accordingly; and
 - we use tide tables published by the National Hydrographic Centre to estimate the occurrences of high and low tides, which affect the load capacity of our vessels.

Failure to complete projects or within the time frame and budget mutually agreed with our customers could result in legal action, liabilities, reduced efficiency and cost overruns, apart from damage to firm reputation.

Our Group is managed by professionally qualified and skilled engineers with more than twenty (20) years of hands-on experience and expertise in marine construction works in Malaysia. Our large and comprehensive fleet of 91 vessels and adequate equipment and manpower enables us to complete our projects on-time and within budget. As a result, we have not encountered any major delays or cost overruns in delivering our projects.

(c) Defects liability

In relation to our marine construction projects, there is generally a defects liability period of 12 months commencing from the official handing over of the completed projects to the project principal. During this period, we are required to rectify defects in our marine construction projects at no additional fee. Where we are required to rectify defects during the defects liability period or the warranty period, we may have to bear substantial additional costs, hence impacting the profitability of that particular project.

3. RISK FACTORS (Cont'd)

There is no assurance that defects will not arise in our projects or that any disputes arising during this defects liability or warranty period will not have a material impact on us. However, our Directors believe that, with our experience and expertise, and by working closely with our clients to ensure that all work specifications are met, we are able to keep the defects of our projects to a minimal level.

To-date, we have not experienced any significant adverse impact to our operations and / or financial performance as a result of rectification works to be performed during the defects liability periods of our projects.

(d) Threat of competition

We face competition from local and foreign players in the marine construction industry. Competitive factors include time-to-complete, established track record, financial strength and reputation, technical capability as well as price, range and quality of services. Although there is competition between the existing players in the industry, the threat from new entrants is relatively low due to high barriers to entry in terms of high overheads and replacement and maintenance cost, high initial capital investment, working capital resources, technical expertise, skilled and versatile workforce, established track record and reputation, ability to consistently secure projects, requirements for various licenses and registrations with the relevant authorities as well as vertical integration of the industry value chain. Nevertheless, there is no guarantee that we are insulated from competition from both the existing players or new entrants.

In the Malaysian domain, we are an established player in the marine construction industry, being ranked among the Top 2 most active companies in Malaysia in marine construction projects in Malaysia for the duration 2006 – 2009, with a market share of approximately 17.9% (based on marine construction projects secured during this period) of the cumulative market size of the marine construction industry in Malaysia for the period (Source: *Independent Market Research on the Marine Construction Industry prepared by Frost & Sullivan*). However, there is no assurance that we will always be able to maintain our existing market share in the future. Nevertheless, our competitive strengths and advantages are as follows: -

- We are an integrated one-stop marine construction solutions provider
- We have a competitive cost structure and viable business model
- We possess competent project management skills
- We employ adaptive approaches complemented by a large and comprehensive range of vessels and equipment for our core activities
- We practise prudent risk management of our projects
- Industry barriers to entry

The international dredging scenario is largely dominated by larger and more established companies from countries such as Belgium and The Netherlands. These companies have greater financial strength hence enabling them to have extensive investments in technologically advanced equipments and vessels which will allow them to perform larger scale dredging and reclamation works within a shorter period of time.

3. RISK FACTORS (Cont'd)

(e) Cashflow and liquidity position of our Group

In certain projects, part of the payment for our land reclamation services may come in the form of ownership of a portion of the reclaimed land. In instances where our marine construction services are settled via the Land Portion, the ability of our Group in successfully disposing the Land Portion for cash, in a timely manner and at favourable prices would affect our Group's cashflow and liquidity position for purposes of meeting our existing and future business activities' capital requirements.

The Group can commence disposal of the Land Portion prior to obtaining the land title under the Alienation Process which usually takes between seven (7) to twelve (12) months to complete. Pursuant to the respective sale and purchase agreements for the disposal of our Land Portion ("SPA"), the consideration will generally be settled in different stages (i.e. upon execution of the SPA, application for the document of title, issuance of document of title and / or receipt of consent for transfer from relevant authority). In the event that the Alienation Process is delayed, pursuant to the terms of the SPA, the parties may elect to terminate the SPA or extend the stipulated time period to complete the Alienation Process, which may have an impact on the cashflows of the Group.

Notwithstanding the above, our Group has not encountered any cashflow deficiencies arising from the Land Portion due to our ability to realise the said Land Portion from time to time for working capital purposes. As at the LPD, the total Land Portion held by our Group is 296.72 acres which we reclaimed for a total contract sum of RM176.2 million. Out of the 296.72 acres, we have entered into agreements for the disposal of 58.88 acres which we reclaimed for a total contract sum of RM32.3 million. The disposal consideration for the aforementioned 58.88 acres amounts to RM49.6 million, giving rise to a total gain on disposal of RM17.3 million.

For our land reclamation contracts where the consideration is settled by way of the Land Portion, the concessionaire will make an application to the local Land Office for the issuance of the document of title to the entity nominated by BSB. In the event that such application for alienation is not granted or is delayed by the local Land Office, our cashflows may be affected. In the event that the said application is rejected or in the event of any breach of the concessionaire agreement, Benalec Group will have recourse against the concessionaire, and may amongst others, obtain remedies such as the rights to sue for damages to compensate for the breach or claim for specific performance to require the concessionaire to perform its contractual obligations. Notwithstanding this, our Group has not previously encountered any difficulties in completing the Alienation Process.

In addition, we are of the opinion that the indebtedness created from the Acquisitions of OML and Pacific and the Acquisition of Oceanlec Vessels would not place a material strain on the cashflows and liquidity position of our Group or our Group's ability to pay dividends to our shareholders (details of the risk of our ability to pay dividends to our shareholders are set out in Section 3.3(c) below) due to the following: -

3. RISK FACTORS (Cont'd)

Acquisitions of OML and Pacific;

- (i) under SSA 1 (as defined under Section 4.1.5(a) hereinafter), the indebtedness created by BSB to OGSB is intended to be settled by cash received from the sale of reclaimed lands or unit / buildings developed on reclaimed lands whereby only 30% from the cash proceeds of each sale would be paid to OGSB, whereby the remaining 70% would accrue to the Group. In this respect, no cash would need to be paid up-front by BSB and settlement of the indebtedness would only occur when BSB makes a sale of the reclaimed lands or unit / buildings developed on the land;
- (ii) there is no fixed term of repayment except where reclaimed lands or unit / buildings developed on the land are sold;
- (iii) the terms of SSA 1 are equitable as no specific lands are pre-identified to be sold to settle the indebtedness created from the Acquisition of OML and Acquisition of Pacific. In this respect, BSB has the flexibility to determine which lands it wishes to sell to repay the indebtedness, which would allow BSB to continue to enjoy the potential capital appreciation of land reclaimed; and
- (iv) no interest is to be charged on the indebtedness created from the Acquisition of OML and Acquisition of Pacific.

Acquisition of Oceanlec Vessels;

- (i) no immediate impact on the cashflows and liquidity position of the Group as the repayment is staggered over a period of three (3) years with interest of only three percent (3%) per annum; and
- (ii) our Group has sufficient cash balances (RM109.9 million as at FYE 30 June 2010 after the IPO) and internally generated funds to support the repayments including interest.

In addition, our Group's gearing level remains low at 0.71 times (even after assumption of interest-bearing indebtedness pursuant to the Acquisition of Oceanlec Vessels and the Acquisitions), thus providing the Group with the flexibility to further gear up. Additionally, the Group would still be able to secure cashflows from its projects where payment is in cash.

Additionally, based on our credit standing with our bankers, we are able to secure external financing.

(f) Dependence on related parties to obtain marine construction contracts

A portion of our marine construction contracts are obtained by way of RPTs. However, this is largely due to the nature of securing marine construction contracts where there may exist Bumiputera equity requirements on the company bidding for the contract. In this respect, the related parties which secure the marine construction contracts subsequently engage BSB, which is the company with the technical expertise and capabilities, to undertake the project works.

3. RISK FACTORS (Cont'd)

Notwithstanding this, in future, we will not enter into such RPTs to secure our marine construction contracts and instead, bid directly to the awarding party for marine construction contracts by maintaining the required Bumiputera equity ownership within the Group, or by establishing a subsidiary under the Group with the required Bumiputera equity, to bid for the marine construction project. Apart from this, we have been able to secure marine construction projects directly from the awarding party such as *inter-alia*, the Ultra Green (Phase 1) and (Phase 2) projects, the PKL Project, the Oriental Project and the Nusajaya Project (projects defined in Section 4.2.2 of this Prospectus). Our Group also derives income from vessel chartering which diversifies our revenue stream.

(g) Operational, health and safety risks

Marine construction operators are faced with risks of interruptions to operations due to adverse weather conditions, damage to and / or loss of vessels and equipment as a result of accidents, fire-breakouts and mechanical failures. The occurrence of these events are sudden, unexpected and may result in our Group incurring substantial costs for clean-up and salvage costs and other damages sustained in collisions as well as wreck removal charges, in addition to the costs to repair our damaged vessels. Furthermore, accidents may lead to the exposure of claims from third (3rd) parties.

Our Group mitigates these risks through the use of reliable equipment, operated by skilled and competent crew members and workmen, as well as through compliance with our operational procedures for project preparation, execution and follow-up. We also undertake periodic audits of our health and safety procedures and practices, drills, continuous health and safety meetings, reviews and training measures. Additionally, our Group ensures that an adequate level of insurance coverage against such risks is maintained.

To-date, we have not experienced any significant adverse impact to our operations and / or financial performance as a result of operational, health or safety events.

(h) Foreign exchange fluctuations

Our Group is affected by fluctuations in foreign currency exchange rates. For FYE 30 June 2010, approximately 11% of our revenue was transacted in USD. Further, we also purchase vessels and vessel spare parts (such as safety equipment, communications systems, engine spare parts and wire rope) from China and Singapore, paying for them in USD and SGD respectively. Any appreciation or depreciation of the Malaysian currency will result in foreign exchange gains or losses being realised by the Group.

As and when the need arises, our Management may make the necessary arrangements to hedge against exchange rate fluctuations, taking into account the exposure period and the relevant transaction costs.

Notwithstanding the above, there is no assurance that any adverse fluctuations in foreign exchange rates would not have a material impact on our Group's financial performance.

(i) Regulatory and political considerations

The marine construction industry is governed by national, regional and international regulation and policies. The five (5) typical authorities that are involved in the overseeing of marine construction projects are the Office of Land and Mineral (Pejabat Tanah dan Galian), Department of Environment (Jabatan Alam Sekitar), JPS, Marine Department (Jabatan Laut), and the Department of Fisheries (Jabatan Perikanan Malaysia).

3. RISK FACTORS (Cont'd)

Failure to obtain the approval of any of these departments for a dredging or land reclamation project would result in our Group being unable to undertake the said project. Non-compliance with any of their approval conditions may result in stop-work orders being issued against us and our vessels being fined or detained. Accordingly, the introduction of new rules and regulations will result in additional operating costs to the Group to ensure compliance.

We undertake detailed planning and assessment prior to commencing a particular project and prepare as well as adhere to a comprehensive PQP during the course of our projects. Nevertheless, there can be no guarantee that no changes will be made to such regulations and / or conditions imposed by the relevant authorities in the future which would require our Group to modify our vessels, equipment or operating facilities, or incur expenses that could have an effect on our Group's operating results.

(j) Dependence on key management personnel

The core of our growth and success is the key management and technical personnel of the Group, especially our executive directors, all of whom have more than 25 years' experience in the construction industry. Assembling (and retaining) a team of experienced management staff is critical in maintaining the quality of our services while a loss of a significant number of this workforce without recruitment of the appropriate replacements and successors, is likely to have a material adverse effect on our operations.

As part of our management succession plan, we have in place human resources development strategies which include, *inter-alia*, competitive remuneration packages, provision of regular external and in-house training programs and exposure of our senior and middle management to various aspects of our business activities to equip them with better or a more comprehensive understanding of our entire business operations and decision-making process. Further, in recognition of their contributions to our Group, we have reserved a certain number of IPO Shares for allocation and are implementing an ESOS for eligible employees as a way of instilling in them a sense of ownership of the Company.

Given the opportunity for our key management and personnel to grow with our Company through participation in the IPO via offering of pink form and ESOS Options, and the human resource development plan put in place, we are confident that our human resource capital will be sufficient to achieve our future plans and overcome the challenges ahead.

(k) Shipyard operating license

As part of our Listing Scheme, we had acquired BenShip which owns a shipyard utilised for our Group's ship repair, ship maintenance, shipbuilding, fabrication and refurbishment operations for a purchase consideration of RM3,678,253. Certain structures erected on the shipyard is pending approval from the relevant authorities. Pursuant to the sale and purchase agreement for the Acquisition of BenShip ("BenShip SSA"), if BenShip does not obtain the said approvals within one (1) year from the date of SC's approval for our IPO (whereby the approval of the SC for the IPO was obtained vide its letter dated 29 November 2010), the vendors of BenShip will be obliged to: -

(i) indemnify Benalec for any penalties, sanctions or fines imposed by any authority;

3. RISK FACTORS (Cont'd)

- (ii) refund to Benalec the cost of erecting the building / structures on the shipyard; and
- (iii) bear all costs to demolish the building / structures and provide temporary alternative structures which do not require approval to operate, for our ship repair, ship maintenance, shipbuilding, fabrication and refurbishment operations until such time that we are able to construct a new shipyard facility which is duly approved.

Notwithstanding the above, should the said approval not be obtained, our ship repair, ship maintenance, shipbuilding, fabrication and refurbishment operations are not expected to be adversely affected as we will still be able to continue our operations via temporary alternative structures which do not require approval to operate.

(l) Dependence on supply of foreign workers

Our business operations are dependent on foreign workers who are our vessels' crew under seamen contracts. As at the LPD, they comprise 324 out of our Group's workforce of 384 employees.

These foreign workers can only be sourced from certain countries as prescribed for by the Malaysian Government. In general, approval is granted based on the merits of each case and is subject to conditions imposed by the relevant authorities from time to time.

The Malaysian Government may from time to time impose additional conditions or revise its policy in relation to the hiring of foreign workers. In the event that there is a shortage in the supply of foreign workers as a result of such changes to the governing conditions and policies, the completion of our marine construction projects may be delayed and / or our project overheads may increase.

We have not previously suffered any material adverse implications to our operations or profits as a result of the shortage of foreign workers. In the event of any shortage of supply, we are able to utilise the services of local workers instead, as a temporary measure. However, in such an event, our profits may be affected as the costs to utilise local workers in our operations would be higher as compared to utilising foreign workers.

(m) Dependence on licences and registration

Our ability to tender for and secure various projects is partly dependent on the licenses and registrations as set out in Section 4.8. All of these licenses and registrations are valid for certain periods of time with the renewal based on our compliance with those requirements imposed by the relevant authorities. There is no assurance that these licenses and registrations can be renewed when they expire. We will continue to ensure that we are in compliance with the requirements at all times, and are confident about the on-going renewals, as there have been no instances of failure to obtain the renewals in the past.

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3. RISK FACTORS (Cont'd)

(n) Dependence on revenue from land reclamation projects

Based on the last three (3) FYEs 30 June 2008 to 2010 and our current contracts in-hand, the revenue of our Group is mainly derived from land reclamation contracts. As such, our revenue has been and will likely be to a large extent dependent on the number of and quantum of land reclamation contracts secured. Our Group has been pursuing land reclamation contracts as we have the relevant expertise and vessels / equipment to carry out land reclamation projects. In addition, our Group's business model of leveraging on our status as an integrated one-stop marine construction solutions provider enables us to undertake land reclamation projects to secure better margins. Our Group had also throughout the years, established a good track record with our major clients enabling us to secure recurring income from land reclamation activities.

Due to the above, as at the LPD, we have been able to secure land reclamation (and other related works) contracts worth RM654.6 million (unbilled portion) with expected completion period of up to year 2016.

However, there is no assurance that we will continue to be able to secure feasible land reclamation projects in the future. In view thereof, our Group has also diversified into vessel chartering and marine transportation since FYE 30 June 2009 to increase our revenue sources. Additionally, any future land reclamation contracts will be entered into only after taking into consideration, *inter-alia*, the availability of vessels, equipment and manpower as well as after due assessment on the feasibility of such projects.

(o) Land reclamation risk

During the course of our Group's land reclamation operations, we may be exposed to operational risks which include, *inter-alia*, unstable soil conditions post-reclamation, which may result in possible erosion or cave-in of land. In the event of such incident occurring, our Group may incur substantial financial losses as well as possible damage to our Group's reputation.

In this respect, our Group emphasises on the importance of implementing stringent safety procedures and complying with industry operational procedures to mitigate and minimise such risks. Our Group has not encountered the abovementioned operational risks as of to-date.

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3. RISK FACTORS (Cont'd)

3.3 OTHER RISKS RELATING TO INVESTING IN OUR SHARES

- (a) **There is no prior market for our Shares, and an active market for our Shares may not develop after Listing**

Prior to this IPO, there has been no public market for our Shares. There can be no assurance that an active and liquid market for our Shares will develop and continue to develop upon or subsequent to our Listing on the Main Market of Bursa Securities or, if developed, that such a market will be sustained. We believe that a variety of factors could cause our share price to fluctuate and such fluctuations may adversely affect the market price of our Shares. The IPO Price has been determined after taking into consideration a number of factors as stated in Section 2.4 of this Prospectus. There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon or subsequent to our Listing.

- (b) **Capital market risks**

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price, which may already fluctuate significantly and rapidly as a result, *inter-alia*, of the following factors: -

- differences between our Group's actual financial and operating results and those expected by investors and analysts;
- announcements by us or our competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- fluctuations in stock market prices and volume;
- changes in our Group's operating results;
- changes in securities analysts' estimates of our Group's financial performance and recommendations;
- change in market valuation of similar companies;
- our involvement in litigation, arbitration or other forms of dispute resolution;
- additions or departures of key personnel; and
- changes in general economic and stock market conditions.

Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of our Group have no direct correlation with the performance of the other securities listed on Bursa Securities.

3. RISK FACTORS (Cont'd)

(c) Dividends to our shareholders

Our Company is principally an investment holding company and the core operations of our Group are carried out through our subsidiaries. Therefore, our Company's major source of income comprises dividends and other distributions received from our subsidiaries and this would determine the availability of funds for our Company to pay dividends or make other distributions.

If any of our subsidiaries incur debts or losses, such indebtedness or losses may impair their ability to pay dividends or make other distributions to our Company. As a result, our ability to pay dividends will be restricted. In addition, restrictive covenants in bank credit facilities or other key agreements that our subsidiaries may enter into in the future may also restrict their ability to provide capital or declare dividends to our Company and hence, our shareholders' ability to receive distributions.

Our ability to pay dividends or make other distributions to our shareholders is dependent on several factors such as our Group's operating results, availability of tax credits and profits, our required and expected return on equity, our projected levels of capital expenditure and other investment plans, potential covenants in our future loan agreements, the prevailing interest rates and yields of the financial market and the level of our cash, marketable financial assets and level of indebtedness. In making payment of dividends, we intend to continue with the full imputation system until we have fully utilised Benalec's remaining tax credits under Section 108 of the Income Tax Act, 1967 or upon expiry of the deadline of 31 December 2013 before the mandatory implementation of the single-tier income tax system.

(d) Control by our Promoters

Upon Listing, as set out in Section 6.1.1 of this Prospectus, our Promoters will collectively hold approximately 68.49% of our enlarged issued and paid-up share capital. As a result, they will still be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as influence the outcome of certain matters requiring the vote of our shareholders unless our Promoters are required to abstain from voting by law and / or by the relevant guidelines or regulations.

As a step towards good corporate governance and greater corporate transparency, we have appointed three (3) Independent Directors and set up an Audit Committee to ensure that, *inter-alia*, all transactions involving related parties are entered into on an arm's-length basis, or normal commercial terms that are not more favourable to the related parties than those generally available to third (3rd) parties and are not to the detriment of our minority shareholders.

(e) Future fund-raisings may dilute shareholders' equity / future covenants restricting our operations

Our future capital requirements are dependent on, amongst others, the scale of our business, the availability of our resources for attracting, maintaining and enlarging our customer base and the need to maintain and expand our vessel fleet size as well as ship repair, ship maintenance, shipbuilding, fabrication and refurbishment facilities. In addition, we may also require additional capital expenditure for viable mergers and acquisitions or investments that cannot be predicted as this juncture.

Thus, under such circumstances, additional issuance of Shares subsequent to the Public Issue may be necessary to raise the required capital to fund these capital expenditures.

3. RISK FACTORS (Cont'd)

An issue of Shares or other securities to raise funds will dilute shareholders' equity interests and may, in the case of a rights issue, require additional investments by our shareholders. Further, in the event the additional Shares were issued at an issue price below the then prevailing market price, the value of Shares then held by investors will be affected. Dilution in shareholders' equity interest may occur even if the issue of Shares is at a premium to the market price.

In addition, any additional debt funding would increase our gearing ratio and may restrict our freedom to operate our business as it may have conditions that: -

- (i) limit our ability to pay dividends or require us to seek consents for the payments of dividends;
- (ii) increase our vulnerability to general adverse economic and industry conditions;
- (iii) require us to dedicate a portion of our cash flow from operations to repay our debt, thereby reducing the availability of our cash flow for capital expenditures, working capital and other general corporate purposes; and
- (iv) limit our feasibility in planning for, or reacting to, changes in our businesses to the industry.

We practice prudent financial management to monitor our capital expenditure requirements and cash flow position, as well as maintain our gearing level at a manageable level to ensure minimal disruption to our expansion plans. Nevertheless, if we fail in obtaining more funds to meet requirements for our business, merger and acquisition plans or investments, we may be unable to implement future plans that are essential to our continued growth.

(f) Forward-looking statements

Certain information in this Prospectus is based on the historical experience of our Group and may not be reflective of future results. Whilst the interpretation of this information may be forward-looking, the contingencies and inherent uncertainties underlying these information should be carefully considered by the investors and should not be regarded as a representation by our Group and our advisers that the objectives and the future plans of our Group will be achieved. Any differences in the expectation of our Group from our actual performance may result in our Group's financial and business performances and plans to be either, materially or immaterially, different from those anticipated.

(g) Failure / delay in the Listing

The occurrence of any one or more of the following events, which may not be exhaustive, may cause a delay in our Listing or our Listing to be aborted: -

- (i) the identified investors fail to subscribe to the portion of IPO Shares intended to be placed to them although they have furnished their irrevocable undertaking letters to subscribe for such Shares;
- (ii) the Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;

3. RISK FACTORS (Cont'd)

- (iii) we are unable to meet the public spread requirement as determined by Bursa Securities, i.e. at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; or
- (iv) we are unable to obtain permission from Bursa Securities for our admission to the Official List and for the quotation of our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities.

In such an event, our Board will endeavour to take the necessary steps in the best interests of the shareholders as well as the economic conditions at that point in time, including, subject to restrictions set out in Section 3.3 (h) below, return in full without interest, all monies paid in respect of any Applications accepted within fourteen (14) days after the Company becomes liable to do so, in accordance with the provisions of the CMSA.

Our Directors will endeavour to ensure compliance with the various requirements for our successful Listing.

(h) Delay between admission and trading of the IPO Shares

After the IPO Shares have been allotted and / or allocated to the respective investors' CDS accounts in Bursa Depository, which would occur at least two (2) clear Market Days prior to the anticipated date for Admission, it may not be possible to recover monies paid in respect of IPO Shares from us in the event the Admission and the commencement of trading on the Main Market of Bursa Securities do not occur.

Delays in the Admission and the commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the Public Issue Shares comprised in the IPO Shares, following their allotment and issue to investors, a return of monies to such investors may be effected by way of a reduction of our share capital. A capital reduction would require the approval by special resolution of our shareholders as well as approval by the Malaysian High Court.

Further, such capital reduction shall not be effected if on the date the reduction is to be effected, there are reasonable grounds for believing that we are, or after the reduction would be, unable to pay our liabilities as they become due.

There can be no assurance that monies can be recovered within a short period of time, or at all. If Bursa Securities does not admit our Shares for Listing, the market for our Shares will be illiquid and it may not be possible to trade our Shares. This may also have materially adverse effect on the value of our Shares.

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4. INFORMATION ON OUR GROUP

4.1 BACKGROUND INFORMATION

4.1.1 Business Overview

We provide integrated one-stop marine construction solutions. Our marine construction services comprise land reclamation and ancillary works which cater for the support of our land reclamation operations and are complementary with each other as follows: -

- i) our dredging operations are complementary and form a core component of our land reclamation activities;
- ii) our dredging capabilities form the backbone of our other marine construction services such as pre-bore and marine piling, construction of marine structures and infrastructure and other works; and
- iii) rock revetment works, shore protection works and breakwater construction provide defences against the erosion of reclaimed land from waves and currents.

Our marine construction services 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; and
- iv) construction of marine structures, bridges, jetties, ports and other offshore and ancillary structures.

The aforementioned marine construction activities are supported by our civil engineering services which include infrastructure, road and earth works as well as drainage works.

We also provide ship chartering services for transportation of sand, bulk materials and cargo, construction materials, oversize cargo, heavy construction equipment, coal, livestock and timber logs within South East Asian waters.

In order to provide a fully integrated range of marine construction services, we also undertake our own shipbuilding activities. This provides us with synergies as we construct the vessels used in our land reclamation and dredging operations. In supporting our core business, our range of services also encapsulates ship repair, ship maintenance, fabrication and refurbishment for our own operations. Our marine construction and support activities such as ship repair, ship maintenance, shipbuilding, fabrication and refurbishment, together with our marine support and civil engineering services, operate in tandem with one another and are co-ordinated from one (1) central control point, thus enhancing our operating efficiency as well as resulting in cost savings to our Group. This integrated approach to project management ensures effective coordination and planning and enables our Group to offer cost effective solutions, competitive pricing and reliable services for our projects.

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4. INFORMATION ON OUR GROUP (Cont'd)

With our own in-house marine construction range of services and support activities, we are able to consolidate our expertise under one (1) roof. We believe we are one of the few local corporations to provide marine construction solutions on a turnkey basis ranging from design, solutions provider, dredging and reclamation up to the construction stage of a project.

Given our wide range of services provided, we are able to operate in very diverse target markets, which include, among others:-

- industrial / urban development through construction, land reclamation and sand mining;
- maritime and logistics industries through maintenance and upgrade of navigational waterways;
- civil and agriculture industries through irrigation and drainage of rivers and water channels; and
- socio-economic and environment protection sectors through beach replenishment and coastline protection.

The extensive diversity of our target markets presents us with significant growth opportunities and at the same time enables business diversity, thus resulting in a reduction of any overdependence on any one or more industries.

4.1.2 History of our Group

We were incorporated in Malaysia under the Act on 12 July 2005 as a private limited company under the name of Benalec Holdings Sdn Bhd. Subsequently, we were converted to a public limited company and assumed our present name on 29 September 2010.

The business of Benalec is that of an investment holding company. Our subsidiary companies are principally involved in the provision of marine construction services, mainly in the area of land reclamation, dredging and beach nourishment; coastal protection works such as rock revetment works, shore protection works and breakwater construction; pre-bore and marine piling; and construction of marine structures, bridges, jetties, ports and other offshore and ancillary structures. In addition, our ancillary services include vessels chartering, the provision of marine vessel support services, ship repair, ship maintenance, shipbuilding, fabrication and refurbishment activities.

Our founder, Leaw Eng Chang, started our operations as an earthworks and general contractor in year 1960 (as a sole proprietorship) which was later corporatised under the name of Leaw Eng Chang Construction Co. Sdn Bhd in year 1978. We were based in Alor Setar, Kedah and provided civil engineering services to *inter-alia*, JPS, MADA and JKR. Datuk Leaw Tua Choon, Leaw Ah Chye and Leaw Seng Hai, and the late Madam Leaw Guat Hua, subsequently joined their late father and our founder at the company to assist in further growing and developing the civil engineering business. The company subsequently changed its name to Benalec Sdn Bhd in year 1996.

In year 1993, our Group was awarded two (2) coastal protection work projects, (in Sungai Belukang and Sungai Tiang) by JPS. This marked our first (1st) foray into the marine construction business where we carried out engineering works in a marine and coastal environment.

4. INFORMATION ON OUR GROUP (Cont'd)

In year 1998, the Marine Department (Jabatan Laut Semenanjung Malaysia) commissioned us to construct an off-shore beacon for them. In year 2000, we were engaged by JKR to construct a helipad and jetty on the remote island of Pulau Perak, Kedah to facilitate the Royal Malaysian Navy in Malaysia's offshore border control patrols. We also successfully completed the Pantai Kok Wave Breaker project in Pulau Langkawi, Kedah commissioned by LADA (Pantai Kok project), followed by another Government contract awarded by the Sewerage Services Department (Jabatan Perkhidmatan Pembetungan) for land reclamation in Jelutong, Penang.

As our marine construction business requires a large volume of sand and rock, OGSB (a company owned by some of our Promoters) was established in year 1992 and OG Marine Sdn Bhd in year 2002 to own, operate and charter vessels to enable us to better source and control our sand and rock supply management. This expanded capability also enhanced our ability to carry out land reclamation projects more efficiently. In year 2000, we commenced our first (1st) land reclamation project (including beach nourishment) in Pantai Kok, Pulau Langkawi, Kedah, followed by another land reclamation project in Melaka in year 2003, involving the reclamation of 180 acres of land. Subsequently, we undertook several other land reclamation projects in Melaka. In year 2003, we also undertook related land reclamation works in Teluk Gong, Port Klang, Selangor. We also carried out our first (1st) turnkey design and build project for beach nourishment works in Port Dickson, Negeri Sembilan.

In year 2005, our Group obtained ISO 9001:2000 for the provision of marine engineering and construction works, as well as the provision of marine vessel and equipment chartering services. This ISO certification was upgraded to the ISO 9001:2008 in year 2009. In year 2010, our branch office in Singapore obtained ISO 9001:2008 and OHSAS 18001:2007 for civil engineering works: land reclamation (including sand supply and delivery).

In year 2008, we secured another land reclamation and dredging project for the waterfront precinct in Nusajaya, Johor. The Group secured yet another land reclamation and shore protection project in Melaka in early 2008. This reclamation project covered some 204 acres of prime seafront land.

In order to establish ourselves as an integrated one-stop marine construction services provider, we expanded our shipbuilding business in year 2008 through our subsidiary BenShip and has within just two (2) years, built and delivered four (4) tug-boats that are now plying the waters in South East Asia. We are now building more tug-boats and barges intended for deployment as support vessels for our reclamation and dredging projects in Malaysia. In addition, our shipyard also serves as a ship repair, ship maintenance, shipbuilding, fabrication and refurbishment support centre for our Group's fleet of vessels and marine equipment.

We also established a number of subsidiaries to serve as registered owners for our charter vessels in Malaysia and Singapore for better risk and fleet management. In addition, Benalec has also established a number of subsidiaries to serve as registered owners for the Land Portion. Such an arrangement allows us to provide flexibility to the prospective buyers of our Land Portion in terms of either acquiring the Land Portion or the subsidiary holding the Land Portion, depending on the respective prospective buyers' requirements.

In year 2010, two (2) internal restructuring exercises were undertaken whereby BSB acquired OML and Pacific, OGSB's subsidiaries, which holds a fleet of vessels. Oceanliner also acquired vessels from Oceanlec, another company owned by the Leaw Brothers, further details of the Internal Restructuring are provided in Section 4.1.5.

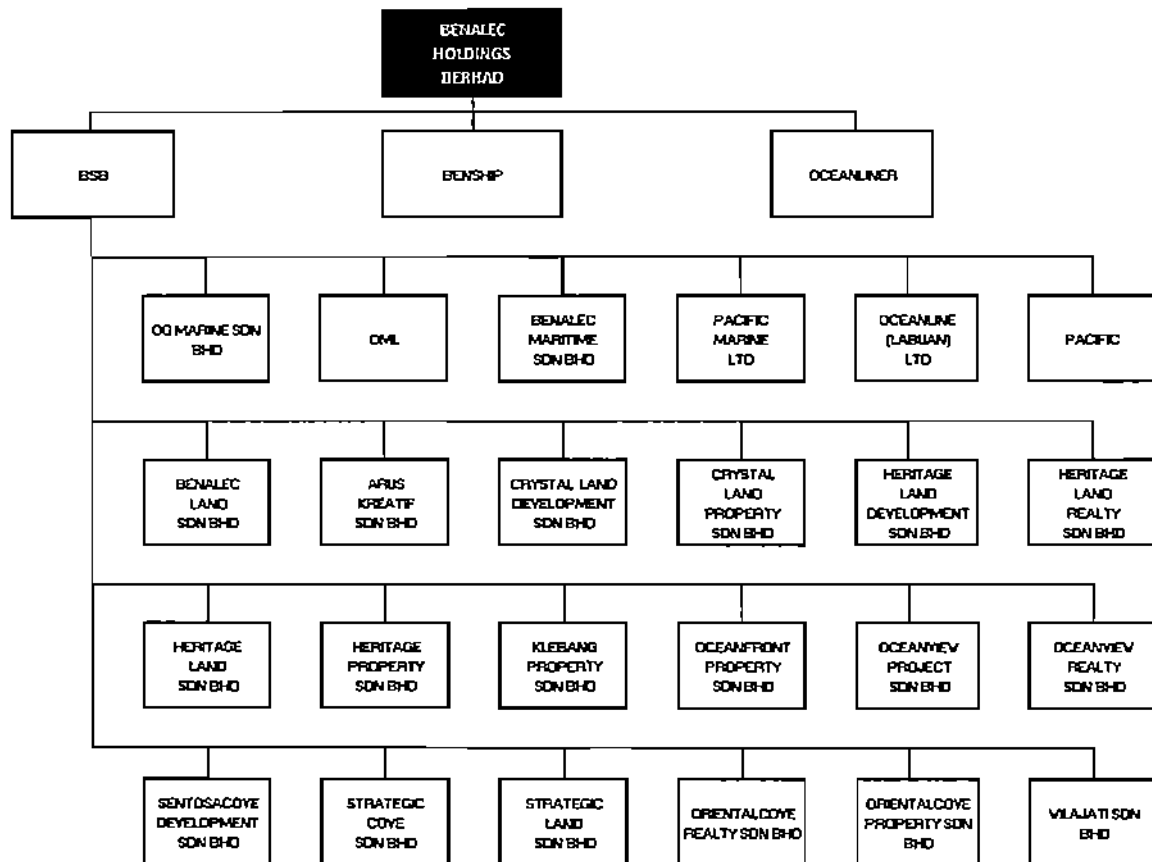
4. INFORMATION ON OUR GROUP (Cont'd)

The Acquisitions of OML and Pacific and the Acquisition of Oceanlec Vessels were completed on 30 and 17 September 2010, respectively and our Company undertook the Acquisitions as part of the Listing Scheme.

Please refer to Section 4.14 for the key historical milestones of our Group.

4.1.3 Group structure

As at LPD, our corporate structure is as follows: -



Our subsidiaries and their respective principal activities are as follows:-

Corporation	Date/ Place of Incorporation	Issued and Paid-up Share Capital	Equity Interest (%)	Principal Activities
Subsidiaries of Benalec				
BSB	29 April 1978 / Malaysia	RM7,300,000	100.0	Marine construction and civil engineering.
BenShip	16 August 1979 / Malaysia	RM1,000,000	100.0	Ship repair, ship maintenance, shipbuilding, fabrication, refurbishment and ship trading.
Oceanliner	4 June 2009 / Singapore	SGD200,000	100.0	Charter of vessels

4. INFORMATION ON OUR GROUP (Cont'd)

Corporation	Date/ Place of Incorporation	Issued and Paid-up Share Capital	Equity Interest	Principal Activities
Subsidiaries of BSB				
OG Marine Sdn Bhd (597686-X)	5 November 2002 / Malaysia	RM1,000,000	100.0	Charter of vessels
OML	17 April 2009 / Labuan	USD4,974,761	100.0	Charter / leasing of vessels
Benalec Maritime Sdn Bhd (786489-A)	29 August 2007 / Malaysia	RM100,000	100.0	Dormant. Its intended principal activity is marine construction.
Pacific Marine Ltd (LL07032)	17 April 2009 / Labuan	USD1,000,000	100.0	Charter / leasing of vessels
Oceanline (Labuan) Ltd (LL06799)	28 October 2008 / Labuan	USD7,050,000	100.0	Charter / leasing of vessels and the business of trading of marine vessels.
Pacific	17 April 2009 / Labuan	USD18,645,829	100.0	Charter / leasing of vessels
Benalec Land Sdn Bhd (674683-H)	9 December 2004 / Malaysia	RM4	100.0	Property investment holding
Arus Kreatif Sdn Bhd (478285-A)	5 March 1999 / Malaysia	RM500,000	100.0	Property investment holding
Crystal Land Development Sdn Bhd (860350-A) (Note 1)	11 June 2009 / Malaysia	RM2	100.0	Property investment holding
Crystal Land Property Sdn Bhd (853792-T)	16 April 2009 / Malaysia	RM2	100.0	Property investment holding
Heritage Land Development Sdn Bhd (860345-V)	11 June 2009 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Heritage Land Realty Sdn Bhd (860352-M)	11 June 2009 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Heritage Land Sdn Bhd (858409-T)	26 May 2009 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Heritage Property Sdn Bhd (853839-T)	16 April 2009 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Klebang Property Sdn Bhd (853837-M)	16 April 2009 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Oceanfront Property Sdn Bhd (898446-U)	15 April 2010 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Oceanview Project Sdn Bhd (898848-K)	19 April 2010 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding

4. INFORMATION ON OUR GROUP (Cont'd)

Corporation	Date/ Place of Incorporation	Issued and Paid-up Share Capital	Equity Interest	Principal Activities
Oceanview Realty Sdn Bhd (898879-K)	19 April 2010 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Sentosacove Development Sdn Bhd (825663-A)	17 July 2008 / Malaysia	RM250,000	100.0	Dormant. Its intended principal activity is property investment holding
Strategic Cove Sdn Bhd (898838-A)	19 April 2010 / Malaysia	RM2	100.0	Property investment holding
Strategic Land Sdn Bhd (898845-T)	19 April 2010 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding
Orientalcove Realty Sdn Bhd (737382-W)	13 June 2006 / Malaysia	RM3	100.0	Dormant. Its intended principal activity is property investment holding
Orientalcove Property Sdn Bhd (737375-M)	13 June 2006 / Malaysia	RM3	100.0	Dormant. Its intended principal activity is property investment holding
Wilajati Sdn Bhd (824893-W)	10 July 2008 / Malaysia	RM2	100.0	Dormant. Its intended principal activity is property investment holding

Note 1 BSB had on 29 November 2010 entered into a Share Sale Agreement with Puncak Pasir Sdn Bhd to disperse of BSB's entire equity stake in Crystal Land Development Sdn Bhd. As at the date of this Prospectus, the completion of the said Share Sale Agreement is still pending.

Our Group has not and is not under any bankruptcy, receivership or similar proceedings.

4.1.4 Share capital and changes in share capital

Our present authorised share capital is RM500,000,000 comprising 2,000,000,000 Shares, of which RM157,500,000 comprising 630,000,000 Shares have been issued and fully paid-up.

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4. INFORMATION ON OUR GROUP (Cont'd)

Details of the changes in our issued and paid-up share capital since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
12.07.2005	2	1.00	Cash	2
2.12.2010	8	0.25	Subdivision of shares	2
2.12.2010	629,999,992	0.25	Issued as consideration for the Acquisitions	157,500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Benalec.

4.1.5 Internal Restructuring

The Promoters, prior to embarking on the listing of Benalec Group on the Main Market of Bursa Securities had considered various factors to achieve an optimum listing structure. To derive an optimum listing structure, it is important to consider the following parameters, which include, *inter-alia* the composition of the new shares issuance under the listing structure, the pricing for the IPO as well as the group structure post-listing. It is important to ensure that these parameters are equitable and balances the requirements of all stakeholders, including the Company, shareholders and the potential investors and at the same time, allows the Company to raise the necessary funds for the Group's future plans. An optimum listing structure will also try to minimize the potential occurrence of RPTs and conflict of interest situations with limited disruption to the existing and future business arrangements and / or agreements.

In consideration of the above, the following restructuring exercises were undertaken: -

- (a) On 30 September 2010, BSB entered into a Share Sale Agreement ("SSA 1") with OGSB, a company owned by the Leaw Brothers to acquire the entire issued and paid-up share capital of OGSB's wholly owned subsidiaries namely OML and Pacific comprising 2,432,067 and 18,645,829 ordinary shares of USD1.00 each respectively for a total purchase consideration of RM65 million (based on the exchange rate of USD1:RM3.084 as at 29 September 2010). At completion of the Acquisitions of OML and Pacific, the purchase consideration was settled by the creation of indebtedness of RM65 million by BSB to OGSB. This indebtedness is intended to be settled by cash proceeds received from the sale of reclaimed lands or unit / buildings developed on reclaimed lands, beneficially owned by BSB, from time to time in the proportion of 30:70 whereby 30% from each cash proceeds will be paid to OGSB until full repayment of the purchase consideration of RM65 million.

The purchase consideration for OML and Pacific are derived after taking into consideration the fair value of the vessels. In this respect, the vessels have been appraised by an Independent Registered Valuer on 28 September 2010 based on the Comparison Method and Depreciated Replacement Cost Method, for a value of RM65 million. Please refer to Section 15 for further details.

The Acquisitions of OML and Pacific were completed on 30 September 2010, being the date of satisfaction of all the conditions precedent in SSA 1.

4. INFORMATION ON OUR GROUP (Cont'd)

- (b) On 17 September 2010, Oceanliner entered into a Memorandum of Agreement with Oceanlec, a company controlled by the Leaw Brothers to acquire eleven (11) vessels (comprising eight (8) barges and three (3) tug-boats) held by Oceanlec for a total purchase consideration of SGD28,000,000 (or RM65,212,000 based on an exchange rate of SGD1:RM2.329). The purchase consideration was settled by Oceanliner via the assumption of Oceanlec's bank borrowings amounting to SGD8,546,601 and the balance of SGD19,453,399 via creation of indebtedness. Such indebtedness by Oceanliner to Oceanlec is to be paid via thirty six (36) equal monthly instalments at an interest rate of three (3) percent (3%) per annum.

The purchase consideration for the vessels was arrived at based on the market value of the vessels as appraised by an Independent Registered Valuer on 15 September 2010 based on the Comparison Method and the Depreciated Replacement Method. Please refer to Section 15 for further details.

The Acquisition of Oceanlec Vessels was completed on 17 September 2010. Post completion, there may arise a potential conflict of interest where the Promoters are also controlling shareholders of Oceanlec. The Promoters of Oceanlec had provided an undertaking letter to mitigate the potential conflict of interest. Please refer to Section 8.4 of this Prospectus for further information.

4.1.6 Listing Scheme

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of Benalec on the Main Market of Bursa Securities, Benalec implemented the Listing Scheme as set out below. The exercises within the Listing Scheme are inter-conditional and should be viewed as one exercise undertaken to facilitate the Listing.

- (i) Subdivision;
- (ii) Acquisition of BSB;
- (iii) Acquisition of BenShip;
- (iv) Acquisition of Oceanliner;
- (v) IPO;
- (vi) ESOS; and
- (vii) Listing.

4.1.6.1 Subdivision

On 2 December 2010, we effected a subdivision of every one (1) existing ordinary share of RM1.00 each in our authorised and issued and paid-up share capital into four (4) Shares, resulting in an authorised share capital of RM100,000 comprising 400,000 Shares, and an issued and paid-up share capital of RM2 comprising 8 Shares.

Following the Subdivision, we increased our authorised share capital from RM100,000 comprising 400,000 Shares to RM500,000,000 comprising 2,000,000,000 Shares.

4. INFORMATION ON OUR GROUP (Cont'd)

4.1.6.2 Acquisitions

Acquisition of BSB

On 2 December 2010, Benalec completed the acquisition of 730,000 ordinary shares of RM10.00 each representing the entire issued and paid-up share capital of BSB for a purchase consideration of RM153,369,559 which was satisfied entirely via the issuance of 613,478,236 new Shares in Benalec at an issue price of RM0.25 per Share. The purchase consideration of BSB was derived based on the audited consolidated NA of the BSB group of companies as at 30 June 2010 and after taking into consideration the financial effects arising from the Acquisitions of OML and Pacific, if any (details of which are set out under Section 4.1.5(a)).

The number of Benalec Shares issued to the vendors of BSB and their nominee pursuant to the Acquisition of BSB are as follows:-

Name of vendors of BSB	No. of ordinary shares of RM10.00 each held		No. of Benalec Shares issued as consideration
	In BSB	%	
Leaw Seng Hai	211,700	29.0	56,108,688
Leaw Ah Chye	204,400	28.0	54,173,906
Datuk Leaw Tua Choon	204,400	28.0	54,173,906
Foo Polin	109,500	15.0	29,021,736
Oceancove	-	-	* 420,000,000
Total	730,000	100.00	613,478,236

Note:-

- * Pursuant to the Acquisition of BSB, 420,000,000 Shares were issued and allotted to Oceancove, being the investment holding company of Leaw Brothers and Foo Polin.

The 613,478,236 new Benalec Shares issued pursuant to the Acquisition of BSB shall upon issue and allotment and when fully paid, rank pari passu in all respects with the existing Benalec Shares and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

Acquisition of BenShip

On 2 December 2010, Benalec completed the acquisition of 1,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of BenShip for a purchase consideration of RM3,678,253 which was satisfied entirely via the issuance of 14,713,012 new Shares in Benalec at an issue price of RM0.25 per Share. The purchase consideration of BenShip was derived based on the audited NA of BenShip as at 30 June 2010.

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4. INFORMATION ON OUR GROUP (Cont'd)

The number of Benalec Shares issued to the vendors of BenShip pursuant to the Acquisition of BenShip are as follows: -

Name of vendors of BenShip	No. of ordinary shares of RM1.00 each held in BenShip	%	No. of Benalec Shares issued as consideration
Leaw Seng Hai	850,000	85.0	12,506,060
Leaw Ah Chye	70,000	7.0	1,029,911
Datuk Leaw Tua Choon	80,000	8.0	1,177,041
Total	1,000,000	100.00	14,713,012

The 14,713,012 new Benalec Shares issued pursuant to the Acquisition of BenShip shall upon issue and allotment and when fully paid, rank pari passu in all respects with the existing Benalec Shares and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

Acquisition of Oceanliner

On 2 December 2010, Benalec completed the acquisition of 200,000 ordinary shares representing the entire issued and paid-up share capital of Oceanliner for a purchase consideration of RM452,186 which was satisfied entirely via the issuance of 1,808,744 new Shares in Benalec at an issue price of RM0.25 per Share. The purchase consideration of Oceanliner was derived based on the audited NA of Oceanliner as at 30 June 2010 and after taking into consideration the financial effects of the Acquisition of Oceanlec Vessels, if any (details of which are set out under Section 4.1.5 (b)).

The number of Benalec Shares issued to the vendors of Oceanliner pursuant to the Acquisition of Oceanliner are as follows: -

Name of vendors of Oceanliner	No. of ordinary shares held in Oceanliner	%	No. of Benalec Shares Issued as consideration
Leaw Seng Hai	100,000	50.0	904,372
Leaw Ah Chye	100,000	50.0	904,372
Total	200,000	100.00	1,808,744

The 1,808,744 new Benalec Shares issued pursuant to the Acquisition of Oceanliner shall upon issue and allotment and when fully paid, rank pari passu in all respects with the existing Benalec Shares and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.1.6.3 IPO

The IPO comprises both the Public Issue and Offer for Sale.

Public Issue

We are undertaking a Public Issue of 100,000,000 new Shares or approximately 13.70% of the enlarged issued and paid-up share capital (after the IPO) in the manner set out in Section 2.3.1 of this Prospectus.

Offer For Sale

The Offer for Sale of 130,000,000 Shares, representing approximately 17.81% of the enlarged issued and paid-up share capital of the Company, will be undertaken in the manner set out in Section 2.3.2 of this Prospectus.

4.1.6.4 ESOS

In conjunction with the Listing, we are implementing an ESOS which entails the issuance of up to ten percent (10%) of Benalec's issued and paid-up share capital (excluding treasury shares) at any one time pursuant to the options to be granted under the ESOS, to eligible Directors and employees of Benalec Group, in the manner set out in Section 2.3.4 of this Prospectus.

Details of the ESOS have been set out in the By-Laws in Section 14 of this Prospectus.

4.1.6.5 Listing

Simultaneous with the IPO, we will seek a listing and quotation of our entire enlarged issued share capital comprising 730,000,000 Shares on the Main Market of Bursa Securities. The board lot size for the enlarged issued share capital of Benalec upon its listing will be standardised at 100 Shares per board lot.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.1.7 Location of Principal Place of Business

We currently operate from the following principal place of business premises: -

Operations of our Group	Approximate Built-up Area	Location of Facility
Head Office	9,597.92 sq. ft.	No. 38, Jalan Pengacara U1/48, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan
Shipyards, shipbuilding site and administration office	870,903.64 sq. ft	Kampung Sijangkang, Batu 7, Kawasan Banting Laut, 42500 Telok Panglima Garang, Kuala Langat, Selangor (H.S.(D) 27282, PT 9723, Mukim Telok Panglima Garang, Kuala Langat, Selangor)
Project site office	287 m ²	97, 97-1 & 99-1, Jalan Kristal, Taman Limbongan Indah, 75200 Melaka
Singapore branch office	1,431.60 sq ft	18, Boon Lay Way #07-97, Tradehub 21, Singapore 609966

The details of the abovementioned premises and our land and buildings are set out in Section 9.1 of this Prospectus.

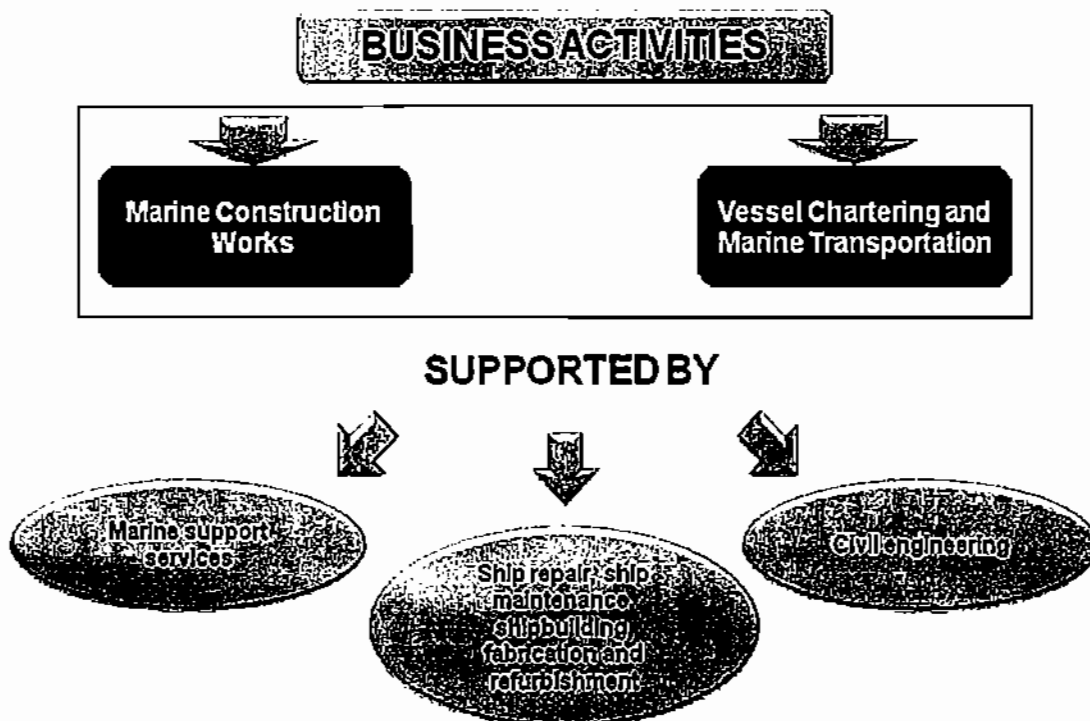
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4. INFORMATION ON OUR GROUP (Cont'd)

4.2 OUR BUSINESS

4.2.1 Overview of business activities

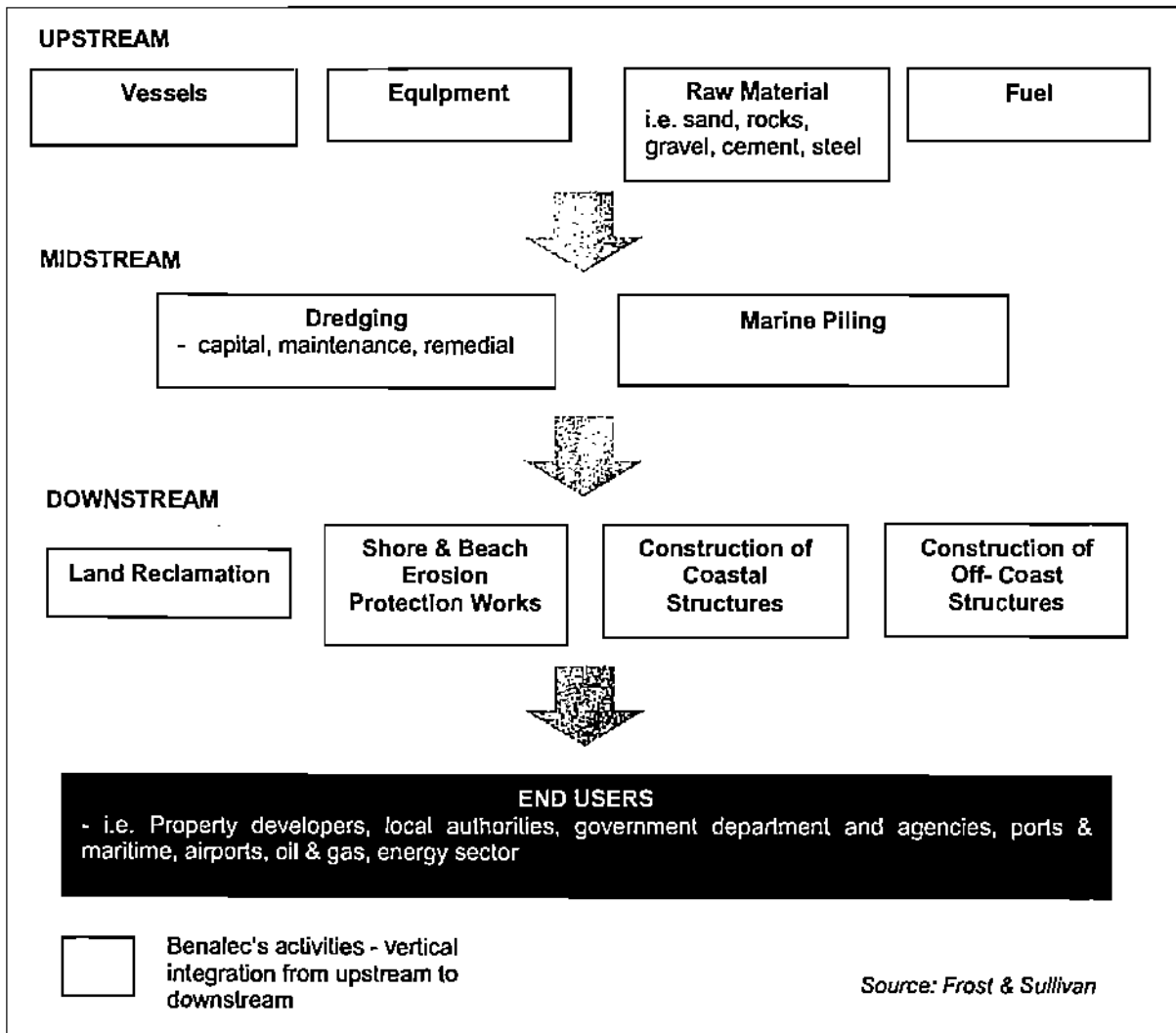
Our business activities are depicted as follows:-



Principal Activities	Description
Marine Construction services	Our marine construction services 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; and iv) construction of marine structures, bridges, jetties, ports and other offshore and ancillary structures.
Vessel Chartering, Marine Transportation and related services	Our Group provides vessel chartering on time and voyage charters, as well as towage services to third (3 rd) parties
Support activities under Marine Construction services and Vessel Chartering	
Marine support services	Our Group owns a fleet of vessels to support our marine construction activities and chartering services
Civil engineering services	We also undertake infrastructure, road and earth works as well as drainage and irrigation works.
Ship repair, ship maintenance, shipbuilding, fabrication and refurbishment	Our Group operates a shipyard for us to build offshore support vessels and carry out ship repair, ship maintenance, shipbuilding, fabrication and refurbishment on our fleet of vessels. We are also able to carry out shipbuilding and ship repair for our external clients.

4. INFORMATION ON OUR GROUP (Cont'd)

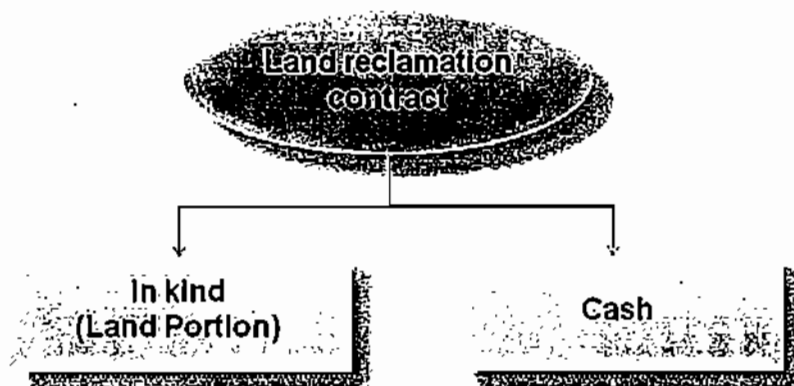
As a result of our Group's expansion over the years, it is now one of the few local companies capable of providing integrated one-stop marine construction and civil engineering services, as depicted in the chart below: -



(Source: Independent Market Research on the Marine Construction Industry prepared by Frost & Sullivan)

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4. INFORMATION ON OUR GROUP (Cont'd)

REVENUE MODEL

In respect of our Group's land reclamation contracts, settlements are generally either by way of cash or the Land Portion or a combination of both. The success of this revenue model is driven by the Group's ability to maintain cost efficiency in its land reclamation projects. By also offering clients the option to pay the Group in-kind for services rendered, the Group is able to sustain its business activities during an economic downturn as clients do not need to incur costs upfront to undertake the land reclamation projects.

Revenue and profits from reclamation contract works are recognised on a percentage of completion method. Percentage of completion is determined on the proportion of actual reclamation contract costs incurred for work performed to date against total estimated reclamation costs where the outcome of the project can be estimated reliably. For land reclamation contracts which are settled in-kind, our Group is able to proportionately recognise the Land Portion at each stage of completion and the contract sum for such Land Portion are included as "Amount Due from Contract Customers".

The concessionaire will make an application to the local land office for issuance of the document of title for the said Land Portion to the entity nominated by BSB. Following the Alienation Process, the Land Portion will then be reclassified as "Land Held For Sale" in Benalec Group's balance sheet. In the past, our Group's policy is to commence the Alienation Process when our Group wishes to dispose our Land Portion. In view that our Group has since May 2009, commenced the Alienation Process upon completing the land reclamation process for a particular plot of land in the project from time to time, moving forward, our Group will continue with this policy. The change in this policy is expected to increase the reclassification of the Land Portion in our Group's financial statements from "Amount Due from Contract Customers" to "Land Held For Sale".

For information purposes, our Group can commence disposal of the Land Portion prior to completing the Alienation Process. Pursuant to the SPA, the consideration will generally be settled in different stages (i.e. upon execution of the SPA, application for the document of title, issuance of document of title and / or receipt of consent for transfer from relevant authority). The disposal can only be completed upon completion of the Alienation Process, which usually takes between seven (7) to twelve (12) months to complete.

4. INFORMATION ON OUR GROUP (Cont'd)

In the event that the Alienation Process is delayed, the completion of the SPAs will similarly be extended and delayed hence resulting in a delay in the receipt of the balance purchase price. The SPAs which we have entered into as at the LPD generally allow between two (2) to six (6) months from the date of the SPA ("Timeframe") to complete the Alienation Process, with the option to mutually extend the Timeframe. The Timeframe was agreed with the purchaser on a negotiated basis whereby our Group always strives on a best effort basis to meet the said Timeframe. Given that the Alienation Process usually takes between seven (7) to twelve (12) months to complete, our Group has never experienced any difficulties in extending the Timeframe. For our future SPAs, our Group will review the Timeframe from time-to-time based on the then most recent Alienation Process duration.

For our land reclamation contracts, in the event that the application for alienation is not granted by the local Land Office, Benalec Group will have recourse against the concessionaire pursuant to the land reclamation agreement entered into, and may claim for (amongst others) specific performance and / or damages.

Our Group only undertakes projects whereby payments are in the form of the reclaimed land after conducting sufficient due diligence on the land location, land price and development in the surrounding vicinity, whereby we critically consider the potential value of the Land Portion as well as the demand-supply condition for land in such vicinity. Considerations are also given to possible infrastructure enhancements on the said lands to increase the potential values.

For our land reclamation projects, a project is at the near completion stage when all the pre-determined requisite works as detailed in the budgeted cost has been completed and subsequently the issuance of the Certificate of Practical Completion will be provided by an external project consultant upon inspection and verification of the project site ("Near Completion"). At the Near Completion stage of a project, the percentage of completion would generally be within 80% to 90% of the budgeted cost. The remaining 10% to 20% of work comprise additional works (which are included in the budgeted cost) which may be required to be undertaken during the defects liability period which generally extends for 12 months after the Near Completion stage ("Additional Work"). Such Additional Work (if required), would normally involve additional sand fill on reclaimed land following sand consolidation / soil settlement, to top up the level of sand to the design level of the project. The costs incurred to undertake the abovementioned Additional Work will be recognized as part of the project cost and expensed to the income statement of the Group as and when incurred.

BUSINESS ACTIVITIES**(a) MARINE CONSTRUCTION SERVICES**

Presently, our key target market for marine construction works are companies and authorities involved in marine and coastal environments, property development, maritime, energy, transport and logistics and civil works and agriculture in Malaysia. Based on the Independent Market Research on the Marine Construction Industry prepared by Frost & Sullivan which states that Benalec is ranked among the Top 2 most active companies in Malaysia in marine construction projects in Malaysia for the duration 2006 – 2009, Benalec is one of the leading contractor for land reclamation in Malaysia. Additionally, our design-and-build turnkey capabilities has also enabled us to participate from inception of the project thereby greatly enhancing our efficiency and potentially resulting in the realisation of cost savings due to the shorter project duration and less wastage of resources.

4. INFORMATION ON OUR GROUP (Cont'd)

Land reclamation

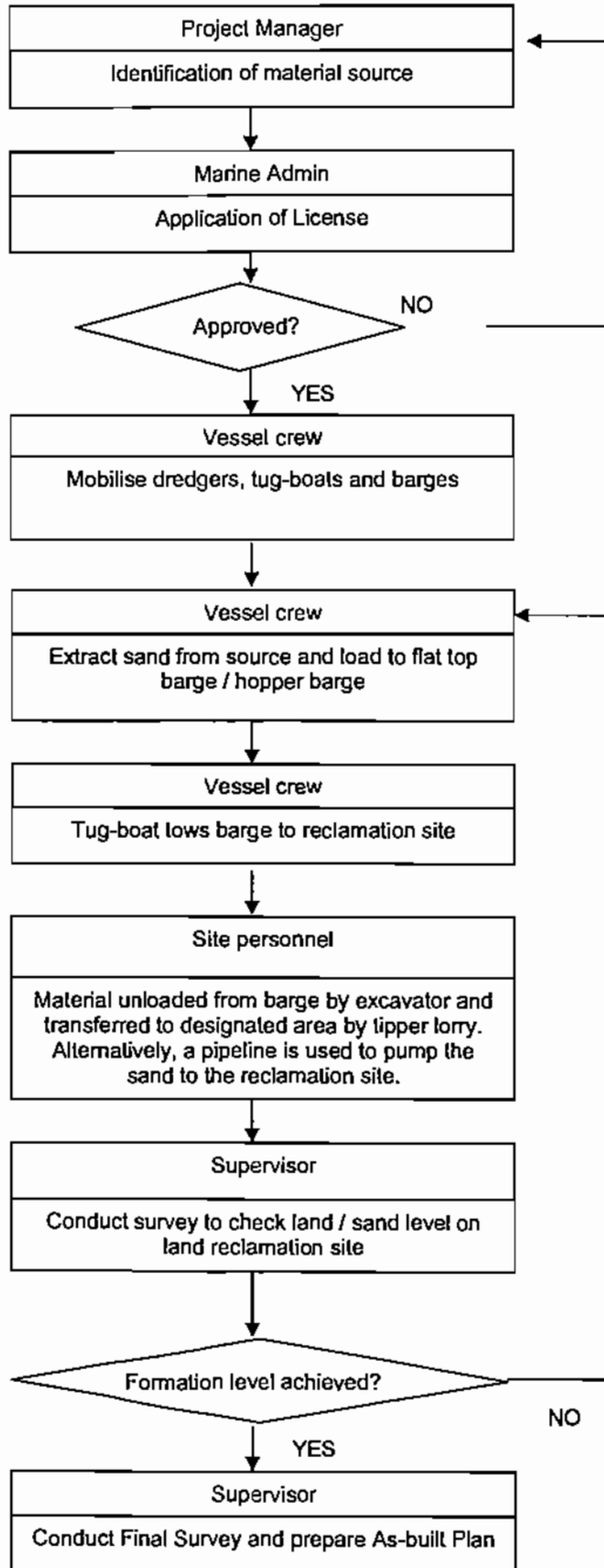
Our land reclamation activities mainly comprise the following key elements: -

- i) dredging of sand;
- ii) transport of sand to the reclamation site;
- iii) discharging of sand; and
- iv) performing reclamation works.

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4. INFORMATION ON OUR GROUP (Cont'd)

The following flowchart depicts a method employed in our land reclamation work process: -



4. INFORMATION ON OUR GROUP (Cont'd)

Planning and Design

Prior to the commencement of land reclamation, it is critical for proper planning to be conducted on the approach to be adopted in executing the project. Key considerations include: -

- (i) the type of project and scope of work to be undertaken;
- (ii) cost factors which are determined by, *inter-alia*, volume of materials to be removed and length of time to complete; and
- (iii) availability of vessels, equipment and manpower.

The approach to a project differs according to water depths, sea conditions, thickness of sand and size of the dredging sites. Different equipment is utilised in order to address the varying site and sea conditions. Certain dredgers are typically more suitable for rough sea conditions while others are more suitable for sheltered areas, depending on their respective specifications and design. Similarly, depth of water at the dredge site is also a consideration in determining the most appropriate dredger to use.

Site Preparation

The process of reclaiming land starts with the identification and sourcing of sand. In order to dredge for sand, we generally purchase sand ex-seabed from sand concessionaires.

A soil investigation is undertaken to assess the soil conditions at the reclamation site. At the same time, where we undertake the project as a design-and-build turnkey contractor, a geological and hydro-graphic survey of the reclamation site will be undertaken to determine the depth of the sea bed or river bed that needs to be filled and assess the site for the extent of work and resources required, and develop the work plan, engineering drawings and specifications for the project. A hydro-graphic survey also enables us to determine the physical characteristics of water and coastal lines including tidal, current and wave patterns, shore features, wave climate and marine geographical features that aid in planning our approach to the project.

Where required, a hydro-graphic survey boat is deployed for bathymetry survey works to assess the underwater depth of the area that is to be filled. Our engineers will then prepare a PQP which states the specific procedures, works programme, licenses to be obtained (if required), resources and manpower to be committed and list of suppliers and sub-contractors to be involved in the said project.

A plan detailing the site where sand will be extracted from, and how the land will be reclaimed will need to be provided for approval to the relevant authorities which include State Economic Planning Unit (Unit Perancangan Negeri) as well as the local town council.

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4. INFORMATION ON OUR GROUP (Cont'd)

Dredging and Transporting and Discharge of Sand



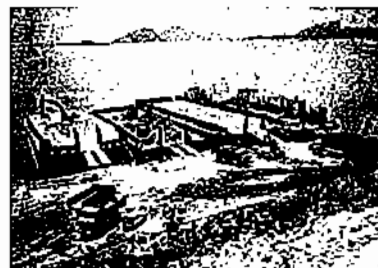
In respect of reclamation works, sand needs to be dredged and transported to the reclamation site. Please refer to **Dredging Process** below for some of the dredging methods employed by the Group.

Subsequent to the dredging process, the dredged materials are transported to the reclamation site via two (2) methods which are largely dependent on the distance

between dredge site and the reclamation site as well as the water depth at the reclamation site.

The methods are: -

- (a) via tug-boats to tow the barge to the dumping site, whereby sand is discharged from the barge through a combination of excavators, dump trucks, clam-shell dredgers, shovels and / or conveyors.



- (b) via a sand carrier whereby sand is loaded onto the sand carrier and discharged directly onto the dumping site via a conveyor belt system.



Land reclamation works

Following the dredging and transportation process, the sand is spread and levelled on the land reclamation site using shovels, bulldozers and back pushers.

The project supervisor will conduct a survey to assess the level of the land. As part of our land reclamation works, rock revetments are constructed along the edge of the reclaimed land to protect against erosion. A drainage system is put in place in the reclaimed land to prevent flooding. Where required, we then undertake infrastructure, road and earth works as the final measures to prepare the reclaimed land for handover to the client. Please refer to the sections below on rock revetment works, shore protection works and breakwater construction; infrastructure, road and earth works; as well as drainage works. Where the design level of the project has been achieved, the independent surveyor will conduct a final survey and prepare an as-built plan for handover.

4. INFORMATION ON OUR GROUP (Cont'd)

Dredging

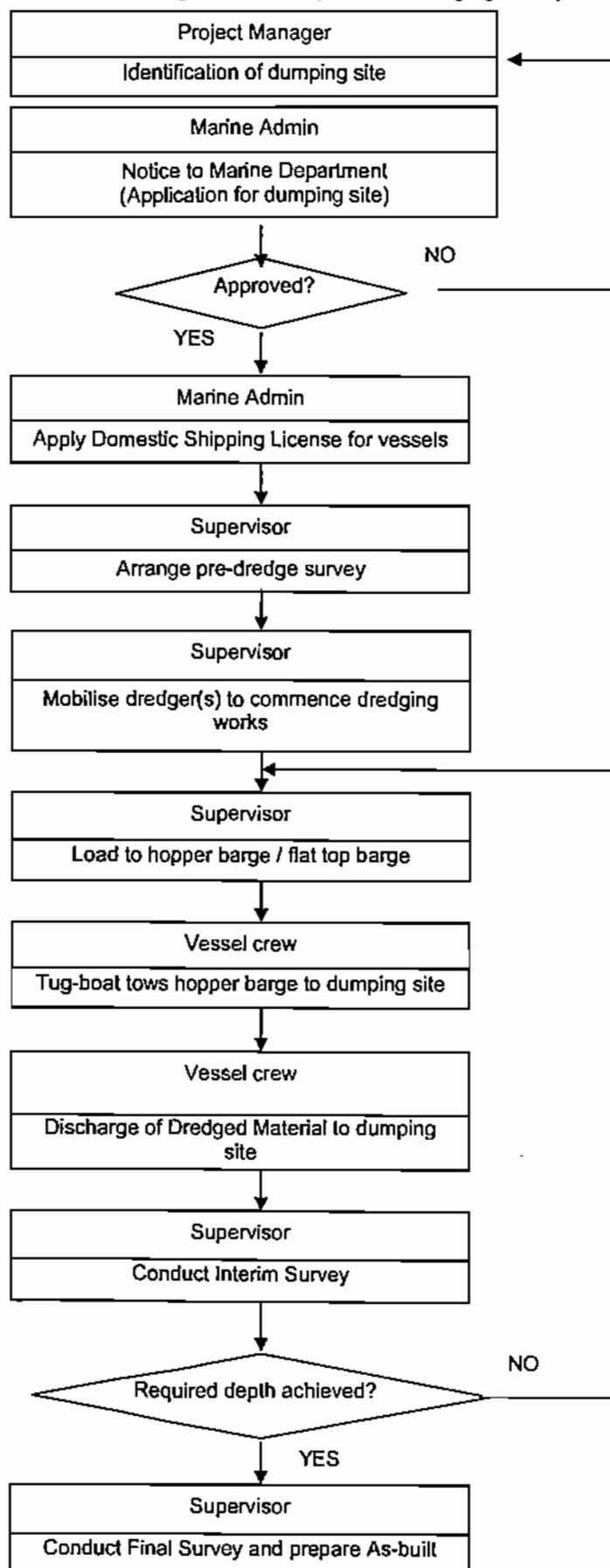
Our dredging activities can be broadly categorised into dredging works for: -

- i) clay, silt, sand, gravel, rocks (includes chiselling or underwater blasting) and shale ("**Dredged Materials**");
- ii) preparation of site for major construction such as jetties, ports and bridges; and
- iii) maintenance dredging of ports, harbours, wharf fronts, river mouths and navigational channels / waterways.

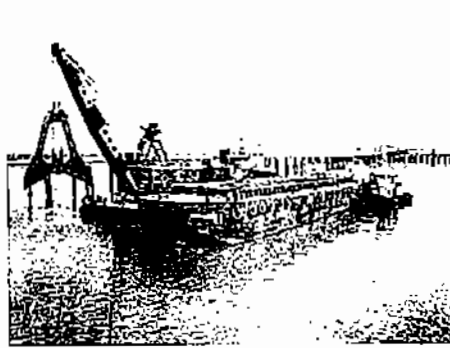
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4. INFORMATION ON OUR GROUP (Cont'd)

The following flowchart depicts the dredging work process: -



4. INFORMATION ON OUR GROUP (Cont'd)



Planning and Assessment

Prior to commencing dredging works (save for dredging for sand), we first need to identify the dumping site for the dredged materials. The dump site of each dredging project requires approval from the Department of Environment and Marine Department of Malaysia, whilst the dredging site requires the approval of JPS. Alternatively, approved dump sites can be utilised by applying to the Marine Department.

For dredging of sand, the planning process is similar to that of land reclamation set out above.

Site Preparation

Dredging projects which are not part of land reclamation require a more in-depth assessment of the dredge site specifically when there are nearby existing structures involved. Further consideration also needs to be given towards the water currents and vessel traffic of the dredge site. Our engineers will conduct a joint pre-dredge hydro-graphic survey with the client's representative of the dredge site to determine the original ground level of the seabed or riverbed. By comparing the seabed or riverbed level against the chart datum (i.e. desired seabed or riverbed level) that a client requires, then the volume of sediment and soil to be removed can be calculated.

Dredging and reclamation methods

We set out below a brief description of several dredging methods which we utilise and intend to utilise in our dredging operations. Dredging methods employed are dependent on the distance from the sand source to the reclamation site, depth of water, site conditions, wind and weather conditions, water current conditions, size of project sites as well as the time and cost elements.

We set out below the dredgers utilised and to be utilised by our Group and several methods of discharging of Dredged Materials.

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4. INFORMATION ON OUR GROUP (Cont'd)

Dredgers



A cutter suction dredger is a dredger equipped with a rotating cutter head to excavate hardened or dense soil before it is sucked up by the dredge pumps, giving it the capability to dredge all types of materials. Hence, the cutter suction dredger is useful when accuracy of dredging is required. It is often applied in dredging harbors, channels and

reclamation areas.

We use a cutter suction dredger to excavate the sand at the sand source location and either: -

- (i) load the barges which are then towed to the reclamation location; or
- (ii) load the barges which then sail under their own power or are towed nearby to the shore location and place the sand in a temporary location on the sea bed ("Rehandling Location") where a second cutter suction dredger re-excavates the sand.

As at the LPD, we own and operate one (1) cutter suction dredger.

On the other hand, a clam shell dredger uses a grab or clamshell which is lowered into the water using a hoist system such as a winch, and boom or overhead crane to swing the clamshell on a vertical axis. It is a relatively simple and inexpensive machine to operate and can be used for dredging in bulk or in more specialized jobs such as at difficult access places in harbors. Clam shell dredgers are suitable to be used in protected waters as they cause less damage to the bottom of waterways.



The clam grabs the soil and hoists it out of the water to be loaded onto a barge or hopper which is used to transport the sand to the reclamation site.

As at the LPD, we own and operate five (5) clam shell dredgers.



A sand pump ship is a self-propelled vessel which uses a suction pipe and high powered centrifugal pump to suck non-cohesive soil or sand from the sea bed which are then discharged onto a barge.

Sand pump ships are most suitable to be used in deeper water depths (beyond 20 metres) while cutter suction dredgers are most suitable for shallow waters.

4. INFORMATION ON OUR GROUP (Cont'd)

The sand pump ship excavates the sand at the sand source and loads the barges which are then towed to the reclamation location.

As at the LPD, we own and operate two (2) sand pump ships.

A sand pump barge is essentially similar to a sand pump ship in terms of functionality, except that a sand pump barge does not have a self-propel system and would need to be pulled by a tug-boat.

As at the LPD, we own and operate nine (9) sand pump barges.

The TSHD is a self-propelled vessel, equipped with dredge pumps, one or more suction heads (drag heads) and a hopper for holding the dredge materials. The TSHD does not dredge on a fixed position; rather the drag head sweeps the seabed at speeds of about 2-3 knots, pumping sand, soil and water into the hopper. The vessel is equipped with an overflow device to discharge fluids from the hopper, leaving behind the spoils.

(Source: Independent Market Research on the Marine Construction Industry prepared by Frost & Sullivan)

For deep waters and / or long distances between the dredge site and the reclamation site, we also lease TSHDs. The TSHD removes the sand from the sand source location and sails to the reclamation site where the sand is discharged by "rainbow" method or bow discharge, and pumped ashore through a pipeline system.

As at the LPD, we do not own any TSHD. However, we have not encountered any difficulty in leasing the appropriate number of TSHD(s) as and when our projects require such equipment.

Methods of discharge

After the dredging and transportation process, the dredged materials are then discharged onto the reclamation / dumping site. We utilise various methods of discharge, which include: -

- (i) pumping the sand through a pipeline from the sand source or Rehandling Location, using cutter suction dredger with the aid of booster pumps to the beach;
- (ii) using earth moving equipment such as excavators, dump trucks or shovels to unload and distribute sand on the reclamation site, where: -
 - a tug and barge system is used; or
 - the dredged materials are loaded directly onto trucks using a clam shell dredger, which then transport the materials to the reclamation site; or
- (iii) where a TSHD is used to dredge the sand, the sand dredged can also be pumped from a location within 200 metres of the coast, through a nozzle (rainbowing) directly onto the beach or through bow discharge and pumped ashore through a pipeline system.

The dumping of dredged materials at the approved sites is monitored by the Marine Department and the Department of Environment (where the dumping has a material impact on the environment).

4. INFORMATION ON OUR GROUP (Cont'd)

Survey and Assessment

The project supervisor conducts an interim survey to determine if the required dredge level has been reached. The independent surveyor will then conduct a final survey and prepare an as-built plan for handover.

Beach nourishment

We also provide beach nourishment services to restore eroded beaches and beautify shorelines. This involves replacing sand on the affected area and creating a new shoreline. The process involved is similar to that of our land reclamation projects. As part of our land reclamation services, beach nourishment is usually undertaken to prevent coastal erosion to the land which we have reclaimed and to beautify the shoreline.

Rock revetment works, shore protection works and breakwater construction

As part of our marine construction services, we also undertake design, planning and construction of rock revetment, shore protection structures and breakwater construction. Rock revetment is a form of coastal defence put up by placing the rocks inland so that the land may be protected against powerful waves. The revetments are sloping structures placed on banks or cliffs in such a way so as to dissipate the energy of incoming waves.



Our river and coastal revetment projects involve the construction of revetments to preserve the existing uses of the shoreline and to protect the slope of rivers and embankments against erosion. Our rock revetment works are also complementary to our reclamation works as they protect the land reclaimed against erosion. Rock revetments are designed to be higher than the wave level at high tide to protect the shoreline. The profile of the slope for the revetment will be designed to a desired slope gradient. The sand will be trimmed back to a sand profile and a geotextile fabric is placed on the sand to protect it from erosion using an excavator. Under-layer filter rocks, about 300 millimetres to 400 millimetres in diameter, are laid onto the geotextile to act as a cushion between the sand and the armour rocks. Once the desired thickness of the filter rocks is reached, a top layer of armour rocks is laid onto the filter rocks. An armour rock is typically 500 millimetres to 1 metre in diameter. The top surface of the armour rock is arranged carefully so that the flat surface of the rock faces outwards along the profile of the rock revetment. Excavators are used to lift the final layer of armour rocks into the desired position.

Once the final layer of armour rocks is in place, the rock revetment is deemed complete and checked for compliance against the client specification.

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4. INFORMATION ON OUR GROUP (Cont'd)

To further protect coastlines and river embankments against erosion, we construct breakwater structures to reduce the intensity of wave action in inshore waters. Breakwater structures, which consist of a long mound of sand and rocks, are constructed some distance away from the coast or built with one end linked to the coast. The design of breakwater structures is typically based on the design of the geographic outlay of the surrounding coastline and seabed beneath the water surface. In this respect, a hydro-graphic survey is undertaken to determine the angle and design of the breakwater structure, taking into consideration environmental parameters such as wind conditions, undercurrents as well as wave strength and approach. In constructing a breakwater, sand extracted from the sea is laid on the breakwater site according to the design. The slope and edges of the breakwater are completed with rock revetment.

Our rock revetment works, shore protection works and breakwater construction normally require a combination of barges, excavators and dump trucks to move the rocks to the works site (which for breakwater construction, includes offshore areas some distance from the coast), and place the rocks in position.

Most of our rock revetment and breakwater construction projects are undertaken together with our land reclamation or beach nourishment projects (i.e. to provide wave and erosion protection of the land reclaimed and beaches). Other notable coastal protection works which incorporated rock revetment and breakwater construction include our projects at Sungai Belukang and Sungai Tiang in Perak and Pantai Kok, Langkawi, Kedah.

Pre-bore and marine piling



Marine pre-bore and piling works are required prior to the construction of water structures such as jetties, bridges, ports and water chalets.

Prior to commencement of piling works, a hydro-graphic survey is undertaken to determine the depth of the water. Where required, a soil investigation is undertaken to assess soil conditions and determine the penetration depth of the piling works. Once the necessary planning and survey works have been performed and sufficient data has been obtained, the necessary piling barges are mobilised to the work site and secured to the seabed by a four (4) / six (6)-point mooring system, following which the piling work commences. Finally, our engineers / external project consultant verifies that the piles have been driven to-set. A Pile Dynamic Analysis test is undertaken to determine that the design working load has been met.

Occasionally, pre-bore is necessary to be performed prior to marine piling works if the soil at the project site contains boulders or a rock layer.

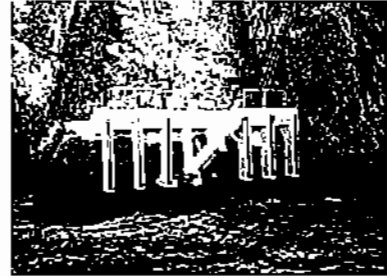
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4. INFORMATION ON OUR GROUP (Cont'd)

Construction of marine structures, bridges, jetties, ports and other offshore and ancillary structures

We combine our civil engineering and marine construction capabilities to construct, extend and / or repair marine and coastal structures such as: -

- helipads and jetties;
- passenger and cargo jetties;
- beacons; and
- bridges.



The abovementioned construction activities are normally undertaken: -

- (i) as part of larger property development projects;
- (ii) together with our other marine construction and / or civil engineering services as a component of our turnkey solutions package; or
- (iii) on a stand-alone basis,

for private entities and Government authorities.

(b) VESSEL CHARTERING, MARINE TRANSPORTATION AND RELATED SERVICES

In addition to being a support division to the Group's marine construction activities, a part of our Group's fleet is deployed for chartering services to third (3rd) party clients in the form of charter arrangement—spot charter, time charter and voyage charter, as well as contract of a freight arrangement. Our large fleet will allow clients to choose from different sizes of vessels as well as chartering our vessels on urgent assignment.

We have, on an ongoing basis, been providing vessel chartering services to a diversified clientele base within the land reclamation and dredging industry. We have also provided bulk cargo transportation services involving the shipment of building materials, coal, iron ore and heavy equipment.

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4. INFORMATION ON OUR GROUP (Cont'd)

The number and types of vessels utilised in support of our marine construction activities and charter to third (3rd) parties in the FYE 30 June 2010 were as follows: -

Vessels	Support for marine construction activities		Third (3 rd) party clients		Marine construction activities supported
	No. of vessels	% over total vessels	No. of vessels	% over total vessels	
Dredgers;					
- cutter suction dredger	1	1.1%	-	-	Supports land reclamation and dredging activities by undertaking dredging of materials and / or transporting and unloading / direct discharge of dredging materials to reclamation site or dump site
- clam shell dredgers	5	5.5%	-	-	
- sand pump ships	-	-	2*	2.2%	
- sand pump barges	7	7.7%	2*	2.2%	
Tug-boats;					
- below 2400HP	20	21.9%	-	-	Supports all levels of marine construction activities whereby pulling of barges and other vessels without self-propulsion systems is required.
- above 2400HP	-	-	8*	8.8%	
Barges;					Supports all levels of marine construction activities which require transport of dredged materials, construction materials, rocks, cargo, equipment and others
- Flat top barges;					
• flat top barges (below 250 feet in length)	22	24.2%	-	-	
• flat top barges (above 250 feet in length)	4	4.4%	1*	1.1%	
- Deck cargo barges;					
• below 250 feet in length	4	4.4%	-	-	
• above 250 feet in length	1	1.1%	8*	8.8%	
- Piling barge	1	1.1%	-	-	
- Split hopper barges	4	4.4%	-	-	
- Work barge	1	1.1%	-	-	
Total	70	76.9%	21	23.1%	

Note: -

* These vessels were chartered to Oceanlec (a company owned by some of our Promoters) to undertake supply of construction materials in Singapore on a time charter and bare-boat basis for a contract period of between four (4) to twelve (12) months commencing in April 2010, prior and subsequent to which, these vessels were / are utilised in Benatec's own marine construction operations.

4. INFORMATION ON OUR GROUP (Cont'd)

(c) MARINE CONSTRUCTION AND VESSEL CHARTERING SUPPORT ACTIVITIES

Marine support services

Our fleet of 91 vessels support our marine construction activities and chartering services.

Civil engineering services

Our other civil engineering activities include: -

- (i) infrastructure, road and earth works; and
- (ii) drainage and irrigation works.

After the completion of land reclamation, infrastructure works comprising the construction of roads and bridges as well as installation of a drainage system, need to be carried out on the new land.

Our drainage and irrigation works involve building irrigation and drainage structures for the agriculture sector, building canals and bunds as well as construction and deepening of rivers and drainage systems.

Ship repair, ship maintenance, shipbuilding, fabrication and refurbishment

Our ship repair, ship maintenance and shipbuilding activities are primarily undertaken to support our fleet of vessels which are deployed to undertake our core marine construction operations. As a further testament of our status as integrated marine construction specialists, our capabilities also include ship refurbishment, ship conversion and steel fabrication.

Ship repair and maintenance

As an integrated marine construction solutions provider, we have our own full-service shipyard to carry out immediately, any repair and maintenance work required, promptly and efficiently, thereby minimising the occurrence of downtime.

Some of the repair works we undertake comprise the following: -

- hull repair and maintenance;
- inspection, repair and maintenance of machinery and equipment;
- inspection of wiring and piping systems;
- replacement of corroded or faulty structures and parts, as well as piping systems;
- altering and modifying parts, structures and fittings;
- removal and installation of parts and equipment;
- cleaning;
- sand blasting; and
- painting and coating.

4. INFORMATION ON OUR GROUP (Cont'd)

We also operate our own electrical and machine shops, stock long-lead spare parts and engage staff maintenance teams to handle repair emergencies.

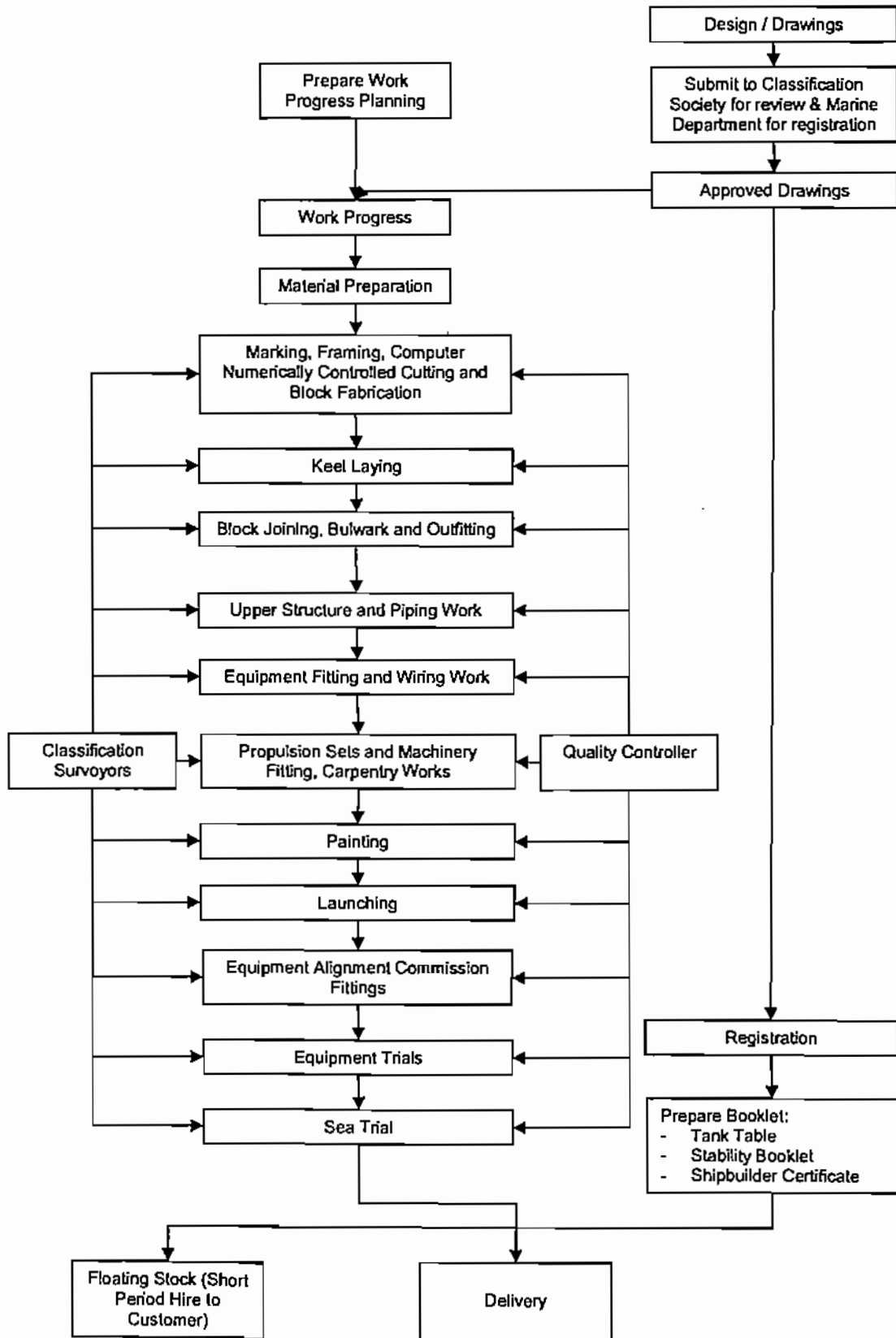
Ship building

Using our in-house resources, coupled with acquired expertise, we have as at the LPD, successfully custom-built five (5) anchor handling tug-boats, four (4) twin screw tug-boats, two (2) barges and one (1) cutter suction dredger since year 1995 (of which the four (4) twin screw tug-boats were built in our shipyard in Sijangkang) with plans to expand into building more barges, larger capacity anchor handling tug-boats and cutter suction dredgers. As at the LPD, we are building two (2) units of anchor handling tug-boats and one (1) unit of 2,400HP twin screw tug for our own use. In the future, we intend to increase our shipbuilding capabilities in terms of ship complexity and volume of production, to custom build specific-purpose vessels for our operations and third (3rd) party clients. Please refer to our Future Plans and Strategies in Section 4.19 of this Prospectus.

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4. INFORMATION ON OUR GROUP (Cont'd)

The following flowchart depicts the general manufacturing process of vessels: -



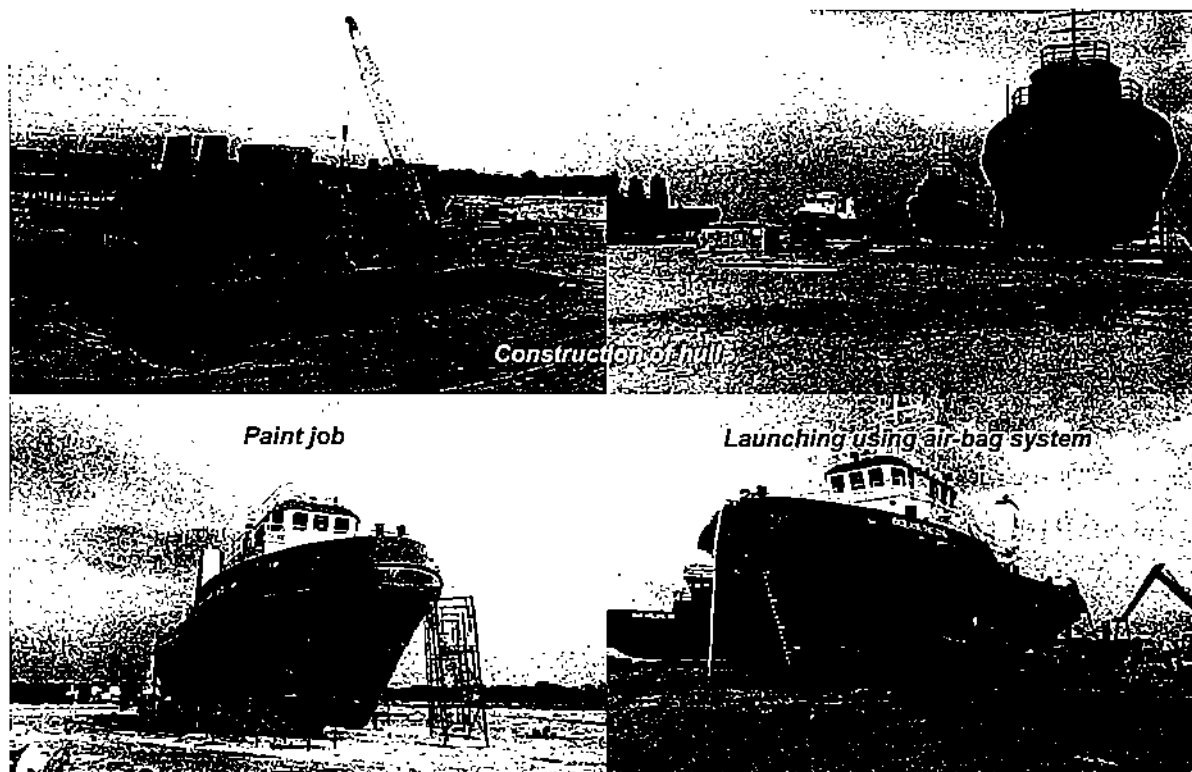
4. INFORMATION ON OUR GROUP (Cont'd)

Step	Action														
1	<ul style="list-style-type: none"> Owner of ship decides which international classification to be applied for their shipbuilding An external Licensed Naval architect prepares vessel drawing, design and specification. 														
2	Purchasing department purchases and sources for steel plates, engine, gearbox, generator, accessories and consumable items for shipbuilding purposes.														
3	<p>Construction commences and the Engineering Department liaises with an external licensed Classification Surveyors for technical advice and consultation.</p> <p><u>Construction of hull</u></p> <ul style="list-style-type: none"> Steel plate sand blasting is the first (1st) stage for shipbuilding, whereby the rusty surface on the steel plate is removed. To avoid occurrence of rust, primer coating paint must be applied immediately after sand blasting is performed Blasted steel plate is laid on the ground for marking to the required size Welders cut out the required plates size piece by piece Fitters fit out each piece of plate to required shape according to drawing Welders weld up and connect each piece of plate fitted by fitters Entire process is monitored by external licensed Classification Surveyors to ensure that all works are in conformance with the classification and standards. 														
4	<p><u>Installation of key components and finishing</u></p> <p>The following systems and components are installed: -</p> <table border="1"> <thead> <tr> <th>Systems</th> <th>Components</th> </tr> </thead> <tbody> <tr> <td>Propulsion</td> <td>Propeller, tailshaft, kort, nozzle, rudder blades.</td> </tr> <tr> <td>Engine</td> <td>Engine, gearbox and generators</td> </tr> <tr> <td>Accessories</td> <td>Manhole, old tyre fender, safety equipment, lighting, window, air-conditioning system (varies according to owner specifications)</td> </tr> <tr> <td>Wiring</td> <td>Electrical wiring on the whole of the Vessel</td> </tr> <tr> <td>Piping</td> <td>Fuel and water transmission flow</td> </tr> <tr> <td>Radio</td> <td>Communication systems ranging from Inmarsat-C, GMDSS to EPIRB</td> </tr> </tbody> </table> <p><u>Paint job</u> The ship is painted according to the owner's specifications.</p>	Systems	Components	Propulsion	Propeller, tailshaft, kort, nozzle, rudder blades.	Engine	Engine, gearbox and generators	Accessories	Manhole, old tyre fender, safety equipment, lighting, window, air-conditioning system (varies according to owner specifications)	Wiring	Electrical wiring on the whole of the Vessel	Piping	Fuel and water transmission flow	Radio	Communication systems ranging from Inmarsat-C, GMDSS to EPIRB
Systems	Components														
Propulsion	Propeller, tailshaft, kort, nozzle, rudder blades.														
Engine	Engine, gearbox and generators														
Accessories	Manhole, old tyre fender, safety equipment, lighting, window, air-conditioning system (varies according to owner specifications)														
Wiring	Electrical wiring on the whole of the Vessel														
Piping	Fuel and water transmission flow														
Radio	Communication systems ranging from Inmarsat-C, GMDSS to EPIRB														
5	A final joint survey with owner is conducted after completion of steps (1) to (4) above to ensure that the vessel is built and completed in accordance with the owner's specification and class standard.														
6	The vessel is launched and sailed out to sea to test that it is functioning in accordance with specifications following which it is then ready to be delivered.														
7	Upon satisfaction of the final joint survey and the sea trial, the vessel is classed by the Classification Society and the shipbuilding process of the vessel is thus completed.														

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4. INFORMATION ON OUR GROUP (Cont'd)

Some of our shipbuilding activities are depicted below: -



4.2.2 Types of marine construction and civil engineering projects

Our Group has successfully completed a diverse range of projects of different nature and sizes, and in the last ten (10) years we have completed marine construction and civil engineering projects with a total contract value of more than RM467.6 million.

Some of the notable marine construction and civil engineering projects that Benalec has completed for the past ten (10) years are as follows: -

Project	Client / Employer	Contract value (RM'million)	Year of commencement and completion
Cadangan Projek Pemulihan Pantai Dan Penahan Ombak Di Pantai Kok, Mukim Padang Matsirat, Daerah Langkawi, Kedah Darul Aman.	OGSB	30.0	2000 - 2001
Construction and Completion of Land Reclamation Works for Jelulong Sewage Treatment Pulau Pinang	Jabatan Perkhidmatan Pembelangan	15.8	2002
Cadangan Membina Dan Menyiapkan Perumahan Di Tapak Pembangunan Semula Penempatan Ikan Bilis Di Kisap, Mukim Kuah, Langkawi, Kedah Darul Aman.	LADA	24.3	2001 - 2003

4. INFORMATION ON OUR GROUP (Cont'd)

Project	Client / Employer	Contract value (RM'million)	Year of commencement and completion
Kolej Universiti Kejuruteraan Dan Teknologi Malaysia (Kuktem), Pekan, Pahang Darul Makmur - Earthworks / Supply and Dredging of Sand From River Pahang.	OGMSB	23.5	2003 - 2004
Projek Merakabentuk, Membina Dan Menyiapkan Projek Pemulihan Pantai Pelancongan Dari Bagan Pinang Hingga Tanjung Lembah, Port Dickson, Negeri Sembilan.	JPS	18.8	2003 - 2005
Kerja-kkerja "Maintenance Dredging Of Seabed At Phase 1, 2 And 3 Circulating Water Pumphouse And Coal And Fuel Oil Unloading Jetty At Sultan Salahudin Abdul Aziz, Power Station, Kapar."	Teminsri Sdn Bhd	15.5	2002 - 2004
Proposed Reclamation And Associated Works for 180 Acres, At Kota Laksamana (Syt Piawai 43-B-II), Melaka ("PKL Project")	Pembinaan Kota Laksamana (Melaka) Sdn Bhd (Note 1)	62.0	2003 - 2010
Proposed Earthworks, River Protection Works And Its Associated Works At Phase 1A & 1B For Cadangan Pembangunan Di Atas Lot 19 (77175), 77170 & 77174, Mukim Kelang Daerah Klang, Selangor Darul Ehsan For Messrs Glenmarie Cove Development Sdn Bhd ("Glenmarie Cove Project")	Comtrac Sdn Bhd	32.6	2003 - 2010
Proposed Coastal Reclamation Works from Kuala Sungai Melaka for 210 Acres Phase 1 ("Ultra Green (Phase 1)")	Ultra Green Sdn Bhd (Note 1)	64.0	2005 - 2010
Proposed Coastal Reclamation Works from Kuala Sungai Melaka for 210 Acres Phase 2 ("Ultra Green (Phase 2)")	Ultra Green Sdn Bhd (Note 1)	80.7	2006 - 2010
Cadangan Kerja-Kerja Penambakan Laut Untuk Kawasan Seluas 50 Ekar (Permohonan Tanah Kerajaan), Klebang Besar Seksyen II, Daerah Melaka Tengah, Melaka (Syt Piawai 33-D-III) ("Yenzoon Project")	Benalec Marine Sdn Bhd (Note 1)	13.4	2007- 2010

4. INFORMATION ON OUR GROUP (Cont'd)

Project	Client / Employer	Contract value (RM'million)	Year of commencement and completion
Proposed Nusajaya Waterfront Precinct on part of Lot PTD 141089 and part of Lot PTD 141090 (Phase 2), Mukim Pulau, Bandar Nusajaya – Earthworks, Dredging and Reclamation (Phase 2) and Temporary Silt Curtain ("Nusajaya Project")	UEM Land Sdn Bhd	87.0	2008 - 2010
Total		467.6	

Note 1 The aforementioned engagements relate to land reclamation and related works granted by the State Government to the concessionaires who have then contracted our Group to undertake the said reclamation activities.

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4. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, the Company has approximately RM855.7 million worth of contracts in-hand (with total unbilled amount of RM664.1 million as at the LPD) with expected completion period of up to year 2016, as follows: -

Project	Client / Employer	Contract value (RM'million)	Unbilled amount (RM'million)	Year of commencement and estimated completion
Proposed Construction, Completion and Maintenance of Reclamation and Shore Protection Works for 180 acres at Klebang Besar, Melaka ("HUSB Project")	HUSB (Note 1)	71.3	15.6	2007 - 2011
Proposed Construction, Completion and Maintenance of Reclamation and Shore Protection Works for 204 acres (Phase 3) between Kuala Sungai Melaka and Kuala Sungai Sen Melaka ("Oriental Project")	Oriental Boon Siew (M) Sdn Bhd (Note 1)	123.2	20.7	2008 - 2011
Penambakan Laut Seluas 8.6 acres di Pekan Klebang, Seksyen II, Daerah Melaka Tengah ("ABS Maju Project")	Benalec Marine Sdn Bhd (Note 1)	3.9	0.6	2008 - 2010
Proposed Construction, Completion and Maintenance of Reclamation and Shore Protection Works for 180 acres at Pantai Limbongan Daerah Melaka Tengah, Melaka ("SOSB Project")	SOSB (Note 1)	77.2	47.1	2009 - 2011
Maintenance Dredging of Seabed at Phase 2 & 3 Circulating Water Pumphouse and Coal and Fuel Oil Unloading Jetty at Stesen Janaelektrik Sultan Salahuddin Abdul Aziz, Kapar	Kapar Energy Ventures Sdn Bhd	9.5	9.5	2010 - 2010
Proposed Construction, Completion and Maintenance of Reclamation and Shore Protection Works for 144.25 acres at Pulau Indah Industrial Park, Port Klang, Klang	- Oceanfront Land Sdn Bhd - Atlantic Property Sdn Bhd - Oceanic Sdn Bhd - Oceanview Property Sdn Bhd	75.0	75.0	2011 - 2013

4. INFORMATION ON OUR GROUP (Cont'd)

Project	Client / Employer	Contract value (RM'million)	Unbilled amount (RM'million)	Year of commencement and estimated completion
Proposed Construction, Completion and Maintenance of Reclamation and Shore Protection Works at Kuala Sungai Melaka (Phase 1A) for 61.33 acres	Ulira Green Sdn Bhd (Note 1)	27.6	27.6	2010 - 2011
Proposed Construction, Completion and Maintenance of Reclamation and Shore Protection Works for 720 acres at Mukim Klebang, Melaka Tengah	SSB (Note 1)	468.0	468.0	2011 - 2016
TOTAL		855.7	664.1	

Note 1 The aforementioned engagements relate to land reclamation and related works granted by the State Government to the concessionaires who have then contracted our Group to undertake the said reclamation activities.

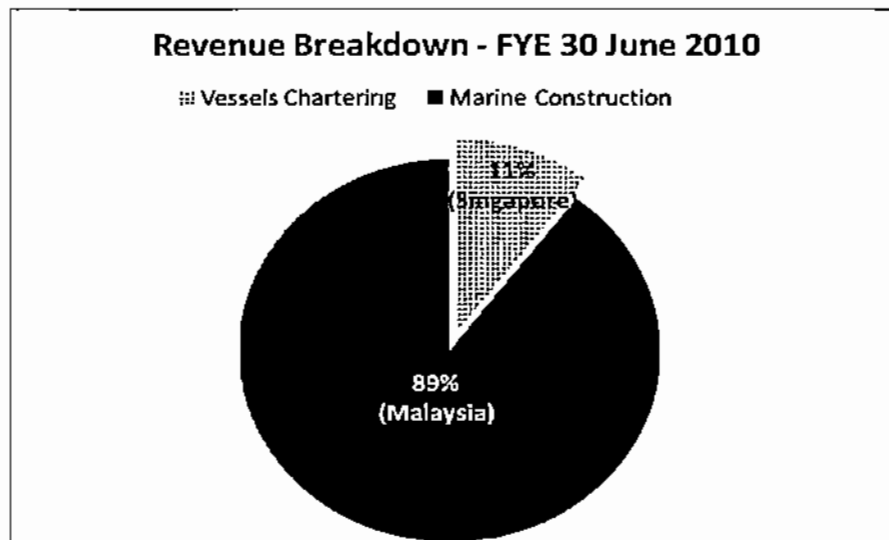
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4. INFORMATION ON OUR GROUP (Cont'd)

4.3 PRINCIPAL MARKETS

Our Group's revenue is primarily generated from marine construction works in Malaysia. We also derive revenue from ship chartering in Singapore. Our key target market for marine construction works are companies and authorities involved in marine and coastal environments, property development, maritime and logistics and civil works and agriculture in Malaysia.

For the FYE 30 June 2010, our Group's revenue can be segregated into the following core segments: -



Currently we only provide marine construction services to the Malaysian market, while our ship chartering services are provided to the Singapore market. In the FYE 30 June 2010, approximately 89% of our Group's revenue was derived from marine construction services provided to our local clientele while the remaining approximately 11% was derived from ship chartering to Oceanlec in Singapore.

4.4 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

We have created a business with significant competitive advantages and key strengths to compete against other service providers, and at the same time provide us with the platform to grow our business.

(a) We are an integrated one-stop marine construction solutions provider

After over 30 years of operations, we have transformed our Company from a small civil engineering contractor into one of the leading marine construction contractor (based on the Independent Market Research on the Marine Construction Industry prepared by Frost & Sullivan which states that Benalec is ranked among the Top 2 most active companies in Malaysia in marine construction projects in Malaysia for the duration 2006 – 2009), in providing creative and innovative all-round solutions to infrastructural challenges in the marine and coastal areas of the region. We are one of the few marine construction contractors that possess our own fleet of vessels to support our marine construction projects and ship chartering activities, as well as have our own shipyard to repair, maintain, build, fabricate and refurbish our fleet of vessels.

4. INFORMATION ON OUR GROUP (Cont'd)

We have the following competitive advantages: -

- We are the owner / operator of specialized vessels and equipment which are essential for a wide range of marine construction projects, and have minimal dependence on sub-contractors or vendors of vessels, thereby eliminating a major source of unreliability;
- Given our expertise in marine construction consultancy services and our large and comprehensive fleet of vessels and equipment, we are a leading design-and-build turnkey contractor (based on the Independent Market Research on the Marine Construction Industry prepared by Frost & Sullivan which states that Benalec is ranked among the Top 2 most active companies in Malaysia in marine construction projects in Malaysia for the duration 2006 – 2009), capable of engaging in the initial design and planning stage of a particular project up till completion, thus enabling our Group to undertake large-scale turnkey contracts whilst at the same time retain maximum control of our projects in areas where cost and timeliness in delivery of the projects are critical;
- We are able to react quickly to favourable market conditions as we can promptly construct and fabricate vessels as well as equipment when the business opportunities arise; and
- We are able to specifically design and build our vessels according to our own marine construction requirements. To this end, we have custom-built anchor handling tug-boats for our own use which have a high degree of manoeuvrability and are suitable for operation in shallow waters.

We have established a reputation as a reliable contractor with the ability to consistently deliver quality work on or ahead of schedule.

We believe our first (1st) design-and-build land reclamation project in Melaka, carried out in year 2007 sets us apart from our competitors and since then we have been contracted to undertake similar turnkey projects with total contract value in excess of RM500 million.

(b) We have a competitive cost structure and viable business model

We own and operate a large and comprehensive range of marine construction vessels and equipment. As at the LPD, our fleet of vessels comprises 2 sand pump ships, 5 clam shell dredgers, 1 cutter suction dredger, 9 sand pump barges, 1 piling barge, 7 anchor handling tug-boats, 21 tug-boats, 4 split hopper barges and 41 dumb barges, together with other ancillary marine construction equipment. We are able to bid for tenders competitively as a result of our competitive cost structure. Our efficient cost structure is founded on: -

- lower operating costs accruing from integrating our ship repair, ship maintenance, ship building, fabrication, and refurbishment capabilities with our marine construction services and undertaking these activities in-house as opposed to using external service providers;
- lower asset cost through undertaking our own shipbuilding activities, thus enabling us to build and own more vessels for a given level of investment. Our low asset cost also allow us to benefit from reduced depreciation expenses or financing charges for our assets and increasing our return on investment; and

4. INFORMATION ON OUR GROUP (Cont'd)

- lower vessel downtime and dependence on third (3rd) party facilities by owning and maintaining our own ship repair and maintenance facilities. The mobile airbag system allows us to up-slip and down-slip vessels to carry out ship repairs and maintenance anywhere, quickly and effectively at lower costs.

Over the past three (3) years, on average, our Group has outsourced only approximately 17.7% of our marine construction projects as measured by project revenue.

Our large and comprehensive fleet of vessels and equipment, allows us to achieve significant economies of scale. This also facilitates business flexibility and optimises our profitability as we are able to capitalise on many different business opportunities to maximise from our large fleet of vessels. We are also able to fully undertake by ourselves, sizeable jobs which require a large fleet of vessels and significant manpower to be deployed.

Our lower operating costs provide us with a competitive advantage through either enabling us to be price competitive or obtaining higher profit margins. Our competitive cost structure also enables us to accommodate clients' needs by way of offering an innovative payment structure for our services, such as in-kind payment through ownership of a portion of the reclaimed land, which will likely yield additional benefits to the Group in terms of ancillary income upon sale of such landed assets. Our revenue model allows us flexibility to secure marine construction contracts under various economic conditions.

(c) We possess competent project management skills

A key source of our success has been our Directors, project directors / managers and staff, from the senior management level down to the operations level. A major factor of our success is attributable to the leadership of the Leaw Brothers, who are also the Promoters of Benalec. The Leaw Brothers have more than 25 years of experience each in the construction industry.

Our track record in successfully completing over half a billion ringgit worth of contracts since year 2000, is a testament of the commitment of our Management, staff and operators (who have an average of 20 years of experience in the civil and marine construction industry) to the operational excellence of our Group. The Group has also succeeded in recruiting experienced and skilled personnel as well as retaining and motivating our long-serving work-force.

We continue to enhance the industry experience of our staff and workmen through continual skills development by attending seminars and training. This is important as our expertise lies in our ability to identify innovative ideas and deliver solutions for difficult and complex marine construction projects. We take pride in completing our projects on time, despite the often very difficult conditions prevailing at the project site(s).

(d) We employ adaptive approaches complemented by a large and comprehensive range of vessels and equipment for our core activities

Our products and services employ a complementary mix of techniques, skill-sets, vessels and equipment that will allow the delivery of a competitive cost-effective solutions package to the client. We employ dedicated personnel with the right technical skill-sets to determine the appropriate combination of vessels and equipment in order to arrive at the optimum approach to our projects. This has been a key factor of our success in delivering projects on time and within budget.

4. INFORMATION ON OUR GROUP (Cont'd)

For example, in one of our earlier projects (during year 1993) involving coastal protection work in Sungai Belukang and Sungai Tiang, we had switched from using land-based equipment to transport the sand and armour rock used in the project, to utilising a tug and barge method. This had resulted in the realisation of project cost and time savings and is a key milestone of our Group in the marine construction industry. Another of the Group's notable marine construction achievements was the emergency works for the reconstruction of the Sungai Belukang Bund in year 1994 which was a challenging project involving erosion protection work, due to the severity of the damage caused by strong tidal waves and the soft soil conditions in the area. The access road to the site was cut off due to the breach of the coastal bund. Upon taking on the project, we had switched from a land-based method to a sea-based method of execution by constructing a temporary jetty and transporting sand and armour rock by using the tug and barge method.

Another challenging project of the Group which was successfully completed was our Pulau Perak project during year 2000. The project, worth RM4.3 million, included the construction of a helipad and jetty on the remote island of Pulau Perak, Kedah. In order to manage the difficult operational conditions which included the unique project requirements and the distance between the island and the Kedah mainland, we had employed several innovative solutions during the course of the project and had completed the project within the time schedule and project cost. We received a letter of commendation from JKR for the project.

(e) We practise prudent risk management of our projects

Our Group's strength lies in effective risk management in the decision-making process where our balanced risk-return evaluation of projects has enabled our Group to emerge from the last two (2) economic recessions, viz-a-viz in years 1997 and 2008, financially stronger.

In general, mapping the risk profile of undertaking a project entails considering: -

- factors that could result in non-completion of the project;
- probability of vessel and equipment damage;
- legal and environmental considerations relating to the project;
- possibility that key vessels or equipment may be tied-up in certain projects resulting in inability to undertake possibly bigger incoming projects; and
- risk and credit profile of our clients.

(f) Industry barriers to entry

The marine construction industry is characterised by high barriers to entry which include the following: -

- capital intensive and high set up, overhead, replacement and maintenance costs in owning and operating comprehensive range of marine construction vessels in addition to land and sea equipment;
- strong financial position to undertake large projects;
- availability of skilled, versatile and experienced technical staff;
- competent engineering personnel to undertake large and challenging contracts as well as readiness to adapt to new opportunities;

4. INFORMATION ON OUR GROUP (Cont'd)

- established track record and reputation;
- ability to consistently secure new projects to ensure a reasonable return on assets;
- requirements for various licenses and registrations with the relevant authorities; and
- vertical integration of the industry value chain.

With our established track record, coupled with our strong financial position to undertake large projects, our Group has established a reputation as a reliable provider of integrated marine construction solutions and related activities.

4.5 SEASONALITY

We generally do not experience any significant seasonal patterns in our marine construction business. The nature of the marine construction business dictates that the work is conducted on a project basis and hence, we are required to adhere to our client's project workplan. Additionally, our involvement in the planning stages of a project gives us the flexibility to dictate the course and timing to completion. The above, coupled with our large and comprehensive range of marine construction vessels and equipment, ensures that our Group is able to undertake and complete contracts at any particular point in time.

4.6 TECHNOLOGY USED

We utilise land reclamation and dredging technologies and multi-discipline engineering in our marine construction operations such as: -

- Mechanical and hydraulic dredgers technology;
- Vessel tracking system;
- Soil improvement work; and
- Welding technology, mechanical and electrical engineering.

(a) Mechanical and hydraulic dredgers technology

Our Group is equipped with dredgers to dredge silt from the seabed and river mouths, sand pump ships to extract sand from the seabed, tug-boats to tow and push our barges, as well as barges to load the sand that is dredged from the work site.

We are equipped with cutter suction dredgers, clam shell dredgers and sand pump ships. Where required, we also lease TSHDs to undertake land reclamation activities. The combination of the aforesaid mechanical and hydraulic dredgers at our disposal currently allow us to employ different dredging and discharging techniques for our marine construction activities. Further details of the dredging and discharging techniques are set out in Section 4.2.1 of this Prospectus.

4. INFORMATION ON OUR GROUP (Cont'd)

(b) Vessel tracking system

Our ships are equipped with telecommunication systems such as Inmarsat-C and tracking transmitters such as EPIRB which: -

- (i) ensure our crew are constantly in-contact via e-mail, short message service (SMS), crew calling and telex; and
- (ii) aid in the detection and location of our vessels and crew when in distress through tracking (position reporting) of vessels.

Vessel tracking systems such as Inmarsat-C also provide packet data services for remote monitoring of vessels, chart and weather updates, maritime safety information, maritime security, GMDSS and other maritime services.

(c) Soil improvement work

To achieve earlier soil settlement and optimum consolidation at our reclamation sites, we pile vertical drains into the reclaimed land in order to allow the moisture in the soil to be released more quickly from the lower levels of the ground. Another alternative method employed by our Group is the Surcharge Method whereby a higher level of sand is laid, such that the weight of the higher pile of sand compacts and strengthens the lower levels and promotes faster consolidation after land has been reclaimed. This method can also be used for loose or soft soil conditions.

(d) Welding technology, mechanical and electrical engineering

Welding technology

We apply welding technology in the construction and building of vessels. Welding is used to join steel plates, steel bars and other materials to construct the hull and superstructure.

Welding is a fabrication process that joins materials, usually metals or thermoplastics, by causing coalescence. Welding is often done by melting the work pieces and adding a filler material to form a pool of molten material that cools to become a strong joint. Sometimes pressure is also used in conjunction with heat, or by itself, to produce the weld.

We commonly utilise arc welding technique during the building and construction processes. In arc welding, an electric arc is created between an electrode and the base material to melt metal at the welding point. The welding region is sometimes protected by an inert or semi-inert gas. Filler materials are sometimes used.

Mechanical and electrical engineering

We commonly apply the following mechanical engineering technologies for our shipbuilding: -

- Vessel design for all moving and stationery parts, among many others, include ship hull, engines, power transmission systems and gear boxes, propulsion systems, hydraulic systems, heating, ventilation and air conditioning systems, piping systems, pumps, installation of instruments, machinery and equipment, and other metal and non-metal parts and modules;
- Testing and analysis of machines, components and materials to determine their performance, strength, response to stress and other characteristics; and

4. INFORMATION ON OUR GROUP (Cont'd)

- Integration and commissioning of all parts, machinery and equipment to ensure optimum performance.

We apply the principles of electrical engineering to practical purposes such as the design of various electrical systems contained in our vessels.

We currently utilise the following electrical engineering equipment in our vessels: -

- Control systems;
- Communication and navigation system;
- Cables and wiring;
- Electric generator sets;
- Instruments, machinery and equipment that is powered by electricity; and
- Lighting systems.

We plan to introduce a Computer Numerically Controlled cutting machine soon to expedite our shipbuilding process.

4.7 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS / INPUT

The following are the major types of materials and services purchased for our business operations for the FYE 30 June 2010:-

	VALUE OF PURCHASES	% OF TOTAL GROUP PURCHASES	SOURCES OF SUPPLY
	(RM'000)	(%)	Local (%)
Raw Materials and consumables	33,875	75.2	100.0
Diesel	12,866	28.6	100.0
Upkeep and maintenance ⁽¹⁾	11,947	26.5	100.0
Sand	3,744	8.3	100.0
Rocks	3,175	7.0	100.0
Materials ⁽²⁾	1,134	2.5	100.0
Transport	661	1.5	100.0
Consumables	348	0.8	100.0
Sub-contracted Services	11,168	24.8	100.0
Loading, unloading and levelling sea sand	7,337	16.3	100.0
Rock revetment / replacement works	1,809	4.0	100.0
Electrical infrastructure	561	1.2	100.0
Earthwork, dredging and land reclamation	535	1.2	100.0
Other sub-contract works ⁽³⁾	484	1.1	100.0
Hire of lorry	442	1.0	100.0
TOTAL	45,043	100.0	100.0

4. INFORMATION ON OUR GROUP (Cont'd)

Notes: -

- 1 *Includes costs to purchase spare parts for repairs to our vessels as well as plant and machinery.*
- 2 *Includes purchases of bricks, cement, culverts, hardware, piles and other materials utilised in our operations.*
- 3 *Includes mainly sub-contract services employed in the Nusajaya Project relating to compliance with work safety and environmental regulations, hydro-graphic survey and others.*

For the FYE 30 June 2010, purchases of raw materials and consumables for our business operations amounted to 75.2% or RM33.9 million of our total purchases of materials and services.

We utilise diesel to operate our vessels, machinery and vehicles for our marine construction operations. For the FYE 30 June 2010, purchases of diesel accounted for 28.6% of our total purchases of materials and services, totalling RM12.9 million. Our diesel is sourced from licensed suppliers in Malaysia. There is currently no difficulty in sourcing diesel in Malaysia as it is generally readily available nearby the operations sites of our Group.

Apart from diesel, the raw materials used in our marine construction operations is sand and rocks, which accounted for 8.3% and 7.0% of our total purchases of materials and services, respectively, totalling RM6.9 million during the FYE 30 June 2010. Sand comprises a core raw material utilised in our land reclamation operations while rocks are utilised in our rock revetment works, shore protection works and breakwater construction. We source our sand supply from Malaysian shores, while our rocks are sourced from local quarries located close to our project sites. We do not have any difficulty in sourcing for sand as sand supply is readily available and there are several sand sources located within close proximity to our land reclamation sites. We have not faced any difficulty in sourcing for sand as we normally either purchase the rights (directly or indirectly) to extract the required sand ex-seabed from a sand concessionaire or apply for a sand concession directly from the relevant state Government / authority. We have also not experienced any shortages of rocks for our rock revetment, shore protection works and breakwater construction that disrupted our operations, as these are readily available from local sources.

Another major component of our Group's purchases comprises upkeep and maintenance expenses. These mainly comprise costs to purchase spare parts to undertake repair works on our vessels as well as plant and machinery. For the FYE 30 June 2010, upkeep and maintenance costs accounted for 26.5% of our total purchases, amounting to RM11.9 million. We generally source for our spare parts from spare part shops located within close proximity to our project sites, based on quality of product, reliability and cost. To-date, we have not experienced any difficulty in procuring repair works as there are many qualified spare part shops located nearby our worksites.

With respect to sub-contracted services, activities involving loading, unloading and levelling of sea sand onto our reclamation site accounted for 16.3% of our Group purchases, amounting to RM7.3 million. These works were sub-contracted mainly to Malaysian civil engineering contractors with equipment such as excavators, shovels and dump trucks. These services are generally readily available in Malaysia, whereby we have over the course of our operations, built up a large base of suppliers of such civil engineering services. Additionally, whilst such services are sub-contracted as it is more costly to undertake these activities by ourselves, if required we can undertake these activities ourselves.

4. INFORMATION ON OUR GROUP (Cont'd)

Price volatility of raw materials

Diesel / Fuel price

Marine construction activities may be affected by global fluctuations of fuel price. However in Malaysia, fuel prices are subsidised and controlled by the government. The growth trend in diesel price has been stable for the last 10 years in Malaysia and the supply is readily available.

Diesel price in Malaysia for construction industry (2000-2009)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Date	1-Oct	1) 20 Oct 2) 16 Nov	1) 1 May 2) 1 Nov	1-Mar	1) 1 May 2) 1 Oct	1) 1 Mar 2) 5 May 3) 31 Jul	28-Feb		16-Dec	
West Malaysia	0.701	1)0.801 2)0.701	1)0.721 2)0.741	0.761	1)0.781 2)0.831	1)0.881 2)1.081 3)1.281	1.581	1.581	1.70	1.70
Sabah	0.704	1)0.804 2)0.704	1)0.724 2)0.744	0.764	1)0.784 2)0.834	1)0.884 2)1.084 3)1.284	1.584	1.584	1.70	1.70
Sarawak	0.698	1)0.798 2)0.698	1)0.718 2)0.738	0.758	1)0.7783 2)0.828	1)0.878 2)1.078 3)1.278	1.578	1.578	1.70	1.70

Sand

The market price in South East Asia for sea sand is between USD 3 – 6 per cubic meter (approximately USD 5 - 10 per metric tonne).

In Malaysia, local sea sand price for reclamation use in Malaysia is historically stable at approximately RM 1 - 3 per metric tonne.

(Source: Independent Market Research on the Marine Construction Industry prepared by Frost & Sullivan)

Another principal raw material of our Group is upkeep and maintenance of our vessels, plant and machinery. The average prices of spare parts between FYEs 30 June 2008 and 2010 did not fluctuate more than 5% year-on-year.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.8 APPROVALS, MAJOR LICENCES AND PERMITS OBTAINED

Our Group's operations do not require any specialised operating license. Nonetheless, we have complied with all relevant laws and regulations to operate our business in Malaysia. As at the LPD, we have obtained the following approvals, major licences, permits and registrations for the operations of our business, other than those pertaining to general business registration requirements: -

Company	Description of approval / licence / permit / registration	Licence / Reference No.	Date of issuance or commencement / expiry	Authority	Major Conditions Imposed	Status of compliance
<i>Marine construction operations</i>						
BSB	Confirmation of Registration No. 19610125-KD006937 as Grada 7 contractor under the approved category of B04, CE06, CE03 and CE 21	A125491	<p><u>Issue Date:</u> 13 August 2008</p> <p><u>Validity Period:</u> 27 September 2008 – 26 September 2011</p>	CIDB	<ol style="list-style-type: none"> The certificate is non-transferable. BSB shall comply with the provisions of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 ("Lembaga"), the regulations made thereunder and any terms, conditions or restriction imposed by the Lembaga from time to time. BSB shall not undertake any construction project which exceeds the value of construction works specified under the registration grade and shall not execute any construction works which is outside its registered category. CIDB must be informed of any changes in the name, capital, experience and / or qualifications, employment, ownership, the board of directors or management of the firm or company within 30 days of the change. Failure of any contractor to inform CIDB of any change can result in the suspension or cancellation of his registration. CIDB must be informed of any construction works or contracts awarded within one (1) month of award. 	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>BSB had on 10 December 2010 informed CIDB of the change in ownership of BSB pursuant to the completion of the Acquisition of BSB.</p> <p>Complied</p>

4. INFORMATION ON OUR GROUP (Cont'd)

Company	Description of approval / licence / permit / registration	Licence / Reference No.	Date of issuance or commencement / expiry	Authority	Major Conditions Imposed	Status of compliance
BSB	Certificate of Registration No. 0203 A 85 0516 as Class A contractor	0203 A 85 0516	<p>Issue Date: 20 August 2009</p> <p>Validity Period: 16 September 2009 – 15 September 2011</p>	PKK	<p>1. BSB must submit a new registration application, if still keen to be registered with PKK, in the event:-</p> <p>(a) Change of equity (whether by transfer of share or issuance of new shares) which results in more than 49% of the total issued and paid-up share capital being owned by the new shareholder; or</p> <p>(b) The new shareholder (whether an individual or a corporation) has become the largest individual shareholder in BSB, above the valid existing major shareholder when the registration of BSB by PKK was approved.</p> <p>2. The registration with PKK will be cancelled if: -</p> <p>(a) any of the shareholders of BSB owns shares exceeding 5% or RM50,000 (whichever is the lower) in another company which has also been registered with PKK under the same work field or work category;</p> <p>(b) any of the board of directors of BSB is found to hold executive / management post in companies already registered with PKK as Electrical Works Contractor under the same work field or work category; or</p> <p>(c) any of the management or technical personnel of BSB actively participates in another company which has also been registered with PKK under the same work field or work category.</p>	<p>BSB had on 10 December 2010 submitted a new registration application with PKK pursuant to the condition imposed by PKK.</p> <p>Complied and will continue to be complied with.</p>

4. INFORMATION ON OUR GROUP (Cont'd)

Company	Description of approval / licence / permit / registration	Licence / Reference No.	Date of issuance or commencement / expiry	Authority	Major Conditions Imposed	Status of compliance
					<p>3. PKK must be informed of any changes to the information submitted by the company in respect of the registration with PKK within 21 days from the date of such changes to the information. PKK reserves the right to cancel or suspend the registration of BSB as contractor with PKK without giving any notice, if it is found that any false information was submitted by BSB, or where there is any failure by BSB to provide the required information.</p> <p><u>PKK General guidelines for 'Registration of Public Works Contractors'</u></p> <p><u>Clause 6.8: Change in Equity</u> Where there is any change in equity as stated in Clause 6.8.1 and Clause 6.8.2 below, registration of the company with PKK will be cancelled. The company is then required to submit a new application for registration with PKK</p> <p>6.8.1 Change of equity (whether by transfer of share or issuance of new shares) which results in more than 49% of the total issued and paid-up share capital being owned by the new shareholder, OR</p> <p>6.8.2 The new shareholder (whether an individual or a corporation) has become the largest individual shareholder in the company, above the valid existing major shareholder when the registration of the company by PKK was approved.</p>	BSB had on 10 December 2010 informed PKK of the changes to the information submitted by BSB.

4. INFORMATION ON OUR GROUP (Cont'd)

Company	Description of approval / licence / permit / registration	Licence / Reference No.	Date of issuance or commencement / expiry	Authority	Major Conditions Imposed	Status of compliance
BSB	Certificate of Registration No. for the provision of marine equipment, lowboat / ferry / boat / navigator boat and manufacturing of artificial reef	357-02132532	<u>Issue Date:</u> 12 June 2009 <u>Validity Period:</u> 12 June 2009 – 11 June 2012	MoF	<ol style="list-style-type: none"> Online changes are to be made where there are any changes to the information submitted by the company in respect of the registration with MoF within 10 days from the date of such changes to the information. BSB must ensure that the area of work registered in the certificate does not contradict with any approved area of work of any company with common shareholder or common director of BSB. MoF reserves the right to cancel / suspend the registration of the Company with MoF without giving any notice, if it is found that any false information was submitted by the Company. The company is not allowed to make any changes to the ownership and Directorship for six (6) months from the date of registration. 	BSB had on 10 December 2010 submitted the changes online as required. Complied. Noted. Complied.
Marine construction, ship chartering, shipbuilding and ship repair						
BSB	Approval for the purchase of up to 30,000 litres of diesel at any time and to store the diesel at the offshore of Pantai Limbongan, Klebang.	Ref No of Letter Approval - SK(M)050/2005(D)	<u>Issue Date:</u> 28 June 2010 <u>Validity Period:</u> 28 June 2010 – 29 June 2011	Ministry of Domestic Trade, Cooperatives and Consumerism	<ol style="list-style-type: none"> This letter of approval is not transferable. BSB is not allowed to store diesel at any other location other than at the offshore of Pantai Limbongan, Klebang. BSB is not allowed to purchase diesel from any supplier, petrol station or service station which receive subsidy from the Government of Malaysia. BSB is only allowed to purchase diesel from licensed suppliers. 	Complied. Complied. Complied.

4. INFORMATION ON OUR GROUP (Cont'd)

Company	Description of approval / licence / permit / registration	Licence / Reference No.	Data of issuance or commencement / expiry	Authority	Major Conditions Imposed	Status of compliance
BenShip	Manufacturing licence in relation to shipbuilding and ship repairing activities (Note 1)	A 017870	<u>Issue Date:</u> 1 November 2010 <u>Validity Period:</u> Commencing 18 August 2010	MITI	<ol style="list-style-type: none"> The operation site of BenShip at Lot PT 9723, Jalan Batu 7, Sijangkang Sempadan, Off Jalan Banling, 42500 Teluk Panglima Garang, Kuala Langat, Selangor Darul Ehsan is subject to the approvals of the Selangor State Government and the Department of Environment. BenShip is required to notify MITI of any sale of shares in BenShip. BenShip is required to train Malaysian citizens to facilitate the transfer of technology and expertise to all levels of positions within BenShip. BenShip is required to carry out the project as approved by the MITI and to comply with all other prevailing laws and regulations of Malaysia. 	<p>Complied</p> <p>BenShip had on 10 December 2010 notified MITI of the sale of shares in BenShip pursuant to the Acquisition of BenShip.</p> <p>Complied</p> <p>Complied</p>
Oceanline (Labuan) Ltd	Approval to carry on leasing business of six (6) units of vessels known as Oceanline 281, Oceanline 282, Oceanline 283, Oceanline 285, Cathay 321 and Cathay 3001 on bare boat basis with Oceanlac	LFA/L190	<u>Issue Date:</u> 13 April 2010 <u>Validity Period:</u> Not specified.	LFSA	<ol style="list-style-type: none"> Oceanline (Labuan) Ltd is required to: - <ol style="list-style-type: none"> submit the final Lease Agreement between Oceanline (Labuan) Ltd and Oceanlec; submit the Letter of Undertaking duly executed and stamped at the Malaysian Stamp Office; and submit certified copies of the coverage policies for the insurance of Oceanline 281, Cathay 321 and Cathay 3001, within three (3) months from the date of the approval (which was subsequently extended to 30 October 2010). comply with the relevant acts, legislations and guidelines issued by LFSA at all times. 	<p>Complied. Submitted on 7 October 2010.</p> <p>To be complied.</p>

4. INFORMATION ON OUR GROUP (Cont'd)

Company	Description of approval / licence / permit / registration	Licence / Reference No.	Date of issuance or commencement / expiry	Authority	Major Conditions Imposed	Status of compliance
OML	Approval to carry on leasing business of eight (8) units of vessels known as Cathay SP2, Cathay PB1, Cathay 123, Cathay CD3, Cathay CD5, Cathay CD6, Cathay GD1 and Hikarigo on bare boat basis with BSB	LFA/L/189	<u>Issue Date:</u> 13 April 2010 <u>Validity Period:</u> Not specified.	LFSA	1. OML is required to: - (a) make payment of licence fee of RM40,000 by way of bank draft / cheque drawn in favour of LFSA; (b) submit the final Lease Agreement between OML and BSB; (c) submit the Letter of Undertaking duly executed and stamped at the Malaysian Stamp Office; and (d) submit certified copies of the coverage policies for the insurance of Cathay SP2, Cathay PB1, Cathay 123, Cathay CD3, Cathay CD5, Cathay CD6, Cathay GD1 and Hikarigo, within three (3) months from the date of the approval (which was subsequently extended to 30 October 2010). 2. comply with the relevant acts, legislations and guidelines issued by LFSA at all times.	Complied, Paid / submitted on 7 October 2010.
Pacific	Approval to carry on leasing business of 40 units of vessels on bare boat basis with BSB ("Approval")	LFA/L/188	<u>Issue Date:</u> 19 April 2010 <u>Validity Period:</u> Not specified.	LFSA	1. Pacific is required to: - (a) make payment of licence fee of RM40,000 by way of bank draft / cheque drawn in favour of LFSA; (b) submit the final Lease Agreement between Pacific and BSB; (c) submit the Letter of Undertaking duly executed and stamped at the Malaysian Stamp Office.	Complied, Paid / submitted on 7 October 2010. In the submission, LFSA was informed that Cathay 122 and Cathay SPS 1 have been disposed during the period subsequent to the issue date of the Approval.

4. INFORMATION ON OUR GROUP (Cont'd)

Company	Description of approval / licence / permit / registration	Licence / Reference No.	Date of issuance or commencement / expiry	Authority	Major Conditions Imposed	Status of compliance
Pacific Marine Ltd	Approval to carry on leasing business of three (3) units of vessels known as Cathay SP1, Cathay SP3 and Pacific SP11 on bare boat basis with Oceanlec	LFA/L/170	Issue Date: 13 April 2010 Validity Period: Not specified.	LFA	<p>(d) submit certified copies of the coverage policies for the Insurance of Cathay 8, Cathay 26, Cathay 28, Cathay 36, Cathay 38, Cathay 56, Cathay 58, Cathay 68, Cathay 98, Cathay 122, Cathay 187, Cathay 188, Cathay 212, Cathay 223, Cathay 251, Cathay SP7, Cathay SPS1, Cathay SHB 1003, Cathay SHB 1005, Cathay SHB 1006, Cathay SHB 1009, Arepo 118, Arepo 236, Arepo 318, Arepo 322, Oceanline 11, Oceanline 21, Oceanline 153, Cergas 222, Cergas 231, Cergas 232, Pioneer 6, SMS 2301 and Elink 1;</p> <p>within three (3) months from the date of the approval (which was subsequently extended to 30 October 2010).</p> <p>2. comply with the relevant acts, legislations and guidelines issued by LFA at all times.</p>	To be complied.
					<p>1. Pacific Marine Ltd is required to: -</p> <p>(a) submit the final Lease Agreement between Pacific Marine Ltd and Oceanlec; and</p> <p>(b) submit the Letter of Undertaking duly executed and stamped at the Malaysian Stamp Office, within three (3) months from the date of the approval (which was subsequently extended to 30 October 2010).</p> <p>2. comply with the relevant acts, legislations and guidelines issued by LFA at all times.</p>	Complied. Submitted on 7 October 2010.
					<p>2. comply with the relevant acts, legislations and guidelines issued by LFA at all times.</p>	To be complied.

4. INFORMATION ON OUR GROUP (Cont'd)

Note 1 BenShip does not require a manufacturing license for its operations under Malaysia's Industrial Co-ordination Act 1975 until the following requirements are met: -

- (A) shareholders' funds of RM2.5 million and above; or*
- (B) engaging 75 or more full-time paid employees.*

(collectively, the "MITI Requirements")

Upon meeting MITI Requirement (A), BenShip had submitted an application to MIDA for a manufacturing license on 15 July 2010.

In addition, our vessels also hold the relevant certificates / licences (where applicable) such as: -

1. Certificate of Registry;
2. International Load Line Certificate;
3. International Tonnage Certificate;
4. Certificate of Classification;
5. Safety Construction Certificate;
6. Domestic Shipping Licence;
7. Ship Sanitation Control Exemption Certificate;
8. Cargo Ship Safety Radio Certificate;
9. Cargo Ship Safety Equipment Certificate;
10. Ship Station Licence;
11. Minimum Safe Manning; and
12. Ship Safety Equipment Certificate.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.9 MAJOR BRAND NAMES, PATENTS, TRADEMARKS, LICENCES, TECHNICAL ASSISTANCE AGREEMENTS, FRANCHISES, OTHER INTELLECTUAL PROPERTY RIGHTS, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS

- (a) As at LPD, our Group does not have any other major brand names, patents, trademarks, licences, technical assistance agreements, franchises or intellectual property rights.
- (b) As at LPD, save as disclosed below, there are no other patents or licenses, industrial, commercial or financial contracts (including informal arrangements or understandings) or new manufacturing processes, which have been entered into by us that we are highly dependent on or that are material to our business and / or profitability: -
- (i) On 20 September 2010, BSB issued a duly acknowledged letter to Ultra Green Sdn Bhd confirming an arrangement in relation to the reclamation of a portion of land which measured 70.884 acres at Klebang, Melaka to be carried out by BSB for a cash consideration of approximately RM27.6 million. This project will run from 2010 to 2011.
- (ii) Pursuant to a letter of award dated 6 January 2008, BSB was awarded a project by Oriental Boon Siew (M) Sdn Bhd ("Oriental") for the construction, completion and maintenance of reclamation and shore protection works for 204 acres (Phase 3) between Kuala Sungai Melaka and Kuala Sungai Seri Melaka for a contract sum of approximately RM124.38 million from year 2008 to year 2010. The agreement for the project was entered into on 16 January 2008. Following variation orders dated 16 February 2009 and 15 June 2009, the contract sum has been revised to approximately RM123.2 million and will be satisfied by cash. Based on a subsequent letter of extension of time dated 30 July 2010 from Oriental, Oriental extended the completion date of the project to 18 May 2011. Hence, this project will run from 2008 to 2011.
- (iii) On 15 July 2007, BSB entered into an agreement with HUSB where BSB was appointed as the sub-contractor for the construction, completion and maintenance of reclamation and shore protection works for 180 acres in total at Klebang Besar, Melaka which was to be carried out over a duration of two (2) years from the date of the agreement. As consideration for the work carried out, BSB will be entitled to 142.50 acres of the total reclaimed land. HUSB confirmed the contract sum of approximately RM71.3 million for the reclamation project to BSB in a letter dated 15 July 2007. Based on a subsequent letter from HUSB dated 20 July 2009, HUSB granted an extension of time to BSB of an additional two (2) years to complete the project. As such, this project will run from 2007 to 2011.
- (iv) On 24 February 2009, BSB was awarded a project by Kapar Energy Ventures Sdn Bhd for the maintenance dredging of seabed at Phase 2 & 3, circulating water pumphouse and coal and fuel oil unloading jetty at Stesen Janaelektrik Sultan Salahuddin Abdul Aziz, Kapar, Selangor for a cash consideration of approximately RM9.5 million, to be completed by 24 October 2009. The agreement for the project was entered into on 21 December 2009. The parties have subsequently pursuant to a letter dated 3 May 2010 mutually agreed to extend the completion date to 23 December 2010. BSB had commenced the project and expects to complete the project in 2010.

4. INFORMATION ON OUR GROUP (Cont'd)

- (v) On 16 July 2009, BSB entered into an agreement with SOSB for the construction, completion and maintenance of reclamation and shore protection works for 180 acres in total at Pantai Limbongan Daerah Melaka Tengah, Melaka, the consideration of which is to be satisfied by allocating 95% of the net reclaimed area (after making deduction for the State Government of Melaka's entitlement of 1/6 of the reclaimed area), measuring 142.5 acres as BSB's entitlement upon completion of the reclamation works. SOSB confirmed the contract sum of approximately RM77.2 million for the reclamation project to BSB in a letter dated 16 July 2009. This project will run from 2009 to 2011.
- (vi) On 1 September 2010, BSB entered into an agreement with Oceanfront Land Sdn Bhd for the construction, completion and maintenance of reclamation and shore protection works for approximately 37.52 acres of land at Pulau Indah Industrial Park, Port Klang, Klang, the consideration of which is to be satisfied by allocating 67% of the reclaimed area, measuring approximately 25.32 acres as BSB's entitlement. Oceanfront Land Sdn Bhd confirmed the contract sum of RM19,507,800.00 for the reclamation project to BSB in a letter dated 1 September 2010. The project will run from 2011 to 2013.
- (vii) On 1 September 2010, BSB entered into an agreement with Atlantic Property Sdn Bhd for the construction, completion and maintenance of reclamation and shore protection works for approximately 35.52 acres of land at Pulau Indah Industrial Park, Port Klang, Klang, the consideration of which is to be satisfied by allocating 67% of the reclaimed area, measuring approximately 23.97 acres as BSB's entitlement. Atlantic Property Sdn Bhd confirmed the contract sum of RM18,467,900.00 for the reclamation project to BSB in a letter dated 1 September 2010. The project will run from 2011 to 2013.
- (viii) On 10 September 2010, BSB entered into an agreement with Oceanic Sdn Bhd for the construction, completion and maintenance of reclamation and shore protection works for approximately 39.27 acres of land at Pulau Indah Industrial Park, Port Klang, Klang, the consideration of which is to be satisfied by allocating 67% of the reclaimed area, measuring approximately 26.50 acres as BSB's entitlement. Oceanic Sdn Bhd confirmed the contract sum of RM20,417,700.00 for the reclamation project to BSB in a letter dated 10 September 2010. The project will run from 2011 to 2013.
- (ix) On 10 September 2010, BSB entered into an agreement with Oceanview Property Sdn Bhd for the construction, completion and maintenance of reclamation and shore protection works for approximately 31.94 acres of land at Pulau Indah Industrial Park, Port Klang, Klang, the consideration of which is to be satisfied by allocating 67% of the reclaimed area, measuring approximately 21.56 acres as BSB's entitlement. Oceanview Property Sdn Bhd confirmed the contract sum of RM16,606,600.00 for the reclamation project to BSB in a letter dated 10 September 2010. The project will run from 2011 to 2013.
- (x) On 10 September 2010, BSB entered into an agreement with SSB for the construction, completion and maintenance of reclamation and shore protection works for 720 acres in total at Mukim Klebang, Melaka Tengah for a contract sum of RM468.0 million, to be satisfied by allocating approximately 570 acres of the reclaimed land as BSB's entitlement upon completion of the reclamation works. This project will run from 2011 to 2016.

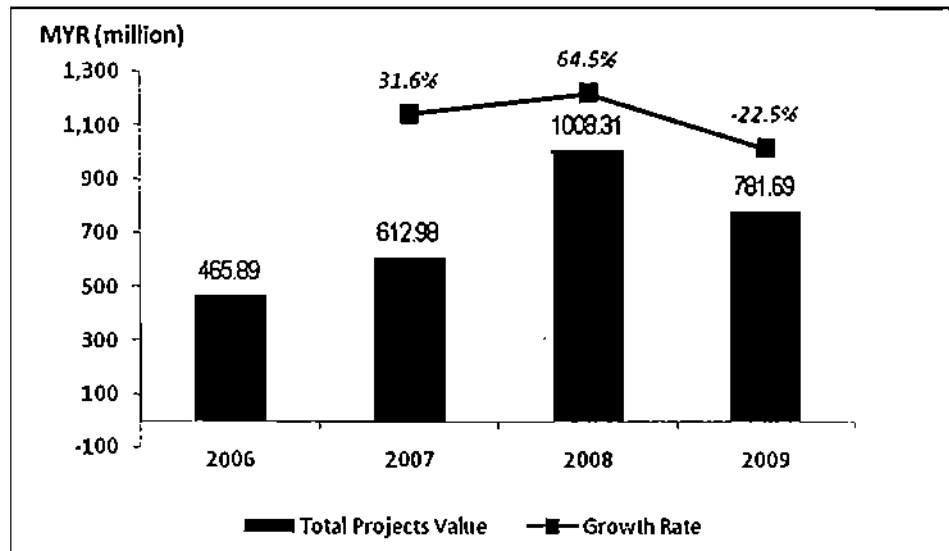
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4. INFORMATION ON OUR GROUP (Cont'd)

4.10 MARKET SIZE, MARKET SHARE AND MARKET RANKING

(a) Market size

The following graph is an estimation of the marine construction projects awarded in Malaysia for the duration of 2006 to 2009. The market size is calculated based on total project value. Projects and its values are limited to information as registered in the CIDB database and from JPS. Based on the project value awarded, the marine construction industry in Malaysia has been showing an uptrend with CAGR for 2006-2009 at 18.8%.



The cumulative market size of the marine construction industry in Malaysia for the duration of 2006-2009 is estimated to be worth approximately RM 2.87 billion, based on the value of projects awarded during this period ("Market Size").

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4. INFORMATION ON OUR GROUP (Cont'd)

(b) Market share and market ranking

Benalec's market share, based on marine construction projects secured between 2006 and 2009, is estimated to be approximately 17.9% of the Market Size.

Based on this market share, which is in turn based on publicly available information, Benalec is ranked among the Top 2 most active companies in Malaysia in marine construction projects in Malaysia for the duration 2006 – 2009.

(Source: Independent Market Research on the Marine Construction Industry prepared by Frost & Sullivan)

4.11 QUALITY CONTROL / MANAGEMENT PROCEDURES / PROGRAMMES

(a) Land reclamation and dredging work projects

For our land reclamation and dredging work projects, strong emphasis is placed on achieving high standards of quality as well as meeting the desired outcome of our clients. BSB had in year 2005, obtained ISO 9001:2000 certification, which on 19 August 2009, was upgraded to ISO 9001:2008 certification for implementing Quality Management System for the provision of marine engineering and construction works (including dredging, reclamation and shore protection works) and the provision of marine vessel and equipment chartering services. As part of our quality management system, we undertake each marine construction project according to the standards of quality stipulated in ISO 9001:2008. Guided by ISO 9001:2008, we also prepare a PQP that outlines all necessary procedures, schedules and controls. Although each PQP is specific to the project, it typically contains details of the project such as project description (covering scope of works, contract sum, contract period, principal parties and others), site layout plan, staff organisational chart, approvals from authorities, construction programme, work method and other details.

Where required, we will perform remedial works for the client during defects liability period which for our marine construction projects, generally extends 12 months after the official handover of the completed projects to the project principal.

(b) Ship repair, ship maintenance, shipbuilding, fabrication, refurbishment and modification operations

We place strong emphasis on the quality of the vessels that we repair, maintain, build, fabricate, refurbish or modify. Stringent quality control and measures are implemented in every aspect of our operations.

We adopt the following approaches to ensure our quality standards are maintained and adhered to:-

- the drawings, designs and specifications of all our vessels are prepared by external licensed naval architects;
- incoming materials, machinery and equipment such as metal steel plates, steel long products, pipes and engines and electrical systems and instruments are subjected to rigorous checking prior to construction, fabrication, replacement or refurbishment. This is to ensure that the final products meet the desired specifications and requirements;

4. INFORMATION ON OUR GROUP (Cont'd)

- Quality control processes are undertaken during the ship repair, ship maintenance, shipbuilding, fabrication and refurbishment processes to ensure that all parts and components constantly meet the relevant regulatory and / or desired specifications. Licensed external classification surveyors are engaged for technical advice and consultation, and will monitor the construction of the hulls to ensure that all works are in accordance with the classification and standards;
- After completion of construction, we will undertake a final joint survey with the owner (where built for sale) to ensure that the vessel is built and completed in accordance to the owner's specification and class standard;
- Final tests are also conducted during the sea trial by our ship yard manager as well as the ship owner (where built for sale), whereby various tests are conducted including tests of speed, engine performance, operation of all equipment and instruments. Upon obtaining satisfactory results from the final tests, the external classification surveyor will conduct the inspection on the vessel from start until completion of construction, prior to issuance of class certificate for the vessel; and
- Furthermore, the vessels employed by us in our marine construction activities undergo annual and special surveys by the Classification Society or the Flag of Convenience to ensure that they are fit for operations.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.12 R&D**(a) Policy on R&D**

For our marine construction, vessel chartering and support operations, R&D is not a critical requirement. As a result, we do not carry any specific R&D activities, and therefore have not formulated an R&D policy for our marine construction, vessel chartering and support operations. Nevertheless, our policies on R&D are mainly directed towards meeting project specifications in respect of complexity and varying degree of requirements from our clients as well as developing new and innovative marine construction solutions for current and future contracts.

Most of our Group's contracts involve customised marine construction activities which would require a substantial degree of innovative and integrated engineering technologies and precision. Our Group, in line with its overall strategy, engages in adaptive R&D wherein our Group continuously conducts research on engineering and construction techniques and methods to best achieve the requirements of our contracts. For example, our Group has the expertise and equipments to operate different varieties of dredging techniques which are able to be adapted towards diverging contract requirements which differ in terms of, *inter-alia* water depths, wind and wave conditions, site terrain and materials dredged. Such adaptive R&D efforts enable our Group to improve production efficiency, reduce downtime and wastage via continuous improvement in our engineering and construction processes as well as keep abreast of the latest developments in the marine construction industry.

We aim to continuously focus on improvements in processes in the following areas:-

- Effective cost and project management to ensure projects are delivered as quickly and as cost effectively as possible for our benefit as well as that of the client;
- Enhancing business effectiveness, efficiency and productivity to minimise ship repair, ship maintenance, shipbuilding, fabrication and refurbishment time, production and operating cost;
- Continuous improvements in utilising and employing existing and new technologies to meet client requirements; and
- Continuously maintain and improve quality to ensure client satisfaction.

We strive for incremental improvements to our marine construction, vessel chartering and support operations knowledge and expertise, and engineering solutions skill base through continuous practical application of these skills. These improvements are internalised, and enable us to continuously upgrade our capabilities and to increase the efficiency and effectiveness of our business processes.

We constantly evaluate existing and emerging technologies, and implement those that will improve our business processes or create opportunities for new business development.

4. INFORMATION ON OUR GROUP (Cont'd)

(b) R&D Expenditure

We did not recognise any expenditure that is specific to R&D activities for the past three (3) FYEs up to 30 June 2010, as our R&D activities were mainly related to process improvement.

4.13 INTERRUPTIONS IN BUSINESS FOR THE PAST TWELVE (12) MONTHS

There has not been any interruption in the form of trade disputes or major operational breakdown occurring within and outside our Group that may significantly impair our Group's business performance during the past twelve (12) months preceding the date of this Prospectus.

4.14 KEY ACHIEVEMENTS / MILESTONES / AWARDS

Key Milestones

The following are some of our key milestones: -

Year	Milestones
1978	BSB was incorporated. Our main clients in our civil engineering business include JPS, MADA, and JKR.
1993	We expanded our capability to provide marine construction services by undertaking the coastal protection works project for JPS at Sungai Belukang, Bagan Datoh, Perak worth RM12 million.
1995	BSB constructed its first vessel, an Anchor Handling Tug-Boat.
1996	BSB changed its name from Leaw Eng Chang Construction Co. Sdn Bhd to Benalec Sdn Bhd.
1999	We commenced our first dredging project in Kuala Perlis.
2000	We were engaged by JKR to construct a helipad and jetty on the remote island of Pulau Perak, Kedah, our first (1 st) turnkey design and build contract. We commenced our first (1 st) land reclamation project in Pantai Kok, Langkawi.
2001	We received commendation by JKR for work done on the helipad and jetty in the remote island of Pulau Perak, Kedah
2002	OG Marine Sdn Bhd was incorporated to own, operate and charter vessels such as barges and sand pump barges for our land reclamation and marine works in Malaysia.
2003	We carried out our first (1 st) turnkey design and build project for beach nourishment works in Port Dickson, Negeri Sembilan.
2005	BSB obtained ISO 9001:2000 for the provision of marine engineering and construction works as well as the provision of marine vessel and equipment chartering services.
2007	We carried out our first (1 st) turnkey design and build land reclamation project in Melaka.
2008	We expanded our shipbuilding business activities through BenShip.
2009	BSB's ISO upgraded to ISO 9001:2008 for the provision of marine engineering and construction works as well as the provision of marine vessel and equipment chartering services.

4. INFORMATION ON OUR GROUP (Cont'd)

Year	Milestones
2010	We acquired OML and Pacific (companies which own a fleet of 43 vessels) from OGSB and eleven (11) vessels (comprising eight (8) barges and three (3) tug-boats) from Oceanlec, pursuant to an internal restructuring exercise prior to our Listing. BSB (Singapore branch office) obtained ISO 9001:2008 and OHSAS 18001:2007 for civil engineering works: land reclamation (including sand supply and delivery)

4.15 MODES OF MARKETING / DISTRIBUTION / SALES**(a) Marketing Strategies**

Our marketing strategies are built on our brand name in the marine construction industry, or through active bidding for suitable marine construction projects.

Over the years, we have steadily built up a reputation for successfully completing difficult land reclamation projects. This is particularly evident in our past successes in completing jobs in difficult weather conditions, rough sea conditions, soft soil conditions and other difficult scenarios. We depend on the following to sustain and expand our business: -

- positioning as a one-stop integrated marine construction solutions provider supported by our ship repair, ship maintenance, shipbuilding, fabrication and refurbishment capabilities;
- maximising our competitive advantages of having a full range of marine construction services and turnkey design-and-build capabilities to undertake marine construction projects from inception to completion. We are able to undertake projects practically all by ourselves and are able to build, service and maintain our own vessels and equipment to support our core business activities for maximum project control to meet time and cost constraints;
- maximising our ability to: -
 - undertake multiple large and complex assignments; and
 - deploy the optimum type and amount of resources for our projects,
 with our large and comprehensive fleet of vessels;
- continuing to provide the highest quality of services and solutions to establish our reliability as an integrated marine construction solutions provider, thus creating client loyalty and dependency as well as enhancing brand awareness within the marine construction services industry; and
- keeping abreast of new processes and technological developments to stay ahead of the competition as well as to better meet the needs and requirements of clients.

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4. INFORMATION ON OUR GROUP (Cont'd)

As such, we are often approached to undertake marine construction projects by various entities, both private and Governmental. We would then evaluate the project for its costs and benefits before deciding to undertake the project. In addition, in view of our experience and track record as an effective and reliable marine construction services provider, we are also approached directly by clients to undertake certain projects whereby clients do not have sufficient time to call for a tender or are in fact initiated by the contractors themselves. In these cases, we adopt a direct negotiation approach to secure the contract. As these projects are awarded based on the credentials of the contractors, such contracts normally generate higher margins and add positively to the contractor's track record.

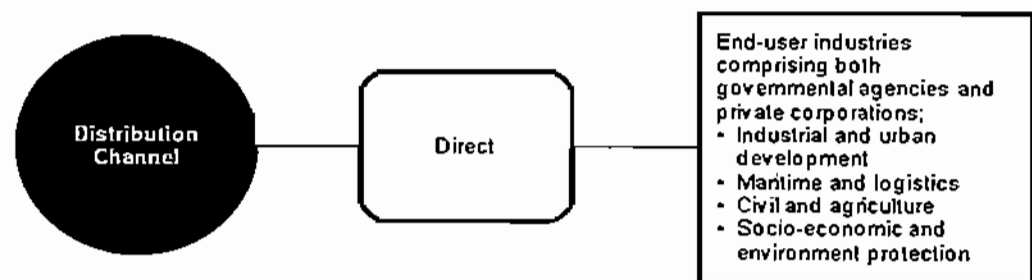
Apart from that, we also undertake the following strategies in identifying business opportunities: -

- we bid for projects which we come to know of via invitations and / or advertisements in media publications calling for tender; and
- we identify key industry trends and projects whereby we are able to offer business propositions to our clients. We offer our services to complement mixed development projects, construction of ports, jetties, bridges and dredging for water intake for power plants. We have a team of highly experienced and skilled engineers and project managers who are able to initiate and capitalise on marine construction opportunities by identifying the need for our marine construction solutions and services.

At this juncture, we plan to expand our regional reach into the Singapore market. In order for us to qualify to tender for marine construction contracts, we have established a branch in Singapore to apply for the necessary licenses. In tendering for projects overseas, we intend to leverage on the core competitive strengths of our Group which include effective, efficient services under a competitive cost structure in presenting our proposals to foreign companies or Government agencies.

(b) Distribution Channel Strategy

Our distribution channel strategy comprises the direct distribution channel to maximise our market coverage:-



4. INFORMATION ON OUR GROUP (Cont'd)

The inherent nature of the marine construction services industry calls for specialised solutions to cater for varying objectives of the contract, which largely differ in terms of cost, timeliness in delivery and complexity. In this respect, we adopt direct distribution channel strategy through performing our own sales and marketing activities and focusing on marketing our expertise and services directly to the end users of our marine construction services, namely Government agencies and private companies.

Our direct sales approach enables us to work closely with our clients to evaluate and attain a better understanding of clients' requirements and for us to formulate optimum solutions from our range of capabilities that meet clients' specifications which are cost-effective, of high quality and are capable of being delivered promptly.

In addition, this approach serves as a feedback mechanism for continuous service improvements.

4.16 OUR SUBSIDIARIES AND ASSOCIATES

4.16.1 BSB

(a) Background and History

BSB was incorporated in Malaysia under the Act on 29 April 1978 as a private limited company under the name of Leaw Eng Chang Construction Co. Sdn Bhd. The company subsequently changed its name to BSB on 2 September 1996. It commenced its operations on 29 April 1978.

(b) Principal Activities and Products / Services

BSB is principally engaged in marine construction and civil engineering.

(c) Substantial Shareholders

BSB is a wholly owned subsidiary of our Company.

(d) Share Capital

The authorised share capital of BSB is RM10,000,000 comprising 1,000,000 ordinary shares of RM10.00 each. The issued and fully paid-up share capital of BSB as at LPD is RM7,300,000, comprising 730,000 ordinary shares of RM10.00 each.

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4. INFORMATION ON OUR GROUP (Cont'd)

The changes in the issued and fully paid-up share capital of BSB since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
29.04.1978	2	10.00	Cash	20
20.10.1979	1,998	10.00	Cash	20,000
01.09.1982	30,000	10.00	Cash	320,000
13.08.1983	22,000	10.00	Bonus share	540,000
04.09.1989	6,100	10.00	Cash	601,000
07.10.1996	39,900	10.00	Bonus share	1,000,000
27.09.2004	150,000	10.00	Bonus share	2,500,000
30.09.2010	480,000	10.00	Bonus share	7,300,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of BSB.

(e) Subsidiaries and Associates

As at LPD, BSB has 24 subsidiaries, namely OG Marine Sdn Bhd, OML, Benalec Maritime Sdn Bhd, Pacific Marine Ltd, Oceanline (Labuan) Ltd, Pacific, Benalec Land Sdn Bhd, Arus Kreatif Sdn Bhd, Crystal Land Development Sdn Bhd, Crystal Land Property Sdn Bhd, Heritage Land Development Sdn Bhd, Heritage Land Realty Sdn Bhd, Heritage Land Sdn Bhd, Heritage Property Sdn Bhd, Klebang Property Sdn Bhd, Oceanfront Property Sdn Bhd, Oceanview Project Sdn Bhd, Oceanview Realty Sdn Bhd, Sentosacove Development Sdn Bhd, Strategic Cove Sdn Bhd, Strategic Land Sdn Bhd, Orientalcove Realty Sdn Bhd, Orientalcove Property Sdn Bhd and Wilajati Sdn Bhd. Benalec Sdn Bhd does not have any associated companies as at LPD. BSB had on 29 November 2010 entered into a Share Sale Agreement with Puncak Pasir Sdn Bhd to dispose of BSB's entire equity stake in Crystal Land Development Sdn Bhd. As at the date of this Prospectus, the completion of the said Share Sale Agreement is still pending.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.2 BenShip****(a) Background and History**

BenShip was incorporated in Malaysia under the Act on 16 August 1979 as a private limited company under the name of Hap Leong (Kedah) Sendirian Berhad. The company subsequently changed its name to BenShip on 19 December 2002. It commenced its operations on 15 March 2008.

(b) Principal Activities and Products / Services

BenShip is principally engaged in ship repair, ship maintenance, shipbuilding, fabrication, refurbishment and ship trading.

(c) Substantial Shareholders

BenShip is a wholly owned subsidiary of our Company.

(d) Share Capital

The authorised share capital of BenShip is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of BenShip as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of BenShip since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
16.08.1979	2	1.00	Cash	2
05.12.1979	181,530	1.00	Land	181,532
18.09.2005	30	1.00	Cash	181,562
18.09.2005	68,438	1.00	Bonus shares	250,000
20.05.2008	750,000	1.00	Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of BenShip.

(e) Subsidiary and Associated Company

As at LPD, BenShip does not have any subsidiary or associated company.

4. INFORMATION ON OUR GROUP (Cont'd)**4.16.3 Oceanliner****(a) Background and History**

Oceanliner was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore on 4 June 2009 as a private limited company and it commenced its operations on 22 September 2010.

(b) Principal Activities and Products / Services

Oceanliner is principally engaged in charter of vessels.

(c) Substantial Shareholders

Oceanliner is a wholly owned subsidiary of our Company.

(d) Share Capital

The issued and fully paid-up share capital of Oceanliner as at LPD is SGD200,000 comprising 200,000 ordinary shares.

The changes in the issued and fully paid-up share capital of Oceanliner since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Consideration	Cumulative Issued and Paid-up Share Capital
			(SGD)
04.06.2009	2	Cash	2
28.08.2009	199,998	Cash	200,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Oceanliner.

(e) Subsidiary and Associated Company

As at LPD, Oceanliner does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.4 OG Marine Sdn Bhd****(a) Background and History**

OG Marine Sdn Bhd was incorporated in Malaysia under the Act on 5 November 2002 as a private limited company and it commenced its operations on 5 November 2002.

(b) Principal Activities and Products / Services

OG Marine Sdn Bhd is principally engaged in charter of vessels.

(c) Substantial Shareholders

OG Marine Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of OG Marine Sdn Bhd is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of OG Marine Sdn Bhd as at LPD is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of OG Marine Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
05.11.2002	3	1.00	Cash	3
02.03.2003	199,997	1.00	Cash	200,000
01.02.2004	800,000	1.00	Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of OG Marine Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, OG Marine Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.5 OML****(a) Background and History**

OML was incorporated in Labuan under the Offshore Companies Act, 1990 on 17 April 2009 as a limited liability company and it has yet to commence its operations.

(b) Principal Activities and Products / Services

OML is principally engaged in charter / leasing of vessels.

(c) Substantial Shareholders

OML is a wholly owned subsidiary of BSB.

(d) Share Capital

The issued and fully paid-up share capital of OML as at LPD is USD4,974,761 comprising 4,974,761 ordinary shares.

The changes in the issued and fully paid-up share capital of OML since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Consideration	Cumulative Issued and Paid-up Share Capital
			(USD)
17.04.2009	3	Cash	3
29.09.2010	2,432,064	Consideration for purchase of vessels	2,432,067
30.09.2010	2,542,694	Consideration for purchase of vessels	4,974,761

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of OML.

(e) Subsidiary and Associated Company

As at LPD, OML does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.6 Benalec Maritime Sdn Bhd****(a) Background and History**

Benalec Maritime Sdn Bhd was incorporated in Malaysia under the Act on 29 August 2007 as a private limited company.

(b) Principal Activities and Products / Services

Benalec Maritime Sdn Bhd is currently dormant. Its intended principal activity is marine construction.

(c) Substantial Shareholders

Benalec Maritime Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Benalec Maritime Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Benalec Maritime Sdn Bhd as at LPD is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Benalec Maritime Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
29.08.2007	2	1.00	Cash	2
10.11.2007	99,998	1.00	Cash	100,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Benalec Maritime Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Benalec Maritime Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.7 Pacific Marine Ltd****(a) Background and History**

Pacific Marine Ltd was incorporated in Labuan under the Offshore Companies Act, 1990 on 17 April 2009 as a limited liability company and it commenced its operations on 13 July 2009.

(b) Principal Activities and Products / Services

Pacific Marine Ltd is principally engaged in charter / leasing of vessels.

(c) Substantial Shareholders

Pacific Marine Ltd is a wholly owned subsidiary of BSB.

(d) Share Capital

The issued and fully paid-up share capital of Pacific Marine Ltd as at LPD is USD1,000,000 comprising 1,000,000 ordinary shares.

The changes in the issued and fully paid-up share capital of Pacific Marine Ltd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Consideration	Cumulative Issued and Paid-up Share Capital
			(USD)
17.04.2009	3	Cash	3
29.06.2009	999,997	Cash	1,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Pacific Marine Ltd.

(e) Subsidiary and Associated Company

As at LPD, Pacific Marine Ltd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.16.8 Oceanline (Labuan) Ltd**(a) Background and History**

Oceanline (Labuan) Ltd was incorporated in Labuan under the Offshore Companies Act, 1990 on 28 October 2008 as a limited liability company and it commenced its operations on 13 April 2010.

(b) Principal Activities and Products / Services

Oceanline (Labuan) Ltd is principally engaged in charter / leasing of vessels and the business of trading of marine vessels.

(c) Substantial Shareholders

Oceanline (Labuan) Ltd is a wholly owned subsidiary of BSB.

(d) Share Capital

The issued and fully paid-up share capital of Oceanline (Labuan) Ltd as at LPD is USD7,050,000 comprising 7,050,000 ordinary shares.

The changes in the issued and fully paid-up share capital of Oceanline (Labuan) Ltd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Consideration	Cumulative Issued and Paid-up Share Capital
			(USD)
28.10.2008	3	Cash	3
02.07.2009	999,997	Cash	1,000,000
10.08.2009	1,000,000	Cash	2,000,000
19.10.2009	1,000,000	Cash	3,000,000
12.01.2010	1,000,000	Cash	4,000,000
29.09.2010	3,050,000	Consideration for purchase of vessels	7,050,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Oceanline (Labuan) Ltd.

(e) Subsidiary and Associated Company

As at LPD, Oceanline (Labuan) Ltd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.9 Pacific****(a) Background and History**

Pacific was incorporated in Labuan under the Offshore Companies Act, 1990 on 17 April 2009 as a limited liability company and it has yet to commence its operations.

(b) Principal Activities and Products / Services

Pacific is principally engaged in charter / leasing of vessels.

(c) Substantial Shareholders

Pacific is a wholly owned subsidiary of BSB.

(d) Share Capital

The issued and fully paid-up share capital of Pacific as at LPD is USD18,645,829 comprising 18,645,829 ordinary shares.

The changes in the issued and fully paid-up share capital of Pacific since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Consideration	Cumulative Issued and Paid-up Share Capital
			(USD)
17.04.2009	3	Cash	3
29.09.2010	18,645,826	Consideration for purchase of vessels	18,645,829

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Pacific.

(e) Subsidiary and Associated Company

As at LPD, Pacific does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.16.10 Benalec Land Sdn Bhd**(a) Background and History**

Benalec Land Sdn Bhd was incorporated in Malaysia under the Act on 9 December 2004 as a private limited company and it commenced its operations on 22 October 2009.

(b) Principal Activities and Products / Services

Benalec Land Sdn Bhd is principally engaged in property investment holding.

(c) Substantial Shareholders

Benalec Land Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Benalec Land Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Benalec Land Sdn Bhd as at LPD is RM4 comprising 4 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Benalec Land Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
09.12.2004	4	1.00	Cash	4

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Benalec Land Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Benalec Land Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.11 Arus Kreatif Sdn Bhd****(a) Background and History**

Arus Kreatif Sdn Bhd was incorporated in Malaysia under the Act on 5 March 1999 as a private limited company and it commenced its operations on 7 April 2010.

(b) Principal Activities and Products / Services

Arus Kreatif Sdn Bhd is principally engaged in property investment holding.

(c) Substantial Shareholders

Arus Kreatif Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Arus Kreatif Sdn Bhd is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Arus Kreatif Sdn Bhd as at LPD is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Arus Kreatif Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
05.03.1999	100,000	1.00	Cash	100,000
16.07.1999	400,000	1.00	Cash	500,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Arus Kreatif Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Arus Kreatif Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.12 Crystal Land Development Sdn Bhd**

BSB had on 29 November 2010 entered into a Share Sale Agreement with Puncak Pasir Sdn Bhd to dispose of BSB's entire equity stake in Crystal Land Development Sdn Bhd. As at the date of this Prospectus, the completion of the said Share Sale Agreement is still pending.

(a) Background and History

Crystal Land Development Sdn Bhd was incorporated in Malaysia under the Act on 11 June 2009 as a private limited company and it commenced its operations on 26 April 2010.

(b) Principal Activities and Products / Services

Crystal Land Development Sdn Bhd is principally engaged in property investment holding.

(c) Substantial Shareholders

Crystal Land Development Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Crystal Land Development Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Crystal Land Development Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Crystal Land Development Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
11.06.2009	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Crystal Land Development Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Crystal Land Development Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.13 Crystal Land Property Sdn Bhd****(a) Background and History**

Crystal Land Property Sdn Bhd was incorporated in Malaysia under the Act on 16 April 2009 as a private limited company and it commenced its operations on 29 December 2009.

(b) Principal Activities and Products / Services

Crystal Land Property Sdn Bhd is principally engaged in property investment holding.

(c) Substantial Shareholders

Crystal Land Property Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Crystal Land Property Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Crystal Land Property Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Crystal Land Property Sdn Bhd since its incorporation are as follows:-

Date of Allotment	Nó. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
16.04.2009	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Crystal Land Property Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Crystal Land Property Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.14 Heritage Land Development Sdn Bhd****(a) Background and History**

Heritage Land Development Sdn Bhd was incorporated in Malaysia under the Act on 11 June 2009 as a private limited company.

(b) Principal Activities and Products / Services

Heritage Land Development Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Heritage Land Development Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Heritage Land Development Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Heritage Land Development Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Heritage Land Development Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
11.06.2009	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Heritage Land Development Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Heritage Land Development Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.15 Heritage Land Realty Sdn Bhd****(a) Background and History**

Heritage Land Realty Sdn Bhd was incorporated in Malaysia under the Act on 11 June 2009 as a private limited company.

(b) Principal Activities and Products / Services

Heritage Land Realty Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Heritage Land Realty Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Heritage Land Realty Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Heritage Land Realty Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Heritage Land Realty Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
11.06.2009	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Heritage Land Realty Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Heritage Land Realty Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.16 Heritage Land Sdn Bhd****(a) Background and History**

Heritage Land Sdn Bhd was incorporated in Malaysia under the Act on 26 May 2009 as a private limited company.

(b) Principal Activities and Products / Services

Heritage Land Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Heritage Land Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Heritage Land Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Heritage Land Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Heritage Land Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
26.05.2009	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Heritage Land Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Heritage Land Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.17 Heritage Property Sdn Bhd****(a) Background and History**

Heritage Property Sdn Bhd was incorporated in Malaysia under the Act on 16 April 2009 as a private limited company.

(b) Principal Activities and Products / Services

Heritage Property Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Heritage Property Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Heritage Property Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Heritage Property Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Heritage Property Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
16.04.2009	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Heritage Property Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Heritage Property Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.18 Klebang Property Sdn Bhd****(a) Background and History**

Klebang Property Sdn Bhd was incorporated in Malaysia under the Act on 16 April 2009 as a private limited company.

(b) Principal Activities and Products / Services

Klebang Property Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Klebang Property Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Klebang Property Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Klebang Property Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Klebang Property Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
16.04.2009	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Klebang Property Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Klebang Property Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.19 Oceanfront Property Sdn Bhd****(a) Background and History**

Oceanfront Property Sdn Bhd was incorporated in Malaysia under the Act on 15 April 2010 as a private limited company.

(b) Principal Activities and Products / Services

Oceanfront Property Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Oceanfront Property Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Oceanfront Property Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Oceanfront Property Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Oceanfront Property Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
15.04.2010	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Oceanfront Property Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Oceanfront Property Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.20 Oceanview Project Sdn Bhd****(a) Background and History**

Oceanview Project Sdn Bhd was incorporated in Malaysia under the Act on 19 April 2010 as a private limited company.

(b) Principal Activities and Products / Services

Oceanview Project Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Oceanview Project Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Oceanview Project Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Oceanview Project Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Oceanview Project Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
19.04.2010	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Oceanview Project Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Oceanview Project Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.21 Oceanview Realty Sdn Bhd****(a) Background and History**

Oceanview Realty Sdn Bhd was incorporated in Malaysia under the Act on 19 April 2010 as a private limited company.

(b) Principal Activities and Products / Services

Oceanview Realty Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Oceanview Realty Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Oceanview Realty Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Oceanview Realty Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Oceanview Realty Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
19.04.2010	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Oceanview Realty Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Oceanview Realty Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.22 Sentosacove Development Sdn Bhd****(a) Background and History**

Sentosacove Development Sdn Bhd was incorporated in Malaysia under the Act on 17 July 2008 as a private limited company.

(b) Principal Activities and Products / Services

Sentosacove Development Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Sentosacove Development Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Sentosacove Development Sdn Bhd is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Sentosacove Development Sdn Bhd as at LPD is RM250,000 comprising 250,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Sentosacove Development Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
17.07.2008	3	1.00	Cash	3
01.06.2009	249,997	1.00	Cash	250,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Sentosacove Development Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Sentosacove Development Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.23 Strategic Cove Sdn Bhd****(a) Background and History**

Strategic Cove Sdn Bhd was incorporated in Malaysia under the Act on 19 April 2010 as a private limited company and it commenced its operations on 26 May 2010.

(b) Principal Activities and Products / Services

Strategic Cove Sdn Bhd is principally engaged in property investment holding.

(c) Substantial Shareholders

Strategic Cove Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Strategic Cove Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Strategic Cove Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Strategic Cove Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
19.04.2010	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Strategic Cove Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Strategic Cove Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.24 Strategic Land Sdn Bhd****(a) Background and History**

Strategic Land Sdn Bhd was incorporated in Malaysia under the Act on 19 April 2010 as a private limited company.

(b) Principal Activities and Products / Services

Strategic Land Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Strategic Land Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Strategic Land Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Strategic Land Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Strategic Land Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
19.04.2010	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Strategic Land Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Strategic Land Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.25 Orientalcove Realty Sdn Bhd****(a) Background and History**

Orientalcove Realty Sdn Bhd was incorporated in Malaysia under the Act on 13 June 2006 as a private limited company.

(b) Principal Activities and Products / Services

Orientalcove Realty Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Orientalcove Realty Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Orientalcove Realty Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Orientalcove Realty Sdn Bhd as at LPD is RM3 comprising 3 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Orientalcove Realty Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
13.06.2006	2	1.00	Cash	2
01.07.2008	1	1.00	Cash	3

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Orientalcove Realty Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Orientalcove Realty Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.26 Orientalcove Property Sdn Bhd****(a) Background and History**

Orientalcove Property Sdn Bhd was incorporated in Malaysia under the Act on 13 June 2006 as a private limited company.

(b) Principal Activities and Products / Services

Orientalcove Property Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Orientalcove Property Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Orientalcove Property Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Orientalcove Property Sdn Bhd as at LPD is RM3 comprising 3 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Orientalcove Property Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
13.06.2006	2	1.00	Cash	2
01.07.2008	1	1.00	Cash	3

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Orientalcove Property Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Orientalcove Property Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)**4.16.27 Wilajati Sdn Bhd****(a) Background and History**

Wilajati Sdn Bhd was incorporated in Malaysia under the Act on 10 July 2008 as a private limited company.

(b) Principal Activities and Products / Services

Wilajati Sdn Bhd is currently dormant. Its intended principal activity is property investment holding.

(c) Substantial Shareholders

Wilajati Sdn Bhd is a wholly owned subsidiary of BSB.

(d) Share Capital

The authorised share capital of Wilajati Sdn Bhd is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and fully paid-up share capital of Wilajati Sdn Bhd as at LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of Wilajati Sdn Bhd since its incorporation are as follows:-

Date of Allotment	No. of Shares allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		(RM)		(RM)
10.07.2008	2	1.00	Cash	2

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital of Wilajati Sdn Bhd.

(e) Subsidiary and Associated Company

As at LPD, Wilajati Sdn Bhd does not have any subsidiary or associated company.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.17 MAJOR CUSTOMERS

We serviced a total client base of 10 clients (including ship chartering) during the FYE 30 June 2010 with total revenue of RM115.7 million.

We currently provide marine construction services to a range of clients from different industries, such as: -

- (i) state Governments (whereby we are contracted by the concessionaires who are awarded the state contracts to undertake the land reclamation activities);
- (ii) drainage and irrigation, sea and waterways, maritime, transport, naval, agriculture and development authorities; and
- (iii) private companies involved in power production, property development, construction, travel and leisure and logistics.

The diversity in types of clients served provides significant business growth opportunities and diversification for us. By servicing clients from different market segments and from both the public and private sectors, we are able to insulate our business from a potential downturn in any one (1) of the segments which we service.

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4. INFORMATION ON OUR GROUP (Cont'd)

The table below lists our clients representing 10% or more of total Group's revenue over the last three (3) financial years up to FYE 30 June 2010.

Project Owner / Client	FYE 30 June 2008		FYE 30 June 2009		FYE 30 June 2010		Length of Relationship (No. of years)
	Revenue (RM'000)	Proportion of Group Revenue (%)	Revenue (RM'000)	Proportion of Group Revenue (%)	Revenue (RM'000)	Proportion of Group Revenue (%)	
Ultra Green Sdn Bhd (Note 1)	24,502	33.1	16,001	13.2	28,501	24.5	5 (Note 2)
Oriental Boon Siew (M) Sdn Bhd (Note 1)	12,395	16.7	36,910	30.5	6,141	5.3	5 (Note 2)
HUSB (Note 1)	10,629	14.4	20,264	16.8	15,836	13.6	3
UEM Land Sdn Bhd	1,879	2.5	35,700	29.5	20,155	17.3	3
Yenzoon Sdn Bhd (Note 1)	7,437	10.0	4,248	3.5	1,718	1.5	3
SOSB (Note 1)	-	-	-	-	21,969	18.9	1
Oceanlac	-	-	4,666	3.9	13,328	11.4	2
Total	56,842	76.7	117,789	97.4	107,648	92.5	

Note 1 The aforementioned engagements relate to land reclamation and related works granted by a state government to the project owner / clients who have then contracted our Group to undertake the said reclamation activities.

Note 2 These companies are subsidiaries of Oriental Holdings Berhad, a company listed on Bursa Securities which we have provided marine construction services to for five (5) years.

4. INFORMATION ON OUR GROUP (Cont'd)

For our marine construction division, majority of our clients are concession holders of land reclamation projects awarded by the State Government who had then contracted our Group to undertake the said reclamation activities as well as companies and authorities involved in marine and coastal environments, property development, maritime and logistics and civil works and agriculture in Malaysia.

Due to the nature of our marine construction business whereby the contract sum are large with tenure of two (2) to three (3) years on average, our major clients tend to contribute significantly to our Group's revenue. For the FYE 30 June 2010, our top five (5) clients represented approximately 86% of our total revenue, which amounted to RM99.8 million, with each client comprising between 11% to 25% of our total revenue. Our top client, Ultra Green Sdn Bhd accounted for approximately 25% of our total revenue for the FYE 30 June 2010 while our next largest client, SOSB, accounted for approximately 19% of our total revenue for the same financial year.

Revenue contribution from our clients, on an individual basis, may fluctuate from year to year depending on the stages of completion and work performed on each specific project. We also derived revenue from chartering of vessels to Oceanlec whereby the contribution from ship chartering services to Oceanlec increased from approximately 4% in the FYE 30 June 2009 to approximately 11% in the FYE 30 June 2010 due to charter of additional vessels to Oceanlec as a result of our larger fleet size.

For information purposes, SOSB, HUSB and Oceanlec are companies related to our Promoters. Further details are set out under Section 8.1 of this Prospectus.

We have enjoyed long-term business relationships with our clients over the years whereby we have been contracted by some of our clients to undertake subsequent phases of land reclamation works after completion of the earlier phase(s). Approximately 71% of our top clients have been dealing with us for three (3) years or more for the FYE 30 June 2010.

Our long-standing client relationships serve as an endorsement of the quality of our products and services, and more importantly, a stable client base.

Our Board is of the opinion that we are not dependent on any single client for business as we have been able to continue to secure a pipeline of projects.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.18 MAJOR SUPPLIERS / SUB-CONTRACTORS

The table below lists our suppliers and sub-contractors representing 10% or more of total Group's purchases over the last three (3) financial years up to FYE 30 June 2010.

Supplier / Sub-contractor Name	FYE 30 June 2008		FYE 30 June 2009		FYE 30 June 2010		Length of Relationship (No. of years)
	Purchases (RM'000)	Proportion of Group Purchases (%)	Purchases (RM'000)	Proportion of Group Purchases (%)	Purchases (RM'000)	Proportion of Group Purchases (%)	
OGMSB (Note 1)	12,492	29.7	13,883	18.7	11,051	28.2	Sand supply and discharging services 6
OGSB (Note 2)	10,666	23.7	-	-	-	-	Vessels charter 17
Exxobrite Sdn Bhd	-	-	1,483	2.0	4,264	10.9	Diesel and lubricants 2
ML Sepakat Sdn Bhd	-	-	17,608	23.7	533	1.4	Earthwork and infrastructure works 2
Total	23,158	53.4	32,974	44.4	15,848	40.5	

Note 1 The sand purchased from OGMSB was originally purchased from Nitizi Sdn Bhd who is the sand concessionaire

Note 2 During the FYEs 30 June 2008 to 2010, BSB had utilised OGSB's vessels of which in the FYE 30 June 2008, part of OGSB's billings to BSB includes the purchase of diesel (together with that of depreciation and upkeep expenses incurred by OGSB for the vessels used by BSB). During the FYEs 30 June 2009 and 2010, diesel was no longer purchased by OGSB on behalf of BSB as the vessels were chartered on a bare-boat basis. These vessels have been acquired by BSB via the Acquisitions of OML and Pacific which was completed on 30 September 2010.

4. INFORMATION ON OUR GROUP (Cont'd)

For FYE 30 June 2010, OGMSB, a company related to some of our Promoters, accounted for approximately 28% of our total purchases. The company supplies us sand ex-seabed and provides sand discharging services in our marine construction projects. The next largest supplier was Exxobrite Sdn Bhd, accounting for approximately 11% of our total purchases for the FYE 30 June 2010. This was primarily for the purchase of diesel and lubricants.

As OGMSB is one of our Group's main sub-contractors for a portion of our marine construction operations, we source their services based on the amount of on-going projects which require their services.

During the FYE 30 June 2008, we had chartered vessels from OGMSB which included the consumption of diesel amounting to approximately 24% of our purchases. During the subsequent financial years we sourced directly from a large base of suppliers of diesel and lubricants in order to reduce dependency on any single supplier. Hence, commencing FYE 30 June 2009, we had increased our purchases of diesel and lubricants from suppliers such as Exxobrite Sdn Bhd, Casso (M) Sdn Bhd, Shell Malaysia Trading Sdn Bhd and Nikmat Mujur Sdn Bhd.

ML Sepakat Sdn Bhd is another of our main sub-contractors for our marine construction projects, supplying us earthwork and construction of infrastructure services amounting to approximately 24% of our purchases during the FYE 30 June 2009. Their services were mainly employed in the Nusajaya Project which had commenced in year 2008 and the sub-contract cost mainly consists of payments for raw materials and concrete products used in the said project. Whilst such services are sub-contracted as it is more costly to undertake these activities by ourselves, if required we can undertake these activities ourselves.

We also purchase rocks from local quarries located close to our project sites. However, for the FYEs 30 June 2008 to 2010, the amount purchased from each supplier was individually less than 10% of total Group purchases during the financial years.

As part of our philosophy of cultivating long-term suppliers and sub-contractors, all of our top four (4) suppliers and sub-contractors have been dealing with us for two (2) years or more for the FYE 30 June 2010.

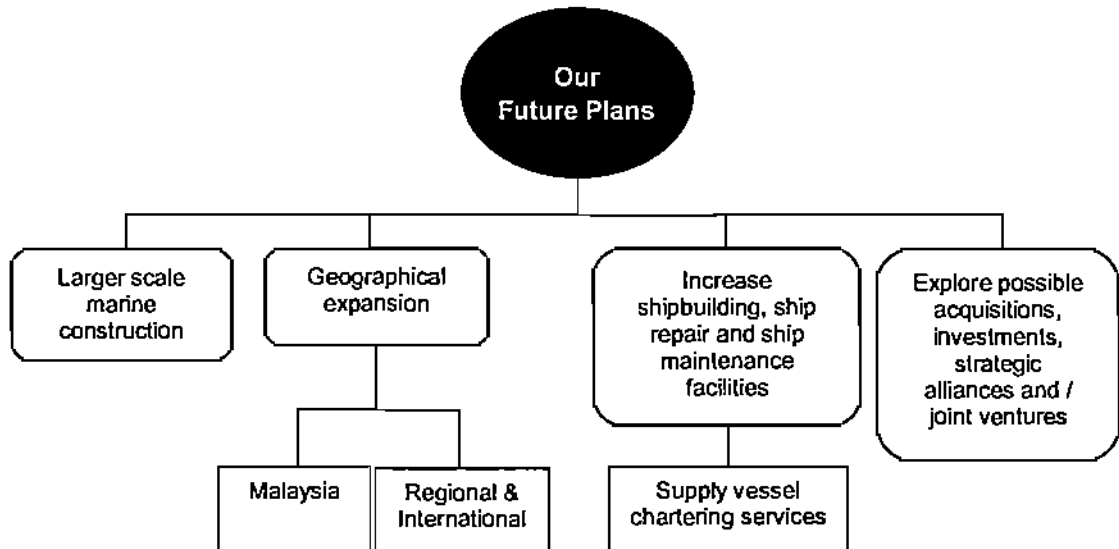
Our Board is of the opinion that we are not dependent on any single supplier or sub-contractor.

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4. INFORMATION ON OUR GROUP (Cont'd)

4.19 FUTURE PLANS AND STRATEGIES

Our future plans are focused in four (4) key areas as depicted in figure below:-

**(a) Focus on larger-scale marine construction in Malaysia**

We intend to focus on securing larger-scale marine construction projects in Malaysia with higher project value and which require larger quantity of sand fill. We have targeted several land reclamation projects in Selangor, Penang, Johor and Melaka which would require the deployment of a large fleet of vessels. We believe that such larger-scale projects are potentially more profitable and would thus, further increase our business profile in the marine construction industry. In order to secure larger-scale projects we would need to further increase the size and capability of our fleet. Hence, to achieve this, we intend to acquire new vessels and equipment to increase our fleet technical ability, operating efficiency and productivity. We intend to acquire several sets of tug-boats and barges by end of year 2012 in order to bid for larger scale projects by year 2013. The cost to increase our fleet size is estimated at approximately RM50.0 million, which we expect to finance via a combination of internally generated funds and bank borrowings. In addition, we plan to leverage on our track record, financial strength and enhanced image from our listing on the Official List of Bursa Malaysia to secure such larger-scale marine construction projects.

(b) Geographical expansion

Currently, most of our large on-going and completed marine construction projects are centred in Melaka. Apart from Melaka, we have several large marine construction contracts centred in Nusajaya, Johor and Klang, Selangor. In order to diversify the geographical location of our projects, we intend to bid for more large marine construction contracts in other states such as Johor, Selangor and Penang. We have currently submitted a proposal to undertake a land reclamation project in Penang.

4. INFORMATION ON OUR GROUP (Cont'd)

Although there is currently still strong demand in Malaysia for marine construction projects whereby states such as Penang, Melaka, Johor and Selangor have been identified as states with potential for future land reclamation projects, in order to further expand our Group's income base, we intend to expand our reach to include regional projects. A regional presence would enable us to more efficiently deploy and mobilise our vessels and equipment throughout the area in which we operate. Part of our future plans is to secure large marine construction contracts in Singapore where land reclamation is prevalent due to the rapidly increasing population coupled with increasing scarcity of land on the island republic.

We plan to increase our regional presence in Singapore where we currently have a foothold in the marine construction industry via Oceanlec, a company owned by some of our Promoters, before pursuing marine construction contracts in other regional areas. Oceanlec has provided an undertaking that it will provide our Group the first (1st) right of refusal to undertake any projects which falls within our Group's expertise and business, on their behalf in Singapore. In order for us to qualify to tender for marine construction contracts in Singapore, we have also established a branch in Singapore to apply for the necessary licenses.

Benalec also intends to further expand our marine transportation segment to increase Benalec Group's profitability by pursuing large marine transportation contracts for transportation of construction materials from Vietnam and / or Myanmar to Singapore during the current FYE 30 June 2011 and also transportation of construction materials within the Middle East region in the near future.

(c) Increase shipbuilding, ship repair and ship maintenance facilities

We had initially acquired in year 2007, 20 acres of land in Sijangkang, located in close proximity to Port Klang along the coastline of Selangor for the purpose of supporting our core marine construction business, whereby we had then expanded our shipbuilding activities under BenShip in year 2008. As our business continues to grow, we will undertake further investments to expand our shipyard in order to undertake shipbuilding, ship repair and ship maintenance of larger and more complex ships, as well as on a larger scale.

In order to diversify into Oil & Gas offshore transportation, we will also build Offshore Supply Vessels (OSV) such as AHTS. With these vessels we would be able to provide long-term AHTS charter services to the key players in the Oil & Gas sector. We intend to commence construction of AHTS upon securing interest from interested parties (such as licensed operators in the Oil & Gas industry) for our charter services, which is tentatively expected within the next two (2) years.

Upgrade works will be undertaken gradually as and when required by our operation needs and / or in accordance with market demand for such larger and more complex ships. We expect to undertake upgrade works to our shipyard over the next two (2) to three (3) years.

4. INFORMATION ON OUR GROUP (Cont'd)

(d) Explore possible acquisitions, investments, strategic alliances and / or joint ventures to expand our businesses

In addition to achieving organic growth, we may expand our business through acquisitions, investments, strategic alliances and / or joint ventures with parties that are synergistic to our businesses and that would complement our current and future businesses and create access to new markets. Through such acquisitions, investments, strategic alliances and / or joint ventures, our Group intends to strengthen our market position, expand our network of clients, increase our scale and scope of business as well as our range of services.

As at the LPD, our Group has not engaged in any form of discussion with any potential party to acquire its business or investments or form a strategic alliance or joint venture. However, we believe that our status as a public listed company following the Listing would increase our visibility and place us in a better position to take advantage of such opportunities as and when they arise. Should such opportunities arise, Benalec will seek the necessary approvals, where required, from our shareholders and the relevant authorities.

4.20 PROSPECTS OF OUR GROUP

The prospects of our Group are favourable in light of the following factors:-

- Good business performance;
- Favourable industry outlook
- Competitive advantages;
- Future plans to provide sustainable growth.

(a) Good business performance

- Our good business performance is supported by the following financial achievements for the FYE 30 June 2010: -
 - PAT grew by 238.1% amounting to RM41.1 million;
 - Gross profit, PBT and PAT margins were 48.6%, 58.9% and 50.1%, an increase of 24.6%, 39.2% and 35.8%, respectively.
- Between the FYEs 30 June 2008 and 2010, our financial performance was as follows: -
 - Our revenue grew at an average annual rate of 29.8%;
 - Our PAT grew by an average annual rate of 133.3%.
- The continuing growth of our financial performance over the last three (3) financial years will provide us with the platform for continuing business success and growth.

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4. INFORMATION ON OUR GROUP (Cont'd)

(b) Favourable industry outlook

- The prospects for growth are bright based on the future projects in the pipeline that exists particularly in Penang, Melaka, Iskandar, Port Klang and the Sarawak Corridor of Renewable Energy (SCORE).
- The 10th Malaysia Plan has identified the ports and harbour industry as a key economic sector for targeted growth in Malaysia and has allocated a substantial amount of funding in support of the industry.
- The Government is committing resources towards making Malaysia a high income, high GDP nation by the announcement of the five (5) economic regions during the 9th Malaysia Plan, by which the development of these regions encompasses coastal, rivers and waterfront development as well as the upgrade of infrastructure such as the construction of power plants and energy stations, better drainage control and flood mitigation systems.
- On the regional front, the opportunities that exist in Asia Pacific with future projects estimated at over RM170 billion, is also a positive indicator for Benalec to invest and expand its operations beyond domestic borders.

(Source: Independent Market Research on the Marine Construction Industry prepared by Frost & Sullivan)

(c) Competitive advantages

Our competitive advantages, which will provide a platform for our continuing growth and success include the following: -

- We are an integrated one-stop marine construction solutions provider
- We have a competitive cost structure and viable business model
- We possess competent project management skills
- We employ adaptive approaches complemented by a large and comprehensive range of vessels and equipment for our core activities
- We practise prudent risk management of our projects
- Industry barriers to entry

Further details of our competitive advantages are set out in Section 4.4 of this Prospectus.

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4. INFORMATION ON OUR GROUP (Cont'd)

(d) Future plans to provide sustainable growth

We have in place a sound business and expansion plan for moving forward which includes the following areas: -

- securing larger-scale marine construction projects in Malaysia;
- expand our regional and international presence;
- increase our shipbuilding, ship repair and ship maintenance facilities to boost our capabilities in these areas;
- diversify into the Oil & Gas offshore transportation; and
- explore possible acquisitions, investments, strategic alliances and / or joint ventures.

Our future plans would provide us with the platform for growing our business.

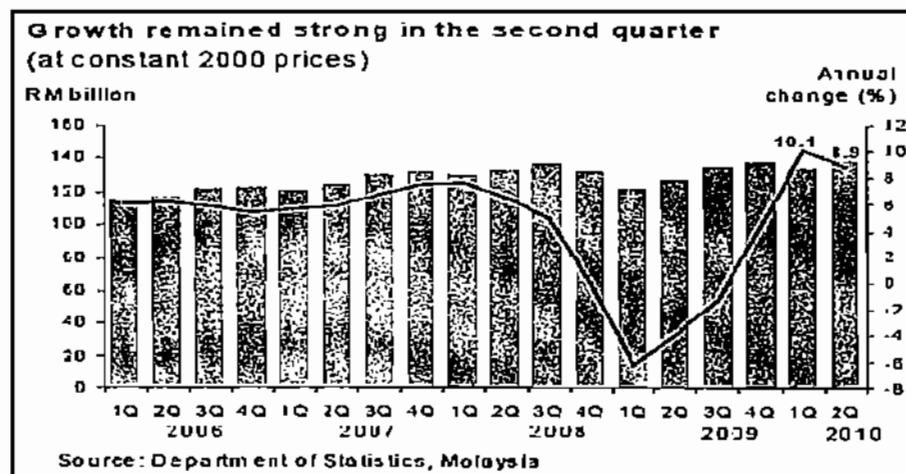
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5. INDUSTRY OVERVIEW

The following sections are extracted from the latest available government publications and the Executive Summary of the Independent Market Research report on the Marine Construction Industry in Malaysia prepared by Frost & Sullivan Malaysia Sdn Bhd, which is found in Section 12 of this Prospectus.

5.1 OVERVIEW AND OUTLOOK OF THE MALAYSIAN ECONOMY

The Malaysian economy registered a strong growth of 8.9% in the second quarter of 2010, driven by sustained expansion in domestic demand and continued robust growth in external demand. The stronger domestic demand was due to higher private and public sector spending, while the expansion in external demand spurred domestic production. On the supply side, major economic sectors continued to record strong growth during the quarter, led by the manufacturing and services sectors.



During the quarter, domestic demand expanded by 9% (1Q 10: 5.3%), due mainly to higher private consumption and continued improvements in both business and public sector spending. Private consumption grew by 7.9% (1Q 10: 5.1%), supported by the favourable labour market conditions, relatively low inflation and a steady increase in income levels amid sustained consumer confidence. The public sector contributed positively to growth, with public consumption expanding by 6.9% during the quarter, following higher expenditure on emoluments. Gross fixed capital formation also increased, registering a stronger growth of 12.9% (1Q 10: 5.4%), supported by further improvement in private sector investment activity and sustained public sector capital expenditure. Private sector capital spending continued to benefit from the relatively strong increase in domestic production and exports. Public sector capital expenditure provided additional impetus to the domestic economy, with development expenditure disbursed mainly to the education and transportation sectors.

On the supply side, major economic sectors registered strong expansion during the second quarter, driven by the manufacturing and services sectors. The manufacturing sector expanded at a sustained pace of 15.9% (1Q 10: 17%), with broad-based growth across all clusters. The services sector grew strongly by 7.3% (1Q 10: 8.5%), supported mainly by the strong performance of the wholesale and retail trade; finance and insurance; and transport and storage sub-sectors. The construction sector expanded by 4.1% during the quarter (1Q 10: 8.7%), supported mainly by the strong growth in the non residential sub-sector. Growth in the agriculture sector moderated to 2.4% (1Q 10: 6.8%) due to lower production of industrial crops, while the mining sector registered a growth of 1.9% (1Q 10: 2.1%) supported by higher production of natural gas amid lower production of crude oil.

(Source: Bank Negara Malaysia Press Release, *Economic and Financial Developments in Malaysia in the Second Quarter of 2010*)

5. INDUSTRY OVERVIEW (Cont'd)

5.2 THE MARINE CONSTRUCTION INDUSTRY

Marine construction is a subset discipline under civil engineering and involves all forms of dredging, reclamation and fortification works carried out at coastal areas, river mouths and navigational waterways for the purpose of coastal protection, maritime development, waterfront development and the construction of maritime and social infrastructure. Activities under marine construction include the following: -

- Capital / remedial / maintenance dredging of river mouths and navigational waterways
- Dredging and land reclamation
- Shore and beach erosion protection works such as rock revetment, breakwater construction and beach nourishment
- Marine piling for the construction of marine and social infrastructure
- Construction of coastal structures such as bridges, jetties, piers, docks, harbours, slipways and marinas
- Construction of off-coast structures such as beacons / lighthouse, wind turbines and terminals

5.2.1 Structure of marine construction industry

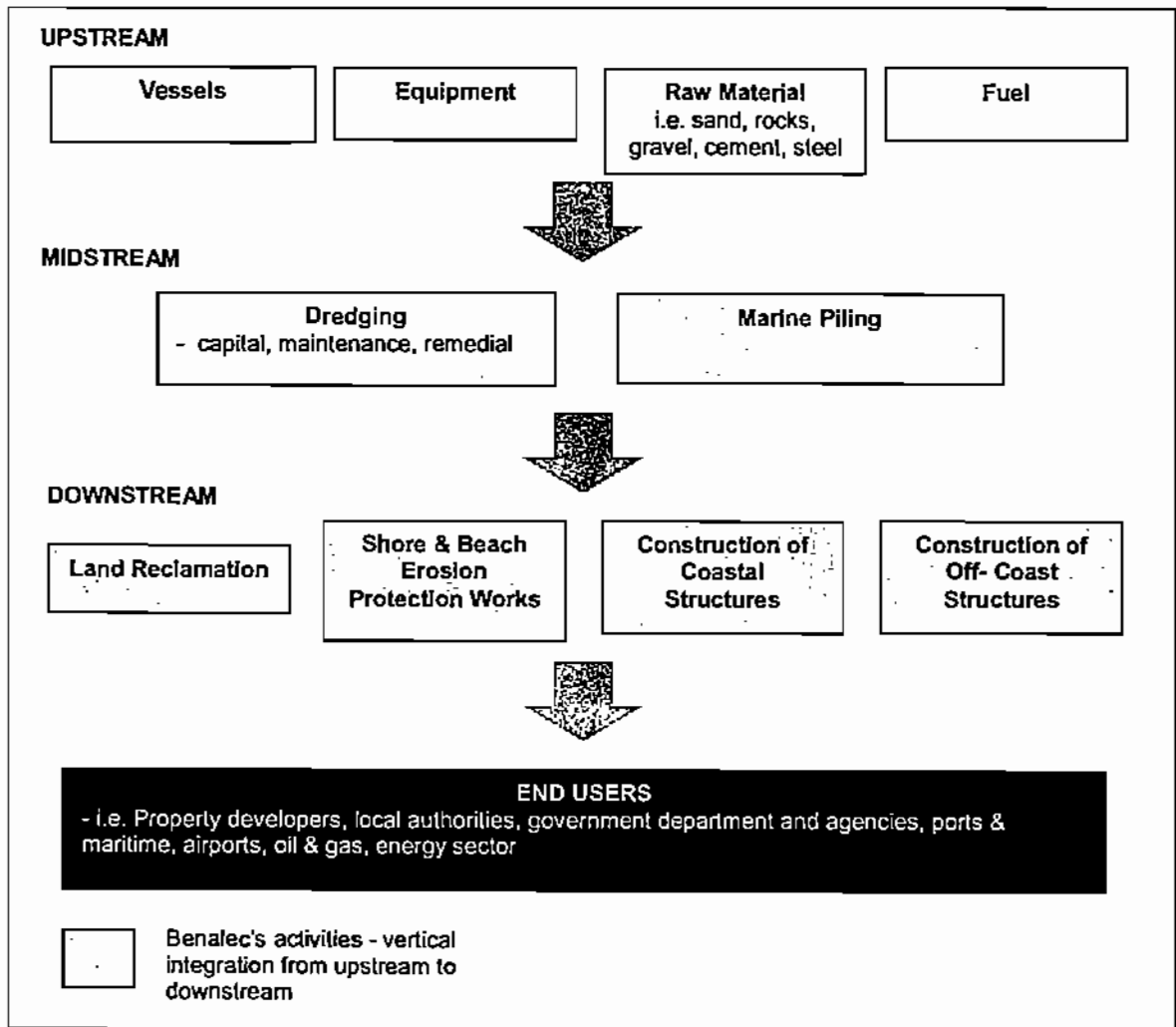
The marine construction value chain can be segmented into upstream, midstream and downstream activities. The upstream segment refers to the supply of vessels (i.e. tugboats and barges), equipment (i.e. dredgers, piling systems), raw materials (i.e. sand, rocks, gravel, cement and steel), and fuel (i.e. diesel) that are used in the operations. The midstream segment involves the core activities of marine construction which are dredging and marine piling. These are enablers for the activities involved in the downstream segment such as land reclamation, shore / beach erosion protection works and coastal and off-coast constructions. The end users for the marine construction activities include private developers, local authorities, government departments and agencies and other sectors such as ports and maritime, airports, oil and gas, and energy.

The industry value chain is depicted in a chart as follows, whereby Benalec's vertical integration within the marine construction value chain as observed in the upstream, midstream and downstream activities are shaded

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5. INDUSTRY OVERVIEW (Cont'd)

The Marine Construction Industry Value Chain



(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

In the marine construction industry, dredging is part of the midstream activities and the main function is for capital, maintenance and remedial dredging of navigational waterways by the removal of siltation and deepening of channels, and supporting downstream activities such as land reclamation, shore and beach protection works and in the preparation for construction of coastal structures.

Dredging utilizes dredging equipment which is very expensive and has high resale value. Typically, brand new mechanical dredgers cost in the range of € 5 million - € 20 million (RM 20 million – RM 83 million) and hydraulic dredgers € 1.2 million - € 20 million (RM 5 million – RM83 million) with the exception of the trailer suction hopper dredgers (TSHD) which costs anywhere between € 20 million - €50 million (RM 80 million - RM 210 million) for China-made units or more than € 100 million (RM 420 million) for top European or Japanese models.

5. INDUSTRY OVERVIEW (Cont'd)

Dredgers that are typically used in Malaysia and Asia regions are mechanical dredgers such as grab / clamshell dredger and dipper / backhoe dredger, and hydraulic dredgers such as plain suction dredger, sand pump ship, cutter suction dredger (CSD) and trailer suction hopper dredger (TSHD).

For island or coastal states and countries where land is scarce, land is reclaimed from mangroves and the sea to create new land area for the building of social infrastructure such as airports, harbours, power plants and urban development in order to support the population growth. However, land reclamation also contributes towards the building of jetties, piers, ports, harbours, terminals, coastal roads and bridges.

Other reasons for land reclamation are often for commercial development and the tourism industry by the building of sea resorts and marinas. Land reclamation adds value to the land that was previously not suitable for development. Land reclamation is also a method for beach or coastal erosion control through beach nourishment or building of breakwaters at river mouths.

Land reclamation is a complex engineering activity which requires extensive knowledge and study in hydrology, geotechnical and structural engineering. The technology involved and materials used largely depend on the environmental and geological factors at the site. Typically, sea sand is a major component in land reclamation because it is easy to obtain in abundance and the rigid granular properties that act as natural drainage gives minimal settlement. The cost for land reclamation projects are high because of the large amount of raw materials required, the use of expensive and sophisticated heavy machineries, labour involved, time to complete and most importantly in the feasibility studies and engineering design involved which are unique to each site.

Shore protection works include rock revetment and sea walls. These structures fortify the coastal banks by the construction of hard edges to stop the tides from eroding the shore. Other method of protection deflects the currents by building obstructions such as groynes or geotextile tubes ("geotubes") out in the sea. This will retain the soft edge of beaches. Breakwaters are normally built at river mouths or estuaries of navigational waterways. Beach nourishment is to restore an eroding beach by replacing the sand on the beach and creating a new sandy shoreline. This is done through the placement of sand fill along the shoreline to widen the beach

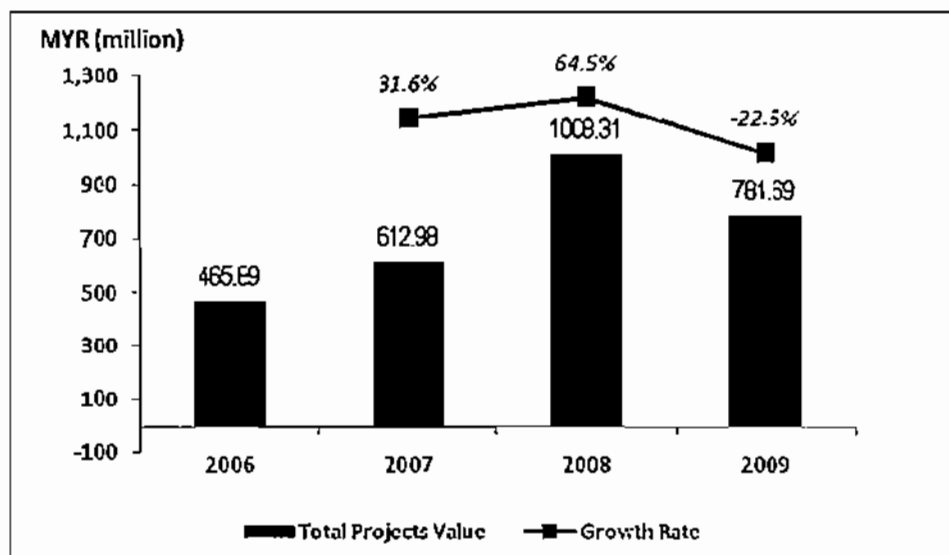
5.2.2 Demand and supply conditions**(a) Demand conditions and demand dependencies****(i) Past Performance of the Marine Construction Industry in Malaysia**

The following graph is an estimation of the marine construction projects awarded in Malaysia for the duration of 2006 to 2009. The market size is calculated based on total project value. Projects and its values are limited to information as registered in the Construction Industry Development Board (CIDB) database and from the Department of Irrigation and Drainage (DID).

Based on the project value awarded, the marine construction industry in Malaysia has been showing an uptrend with CAGR for 2006-2009 at 18.8%.

5. INDUSTRY OVERVIEW (Cont'd)

Marine Construction Projects Awarded in Malaysia, by Project Value (2006-2009)



CAGR (2006-2009): 18.8%

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

The industry has grown by 68% since 2006, and in 2009 is estimated to value approximately RM 782 million. In 2008 there was a spike in the value of projects awarded and value estimated at RM 1.01 billion. This was mainly because it was the peak period of the 9th Malaysia Plan whereby allocations towards capital projects were being utilised. Three major projects which contributed towards the year's outstanding performance were the reclamation project for the expansion of the Lapangan Terbang Kuala Terengganu (26.2%), the Sungai Pahang major dredging and rehabilitation project (25.6%), and the Melaka reclamation projects (12.6%). Furthermore, there were a number of marine construction activities taking place around the Iskandar economic region such as the Nusajaya waterfront development and upgrading of ports, harbour and navigational waterways along the Straits of Tebrau. The projects value for the development along the Iskandar economic region contributed approximately 20.2% towards 2008 market value. In 2008, 55% out of the total projects awarded were attributed to land reclamation projects.

The Malaysia Economic Plan is drafted every 5 years therefore it would be safe to expect similar trend to occur every 5 years where there is a steady uptrend with a peak towards the latter half of the period when funds are ready for disbursement and projects awarded to industry players.

The following table highlights some of the development projects in Malaysia that involved marine construction activities valued at RM 100 million and above, as extracted from the CIDB Contractor Profile and Details online database.

5. INDUSTRY OVERVIEW (Cont'd)

Major Marine Construction Projects in Malaysia (2006-2009)

Location	Project	Type of Development	Project Value (RM million)
Melaka	*Melaka reclamation projects	Mixed	395.6
Iskandar Economic Region	*Nusajaya Waterfront development	Mixed	159.3
	Tanjung Bin Port upgrade	Ports infrastructure	161.0
	*Tanjung Langsat Port upgrade	Ports infrastructure	121.4
SCORE	*Tanjung Manis development	Infrastructure & industrial zone	216.3
Kuala Terengganu	Lapangan Terbang Kuala Terengganu upgrade, land reclamation and beach erosion protection	Airport Infrastructure	264.0
Sungai Pahang	Dredging and rehabilitation	Navigational waterway	258.2
Port Klang	Capital dredging for the expansion of the Southern navigational channel	Navigational waterway	100.0
Pulau Tioman	Tekek beach rehabilitation	Beach rehabilitation, tourism	132.2
Batu Maung, Penang	Construction of MITP International Fisheries Port	Ports infrastructure	168.9

*Consolidated over the period 2006-2009

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

(ii) Past Performance of the Marine Construction Industry in Asia Pacific

In the Asia Pacific region, major development projects that require large-scale marine land reclamation activities have occurred mostly in high income countries and city-states such as in Singapore, Hong Kong, Japan and Macau. In China, reclamation activities are highly active around the economic zones such as Shenzhen, Yuhuan and Shanghai..

Singapore

Singapore is a small island at the southern tip of Malaysia with a total landmass of 581.5 sq km originally and mainly composed of many smaller islands and mangrove land with a web of rivers and streams, with a shortage of readily suitable areas for development. The population growth and economic prosperity required Singapore to increase its land area by merging several smaller islands together to be more functional by conducting massive land reclamation from the sea for residential, social and commercial purposes. Since the 1960's, Singapore has conducted several phases of land reclamation activities and by which had resulted in the landmass to be expanded by 22% of its original size. Examples of development on reclaimed land in Singapore include the Changi Airport, The Tuas Industrial Park, Sentosa Cove Island and Marina Bay Sands Casino.

5. INDUSTRY OVERVIEW (Cont'd)

Hong Kong

Hong Kong is an island located off the China Pearl River delta. The island consists of 1,095 sq km of territory and includes over 200 offshore islands. However the main island of Hong Kong is only 80 sq km and is home to a population of 7 million people. The geography of Hong Kong is very hilly with steep slopes and has irregular coast lines with many bays, rivers and beaches.

Reclamation activities in Hong Kong started as early as in the mid 19th century during colonial times. Hong Kong is intensely urbanized particularly at Kowloon Bay and Victoria Harbour, and due to its economic prosperity has been required to conduct large-scale land reclamation as a solution to ease the population congestion, and has resulted in over 10% of increase in land area. Large-scale reclamation were conducted on Lantau Island for the development of the Hong Kong International Airport, the Island Eastern Corridor (IEC) since the 1990s in the Central and Wan Chai district for the development of Hong Kong Terminal, and the Central - Wan Chai bypass and causeway whereby 43.3 hectares of land were reclaimed for a total project value of over HKD 6 billion.

Japan

Japan is a hotspot for land reclamation activities and has conducted some major land reclamation projects in the past mainly to address its population congestion and because of irregular coastline not suitable for development. The Kansai International Airport was built in 1989 on a man-made reclaimed island off Osaka and utilized 21 million cubic meters of earth and cost USD 20 billion. Lessons learned from the building of this airport were applied to successfully build other airports on reclamation land such as the Kobe Airport. In 2008, Japan conducted land reclamation for the expansion of commercial and residential development at Isahaya Bay and the relocation of the US Marine Corps Air Station to the city of Iwakuni, which resulted in the land area to increase further by 14 sq km. These two development totaled approximately USD 6 billion.

Macau

Macau has been active in reclamation of land since the last century due to its very small land area of approximately 11.6 sq km. Currently, its landmass has more than doubled to 29.5 sq km area due to reclamation activities for residential and commercial development. Among the development projects on reclaimed land includes the building of the Macau International Airport at a total cost of USD 1.05 billion and the redevelopment of the Taipa Ferry Terminal at a cost of USD 188 million.

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5. INDUSTRY OVERVIEW (Cont'd)

China

Shenzhen, Yuhuan and Shanghai are all top China port cities and industrial zones with economic activities mostly centred on electronics, manufacturing and industrial fabrication. Land reclamation has been highly active in these areas and is mainly for industrial land, ports and airports infrastructure, and for residential township to support the rapid population growth. In Shenzhen, land reclamation has been conducted around the Pearl River mouth area and Shenzhen Bay for the construction of Huanggang Port costing approximately RMB 6.5 billion (RM 3 billion), and Shenzhen Airport costing approximately RMB 6.6 billion (RM 3.05 billion). In Yuhuan, the Xuanmen Land Reclamation project has been conducted since 1975 in various phases with total land reclaimed at 266.7 sq km. The Shanghai Luchao Port development had seen approximately 133 sq km of land was reclaimed at a cost of RMB 40 billion.

Major Marine Construction Projects in Asia

Country	Project	Type of Development	Project Duration	Project Cost / Estimates
Singapore	Changi Airport reclamation	Airport infrastructure	Phase 1 reclamation completed in 1979	SGD 230 million
	Sentosa Island reclamation	Commercial	2000 - 2006	SGD 60 million
	Jurong Island & Tuas Petrochemical Terminal	Residential, commercial & industrial	Various phases since 1995 to 2008	SGD 5.4 billion
	Marina Bay Sands	Commercial & tourism	2006 - 2010	SGD 6 billion
	Pulau Tekong Naval Base expansion	Military infrastructure	2002 - 2005	SGD 2.2 billion
	Marina Coastal Expressway (MCE)	Highway	2008 - 2013	USD 4.1 billion
Hong Kong	Victoria Harbour reclamation	Residential and commercial	Various phases since the 1850's to 1997	n/a
	Hong Kong International Airport	Airport infrastructure	Completed in 1998	n/a
	Hong Kong Central Reclamation Phase I	Train Terminal, rail track infrastructure, waterfront	1993 - 1998	HKD 2.71 billion
	Hong Kong Central Reclamation Phase II	Commercial, naval base, government complex	1994 -1997	HKD 320 million
	Hong Kong Central Reclamation Phase III	Rail track, piers, road infrastructure	Started in 2003. Expected to complete in 2011.	HKD 3.56 billion

5. INDUSTRY OVERVIEW (Cont'd)

Country	Project	Type of Development	Project Duration	Project Cost / Estimates
Japan	Kansai International Airport	Airport infrastructure	1987 - 1994	USD 20 billion
	Kobe Airport	Airport infrastructure	1999 - 2006	n/a
	Isahaya Bay Reclamation	Commercial	1952 - 2008	USD 2 billion
	Okinawa reclamation for the relocation of US Marine Corps Air Base	Military airbase infrastructure	n/a	USD 4 billion
Macau	Macau International Airport	Airport infrastructure	1992 - 1995	USD 1.05 billion
	Taipa Island reclamation	Ferry Terminal	Started in 2008. Expected to complete in 2013.	USD 188 million
China	Huanggang Port	Port Infrastructure	1987 - 1988	RMB 6.5 billion
	Shenzhen Bao'an International Airport	Airport Infrastructure	1 st Phase 1989 - 1991 2 nd Phase 1995 - 2010	RMB 6.6 billion
	Xianmen Land Reclamation Project	Industrial, ports, residential	Completed in three phases starting from 1975 until 2010	n/a
	Shanghai Luchao Port	Port Infrastructure	2002 - 2005	RMB 40 billion

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

(b) Demand Dependencies

Population Congestion due to Land Scarcity

As the option to expand inland have been exhausted, new solutions were required in order to address the excessive congestion and land scarcity.

Cities looking to expand outwards into the sea to manage the population congestion relied on dredging as enablers for land to be reclaimed from the sea. Reclaimed land is used to build new facilities such as ports and harbours, airports, roads, factories and other social infrastructures.

In Malaysia, this scenario is true for city states like Penang, whose land area is scarce and suffer extreme congestion within the district borderline and for Johor where the population is concentrated in Johor Bahru because of the economic and financial institutions which resulted in high inter-migration into the area.

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5. INDUSTRY OVERVIEW (Cont'd)

Increase in Waterfront Development Because of Economic Prosperity

Due to the high economic activity and commercial opportunities that exists around these busy ports and trade routes, the coastal communities are among the first to prosper. The population influx brought about the need to manage the land around coastal areas.

The trend for marine construction activities often relies on various factors, among which is population congestion in an area scarce of land. However for Malaysia where land is in fair abundance the driver for waterfront development is often the result of increasing wealth and country prosperity thus enabling the development for commercial and tourism.

The government's economic strategy is to propel Malaysia into a high income economy and catapult the Malaysia's economic income to be a high GDP country. Hence the prosperity gained will enable better construction of infrastructure and the development of waterfront for social, economic and recreational activities.

Already can be observed are the developments that are being undertaken at the new economic regions of Iskandar, ECER and SCORE. The new economic corridors are strategically located in coastal areas or river basins because of the accessibility via water which enables building of ports nearby. The development of these economic regions will boost the coastal development in these areas.

The need to build infrastructure such as roads, airports and commercial centres will require capital dredging of ports and land reclamation for the development and beautification of the coastal strip along these corridors.

Expansion of Existing Ports and Harbour from Increasing International Trade

Globalization of industries has driven growth for international trading as bigger ships and in higher numbers is required for moving high amount of cargo internationally. The influx of trade shipping has resulted in congestions at key shipping routes, providing opportunities for the ports industry within the route to improve berthing services.

Under the 10th Malaysia Plan there was an added importance given towards the maritime industry as the gateway to international trading activities.

Malaysia's strategic location at the centre of the trade route between Europe and Asia makes the Straits of Malacca one of the world's busiest waterways. In 2008, Port Klang was ranked 15th among the ports in the world based on container traffic, while Tanjung Pelepas Port was ranked at 19th position. . Malaysia most vibrant container ports for international trade are located in Penang, Klang, Malacca, Tanjung Pelepas (Iskandar) and Labuan.

The recovery of export and import activities in China is an indicator of the recovering trade activities between Europe and Asia, and Malaysia being strategically located in the shipping route will benefit from this trend.

5. INDUSTRY OVERVIEW (Cont'd)

The Suez Canal Authority (SCA) has recently completed an upgrade of the Suez Canal to allow bigger cargo ships to pass through. As a result SCA recorded a jump of 20% based on freight weight during the first half of 2010 as compared to the previous year. This trend for bigger ships will mean that Malaysian ports will have to upgrade and deepen the harbours in order to be able to service the fleet of supersize container ships that will be passing through the Straits of Malacca on their way between Europe and Asia.

Environmental Protection from Flood, Erosion and Climate Change

As a result of global warming and melting of the polar ice caps, the sea levels are rising. Coastal communities and island states are the most at risk from flooding. Countries below sea levels are the most vulnerable and need to reinforce their coastal protection strategies which will include dredging and reclamation.

The effect of climate change has already taken its toll as seen by the increasing occurrence of flooding such as in Singapore, Pakistan, Bangladesh and China. The need to elevate coastal areas by reclaiming more land, and manage drainage through capital dredging of rivers and water channels are more apparent now.

Malaysia's own geographical factors are among the key drivers for the sustainability of the marine construction industry in Malaysia, particularly in dredging and coastal protection works.

The erosion assessment study by the DID has identified that the sandy beaches are most prone to erosion from natural causes and at least 29% of the coastal shoreline are showing patterns of erosion, out of which 288 km of shoreline is category 1 erosion. Erosion that can severely threaten coastal livelihood are categorized as category 1 areas and under the Environmental Quality Act, 1974, the DID is required to employ mitigation strategies to bar the impact of erosion towards the community.

The mitigation strategies involve marine construction works such as river dredging, rock revetment, construction of breakwaters, beach nourishment and trenching of drainage channels for flood mitigation, and controlled development of coastal areas.

The Government has allocated funds for river management, coastal protection and flood mitigation which is being managed by the DID. The allocation under the 9th Malaysia Plan totalled RM 6.8 billion, with a further RM 5 billion allocated under the 10th Malaysia Plan. These allocations further show that the marine construction industry is an important aspect in the development of Malaysia and is highly sustainable.

Expansion of Oil and Gas Terminals Due to Increase in Offshore Exploration and High International Demand for Fuel

Hydrocarbon and gas deposits in Malaysia are located offshore with producing regions off the East Coast of Peninsular Malaysia and off the Sarawak, Sabah and Labuan waters. During the period 2002 to 2008, 68 oil and gas fields were discovered in Malaysia.

5. INDUSTRY OVERVIEW (Cont'd)

The 10th Malaysia plan has emphasized the importance of the maritime industry as the forefront of Malaysia's economic growth and as key enablers of the offshore oil and gas sectors. Major oil and gas terminals in Malaysia are located in Kerteh, Lumut, Tanjung Bin, Miri, Sapangar and Tanjung Manis.

Expansion works on the oil and gas terminals are currently being conducted particularly in the two main economic regions of Iskandar and SCORE.

The Tanjung Bin terminal in Iskandar is being further developed as the Eastern Gate of the Iskandar Development whereby the work includes expansion of the main terminal and capital dredging of the navigational waterway to allow for bigger tankers and vessels to harbour.

The Tanjung Manis terminal is being upgraded as part of the SCORE economic node development which includes upgrade of the terminal and harbour.

Furthermore, within the SCORE designated area, is the plan to build refineries in Mukah thus will require the port system in the node to be upgraded in order to handle the bulk transportation requirements.

(c) Supply conditions and dependencies

The marine construction industry is dependable on the dredgers, diesel/ fuel and labour. For land reclamation activities, the industry is also highly dependable on the supply of sand as raw material.

(i) Dredgers

Dredging equipment is imported and manufacturers are typically from Europe, United States, Japan and China. The most advanced technologies are by European and Japanese manufacturers.

It is common trade practice for Malaysian companies to purchase used vessels from dredge suppliers or from other companies within the industry. Used dredgers typically still fetch a fair price, for example a clamshell dredger may still fetch a resale value of € 1.5 million - € 2.2 million (RM 6 million – RM 9 million) whereas a brand new unit would cost around USD 5 million – USD 7 million (RM 16 million – RM 22 million).

A brand new cutter suction dredger, with 1,000 cubic meter per hour capacity costs approximately € 4 million - € 5 million (RM 17 – 21 million). European-made dredgers are significantly more expensive than Chinese-made units. For example, a Dutch brand TSHD will cost approximately € 100 million (RM 420 million), 5 times the price of a Chinese-made unit.

(ii) Diesel / Fuel Price

Marine construction activities may be affected by global fluctuations in fuel prices. However in Malaysia, fuel prices are subsidized and controlled by the government. The growth trend in diesel price has been stable for the last 10 years in Malaysia and the supply is readily available.

5. INDUSTRY OVERVIEW (Cont'd)

Diesel Price in Malaysia for Construction Industry (2000-2009)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Date	1-Oct	1) 20 Oct 2) 16 Nov	1) 1 May 2) 1 Nov	1-Mar	1) 1 May 2) 1 Oct	1) 1 Mar 2) 5 May 3) 31 Jul	28-Feb		16-Dec	
West Malaysia	0.701	1)0.801 2)0.701	1)0.721 2)0.741	0.761	1)0.781 2)0.831	1)0.881 2)1.081 3)1.281	1.581	1.581	1.70	1.70
Sabah	0.704	1)0.804 2)0.704	1)0.724 2)0.744	0.764	1)0.784 2)0.834	1)0.884 2)1.084 3)1.284	1.584	1.584	1.70	1.70
Sarawak	0.698	1)0.798 2)0.698	1)0.718 2)0.738	0.758	1)0.7783 2)0.828	1)0.878 2)1.078 3)1.278	1.578	1.578	1.70	1.70

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

(iii) Sand Suppliers

Sand required for reclamation projects are usually in ready supply within South East Asia, and can be sourced from Malaysia, Indonesia, Vietnam and Cambodia, subject to the local Government's policies.

Most countries within the region have enough sand supply to cater for their own needs with the exception of Singapore which relies on international sand supply.

The market price in South East Asia for sea sand is between USD 3 – USD 6 per cubic meter (approximately USD 5 – USD 10 per metric tonne).

In Malaysia, local sea sand price for reclamation use in Malaysia is historically stable at approximately RM 1 – RM 3 per metric tonne.

(iv) Labour Supply

The marine construction industry requires manual handling and heavy lifting, as well as working in harsh conditions on sea vessels and extended time away from land. Such working conditions are less sought after by locals and therefore often in this industry will employ labour forces from Indonesia, Cambodia, Vietnam, or Bangladesh. The labour supply from these countries is readily available and at competitive rates.

Marine construction companies in Malaysia are generally dependent on foreign labour from Indonesia, Cambodia, Vietnam, or Bangladesh to fulfil their manpower requirements.

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5. INDUSTRY OVERVIEW (Cont'd)

(v) Reliance and Vulnerability to Imports

Dredging equipment is largely imported because there are no local manufacturers that build dredgers for the local market and only a handful of manufacturers worldwide. The typical waiting time for a new order can be 6 months to 1 year. For the ancillary systems such as tugboats and barges, domestic shipyards have the capability to manufacture, however the waiting time can be between 6 months to 1 year. It is also common practice in the industry to obtain used equipment from other operators, however the availability is limited and the condition of equipment is unpredictable.

For large scale capital marine construction projects, the industry is still reliant on international players because of better equipment and expertise to execute the projects. It is common for local players to seek joint ventures with their international counterparts to secure larger projects as well as a way to obtain technology transfer from these more advanced players.

5.2.3 Industry Outlook**(a) Malaysia**

In Malaysia, the three main states that are most active and with the greatest potential for future marine construction activities are Penang, Melaka and Johor. Penang and Melaka have been, and will continue to be, active in dredging and land reclamation activities due to the scarcity of land, and are both required to consider expanding sea-ward. Johor has recently been heavily involved in these activities due to the development in the Iskandar region. SCORE and Sabah Development Corridor (SDC) are the latest development projects yielding potentially high value marine construction projects.

The port industry is a key sector with high prospects for the marine construction industry. Waterways upgrade and expansion of bulk and cargo terminal capacities in Malaysia are currently being embarked in key ports including in Butterworth, Tanjung Pelepas, Johor Port, Klang, and Tanjung Manis.

The 10th Malaysia Plan has allocated RM 1 billion for dredging of Westport and Port of Tanjung Pelepas.

Other than these key economic nodes, there exists a steady requirement for marine construction jobs for coastal protection, flood mitigation and development as drafted under the Integrated Shore Management Plan (ISMP) and managed by the Department of Drainage and Irrigation. The 10th Malaysia Plan has allocated approximately RM 5 billion for flood mitigation projects.

The future prospects for the marine construction industry lies in these areas of growth and the industry income from these developments is estimated to potentially generate the industry revenue of at least RM 60 billion within the next 10 years.

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5. INDUSTRY OVERVIEW (Cont'd)

Penang

Penang forms part of the North Corridor Economic Region (NCER). The Penang Structure Plan 2020 (*Rancangan Struktur Negeri Pulau Pinang 2020*) has earmarked several coastal areas in Penang as the primary and secondary development corridors, and for the development of the tourism industry. Development of these areas, which require marine construction works, is expected to be completed by 2020. They are:

Penang Island:

- George Town – Bayan Baru – Bayan Lepas
- George Town – Tanjung Tokong
- Batu Maung – Teluk Kumbar

Penang Mainland:

- Butterworth – Bagan Ajam – Telok Air Tawar
- Butterworth – Seberang Jaya – Bukit Mertajam
- Juru – Bukit Minyak - Tasik Mutiara
- Batu Kawan – Valdor
- Sungai Bakap – Jawi – Nibong Tebal – Sri Ampangan
- Penaga – Kuala Muda

These developments involve the need to reclaim at least 1,500 hectares of land around the coast of Penang Island and Mainland, with reclamation cost estimated at approximately RM 6.5 billion.

As Penang aspires to be the leading communication and transportation hub for the region, several infrastructure projects has been proposed and in development such as the second bridge linking the island and the mainland, coastal roads from Teluk Air Tawar in Butterworth to Kuala Muda in Kepala Batas as well as the coastal Jelutong Expressway on the island. Improving on the airport facilities, the Bayan Lepas airport expansion plan involves reclamation of land for the runway to be extended further. Further potential exist for waterfront development of the new designated area in Batu Kawan on mainland Penang, as the Penang Cyber City 3 (PCC3).

The construction of the Penang second bridge is estimated at RM 4.3 billion and will be the longest bridge in South East Asia upon its expected completion in year 2013.

The proposed Penang Outer Ring Road (PORR) will be a two-lane dual carriageway expressway whereby 12 km of the expressway will be elevated, mostly along Penang's hilly terrain and a stretch of the PORR will be built on reclaimed land off the shore of Persiaran Gurney. The PORR project which is expected to cost RM 1.02 billion was put on hold during the 9th Malaysia Plan but has recently been given the go ahead by the Economic Planning Unit (EPU).

5. INDUSTRY OVERVIEW (Cont'd)

The main ports development will be at and around the North Butterworth Container Terminal (NBCT) and South Butterworth Container Terminal (SBCT) with investments of RM 1.1 billion. The plan will involve land reclamation activities of approximately 1,000 hectares which will be developed into container yards and other value added activities such as: -

- Free-Trade Zone activities
- Warehousing/CFS and Logistic activities
- Distripark and Inland Clearance Depot (ICD)
- Cold Storage and Halal Hub
- Centralized Tanker Facilities (CTF)

Current and Future Marine Construction Projects in Penang, 2010-2020

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
North Butterworth Container Terminal (NBCT) Phase 3	Penang Port Sdn. Bhd.	Phase 3A is expected to be completed in 2011.	Reclamation to build Container Terminal	672 million
North Channel Dredging	Penang Port Sdn. Bhd.	Dredging of the 11.5-meter approach channel depth (ACD) North Channel to 13.5 meters ACD to serve large vessels calling at the port. Requesting for allocation under the 10 Malaysia Plan. Expected to commence in 2010 to 2012.	Dredging to upgrade navigational waterway	1 billion
Redevelopment of Swettenham Pier	Penang Port Sdn. Bhd.	Commenced in 2006 and completed in 2009.	Dredging & reclamation for waterfront development	65 million
Dangerous Goods Terminal	Penang Port Sdn. Bhd.	Relocation and construction of a new Dangerous Goods (DG) Terminal to the south of PBCT by 64 meters	Reclamation to build bulk terminal	250 million
Proposed petroleum tank farm and Halal Hub Terminal south of the Butterworth Port	Penang Port Sdn. Bhd.	Reclamation of 400 hectares of land	Reclamation to build Petrochemicals and Cargo Terminal	1.5 billion
Centralised Tanker Facilities (CTF) at Bagan Ajam Toll on 40 hectares of site.	Penang Port Sdn. Bhd.	This project will form a hub for moving liquid cargoes in and out within Malaysian and International waters. The water draft will be approximately 13 meters to accommodate expected size of up to 50,000 dead-weight tonnage vessels. To be operational by 2013.	Reclamation to build tanker facilities	1.2 billion

5. INDUSTRY OVERVIEW (Cont'd)

Development of the 400m stretch from the pier to Tanjung City Marina	Penang Port Sdn. Bhd.	n/a	Dredging & reclamation for waterfront development	n/a
2 nd Penang Bridge	Jambatan Kedua Sdn Bhd	Expected to complete in 2013	Dredging & reclamation to build bridge	4.5 billion
Tanjung Pinang reclamation and mixed development	E & O Group	Expected to fully complete by 2012	Dredging & reclamation for waterfront development	5 billion
Jelutong "The Light" waterfront development	IJM Land Berhad	Land reclamation of 210 acres currently being conducted. Construction work expected to start in 2012 (Phase 2).	Reclamation & waterfront development	6.5 billion
Penang Outer Ring Road	n/a	Project currently on hold.	Reclamation for building coastal highway	1.02 billion
Proposed development at Batu Kawan for PCC3	n/a	n/a	Reclamation for waterfront development	n/a

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

Melaka

The Melaka Structure Plan 2020 (*Rancangan Struktur Negeri Melaka 2020*) has designated the coastal areas of Melaka as the main development areas and to conduct massive land reclamation. The reclaimed lands are essentially to be developed for tourism, commercial and social infrastructure. These development areas are targeted to be completed by 2020.

The Melaka State Government has approved land reclamation activities for the proposed area between Kuala Sungai Linggi and Kuala Sungai Merlimau. This involves an area of approximately 2,835 hectares and estimated reclamation cost of at least RM 6.3 billion. The proposed development includes construction of coastal roads, new residential and commercial areas as well as areas specifically for tourism attractions.

Development of the reclaimed land are controlled and regulated by the Melaka State Government. Developers must comply with the social and economic requirements whereby at least 10% of the reclaimed land is to be designated as a waterfront park and one-sixth of the reclaimed land are allocated to the State Government.

On top of coastal development, the monorail river project launched in 2008 and valued at RM 15.9 million also includes dredging, reclamation and fortification works on 1.6 km of Melaka river bank. The first phase of the monorail project will be open to public end of 2010.

5. INDUSTRY OVERVIEW (Cont'd)

Currently the land reclamation projects at Klebang area are already underway whereby at least 1,805 acres are being reclaimed from the sea.

Current and Future Marine Construction Projects, Melaka (2010-2020)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
Land reclamation	n/a	Proposal for reclamation between Sungai Linggi and Kuala Sungai Merlimau.	Land reclamation for waterfront development	6.3 billion (reclamation cost)
Melaka river monorail	Jabatan Keretapi Malaysia	Commenced in 2008 and expected to launch to public end of 2010.	Monorail for tourism	15.9 million
Klebang land reclamation	State Government of Melaka	Commenced. At least 1,805 acres are being reclaimed.	Land reclamation for mixed development	n/a

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

Iskandar Malaysia (Iskandar) in Johor

Johor has been experiencing massive growth with the enactment of the Iskandar Development Authority Act 2007. The Iskandar Development Authority has been empowered to promote and spur the economic activity of Iskandar located at the southern-most tip of the state of Johor, covering an area of 2,217 sq km or 3 times the size of Singapore.

Iskandar covers the logistics triangle of Senai Airport, Port of Tanjung Pelepas and Johor Port in Pasir Gudang. Johor has a natural advantage as it is within close proximity of Singapore and Batam thus benefits from economic spill over of these growth areas. Furthermore, under the National Physical Plan (NPP), the Johor Bahru - Pasir Gudang - Tanjung Pelepas area has been designated as the Level 2 Regional Growth Conurbation whereby plays a strategic role as a symbiotic support to the Level 1 growth conurbation which is the Kuala Lumpur - Klang Valley - Seremban region.

One of the outlined plans is to develop and transform Johor into an international transportation and distribution hub, making the airport and seaports central to the development of Iskandar. This Iskandar development is projected to benefit Johor by catalysing the area into a high GDP state through the generation of economy and creation of high income jobs.

The Iskandar coastal flagship zones or Special Economic Zones (SEC), which includes Johor Bahru City Center, Nusajaya, the Eastern Gate and Western Gate developments are high opportunity areas for the marine construction industry. Several land reclamation activities have been approved within the SEC such as the waterfront development in Johor Bahru at Danga Bay, whereby 1.5 km of coastline will be reclaimed to create a new shoreline.

5. INDUSTRY OVERVIEW (Cont'd)

Other activities in the pipeline include development of the Nusajaya area which will see development of the land to include waterfront beaches, golf courses and marina development. The corridor includes significant development to improve port facilities, specifically at Tanjung Pelepas, Pasir Gudang and Tanjung Langsat which will include upgrading of the ports to deepen navigational waterways.

At the Eastern Gate, Tanjung Langsat Industrial Complex will be developed as a petrochemical terminal to handle bulk cargo such as liquefied natural gas (LNG). The Lido Boulevard reclamation project which is along 2.4 km of Straits of Tebrau, will reclaim 49.2 hectares of land and cost RM 240 million.

Current and Future Marine Construction Projects, Iskandar (2010-2020)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
Danga Bay reclamation	Danga Bay Sdn. Bhd.	1.5km of coastline to be reclaimed	Waterfront development	20 billion
Lido Boulevard reclamation	Central Malaysian Properties Sdn Bhd	2.4 km of coast, 49.2 hectares area to be reclaimed. Commenced in Mar 2020 and expected to complete by 2011	Land reclamation for waterfront development	240 million (land reclamation cost)
Nusajaya development	Bandar Nusajaya Development Sdn Bhd	Proposed mixed development includes golf course, resorts & marina.	Dredging & reclamation waterfront development	160 million (land reclamation cost)
Port of Tanjung Pelepas (PTP)	Pelabuhan Tanjung Pelepas Sdn Bhd	Proposed in the 10 th Malaysia Plan to conduct capital dredging	Capital dredging & reclamation for upgrading port	2 billion
Pasir Gudang Port	Johor Port Berhad	n/a	Capital dredging & reclamation for upgrading port	n/a
Tanjung Langsat Bulk Terminal	Tanjung Langsat Port Sdn. Bhd.	n/a	Dredging & reclamation for upgrading port	n/a

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

Sarawak Corridor of Renewable Energy (SCORE)

SCORE is a major initiative undertaken to develop the central region of Sarawak into a developed state by 2020 which will require total planned investment of approximately RM 334 billion. The core of the corridor is in the utilization of the central region's abundance energy resources such as hydropower, natural gas and coal. With the SCORE development, Sarawak is able to price its energy competitively and as a result encourage investment in energy-intensive industries within the region.

The SCORE coastal growth nodes are located along 320 km of coast stretching from Tanjung Manis, Mukah and Samalaju, and includes the parts of Rajang River waterfront near the river delta, promising growth opportunities for maritime construction projects.

5. INDUSTRY OVERVIEW (Cont'd)

Tanjung Manis, located at the Rajang River delta will see 77,000 hectares of area to be developed within the next 20 years. The port city is designated as the 'Preferred Halal Hub Cluster Project' for the region by the Halal Development Corporation (HDC).

Other economic sectors targeted include palm oil industry cluster, deep-sea fishing, timber-based industry and shipbuilding. The waterfront development plan includes the construction of dry bulk and cargo terminals, palm oil processing plant and refineries, recreational facilities (i.e. golf course), residential development, resorts and government facilities.

The Samalaju node, located at the coast of Sarawak central region, will see development of 8,000 hectares of land for industrial development, and designated as the centre for energy-intensive industries. Construction will be conducted in 3 phases and to be completed by 2013.

The Mukah node is designated and acts as a hub for ICT, education and R&D, as well as to have industrial areas for the steel, aluminium and food processing industries.

The growth nodes will be connected by world class logistics facilities by the proposed new Tanjung Manis deep-sea port that will cost RM 300 million, upgrade of existing Tanjung Manis airport costing RM 500 million, the construction of a new Mukah Airport for RM 600 million and the upgrade of Samalaju Port.

Current and Future Marine Construction Projects, SCORE (2010 – 2030)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
Tanjung Manis new deep-sea port	Sarawak Timber Industry Development Corp (STIDC)	Yet to commence. Target to complete by 2013.	Dredging & reclamation to build new port	300 million
Upgrade of Tanjung Manis airport	Tanjung Manis Development Sdn Bhd	Yet to commence. Target to complete by 2013.	Dredging & reclamation to expand airport	500 million
Upgrade of Samalaju port	Naim Holdings Berhad, Cahya Mata Sarawak Berhad & Bintulu Development Authority	n/a	Dredging to upgrade port & deepen waterway	n/a
Samalaju Industrial Park	Naim Holdings Berhad, Cahya Mata Sarawak Berhad & Bintulu Development Authority	n/a	Reclamation for waterfront development	1.5 billion
Mukah Smart City	Regional Corridor Development Authority, Sarawak	n/a	Reclamation for waterfront development	n/a
New Mukah Airport	Malaysia Airports Holdings Berhad	Commenced.	Dredging & reclamation to expand airport	600 million

5. INDUSTRY OVERVIEW (Cont'd)

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

Sabah Development Corridor (SDC)

The SDC blueprint outlines a long-term development plan that targets key sectors which are tourism, logistics, agriculture and manufacturing. The potential for marine construction activities will be apparent in the Sabah industrial zone within the Western sub-region with the waterfront development and expansion of the Kinabalu Harbour which is estimated to cost RM 2 billion over the next 15 years.

The port authority have also included in the pipeline plans to further develop the ports in order to support manufacturing and agricultural activities, and as part of the strategy to turn Sabah into a key destination for transshipment of bulk cargo and the gateway to the fast growth Indo-China region. Within the development plans include expansion of the Sapangar, Sandakan and Lahad Datu ports storage, expansion of the Sapangar Oil Terminal and the construction of a new Sapangar Bay Container Terminal.

Current and Future Marine Construction Projects, SDC (2010 – 2025)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
Kinabalu Waterfront	n/a	n/a	Waterfront development	2 billion
Sapangar Bay Oil Terminal expansion	Sabah Ports Sdn. Bhd.	Port upgrade & expansion	Bulk Cargo terminal	n/a
New Sapangar Bay Container Terminal	Sabah Ports Sdn. Bhd.	New port	Container port	n/a
Expansion of Lahad Datu port	Sabah Ports Sdn. Bhd.	To expand storage	Container port	n/a
Expansion of Sandakan port	Sabah Ports Sdn. Bhd.	To expand storage	Container port	n/a

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

Port Klang

Klang is designated as the Selangor Halal Hub centre, and in support of this status, the Government has allocate 400 hectares of Pulau Indah as the Industrial and Commercial Free Zone or known as Port Klang Free Zone (PKFZ).

Among key developments in the Port Klang area includes the reactivation of the North Port container terminal expansion project which was postponed during the global financial crisis 2008-2009. The project is expected to cost RM 585 million and to complete in 2012.

5. INDUSTRY OVERVIEW (Cont'd)

Westport Authority has also announced plans to increase terminal capacity and upgrade facilities whereby it is expected to invest RM 3 billion - RM4 billion over the next 15 years on capital dredging for upgrading the waterways, massive land reclamation and the building of 2 km of berth.

As part of the Pulau Indah development, a waterfront commercial project for the construction of a resort is expected to cost RM 800 million.

Current and Future Marine Construction Projects, Port Klang (2010 – 2025)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
North Port expansion	NCB Holdings Berhad	Expected to complete in 2012	Dredging & Reclamation to upgrade waterway and expand terminal	585 million
Westport land reclamation	Westport Malaysia	15 years port expansion project	Dredging & Reclamation to upgrade waterway and expand port facilities	3-4 billion
Pulau Indah waterfront resort	DTiara Corp Sdn Bhd	Expected to complete in Dec 2011	3.5km shoreline development	800 million

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

Selangor Gold Coast (SGC)

Selangor is targeted as the next tourism development area based on its close vicinity to KLIA and the F1 race track. The SGC project estimated to cost a total of at least RM 3 billion is envisaged to be the longest coastal tourist destination in Asia, stretching 22km from Bagan Lalang to Tanjung Sepat and encompassing 500 acres of shoreline development. Among the development that will take place includes resorts, theme parks and marinas.

Current and Future Marine Construction Projects, SGC (2010)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
Golden Palm Tree Villa (Phase 1)	Selangor Goldcoast Sdn Bhd & PNB	Completed	Resort	315 million
Escapade (Phase 2)	Selangor Goldcoast Sdn Bhd & PNB	Completed	Recreation	n/a
Sea Tropics Resort (Phase 3)	Selangor Goldcoast Sdn Bhd & PNB	Expected to complete in 2012	Resort	300 million

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

5. INDUSTRY OVERVIEW (Cont'd)

Integrated Shoreline Management Plan (ISMP)

The ISMP is a long term management plan by the DID for the implementation of short-term and long-term strategies for mitigating coastline erosion on Malaysia's shoreline that faces severe threat of erosion and siltation problems at the river mouths.

The DID has identified, 93 shoreline locations (288 km) and 26 river mouths to be in category 1 critical condition. The category 2 shoreline erosion located at 57 shoreline locations (193 km) and 40 river mouths is expected to enter critical condition within the next 5-10 years and provides an indication for future marine construction projects.

Flood Mitigation

Based on the national study of river basins by the DID, 29,799 areas across the country are regarded as flood prone areas, and affecting over 5 million of the population. During 2006-2009, the DID recorded 24 severe occurrence of flooding at 21 flood prone areas.

During 2006-2009 the DID have spent approximately RM 2 billion for flood mitigation projects at Empangan Perlis, Sungai Muda (Kedah), Daerah Petaling (Selangor), Lembangan Sungai Kelantan, Sungai Gombak and Sungai Kerayong (Selangor). The 10th Malaysia plan has allocated RM 5 billion for flood mitigation programmes.

(b) Asia Pacific

In Asia Pacific (APAC), land reclamation activities are localized and most active in Singapore, Hong Kong, Macau and Japan. These are generally high GDP, high population density city states and busy ports of the world. Land reclamation is conducted for the expansion of urban development, ports facilities and for infrastructure such as airports, bridges, coastal roads and power plants.

In addition, a bulk of projects in APAC also involve dredging of rivers for flood mitigation and maintenance of ports and navigational waterways such as in China, Bangladesh, Pakistan, Vietnam, Indonesia, Guam and South Korea. With the exception of South Korea, these countries within the region are categorized as third world countries with high population and low GDP per capita whereby the main economic generator is in agriculture, export of raw materials or manufacturing.

The communities are highly concentrated around deltas and river areas due to the water source and fertile land. Flood mitigation is a priority for these countries and they often obtain funding from international monetary agencies because of the high cost.

The following are examples of current and potential marine construction projects of significant value in APAC and its estimated project value. These projects are expected to be completed within the next 10 years. Total project value in the APAC region is estimated at over RM 170 billion within the next 10 years.

5. INDUSTRY OVERVIEW (Cont'd)

Current and Future Marine Construction Projects, Asia Pacific (2010-2015)

Project	Country	Details	Project Status	Estimated value	RM Value
Reclamation of Jurong Island Phase 4	Singapore	Land reclamation for the purpose of mixed development and building of the Jurong Industrial Park.	Commenced.	SGD 3.5 billion	8.0 billion
Dredging and Land Reclamation at Pasir Panjang	Singapore	Reclamation for building power plant	Continues Until Oct 2010	SGD 1.9 billion	4.4 billion
Coastal protection & restoration works at Pulau Tekong	Singapore	Land reclamation to expand army base	Restoration in 1.65 km of coast. Expected to complete in Dec 2010	n/a	n/a
Tuas Reclamation Project	Singapore	Reclamation to upgrade Port & Petrochemical Terminal	Expected to complete in Nov 2010	SGD 1.1 billion	2.5 billion
Dredging at East Keppel Fairway	Singapore	Dredging to upgrade port	Expected to complete in Jan 2011	n/a	n/a
Widening and deepening the Bukit Timah Canal - Upstream (Phase 1)	Singapore	Dredging for flood mitigation	Awarded and expected to complete in 2011.	SGD 20.0 million	46.0 million
Widening and deepening the Bukit Timah Canal - Maple Ave to Sungei Ulu Pandan (Phase 2)	Singapore	Dredging for flood mitigation	Tender expected to be called in 2011	n/a	n/a
Marina Coastal Expressway	Singapore	Dredging & reclamation for highway construction	Ongoing and expected to complete in 2013	SGD 4.0 billion	9.2 billion
Reclamation for Hong Kong-Zhuhai-Macao Bridge (HZMB)	Hong Kong	Dredging & reclamation for bridge construction	Reclaim 130 hectares of seabed and construction of 4.1 km of seawall. Expected to complete in 2016.	n/a	n/a
Reclamation of the seabed in front of the Star Ferry Pier from Central reclamation phase I to Lung King Street including construction of seawalls;	Hong Kong	Reclamation for waterfront mixed development	18 hectares to be reclaimed	HKD 5.8 billion	2.3 billion

5. INDUSTRY OVERVIEW (Cont'd)

Reclamation works for HK-Zhuhai-Macao Boundary Crossing Facilities including necessary reclamation works for the west landing point and toll plaza of HZMB Main Bridge	HK / Macau	Dredging & reclamation for building bridge	Hong Kong-Zuhai-Macao Bridge To be completed by 2016	RMB 73.0 billion (Total project value)	33.7 billion
Land reclamation for new urban zone	Macau	Land reclamation for mixed development	Land reclamation of 361.65 hectares (3.6 sq km). To commence in 2011.	n/a	n/a
Kansai International Airport – 2 nd Phase	Japan	Reclamation to expand airport	542 hectares to be reclaimed to expand the runway and additional terminal. Expected to complete 2011.	USD 13.0 billion	40 billion
Cebu Port Dredging	Philippines	Dredging for port upgrade	Under review	600.0 million Pesos	41.7 million
Navotas City Reclamation Project	Philippines	Reclamation for waterfront development	Launched in 2009 145 hectares to be reclaimed	50.0 billion Pesos	3.45 billion
Port modernizing programme Phase 1A	Guam	Dredging & reclamation for port upgrade	Finalizing preliminary design work	USD 104.5 million	324.0 million
Sao Bien International Port	Vietnam	Dredging & construction of new port	Awarded	USD 160.3 million	497.0 million
Proposal for Angat Dam dredging	Vietnam	Dredging for flood mitigation	Proposal stage.	n/a	n/a
Sea port development	Vietnam	Dredging & construction of new port	Master plan approved.	USD 24.0 million	74.4 million
Saigon International Terminals Vietnam (Sitv)Project Package 1-Quay Deck,Dredging And Reclamation	Vietnam	Dredging & reclamation for upgrading port and container terminal	Awarded	USD 163.3 million	506.0 million
Proposal for land reclamation outside Victoria Harbour	Hong Kong	Reclamation for mixed development	Proposal stage	n/a	n/a
Dredging of Pulau Baai Port	Indonesia	Maintenance dredging of navigational waterway	Not yet awarded	125.0 billion Rupiah	43.8 million
Jakarta Urgent Flood Mitigation Project and Ancol Reclamation	Indonesia	Dredging for flood mitigation and construction works	World Bank loan. Project delayed.	USD150.0 million	465.0 million

5. INDUSTRY OVERVIEW (Cont'd)

Capital dredging at 7 rivers	Bangladesh	Dredging for flood mitigation	USD 100 million funding by Qatar	10.0 billion Taka	435.0 million
4 rivers dredging (Nakdong, Yeongsan, Geum & Han)	South Korea	Maintenance dredging for flood mitigation	Ongoing and expected to complete by 2014	22.0 trillion Korean Won	58.3 billion
Large-scale reclamation project aims to simultaneously landfill two estuaries, those of the Mankyung and Tongjin Rivers, by the construction of a 33 kilometer long sea dyke.	South Korea	Reclamation for mixed development	Area to be reclaimed 40,100 hectares	USD 3.0 billion	9.3 billion

Currency Conversion Matrix

1SGD = 2.3 RM	1000 Kr Won = 2.65 RM
1USD = 3.1 RM	100 Taka = 4.36 RM
1HKD = 0.4 RM	1000 Rp = 0.35 RM
1 Peses = 0.07 RM	

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

Singapore

Land reclamation activities in Singapore is ongoing with several projects currently undertaken such as at Jurong Island and Tuas Island for the expansion of the Petrochemical Terminals, expansion of the Pulau Tekong Naval Base, Pasir Panjang waterfront development, and the Marina Coastal Expressway (MCE). Flood mitigation projects include dredging and widening of the Bukit Timah Canal (upstream and downstream). These projects are estimated to have a total value of at least RM 24 billion.

Hong Kong

Current reclamation projects include the building of Hong Kong – Zhuhai – Macau bridge (MZHB) which is estimated to cost approximately RMB 73 billion (RM 33.7 billion). To ease further congestion, the Hong Kong authorities have suggested plans to conduct more reclamation as well as to infill sections of the Hong Kong harbour to make way for property development.

Macau

Macau is set to undertake further reclamation of 3.5 sq km of land in the five zones of its Peninsular and Taipa Island, as well as the allocation for the development of the MZHB.

Japan

The most recent major reclamation works is being conducted for the expansion of the Kansai International Airport in Osaka, Japan for additional runways and terminal. The expansion project will see additional 5.4 sq km land to be reclaimed. The project value is worth USD 13 billion (RM 40 billion) and expected to complete in 2011.

5. INDUSTRY OVERVIEW (Cont'd)

5.2.4 Industry players and competition

The international scenario has consolidated into a few key players mostly dominated by companies from Belgium and the Netherlands. They operate large fleets of dredgers and vessels and have annual revenue in the range of € 1.4 billion – € 2.2 billion (RM 5.8 billion – RM9.2 billion).

Other major international players are Japanese, Korean, German and Spanish companies, however most of these companies do not take on much projects beyond their own borders. Much of the core marine construction technology and processes, specifically dredging, had originated and was invented by the Dutch.

The competitive landscape within the South Asia region such as in India, Bangladesh and Pakistan is generally dominated by the top international players due to the sophisticated technology and economies of scale derived from the application of these more advanced technologies. Due to the high cost of marine construction, specifically dredging and reclamation, and considering the financial state of most of these countries, funding for the projects are generally provided by international governments and monetary agencies.

In South East Asia, the competitive landscape is mainly dominated by many small to medium sized domestic players operating within national boundaries. However for large scale and high value projects, the competition is often dominated by the key international players or by local joint ventures with the international players due to the sophistication required in executing these projects.

Dredging and reclamation for the marine construction industry in Malaysia is a niche and consolidated industry. Due to the nature of the industry, where high capital investments, technically competent personnel and good track record within industry are required, there are approximately 15 players who are active in marine construction, specifically dredging and land reclamation projects in Malaysia.

Marine Construction Companies in Malaysia, 2010 (in alphabetical order):

- Benalec
- Clamshell Dredging Sdn. Bhd.
- HRA Teguh Sdn. Bhd.
- Hock Seng Lee Berhad
- Inai Kiara Sdn. Bhd.
- Loh & Loh Corporation Berhad
- Malaysian Maritime & Dredging Corporation Sdn. Bhd.
- Malaysian Resources Corporation Berhad
- NDC Dredging and Construction Sdn Bhd
- See Song & Sons Sdn. Bhd.
- See Yong & Son Sdn. Bhd.
- Tidalmarine Dredging Sdn. Bhd.
- Wajar Multiara Sdn. Bhd.

Note: This list is not exhaustive

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

5.2.5 Market size, market share and market ranking

The cumulative market size of the marine construction industry in Malaysia for the duration of 2006 - 2009 is estimated to worth approximately RM 2.87 billion, based on the value of projects awarded during this period.

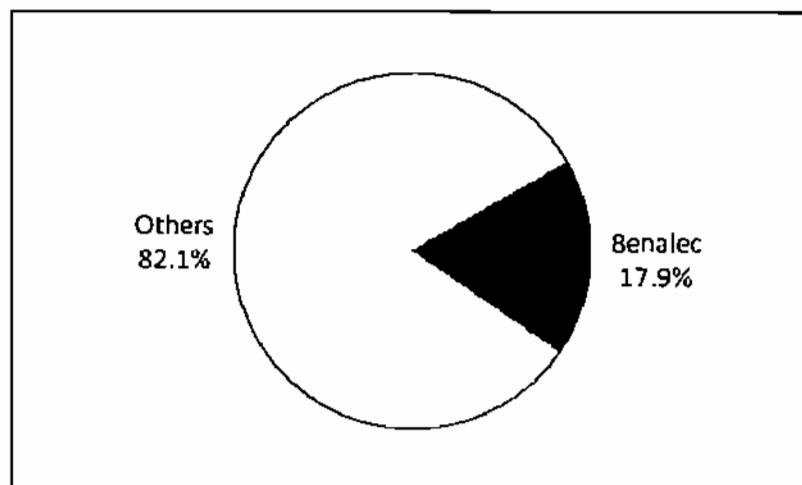
5. INDUSTRY OVERVIEW (Cont'd)

This estimation is based on the value of marine construction projects awarded in 2006 – 2009 but does not indicate completion of activity nor has that payment in due been received by the contracting parties. The projects considered include coastal protection works, dredging of navigational waterways, ports and harbour upgrades, land reclamation and marine structures. The projects exclude remedial dredging of rivers, offshore projects related to the oil and gas industry and other drainage and irrigation works that are conducted inland which are not part of Benalec's current core activities.

Benalec's market share, based on marine construction projects secured between 2006 and 2009, is estimated to be approximately 17.9% of this cumulative market size. Other industry players and their respective market share are Inai Kiara Sdn. Bhd. (25.1%), Malaysian Resources Corporation Berhad (16.5%), Hock Seng Lee Berhad (8.6%), Malaysian Maritime & Dredging Corporation Sdn. Bhd. (7.8%), See Song & Sons Sdn Bhd (6.7%) and others (17.3%) for the same period. The industry players' market share is based on project value figures (2006 -2009) extracted from the Contractor Profile and Details available on CIDB online database as at 15 September 2010.

Based on this market share, which is in turn based on publicly available information, Benalec is ranked among the Top 2 most active companies in Malaysia in marine construction projects in Malaysia for the duration 2006 – 2009.

Benalec's Market Share of the Marine Construction Projects Awarded in Malaysia, by Project Value (2006-2009, Cumulative)



(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

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5. INDUSTRY OVERVIEW (Cont'd)

5.2.6 Laws and regulations

(a) Relevant Laws

All marine construction activities including navigational waterways (rivers, river mouths and coastal) are regulated under the following Acts and Legislation:

Laws and Regulations Relevant to Marine Construction Activities

Acts and Legislation	
Parliament	<ul style="list-style-type: none"> • National Policies of Government of Malaysia • Third National Agricultural Policy (1998-2010) • Federal Constitutions • Ministerial Functions Act (1969) (<i>Perintah Menteri-menteri Kerajaan Persekutuan 2004</i>) : DID role in river management in on flood mitigation and river conservancy • Other Legislations
Land	<ul style="list-style-type: none"> • National Land Code 1965 And Waters • Land Conservation Act 1960
River Management	<ul style="list-style-type: none"> • Waters Act 1920 (Cap 146) (1989) • Environmental Quality Act 1974 : (1985) • Environmental Quality Regulations (Prescribed premises, Sewerage and Industrial Effluent): • Environmental Quality Order 1987 (Environmental Impact Assessment – Prescribed Activities) • National Forestry Act 1984 (Forestry Rules 1986) • Mining Enactment 1936 (F.M.S. Cap 147) • Fisheries Act 1963 (1985) / Inland Fisheries Act • Local Government Act 1976 – Act 171 (<i>Akta Kerajaan Tempatan 1976</i>) • Drainage Works Act 1954 (Act 354) (Revised-1989) (<i>Akta Kerja Penyaliran 1954</i>) • Irrigation Areas Act 1953 (Act 386) (Revised-1989) • Road, Drainage and Building Act 1974 (Act 133) (<i>Akta Jalan, Parit dan Bangunan 1974</i>) • Drainage and Irrigation Ordinance 1956- Sabah • Sarawak Rivers Ordinance 1993
Coastal Management	<ul style="list-style-type: none"> • Town and Country Planning Act 1976 • Environmental Quality Act 1974 : (1985) • Environmental Quality Order 1987 (Environmental Impact Assessment – Prescribed Activities) • Mining Enactment 1936 (F.M.S. Cap 147) • Fisheries Act 1963 (1985) / Inland Fisheries Act • National Land Code (<i>Kanun Tanah Negara</i>) • Waters Act 1920 (1989)

5. INDUSTRY OVERVIEW (Cont'd)

	<ul style="list-style-type: none"> • Continental Shelf Act 1966 (Revised 1972) (<i>Akta Pelantar Benua 1966</i>) • National Forestry Act 1984 (Revised 1993) (<i>Akta Perhutanan Negara 1984</i>) • Fee Act (Marine Parks Malaysia) (Revised 2003) (<i>Akta Fi Taman Laut Malaysia</i>)
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(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

(b) Contractor Licensing

- Pusat Khidmat Kontraktor (*Contractors Service Centre*)
- Registration with the Construction Industry Development Board (CIDB)

(c) Project and Contract Work Approval

All marine construction related projects and activities must obtain approvals from the following authorities:

- Marine Department Malaysia
- Department of Environment (DOE)
- Department of Drainage and Irrigation (DID)
- Department of Fisheries
- District Land and Minerals Office

5.2.7 Substitute products / services

There is no effective substitute for dredging and land reclamation within the marine construction industry.

5.2.8 Reliance on and vulnerability to imports

Malaysian companies are generally still highly dependent on imported dredging equipment and technology particularly from China because of the price affordability in order to conduct their marine construction operations.

Please also refer to Section 5.2.2(c)(v) above.

5.2.9 Prospects and outlook for Benalec

The performance of the marine construction industry in Malaysia in 2006 to 2009 has shown steady growth at CAGR of 18.8%. Despite the global financial crisis 2008 - 2009, the industry has shown that it is resilient domestically. The prospects for growth are bright, based on future projects in the pipeline that exists particularly in Penang, Melaka, Iskandar, Port Klang and SCORE. The 10th Malaysia Plan has identified the ports and harbour industry as a key economic sector for targeted growth in Malaysia and has allocated a substantial amount of funding in support of the industry. The Government is committing resources towards making Malaysia a high income, high GDP nation by the announcement of the five economic regions during the 9th Malaysia Plan, by which the development of these region encompasses coastal, river and waterfront development as well as the upgrade of infrastructure such as the construction of power plants and energy stations, better drainage control and flood mitigation systems.

5. INDUSTRY OVERVIEW (Cont'd)

Benalec's future growth lies in these areas of opportunities in supporting Malaysia building the infrastructure required in order to realise the high income economy strategy. In addressing the local competitive scenario, Benalec's business strategy and vertical integration within the industry value chain are among the strengths the company has over its competitors. This can be seen by Benalec's control of approximately 18% of the marine construction market share in Malaysia for the period 2006 - 2009.

On the regional front, the opportunities that exist in APAC with future projects estimated at over RM 170 billion, is also a positive indicator for Benalec to invest and expand its operations beyond domestic borders.

Benalec, with its years of experience and established track record, coupled with its skills, competency as well as fleet size, is expected to emerge as a strong regional competitor. With further investments toward upgrading its fleet, Benalec will be well-positioned to succeed in seeking projects within the APAC region.

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

6.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

6.1.1 Particulars and Shareholdings

The details of our Promoters and substantial shareholders and their shareholdings before and after the IPO are as follows:-

Name	Nationality / Country of Incorporation	No. of Shares Held Before the IPO ⁽¹⁾		No. of Shares Held After the IPO ⁽¹⁾			
		Direct	(%)	Indirect	(%)	Direct	(%)
Promoters and Substantial Shareholders							
Oceancove ⁽³⁾	Malaysia	420,000,000	66.67	-	-	420,000,000	57.53
Leaw Seng Hai	Malaysian ⁽³⁾	69,519,124	11.03	⁽⁶⁾ 420,000,000	66.67	26,483,475	3.63
Leaw Ah Chye	Malaysian	56,108,193	8.90	⁽⁴⁾⁽¹⁰⁾ 420,000,000	66.67	21,374,550	2.93
Datuk Leaw Tua Choon	Malaysian	55,350,947	8.79	⁽⁴⁾⁽¹⁰⁾ 420,000,000	66.67	21,086,075	2.89
Foo Polln	Malaysian	29,021,736	4.61	⁽⁴⁾ 420,000,000	66.67	11,055,900	1.51
Oceanview	Malaysia	-	-	⁽⁴⁾ 420,000,000	66.67	-	-

Notes:-

- (1) Based on the issued and paid-up share capital of 630,000,000 Shares after the Acquisitions.
- (2) Based on the enlarged issued and paid-up share capital of 730,000,000 Shares after the IPO and no ESOS Options have been granted as at the date of listing.
- (3) Pursuant to the Acquisition of BSB, 420,000,000 Shares were issued and allotted to Oceancove, being the nominated investment holding company of the four (4) Promoters resulting in Oceancove being a substantial shareholder of Bonalec.
- (4) Deemed interest by virtue of their interest in Oceancove pursuant to Section 6A of the Act.
- (5) Also a Permanent Resident of the Republic of Singapore.
- (6) Deemed interest by virtue of their interest in Oceancove via Oceanview pursuant to Section 6A of the Act.

ESOS Options will be allotted according to the ESOS By-Laws.

Save for the Promoters, our Directors are not aware of any persons who, directly or indirectly, exercise control over our Company.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.1.2 Profiles of Promoters / Substantial Shareholders

The profiles of our Promoters / substantial shareholders are as follows:-

(i) Oceancove

Oceancove was incorporated in Malaysia under the Act on 5 July 2009 as a private limited company. As at 2 December 2010, Oceancove's authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM10,000 comprising 10,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activity of Oceancove is investment holding.

The Directors and substantial shareholders of Oceancove and their respective shareholdings in Oceancove as at 2 December 2010 are as follows:-

Name	← Direct →		← Indirect →	
	No. of Ordinary Shares of RM1.00 Held	% Held	No. of Ordinary Shares of RM1.00 Held	% Held
Directors				
Leaw Seng Hai	-	-	5,100 ⁽¹⁾	51.00
Leaw Ah Chye	1,700	17.00	5,100 ⁽¹⁾	51.00
Substantial Shareholders				
Leaw Seng Hai	-	-	5,100 ⁽¹⁾	51.00
Leaw Ah Chye	1,700	17.00	5,100 ⁽¹⁾	51.00
Datuk Leaw Tua Choon	1,700	17.00	5,100 ⁽¹⁾	51.00
Foo Polin	1,500	15.00	-	-
Oceanview	5,100	51.00	-	-

Note:-

(1) Deemed interest by virtue of their interest in Oceanview

(ii) Oceanview

Oceanview was incorporated in Malaysia under the Act on 19 April 2010 as a private limited company. As at 2 December 2010, Oceanview's authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM10,000 comprising 10,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activity of Oceanview is investment holding.

The Directors and substantial shareholders of Oceanview and their respective shareholdings in Oceanview as at 2 December 2010 are as follows:-

Name	← Direct →		← Indirect →	
	No. of Ordinary Shares of RM1.00 Held	% Held	No. of Ordinary Shares of RM1.00 Held	% Held
Directors / Substantial Shareholders				
Leaw Seng Hai	5,686	56.86	-	-
Leaw Ah Chye	2,157	21.57	-	-
Datuk Leaw Tua Choon	2,157	21.57	-	-

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (iii) **Leaw Seng Hai**, a Promoter and substantial shareholder, is also the Group Managing Director of Benalec. His profile is disclosed in Section 6.2.2 (ii) of this Prospectus.
- (iv) **Leaw Ah Chye**, a Promoter and substantial shareholder, is also the Executive Director of Benalec. His profile is disclosed in Section 6.2.2 (iv) of this Prospectus.
- (v) **Datuk Leaw Tua Choon**, a Promoter and substantial shareholder, is also the Executive Director of Benalec. His profile is disclosed in Section 6.2.2 (iii) of this Prospectus.
- (vi) **Foo Polin**, aged 28, is a Promoter and substantial shareholder of Benalec. She graduated with a Bachelor of Arts in the Final Honours School of Economics and Management of the University of Oxford in 2003, and obtained a degree of Master of Science with Merit in Law and Accounting from London School of Economics and Political Science in 2005. She has worked in UBS Investment Bank in London, where she was involved in corporate finance in the leisure, capital goods, healthcare, infrastructure and telecoms sectors. She has extensive knowledge in financial modeling and valuation, and has assisted in the preparation of transaction-specific legal and regulatory documents. Her previous experience also included loan recovery and restructuring at Pengurusan Danaharta Nasional Berhad. She is currently an Associate Director with Barclays Corporate Development in London, where she has managed and executed several mergers, acquisitions and divestments projects for the bank in the UK, US and Europe.

6.1.3 Significant Changes in the Direct or Indirect Shareholding During the Past Three (3) Years

The shareholdings of our Promoters and substantial shareholders for the past three (3) years prior to the date of this Prospectus were as follows:-

Name	Before Acquisitions ⁽¹⁾				After Acquisitions ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	(%)
Oceancove ⁽³⁾	-	-	-	-	420,000,000	66.67	-	-
Leaw Seng Hai	4	50.00	-	-	69,519,124	11.03	⁽⁵⁾ 420,000,000	66.67
Leaw Ah Chye	4	50.00	-	-	56,108,193	8.90	⁽⁴⁾ ⁽⁵⁾ 420,000,000	66.67
Datuk Leaw Tua Choon	-	-	-	-	55,350,947	8.79	⁽⁴⁾ ⁽⁵⁾ 420,000,000	66.67
Foo Polin	-	-	-	-	29,021,736	4.61	⁽⁴⁾ 420,000,000	66.67
Oceanview	-	-	-	-	-	-	⁽⁴⁾ 420,000,000	66.67

Notes:-

- (1) Based on the issued and paid-up share capital of 8 Shares prior to the Acquisitions (assuming after Subdivision).
- (2) Based on the issued and paid-up share capital of 630,000,000 Shares after the Acquisitions.
- (3) Pursuant to the Acquisition of BSB, 420,000,000 Shares were issued and allotted to Oceancove, being the nominated investment holding company of the four (4) Promoters resulting in Oceancove being a substantial shareholder of Benalec.
- (4) Deemed interest by virtue of their interest in Oceancove pursuant to Section 6A of the Act.
- (5) Deemed interest by virtue of their interest in Oceancove via Oceanview pursuant to Section 6A of the Act.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**6.2 DIRECTORS****6.2.1 Particulars and Shareholdings**

The details of our Directors and their shareholdings before and after the IPO are as follows:-

Name	Designation	Age	No. of Shares Held Before the IPO ⁽¹⁾		No. of Shares Held After the IPO ⁽²⁾		Indirect (%)
			Direct	(%)	Direct	(%)	
Aznam Bin Mansor	Independent Non-Executive Chairman	51	-	-	⁽⁴⁾ 1,000,000	-	-
Leaw Seng Hal	Group Managing Director	48	69,519,124	11.03	26,483,475	66.67	⁽³⁾ 420,000,000
Leaw Ah Chye	Executive Director	49	56,108,193	8.90	21,374,550	68.67	⁽³⁾ 420,000,000
Datuk Leaw Tua Choon	Executive Director	51	55,350,947	8.79	21,086,075	68.67	⁽³⁾ 420,000,000
Wong Yoke Nyen	Independent Non-Executive Director	51	-	-	⁽⁴⁾ 1,000,000	-	-
Koo Hoong Kwan	Independent Non-Executive Director	65	-	-	⁽⁴⁾ 1,000,000	-	-

Notes:-

- (1) Based on the issued and paid-up share capital of 630,000,000 Shares after the Acquisitions.
- (2) Based on the enlarged issued and paid-up share capital of 730,000,000 Shares after the IPO and no ESOS Options have been granted as at the date of listing.
- (3) Deemed interest by virtue of their interest in Oceanicore pursuant to Section 6A of the Act.
- (4) Including their entitlements for the Pink Form Shares.
- (5) Deemed interest by virtue of their interest in Oceanicore via Oceanview pursuant to Section 6A of the Act.

ESOS Options will be allotted according to the ESOS By-Laws.

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

At the first annual general meeting of the Company, all the Directors shall retire from office and at the annual general meeting in every subsequent year, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office at the annual general meeting in every year provided always that all Directors shall retire from office once in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, provided that the total number of Directors shall not at any time exceed the maximum number fixed in accordance with the Articles of Association of the Company. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

6.2.2 Profiles of Directors

- (i) **Aznam Bin Mansor**, aged 51, was appointed as our Independent Non-Executive Chairman on 5 October 2010. He graduated with a Degree in Bachelor of Arts with Second Class Honours (First Division), having completed a course in Law from the North East London Polytechnic, London, UK in 1983. He was admitted into the Honourable Society of the Lincoln's Inn in 1984 and was called to the Malaysian Bar as an Advocates and Solicitor in 1986. He started his career as an officer in Malayan Banking Berhad. He then joined Skrine & Co., a legal firm, and held the position of legal assistant for eight years. Presently, he is a partner of Lee Hishamuddin Allen & Gledhill, a legal firm in Kuala Lumpur. He sits on the Board of Knusford Berhad, Mikro MSC Berhad, and several other private limited companies. Having a legal background and experience in holding positions on other board of directors, he is able to contribute to the Group based on his experience and from a legal perspective on matters considered by the Board.
- (ii) **Leaw Seng Hai**, aged 48, was appointed as our Director on 12 July 2005 and was re-designated as our Group Managing Director on 5 October 2010. He obtained a Bachelor of Science (Engineering) with Second Class Honours (Upper Division) from University College of London, UK in 1985. Upon graduation, he joined the family's civil engineering business as a Site Engineer to oversee the overall site management. He was promoted to the position of Project Manager in 1992 and assumed the position of Managing Director in 1994. He has accumulated extensive marine construction and business management knowledge over these past twenty five (25) years. Currently, he leads the Group in conceptualizing, formalizing and implementing the strategies planning and management with a focus on corporate development, apart from being actively involved in the overall co-ordination, execution and management of all projects undertaken by the Group. He has been the driving force behind the Group's growth and expansion. He maintains a close involvement in the overall contract implementation, execution and management ensuring the reliable, cost-effective and efficient standards of the Group are applied. His in depth knowledge of the marine construction works has contributed to the Group securing major contracts for marine construction works.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (iii) **Datuk Leaw Tua Choon**, aged 51, was appointed as our Executive Director on 5 October 2010. He obtained a degree of Bachelor of Science having followed an approved program in Civil Engineering from the North East London Polytechnic, UK in 1985. Upon graduation, he joined the family's civil engineering business and has since accumulated more than twenty five (25) years experience in civil and marine construction works. He has extensive experience in managing the Group's wide spectrum of marine construction works, which includes dredging, reclamation, rock revetment works, marine structures and jetties, breakwaters, shore protection, beach nourishment, pre-bore and marine piling works. Spearheading the project team, his hands-on approach to project management underlines the Group's commitment to the timely delivery and completion of projects within budgeted costs. He is primarily responsible for all aspects of our Group's projects from planning stage to final completion. He is presently actively overseeing our extensive reclamation works at Melaka. He oversees, manages, co-ordinates and monitors the performance of on-site staff, deployment of workforce to the project site and utilisation of our Group's vessels and equipment to ensure timely progress of the Group's projects.
- (iv) **Leaw Ah Chye**, aged 49, was appointed as our Director on 12 July 2005 and was re-designated as our Executive Director on 5 October 2010. After secondary school, he joined the family's civil engineering business and has since accumulated more than thirty (30) years experience in civil and marine construction works. He is in charge of maintenance, repair servicing of the extensive range of vessels, heavy machinery, plant and equipment used in the Group's marine construction work. With more than twenty five (25) years of experience and involvement in the construction industry, he has extensive technical knowledge in shipbuilding, ship repair and maintenance, heavy machinery mechanics and heavy equipment. His expertise and efficient management ensure minimal machinery downtime problems on-site and the acquisition of the latest vessels, plant and equipment. He also manages the repair and maintenance of tugboats and steel barges including the construction of several units of vessels which are used for the dredging and land reclamation works. He is also in charge of vessel spare parts procurement and oversees the construction of new vessels in areas of hull construction, installation of main engines and propulsion system.
- (v) **Wong Yoke Nyen**, aged 51, was appointed as our Independent Non-Executive Director on 5 October 2010. 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. He is also a graduate of the Wharton Advance Management Program from The Wharton School of the University of Pennsylvania, US. In 1981, he started his career in Baker Rooke, a firm of chartered accountants in London where he gained wide experience and exposure in the areas of auditing, accountancy and management consultancy work. In 1983, he joined Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad). He is a seasoned investment banker with more than twenty (20) years of dedicated corporate finance and investment banking experience. He was the Executive Vice President cum Head of Corporate Finance Division in Aseambankers Malaysia Berhad. In 2004, he started WYNCORP Advisory Sdn Bhd, a private company licensed to provide investment advisory services. He is currently the Managing Director of WYNCORP Advisory Sdn Bhd. He is also an Independent Non-Executive Director of New Hoong Fatt Holdings Berhad and was an Honorary Advisor to the Master Builders Association Malaysia. He is also an Independent Non-Executive Director of XiDeLang Holdings Limited. He brings with him investment banking and corporate advisory expertise and experience to general and specific corporate matters of the Group.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Koo Hoong Kwan, aged 65, was appointed as our Independent Non-Executive Director on 5 October 2010. 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 the UK 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 was exposed to various 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 moved 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 diverse experience in various industries, both locally and internationally, will enable him to contribute positively to the Group from the perspective of corporate planning strategies.

6.2.3 Directors' Remuneration and Benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 30 June 2010 and proposed for the FYE 30 June 2011 are as follows:-

Name of Directors	FYE 30 June 2010 Remuneration Band (RM)	Proposed for FYE 30 June 2011 Remuneration Band (RM)
Aznam Bin Mansor	-	Up to 50,000
Leaw Seng Hai	50,000 - 100,000	550,000 - 600,000
Datuk Leaw Tua Choon	100,000 - 150,000	550,000 - 600,000
Leaw Ah Chye	50,000 - 100,000	550,000 - 600,000
Wong Yoke Nyen	-	Up to 50,000
Koo Hoong Kwan	-	Up to 50,000

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)
6.2.4 Principal Directorships in Other Corporations for the Past Five (5) Years and Principal Business Activities Performed Outside Our Group

Save as disclosed below, our Directors do not have any other principal directorship in other corporations for the past five (5) years prior to the LPD or any principal business activities performed outside our Group as at LPD:-

(i) Aznam Bin Mansor

Company	Involvement in Business Activities Other than as Director	Principal Activities
<u>Present Directorships</u>		
Lee Hishamuddin Allen & Gledhill	Partner	Legal firm
Knusford Berhad	Shareholder	Investment holdings and property investment
Mikro MSC Berhad	Shareholder	Sales of analogue, digital and computer controlled electronic devices for the purpose of protection, monitoring and programming in an electrical system
Ekovest Holdings Sdn Bhd	Nil	Investment holding
Focus Lumber Berhad	Shareholder	Plywood manufacturer
Gen Glamour Sdn Bhd	Shareholder	Investment holding
Hamstorf Submarine Systems (M) Sdn Bhd	Shareholder	Dormant
I & P Group Sdn Bhd	Nil	Housing development
I & P Multi Resources Sdn Bhd	Nil	Investment holding
Kinston Park Sdn Bhd	Nil	Investment holding
Wengcon Engineering Sdn Bhd	Nil	Dormant
Wengcon Equipment Sdn Bhd	Nil	Rental of machinery and equipment, provision of transportation services and trading of building materials
Wengcon Holdings Sdn Bhd	Nil	Reconditioning, sales and rental of heavy machinery
Yukong Development (Pte) Ltd	Nil	Housing development
<u>Past Directorship</u>		
ACCA Malaysia Sdn Bhd	Shareholder	Organising events, programmes, coordinating services
Allen & Gledhill Sdn Bhd	Nil	Dormant

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Company	Involvement in Business Activities Other than as Director	Principal Activities
Emerald Spirit Sdn Bhd	Shareholder	Dormant
Holiday Villages Of Malaysia Sdn Bhd	Nil	Resort management
Lee Hishamuddin Allen & Gledhill Sdn Bhd	Nil	Dormant
Legal Information Services Sdn Bhd	Nil	Legal support services
LPO Malaysia Sdn Bhd	Nil	Dormant
Petro-Invent Management Company Sdn Bhd	Nil	Management, technical, commercial and consulting services
Raya Untung Sdn Bhd [^]	Nil	Dormant
Simpulan Mutiara Sdn Bhd [^]	Nil	Dormant
Tokoh Persada Sdn Bhd	Shareholder	Dormant

Notes:-

[^] These companies have been dissolved / struck out.

(ii) Leaw Seng Hai

Company	Involvement in Business Activities Other than as Director	Principal Activities
<u>Present Directorships</u>		
Atlantic Property Sdn Bhd	Shareholder	Land Owner
Benalec Marine Sdn Bhd	Shareholder	Marine Construction Works
Benalec Marineworks Sdn Bhd	Shareholder	Marine Construction Works
Benalec Realty Sdn Bhd	Shareholder	Property Investment
HUSB	Shareholder	Concessionaire
Oceanfront Land Sdn Bhd	Shareholder	Land Owner
Oceanic Sdn Bhd	Shareholder	Land Owner
Oceanlec Pte Ltd	Shareholder	Marine Construction, Transportation & Trading of vessels
OG Shipyard Sdn Bhd	Shareholder	Property Investment

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Company	Involvement in Business Activities Other than as Director	Principal Activities
OGMSB	Shareholder	Vessel Chartering, Supply of Construction Materials and Shipping Agent
OGSB	Shareholder	Ceased operations
SSB	Shareholder	Concessionaire

* For information purposes, Leaw Seng Hai also holds directorships in Arus Harta (M) Sdn Bhd, Benalec Industries Sdn Bhd, Benalec Trading Sdn Bhd, Comlec Trading, Crystal Land Realty Sdn Bhd, Gaya Auto & Construction Sdn Bhd, Gayamarine Sdn Bhd, Juara Geliga Sdn Bhd, Kean Seng Enterprise (Kedah) Sdn Bhd, Kesumas Sdn Bhd, Oceancove Land Sdn Bhd, Oceancove Property Sdn Bhd, Oceancovo, Oceanfront Realty Sdn Bhd, Oceanlec Marine Pte Ltd, Oceanview Development Sdn Bhd, Oceanview Land Sdn Bhd, Orientalcove Land Sdn Bhd, Orientalcove Sdn Bhd, Orientalpacific Pte Ltd, Seaview Land Sdn Bhd, Seaway Agency, Sentosa Saksama Sdn Bhd, Sentosa Saksama Kuari Sdn Bhd, Sentosa Shipyard Sdn Bhd, Sentosacove Land Sdn Bhd, Sentosacove Property Sdn Bhd, Sentosacove Realty Sdn Bhd and Silverfox (M) Sdn Bhd. These companies are presently dormant.

(iii) Datuk Leaw Tua Choon

Company	Involvement in Business Activities Other than as Director	Principal Activities
<u>Present Directorships</u>		
Benalec Marine Sdn Bhd	Shareholder	Marine Construction Works
Benalec Realty Sdn Bhd	Shareholder	Property Investment (Alor Setar & Melaka properties)
Bumi Tabah Sdn Bhd	Shareholder	Property Investment
Oceanfront Land Sdn Bhd	Shareholder	Land Owner
Oceanlec Pte Ltd	Shareholder	Marine Construction, Transportation & Trading of vessels
Oceanview Property Sdn Bhd	Shareholder	Land Owner
OGSB	Shareholder	Vessel Owner & Operator
SSB	Shareholder	Concessionaire
SOSB	Shareholder	Concessionaire
<u>Past Directorship</u>		
Mitsupac Sdn Bhd	Nil	Land Owner

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)
(v) Wong Yoke Nyen

Company	Involvement in Business Activities Other than as Director	Principal Activities
<u>Present Directorships</u>		
New Hoong Fall Holdings Berhad	Shareholder	Investment holding and provision of management services
XiDeLang Holdings Limited	Nil	Design, manufacturing and marketing of sports shoe as well as design and marketing of sports apparel, accessories and equipment
Influx Rewards Sdn Bhd	Shareholder	Property investment and development
WYNCORP Advisory Sdn Bhd	Shareholder	Investment holding and funding advisers and consultants
WYNCORP Chattels Holdings Sdn Bhd	Shareholder	Investment holding and letting of properties
Focus Lumber Berhad	Nil	Plywood manufacturer
<u>Past Directorship</u>		
Ranhill Power Sdn Bhd (previously Ranhill Power Berhad)	Nil	Independent Power Producer

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)
(vi) Koo Hoong Kwan

Company	Involvement in Business Activities Other than as Director	Principal Activities
<u>Present Directorships</u>		
Mercury Industries Berhad	Nil	Manufacturing and sale of paints and related products
Salient Technology Sdn Bhd	Shareholder	Dormant
<u>Past Directorship</u>		
Arkibiz MSC Sdn Bhd	Nil	Communication services
Versapac Sdn Bhd	Nil	Sales and marketing of the software development
Solvrite Sdn Bhd	Shareholder	Management services

As set out above, our Executive Directors are also directors of their private companies (collectively the "Other Companies"). The Other Companies (save for Oceanlec Pte Ltd, HUSB, SOSB, SSB and OGSB) have minimal business activities which do not require much of the Executive Directors' time. Oceanlec Pte Ltd has a team of experienced personnel who manages the daily operations of the company. HUSB, SOSB and SSB (collectively the "Concessionaires") engage other professionals to conduct preliminary works for concessions awarded and have minimal business activities which do not required much of the Executive Directors' time. Our Executive Directors are providing supervisory roles in the management of Oceanlec Pte Ltd and the Concessionaires. Pursuant to the Internal Restructuring, OGSB will be dormant. Accordingly, our Executive Directors are able to spend a substantial portion of their working hours on affairs of our Group.

Based on the declaration by our Directors, their involvement in the abovementioned businesses do not affect their contribution to our Group or negatively impact their ability to act as our Directors.

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.3 BOARD PRACTICES

6.3.1 Directors' Term of Office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The number of years that our Directors have served in office and the date of expiration of their respective term of office are as follows:-

Name	Length of Service as Director of Benalec as at the LPD	Date of Expiration of Current Term of Office
Aznam Bin Mansor	Less than a year [^]	*
Leaw Seng Hai	5 years	*
Daluk Leaw Tua Choon	Less than a year [^]	*
Leaw Ah Chye	5 years	*
Wong Yoke Nyen	Less than a year [^]	*
Koo Hoong Kwan	Less than a year [^]	*

Note:-

- * *In accordance with Article 108 of our Articles of Association, an election of Directors shall take place every year. At the first Annual General Meeting of the Company, all the Directors shall retire from office and at the Annual General Meeting in every subsequent year, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at the Annual General Meeting in every year provided always that all Directors shall retire from office once in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.*

[^] *Appointed to the Board of Directors on 5 October 2010.*

6.3.2 Audit Committee

The main functions of the Audit Committee fall within the ambit of the Listing Requirements, which include the review of audit plans and audit reports with our auditors, review of the auditors' evaluation of internal controls, program and review of the scope of internal audit procedures, review of the financial statements and nomination of the auditors, and review of related party transactions. The Audit Committee comprises the following individuals:-

Name	Designation	Directorship
Koo Hoong Kwan	Chairman	Independent Non-Executive Director
Aznam Bin Mansor	Member	Independent Non-Executive Chairman
Wong Yoke Nyen	Member	Independent Non-Executive Director

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.3.3 Remuneration Committee

The Remuneration Committee is principally responsible for reviewing and recommending to our Board the remuneration package of our Directors. The Remuneration Committee comprises the following members: -

Name	Designation	Directorship
Koo Hoong Kwan	Chairman	Independent Non-Executive Director
Aznam Bin Mansor	Member	Independent Non-Executive Chairman
Wong Yoke Nyen	Member	Independent Non-Executive Director

6.3.4 Nomination Committee

The Nomination Committee is principally responsible for recommending to our Board the appointment of new Directors of our Company and committee members. The Nomination Committee comprises the following members:-

Name	Designation	Directorship
Koo Hoong Kwan	Chairman	Independent Non-Executive Director
Aznam Bin Mansor	Member	Independent Non-Executive Chairman
Wong Yoke Nyen	Member	Independent Non-Executive Director

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6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.4 KEY MANAGEMENT

6.4.1 Particulars and Shareholdings of the Key Management

The details of our key management and their shareholdings before and after the IPO are as follows:-

Name	Designation	Age	No. of Shares Held Before the IPO ⁽¹⁾		No. of Shares Held After the IPO ⁽²⁾	
			Direct	(%)	Direct	(%)
Kenneth Chin Kah Kiong	Chief Financial Officer	37	-	-	⁽³⁾ 10,000	-
Bernard Boey Weng Onn	Chief Operating Officer	39	-	-	⁽³⁾ 10,000	-
Swee Ching Lai	General Manager, Projects & Contracts	35	-	-	⁽³⁾ 10,000	-
Norazira Binti Saidun	Senior Quantity Surveyor	30	-	-	⁽³⁾ 10,000	-
Koid Heng Hua	Senior Project Manager	45	-	-	⁽³⁾ 10,000	-
Mohd Jallani Bin Nayan	Senior Site Surveyor	46	-	-	⁽³⁾ 10,000	-
Cheong Yew Hual	Shipyard Manager	38	-	-	⁽³⁾ 10,000	-
Samam Sulaiman Awang Jaafar	Group Dredge Master	60	-	-	⁽³⁾ 10,000	-

Notes:-

- (1) Based on the issued and paid-up share capital of 630,000,000 Shares after the Acquisitions.
(2) Based on the enlarged issued and paid-up share capital of 730,000,000 Shares after the IPO and no ESOS Options have been granted as at the date of listing.
(3) Including their entitlements for the Pink Form Shares.
Neg Negligible

ESOS Options will be allotted according to the ESOS By-Laws.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**6.4.2 Profiles of the Key Management**

- (i) **Kenneth Chin Kah Kiong (Chief Financial Officer)**, aged 37, graduated with a professional degree in Association of Chartered Certified Accountants ("ACCA") and is member of ACCA and Malaysian Institution of Accountants (MIA). He began his career as an auditor in Moore Stephens in 1998. In 2001, he joined Malton Berhad as a corporate planning executive and in 2002, he joined Karambunai Corp Berhad as an Assistant Manager, Group Finance and was promoted to Group Financial Controller in 2005. He subsequently joined Nam Fatt Corporation Berhad as a Senior Manager in the corporate finance department in 2007. Prior to joining the Group, he joined Danga Bay Sdn Bhd as a Financial Controller from 2008 to 2009. He joined our Group in his current position in 2010 and oversees the overall accounts and finance as well as corporate planning for the Group.
- (ii) **Bernard Boey Weng Onn (Chief Operating Officer)**, aged 39, graduated with an Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants in 2002. In 1990, he joined Parkson Grand Corporation Sdn Bhd as an accounts assistant. He was appointed as the accounts executive of Golden Resort Management Sdn Bhd in 1992. In 1994, he joined the Group as an accounts executive. He was subsequently promoted to the position of Group Operational & Support Manager in 2004 responsible for financing, secretarial, legal, IT and monitoring purchase and inventory of the Group. In 2010, he was promoted to his current position and now oversees all operational matters of the Group.
- (iii) **Swee Ching Lai (General Manager, Projects & Contracts)**, aged 35, graduated with a Bachelor of Engineering (Civil) (Hons) degree from Universiti Putra Malaysia in 1999. He started his career in 1999 as a site engineer of General Plus Infracore Sdn Bhd. In 2001, he joined Webcon Sdn Bhd as a project engineer and was promoted to position of Construction Manager in 2003. He was appointed as the Contracts Manager of General Plus Infracore Sdn Bhd in 2004. Prior to joining our Group, he was the Contracts Manager cum Project Manager of U-Setia Sdn Bhd from 2005 to 2006. He joined our Group as a Project Manager in 2006 and was subsequently promoted to General Manager (Projects & Contracts) in 2008. He is responsible for the overall planning and coordination of projects, ensuring project completions within allocated budget and time, at the same time adhering to the quality standards set by the Group. Additionally, he heads the contracts department.
- (iv) **Norazira Binti Saidun (Senior Quantity Surveyor)**, aged 30, graduated with a Diploma in Building in 2001 and a Bachelor of Building Surveying with Honours in 2003 from the Universiti Teknologi MARA. 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 Senior Quantity Surveyor, primarily responsible for managing the overall pre and post contract administration of the Group.
- (v) **Koid Heng Hua (Senior Project Manager)**, aged 45, joined our Group in 1995 as a Project Supervisor. After secondary school, he joined the Leaw Brothers' family civil engineering business and has since accumulated more than twenty (20) years experience in civil and marine construction works. Since joining the Group, he has been involved in various civil and marine construction projects, including dredging, reclamation, rock revetment works, marine structures and jetties, breakwater construction, pre-bore and marine piling works. He is currently overseeing our Group's extensive land reclamation at Melaka. With his vast on-site management experience, he is assigned the responsibility of overseeing key areas in project planning, project implementation, monitoring and management of site activities.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (vi) **Mohd Jailani Bin Nayan (Senior Site Surveyor)**, aged 46 joined our Group in 1997 as Site Supervisor. After secondary school, he joined the Leaw Brothers' family civil engineering business and has since accumulated more than twenty (20) years experience in civil and marine construction works. Over the years, he has supervised and also taken charge of surveying for the many types of marine construction works such as river protection works, earthworks, dredging, construction of temporary silt curtains and wave breakers, rock revetment works, beach nourishment, coastal reclamation works and marine piling works. He was promoted to position of Senior Site Surveyor in 2001 and now oversees most of the site survey works for the Group.
- (vii) **Cheong Yew Huat (Shipyard Manager)**, age 38, graduated with a Certificate in Electronic Communications from Polytechnic of Kuching, Sarawak, Malaysia in 1993. Prior to joining the Group, he was attached with Celcom's RBS Operation and Maintenance Department as a Technical Officer. He joined the Group since 1994 as Project Supervisor. He was trained in various coastal / marine project management and supervision works. He left in 1996 to run his own business and returned to the Group in 2007 as Project Supervisor. He was promoted to Shipyard Manager the subsequent year. His main responsibilities include overseeing the daily shipyard operations, marine classification surveyor liaison works, the planning, scheduling and budgeting of projects to ensure timely and quality completion of projects. He is also responsible to monitor overseas project operations and to provide the requisite technical support required.
- (viii) **Saman @ Sulaiman Bin Awang Jaafar (Group Dredge Master)**, aged 60, joined our Group in 2000 as Dredge Supervisor and was thereafter promoted to his current position. After secondary school, he served in the army and started his career as a seafarer in 1971. Prior to joining, he was a Barge Master with Toyo Engineering & Construction Pte Ltd, Labuan for 6 years and a Dredge Master with East Marine Pte Ltd, Singapore for 13 years. Over the years, he has accumulated extensive hands-on experience operating various types of vessels before specializing in managing and operating dredgers. His many years of experience have also exposed him to the many different types of marine construction works. His primary function is to manage the fleet of dredgers and dredging activities for our Group.

6.4.3 Involvement of Key Management in other Businesses / Corporations

For the involvement of our Executive Directors in other businesses / corporations, please refer to Section 6.2.4 of this Prospectus.

As at the LPD, save as disclosed below, none of our key management is involved in other businesses or corporations:-

(i) Cheong Yew Huat

Company	Position (Director / Shareholder)	Principal Activities
GE Connections (M) Sdn Bhd	Director and shareholder	Exhibition and event organiser

Based on the declaration by Cheong Yew Huat, he is not involved in the day-to-day activities and operations of the abovementioned business and accordingly, his involvement in the abovementioned business does not affect his contribution to our Group or negatively impact his ability to act as the Shipyard Manager.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.5 DECLARATION OF PROMOTERS, DIRECTORS AND KEY MANAGEMENT

None of our Promoters, Directors and key management is or has been involved in any of the following events (whether in or outside Malaysia):-

- (i) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or key personnel;
- (ii) Disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) Charged and / or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

6.6 FAMILY RELATIONSHIPS

Save as disclosed below, there are no family relationships / association between our Promoters, substantial shareholders, Directors and key management:-

- (i) Leaw Seng Hai, Datuk Leaw Tua Choon and Leaw Ah Chye are all siblings;
- (ii) Foo Polin is the niece of Leaw Seng Hai, Datuk Leaw Tua Choon and Leaw Ah Chye; and
- (iii) Cheong Yew Huat is the brother-in-law of Leaw Seng Hai.

6.7 PROMOTERS, DIRECTORS AND / OR SUBSTANTIAL SHAREHOLDERS' BENEFIT

Save for the repayment of indebtedness to companies owned by certain Promoters, Directors and substantial shareholders, remuneration, material benefits-in-kind and dividend paid or payable by our Group to our Promoters, Directors and substantial shareholders, there have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and / or substantial shareholders within the two (2) years preceding the date of this Prospectus.

6.8 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements (contracts for service) entered into by our Group or any company within our Group, with our Directors or key management.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.9 EMPLOYEES

As at LPD, we have a total workforce of 384 employees, which consists of permanent and contractual employees. The breakdown of our employees is as follows:-

Category of Employees	As at 30.06.2008	As at 30.06.2009	As at 30.06.2010	As at LPD
Management and professionals	11	11	13	11
Technical and Supervisory	26	31	27	26
Crew on Board	346*	402*	403*	324
Clerical and administrative	8	11	16	17
General workers	4	4	6	6
Total	395	459	465	384

Note:-

* All crew on board are under seaman contracts and are employees of the Benalec Group following the completion of the Internal Restructuring.

Crew on board comprises of the following:-

Designation	Responsibility
Master	To ensure smooth operations on shipboard, including vessel's machineries, navigation equipment
Chief Engineer (assisted by Second Engineer and Oiler)	To ensure smooth operations of the engine room and carry out necessary repairs of machineries on board
Chief Officer	To assist the Master in managing operations of the vessel
Bosun	To assist the Master to supervise the crew on deck
Crane operator	To operate cranes to lift, move and position loads (i.e. machineries, equipment, products and solid or bulk materials)
Able Bodied Seaman	To navigate path of vessels

The gradual increase in the number of employees during the past three (3) years up to the FYE 30 June 2010 was mainly as the result of an increase in staff, in line with our business expansion during these financial years. The decrease in the number of employees during the period up to the LPD is due to the decreased number of crew employed as a result of repairs and maintenance work undertaken on vessels prior to the Internal Restructuring.

None of our employees belong to any labour union. The relationship and cooperation between our management and our employees have always been good and this is expected to continue. As at the LPD, there has been no major industrial dispute pertaining to our employees.

Training and development

We regard our employees as invaluable and key components to our continued growth and view sound human resource management as of our critical success factors. We believe a well-trained, well-motivated and well-managed workforce is essential for efficient operations and the success of our business. As such, we proactively cultivate a positive working culture by having good working relationships with our employees and place emphasis on creating a conducive working environment for our employees.

6. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

We believe in developing our human capital. It is our policy to develop and train employees to improve their skill sets and professionalism, in order to enhance productivity and operational efficiencies. As training and development is a continuing process, we encourage our employees to continually increase their skills and knowledge through hands-on training.

Management Succession Plan

We seek to ensure continuity in our management team, in order to ensure continuity and maintain our competitiveness. It is our policy to groom outstanding employees for more job responsibilities and supervisory roles, and groom exceptional middle-management staff to gradually assume the responsibilities of senior management. Our Executive Directors and key management are involved in the process of selection and identifying key competencies and requirements for managerial and more senior positions. Job candidate profiles are developed for management positions in line with our business goals, strategies and culture.

Our Group takes a continuous and proactive approach towards addressing talent management. This is to ensure our Group has talent readily available from a capability perspective to undertake leadership positions throughout our Group. Our middle management is constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision making process and are equipped with the knowledge necessary for them to succeed to key management positions.

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7. APPROVALS AND CONDITIONS

7.1 APPROVALS AND CONDITIONS

The listing of our Company on the Main Market of Bursa Securities was approved by the relevant authorities as follows:-

Authority	Date
SC	29 November 2010
MITI	1 December 2010
Bursa Securities	9 December 2010

7.1.1 SC's Approval

The conditions imposed by the SC and the status of compliance with these conditions are as follows:-

Conditions Imposed by the SC via SC's Letter Dated 29 November 2010	Status of Compliance																		
<p>(i) Benalec's registrable prospectus can only be submitted for registration after the SC has completed its review of the valuation certificates for inclusion in the registrable prospectus, and the supporting valuation reports;</p>	Complied. The registrable prospectus was submitted on 13 December 2010, after the SC has completed the review of the valuation certificates for inclusion in the registrable prospectus and the supporting valuation reports.																		
<p>(ii) With regards to the building erected on PT No. 9723, Mukim of Telok Panglima Garang, District of Kuala Langat, Selangor:</p> <p>(a) To obtain the approved building plan and Certificate of Completion and Compliance within 1 year from the date of the SC's approval letter;</p> <p>(b) To make half yearly announcements on the status to Bursa Securities; and</p> <p>(c) To update the SC on the status when such announcements are made to Bursa Securities;</p>	<p>Noted and to be complied.</p> <p>Noted and to be complied until the building plan and Certificate of Completion and Compliance is obtained.</p> <p>Noted and to be complied.</p>																		
<p>(iii) The shares of the following shareholders, where ESOS Options have not been allotted prior to listing, are to be placed under moratorium for a period of 6 months from the date of listing, as follows:-</p> <table border="1" data-bbox="263 1568 853 1870"> <thead> <tr> <th>Name</th> <th>No. of Benalec Shares</th> <th>% of enlarged issued and paid-up share capital of Benalec</th> </tr> </thead> <tbody> <tr> <td>Oceancove</td> <td>420,000,000</td> <td>57.53</td> </tr> <tr> <td>Leaw Seng Hai</td> <td>26,483,475</td> <td>3.63</td> </tr> <tr> <td>Leaw Ah Chye</td> <td>21,374,550</td> <td>2.93</td> </tr> <tr> <td>Datuk Leaw Tua Choon</td> <td>21,086,075</td> <td>2.89</td> </tr> <tr> <td>Foo Polin</td> <td>11,055,900</td> <td>1.51</td> </tr> </tbody> </table>	Name	No. of Benalec Shares	% of enlarged issued and paid-up share capital of Benalec	Oceancove	420,000,000	57.53	Leaw Seng Hai	26,483,475	3.63	Leaw Ah Chye	21,374,550	2.93	Datuk Leaw Tua Choon	21,086,075	2.89	Foo Polin	11,055,900	1.51	<p>Complied. As set out in Section 7.2, the Promoters had undertaken not to sell, transfer or assign their entire 500,000,000 Shares held at the date of listing for six (6) months from the date of listing on Bursa Securities.</p> <p>The ultimate shareholders of Oceancove (namely the Leaw Brothers, Oceanview and Foo Polin) had undertaken that they will not sell, transfer or assign any of their shareholdings in Oceancove held at the date of listing for six (6) months from the date of listing on Bursa Securities.</p> <p>In addition, the Leaw Brothers being the ultimate shareholders of Oceanview, have also undertaken that they will not sell, transfer or assign any of their shareholdings in Oceanview held at the date of listing for six (6) months from the date of listing on Bursa Securities.</p>
Name	No. of Benalec Shares	% of enlarged issued and paid-up share capital of Benalec																	
Oceancove	420,000,000	57.53																	
Leaw Seng Hai	26,483,475	3.63																	
Leaw Ah Chye	21,374,550	2.93																	
Datuk Leaw Tua Choon	21,086,075	2.89																	
Foo Polin	11,055,900	1.51																	

7. APPROVALS AND CONDITIONS (Cont'd)

Conditions Imposed by the SC via SC's Letter Dated 29 November 2010	Status of Compliance
(iv) Benalec is to allocate 91,250,000 of the shares to the Bumiputera investors, including the shares offered under the balloted public offer portion, of which 50% are to be offered to the retail Bumiputera investors. In the event that Benalec/MITI is unable to allocate the shares to the potential Bumiputera investors, the unsubscribed shares shall be offered to the Bumiputera public investors via balloting;	Noted and to be complied.
(v) AmInvestment/Benalec to fully comply with the relevant requirements under the Equity Guidelines pertaining to the implementation of the proposals; and	Noted and to be complied.
(vi) AmInvestment/Benalec to inform the SC upon the completion of the proposals.	Noted and to be complied.

The SC noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the implementation of the Listing as follows:-

Categories	Before Listing (%)	After Listing (%)
Bumiputera		
- Individuals	-	2.50 ⁽¹⁾
- Body Corporates	-	10.00 ⁽²⁾
Non-Bumiputera	100.00	87.50
Foreign	-	-
Total	100.00	100.00

Notes:

⁽¹⁾ Assuming all the 18,250,000 Public Issue Shares made available for application by the Bumiputera Malaysian public via balloting will be subscribed by Bumiputera individuals.

⁽²⁾ Assuming all the 73,000,000 of the Offer Shares reserved for Bumiputera investors to be approved by MITI will be subscribed by Bumiputera body corporates

7.1.2 MITI's Approval

The conditions imposed by MITI via its letter dated 1 December 2010 and the status of compliance with these conditions are as follows:-

Conditions Imposed by the MITI via MITI's Letter Dated 1 December 2010	Status of Compliance
To obtain the SC's approval for the Listing	Complied. The SC had approved the Listing on 29 November 2010.

7. APPROVALS AND CONDITIONS (Cont'd)

7.1.3 Exemption from Compliance with the SC's Prospectus Guidelines

Paragraph 18.01 (c) of the SC's Prospectus Guidelines requires the following:

"Provide a statement that for a period of at least 12 months from the date of the issue of the prospectus, the following documents (or copies thereof), where applicable, may be inspected at a specified place in Malaysia:

- (c) *Each material contract or document referred to in the prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts."*

We had sought an exemption from the SC pursuant to Paragraph 18.01 (c) of the SC's Prospectus Guidelines from having to make available certain agreements between the concessionaires and the State Government of Melaka ("**State Agreements**") for public inspection due to confidentiality reasons. The SC had via its letter dated 24 November 2010, granted us the aforementioned waiver subject to the following conditions:-

Details of the conditions imposed	Status of compliance
(i) Disclosure in the Prospectus that any person who wishes to inspect the State Agreements will have to, on their own, obtain prior written consent from the State Government of Melaka	Complied. Please refer to Section 16.9 of this Prospectus.
(ii) Confirmation from the due diligence working group that the unavailability of the State Agreements for public inspection would not result in a material omission of facts which would make any of the statements in the Prospectus misleading	Complied.

7.1.4 Bursa Securities' approvals

Bursa Securities had via its letter dated 9 December 2010, approved the following:-

- (i) Admission to the Official List and the listing and quotation of the entire issued and paid-up share capital of Benalec of RM182,500,000 comprising 730,000,000 Shares in the "Construction" sector of the Main Market of Bursa Securities.
- (ii) Listing of such number of additional new Shares, representing up to 10% of the issued and paid-up ordinary share capital of Benalec to be issued pursuant to the exercise of options under the ESOS.

The conditions imposed by Bursa Securities and the status of compliance with the conditions are as follows:-

Conditions imposed by Bursa Securities	Status of compliance
(i) Make the relevant announcements pursuant to Paragraph 8.1 and 8.2 of Practice Note 21 of the Listing Requirements	Will be complied.
(ii) Furnish the exchange a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid-up share capital of Benalec on the first day of the listing	Will be complied.

7. APPROVALS AND CONDITIONS (Cont'd)

Conditions imposed by Bursa Securities	Status of compliance
In relation to the approval of the listing of up to 10% of the issued and paid-up ordinary share capital of Benalec to be issued pursuant to the ESOS, it is subject to the following:-	
(i) AmlInvestment Bank is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation; and	Will be complied. At this juncture, the Company intends to effect the ESOS on the Listing Date, which is tentatively scheduled for 17 January 2011.
(ii) Payment of additional listing fees of RM10,000. In this respect, Benalec is required to furnish Bursa Securities on a quarterly basis a summary of the total number of ESOS shares listed as at the end of each quarter together with a detailed computation of listing fees payable.	Will be complied.

7.2 MORATORIUM ON SHARES

In accordance with Paragraph 5.29 of the SC Guidelines, a moratorium shall be placed on the sale of the entire 500,000,000 Shares held by our Promoters, representing 68.49% of the enlarged issued and paid-up capital of Benalec and all Benalec Shares issued arising from the exercise of ESOS Options held at the date of listing for 6 months from the date of Admission, as follows:-

Name	No. of Shares Held Upon Admission ⁽¹⁾			
	Direct	(%)	Indirect	(%)
Oceancovo	420,000,000	57.53	-	-
Oceanview	-	-	⁽²⁾ 420,000,000	57.53
Leaw Seng Hai	26,483,475	3.63	⁽³⁾ 420,000,000	57.53
Leaw Ah Chye	21,374,550	2.93	^{(2) (3)} 420,000,000	57.53
Datuk Leaw Tua Choon	21,086,075	2.89	^{(2) (3)} 420,000,000	57.53
Foo Polin	11,055,900	1.51	⁽²⁾ 420,000,000	57.53
Total	500,000,000	68.49		

Notes:-

(1) Based on the enlarged issued and paid-up share capital of 730,000,000 Shares as at the date of listing and no ESOS Options have been granted as at the date of listing

(2) Deemed interest by virtue of their interest in Oceancove pursuant to Section 6A of the Act.

(3) Deemed interest by virtue of their interest in Oceancove via Oceanview pursuant to Section 6A of the Act.

The Promoters of Benalec will not be allowed to sell, transfer, or assign their entire shareholdings in the enlarged issued and paid-up share capital of Benalec and all Benalec Shares issued arising from the exercise of ESOS Options held at the date of listing for six (6) months from the date of listing on Bursa Securities.

7. APPROVALS AND CONDITIONS (Cont'd)

The moratorium is specifically endorsed on the share certificates representing the shareholdings of our Promoters to ensure that our registrars do not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our registrars' instructions in the prescribed forms, ensure that trading of these shares are not permitted in the moratorium period.

The ultimate shareholders of Oceancove (namely Oceanview, Leaw Seng Hai, Datuk Leaw Tua Choon, Leaw Ah Chye and Foo Polin), have furnished a letter of undertaking prior to the listing to the SC that they will not sell, transfer or assign any of their entire shareholdings in Oceancove for six (6) months from the date of listing on Bursa Securities.

The Leaw Brothers, being shareholders of Oceanview, have furnished a letter of undertaking prior to the listing to the SC that they will not sell, transfer or assign any of their entire shareholdings in Oceanview for six (6) months from the date of listing on Bursa Securities.

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8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST**8.1 EXISTING AND PROPOSED RPT AND CONFLICT OF INTEREST**

Save as disclosed below, for the past three (3) FYE up to 30 June 2010, we do not have any other existing and/or proposed related-party transactions or other subsisting contracts of arrangement entered into which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act:-

(a) Recurrent RPT

Save as disclosed below, for the past three (3) FYE up to 30 June 2010, our Group does not have any existing and/or proposed recurrent RPTs entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act which are necessary for the day to day operations of our Group.

Related Party	Nature of Transaction	Interested Promoter / Director / Substantial Shareholder	Nature of Interest	Transaction Value (RM'000)			
				FYE 30 June			
				Actual			Estimate
				2008	2009	2010	2011*
Oceanlec (Note 1)	Chartering of vessels by Benalec to Oceanlec ("Oceanlec Charter Contract")	1. Leaw Brothers 2. Foo Polin	Leaw Brothers are substantial shareholders and directors of Oceanlec. Foo Polin who is the niece of the Leaw Brothers is a person connected to the Leaw Brothers.	-	4,666	13,328	17,500
Benalec Realty Sdn Bhd ("BRSB") (Note 2)	Rental of properties	1. Leaw Brothers 2. Foo Polin via G-Plex Venture Sdn Bhd ("G-Plex")	Leaw Brothers and Foo Polin are substantial shareholders and directors (except Foo Polin) of BRSB.	-	-	-	(23)

* The transaction value for FYE 30 June 2011 is an estimated value hence the actual transaction value may differ from the estimated value provided.

Note 1 Oceanlec, a company which Leaw Seng Hai, Datuk Leaw Tua Choon and Leaw Ah Chye are substantial shareholders and directors, has entered into contracts for the supply and delivery of construction materials in the Republic of Singapore. Our Group has been contracted by Oceanlec for the chartering of vessels for the Oceanlec Charter Contract and it is expected to be recurrent in nature. Additionally, Oceanlec had on 6 October 2010 provided an undertaking letter to Benalec wherein Oceanlec has amongst others provided Benalec the first right of refusal and exclusivity to be a sub-contracting party for activities which falls within Benalec Group's expertise (which includes but not limited to the Oceanlec Chartering Contract), subject to the consent / approval from respective parties. Please refer to Section 8.4 for further details on the undertaking letter.

Note 2 As disclosed under Section 9.1.2(b) of this Prospectus, our Group had leased a 2-storey shoplot from BRSB for a period commencing 15 September 2010 to 14 September 2011 to be utilised as a site office for a monthly rental of RM2,300.

Our Directors are of the view that the above recurrent related party transactions were conducted on arm's length basis and are carried out in the ordinary course of business and on competitive commercial terms not more favourable to the related parties than those generally available to the public and were not to the detriment of our minority shareholder.

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

We anticipate that our Group would, in the ordinary course of business, continue to enter into certain transactions as disclosed above with the related parties as the transactions are necessary for our day-to-day operations. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time.

The Audit Committee will supervise the terms of related-party transactions, and the Directors of our Company will report related-party transactions, if any, annually in our Company's annual report.

Kindly refer to Section 8.1(c) of this Prospectus for further details in relation to the shareholders' mandate for related party transactions.

(b) Non-Recurrent RPT

For the past three (3) FYE up to 30 June 2010, our Group does not have any other existing and/or proposed non-recurrent related-party transactions entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or key management and/or persons connected to them as defined under Section 122A of the Act:-

i) Trade-in-Nature

Related Party	Nature of Transaction	Interested Promoter / Director / Substantial Shareholder	Nature of Interest	Transaction Value (RM'000) @			
				FYE 30 June			
				Actual			Estimate
2008	2009	2010	2011^				
HUSB	Marine construction works (Note 1)	1. Leaw Brothers 2. Foo Polin	Leaw Brothers are substantial shareholders and directors (excluding Datuk Leaw Tua Choon) of HUSB. Foo Polin is a person connected to the Leaw Brothers.	10,629	20,264	15,836	23,529
SOSB	Marine construction works (Note 2)	1. Leaw Brothers 2. Foo Polin	Datuk Leaw Tua Choon is a substantial shareholder and director of SOSB. Leaw Seng Hal, Leaw Ah Chye, and Foo Polin are persons connected to him by virtue of their family relationships.	-	-	21,969	55,198
SSB	Marine construction works (Note 3)	1. Leaw Brothers 2. Foo Polin	Leaw Brothers are substantial shareholders and directors of SSB. Foo Polin is a person connected to the Leaw Brothers.	-	-	-	10,089

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

Related Party	Nature of Transaction	Interested Promoter / Director / Substantial Shareholder	Nature of Interest	Transaction Value (RM'000) @			
				FYE 30 June			
				Actual			Estimate
				2008	2009	2010	2011
Benatec Marine Sdn Bhd ("BMSB")	Marine construction works which was secured by BMSB and was sub-contracted to BSB. These contracts were secured by BMSB from various companies (Note 4)	1. Leaw Brothers 2. Foo Polin via G-Plex	Leaw Brothers and Foo Polin are substantial shareholders and directors (except Foo Polin) of BMSB.	12,316	6,696	3,445	3,051
OGSB	Provision of vessels chartering to BSB and BenShip (Note 5) Payment of fuel cost by BSB to OGSB	1. Leaw Brothers 2. Foo Polin	Leaw Brothers are substantial shareholders and directors of OGSB. Foo Polin who is the niece of the Leaw Brothers is a person connected to the Leaw Brothers.	(17,455) (10,666)	(15,696) -	(11,782) -	(7,608) -
Bumi Tabah Sdn Bhd ("BTSB")	Marine construction works (Note 6)	1. Leaw Brothers 2. Foo Polin	Datuk Leaw Tua Choon is a substantial shareholder and director of BTSB. Leaw Seng Hai, Leaw Ah Chye, and Foo Polin are persons connected to him by virtue of their family relationships.	2,185	-	5	-
Oceanlec	Management fees	1. Leaw Brothers 2. Foo Polin	Leaw Brothers are substantial shareholders and directors of Oceanlec. Foo Polin who is the niece of the Leaw Brothers is a person connected to the Leaw Brothers.	-	-	4,680	1,000
Oceanview Property Sdn Bhd ("OPSB") Oceanfront Land Sdn Bhd ("OLSB") Atlantic Property Sdn Bhd ("APSB") Oceanic Sdn Bhd ("Oceanic")	Marine construction works (Note 7)	1. Leaw Brothers 2. Foo Polin	Deemed interested by virtue of their substantial shareholdings and directorships as follows:- i) Leaw Seng Hai and Leaw Ah Chye in APSB and Oceanic. ii) Leaw Seng Hai and Datuk Leaw Tua Choon in OLSB iii) Leaw Ah Chye and Datuk Leaw Tua Choon in OPSB Foo Polin who is the niece of the Leaw Brothers is a person connected to the Leaw Brothers.	-	-	-	3,750

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

Related Party	Nature of Transaction	Interested Promoter / Director / Substantial Shareholder	Nature of Interest	Transaction Value (RM'000) @			
				FYE 30 June			
				Actual			Estimate
				2008	2009	2010	2011 [^]
OGSB	Provision of ship repair and maintenance works by BenShip to OGSB	1. Leaw Brothers 2. Foo Polin	Leaw Brothers are substantial shareholders and directors of OGSB. Foo Polin who is the niece of the Leaw Brothers is a person connected to the Leaw Brothers.	-	650	744	-
BMSB	Rental of marine equipment	1. Leaw Brothers 2. Foo Polin via G-Plex	Leaw Brothers and Foo Polin are substantial shareholders and directors (except Foo Polin) of BMSB.	549	-	-	-
Taman Pandang Sdn Bhd ("TPSB")	Rental of machineries	1. Leaw Brothers 2. Foo Polin	Lee Gaik Lian, the spouse of Datuk Leaw Tua Choon is a substantial shareholder of TPSB. Leaw Seng Hai, Leaw Ah Chye and Foo Polin are persons connected to her by virtue of their family relationships.	(150)	(150)	(150)	-
OGMSB	Sale of sand ex-sea bed and sub-contracting for discharging ("OGMSB Sub-contracting Services") (Note 8)	1. Leaw Brothers 2. Foo Polin	Leaw Seng Hai is a director of OGMSB. The spouses of the Leaw Brothers and Leaw Seng Hai are substantial shareholders of OGMSB. Leaw Ah Chye, Datuk Leaw Tua Choon and Foo Polin are persons connected to them by virtue of their family relationships.	(12,492)	(13,883)	(11,051)	(8,000)
	Rental of marine equipment			13	63	88	-

* Negligible

@ Transaction value relates to the amount of contract value recognized during the financial year in accordance with the stages of completion of the respective contracts.

[^] The transaction value for FYE 30 June 2011 is an estimated value hence the actual transaction value may differ from the estimated value provided.

Note 1: HUSB had on 1 August 2005 entered into an agreement with the State Government of Melaka to reclaim and develop a piece of land measuring an area of 180 acres. HUSB had pursuant to an agreement entered into on 15 July 2007 with BSB, appointed BSB to undertake the reclamation works for the said land for an estimated contract value of approximately RM71.3 million. Arising from the said arrangements, BSB will be entitled to retain 142.5 acres of the said land. As at FYE 30 June 2010, a total of 67% of the said land based on contract cost has been reclaimed by BSB and the contract is expected to be completed by 2011.

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

- Note 2 : SOSB had on 27 March 2008 entered into an agreement with the State Government of Melaka to reclaim and develop a piece of land measuring an area of 180 acres. SOSB had pursuant to an agreement entered into on 16 July 2009 with BSB, appointed BSB to undertake the reclamation works for the said land with an estimated contract value of approximately RM77.2 million. Arising from the said arrangements, BSB will be entitled to retain 142.5 acres of the said land. As at FYE 30 June 2010, a total of 28.5% of the said land has been reclaimed by BSB and the contract is expected to be completed by 2011.*
- Note 3 : SSB had on 31 December 2008 entered into an agreement with the State Government of Melaka to reclaim and develop a piece of land measuring an area of 720 acres. SSB had pursuant to an agreement entered into on 10 September 2010 with BSB, appointed BSB to undertake the reclamation works for the said land with an estimated contract value of RM468.0 million. Arising from the said arrangements, BSB will be entitled to retain 570 acres of the said land. The project has yet to commence.*
- Note 4 : These companies comprise Nilizi Construction Sdn Bhd, Wibawa Works Sdn Bhd, Talmex Corporation Sdn Bhd, Yenzoon (M) Sdn Bhd and ABS Maju Sdn Bhd.*
- Note 5 : Relating to the chartering of vessels held by OGSB to BSB during the financial periods under review, these vessels were subsequently acquired by BSB via the Acquisitions of OML and Acquisition of Pacific which was completed on 30 September 2010.*
- Note 6 : BTSB had on 30 August 2000 entered into an agreement with the State Government of Melaka to undertake marine construction works. On 15 July 2007, a letter of award was issued by LSK Engineering Consultants on behalf of BTSB to BSB for a contract value of RM3 million.*
- Note 7 : BSB had on 1 September 2010 entered into agreements with APSB and OLSB and had on 10 September 2010 entered into agreements with Oceanic and OPSB respectively to reclaim and develop a piece of land measuring a total area of 144.25 acres for a total contract sum of RM75.0 million. Arising from the said arrangements, BSB will be entitled to retain approximately 97.35 acres of the said land. The project has yet to commence.*
- Note 8 : OGMSB had during the financial years under review, acted as an agent / intermediary for the Group for the purchase of sand ex-sea bed from Nilizi Sdn Bhd as part of the Group's risk management policy. This arrangement was part of the Group's risk management policy, whereby to minimise potential claims, arbitration and litigation which may directly affect BSB, the Leaw Brothers had entered into sand supply contracts with an agent (who in turn has executed sand supply contracts with the licensed concessionaire), instead of purchasing directly from the sand concessionaire. As at the LPD, Benatec Maritime Sdn Bhd (a wholly-owned subsidiary of BSB) has executed the sand supply contract directly with the sand concessionaire.*

For information purposes, the above non-recurrent RPT (for marine construction works) arises due to the award of state contracts and third (3rd) parties to related parties who then subsequently contracted with our Group for the same. Following completion of the aforementioned contracts, all future contracts of similar nature will be tendered and awarded directly via our Group. Similarly, following completion of the contract for the OGMSB Sub-contracting Services, our Group will source / contract directly from third (3rd) party suppliers. Accordingly, going forward our Group will not enter into any transactions of the above nature.

Our Directors are of the view that the above non-recurrent RPT were conducted on arm's length basis and on terms not more favourable to the related parties than those generally available to the public. Until the completion of the above transactions, our Audit Committee will supervise the terms of related party transactions, and the Directors of our Company will report such related party transactions, if any, annually in our Company's annual report.

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

ii) Non-Trade in Nature

Related Party	Nature of Transaction	Interested Promoter / Director / Substantial Shareholder	Nature of Interest	Transaction Value (RM'000)			
				FYE 30 June			
				Actual			Estimate
				2008	2009	2010	2011*
Oceanlec ("Purchase of Vessels")	Purchase of vessels from Oceanlec by BSB	1. Leaw Brothers 2. Foo Polin	Deemed interested by virtue of their substantial shareholdings and / or directorship in Oceanlec. Foo Polin is the niece of the Leaw Brothers.	-	(15,763)	-	-
Oceanlec ("Disposal of Oceanlec")	Disposal of Oceanlec to the Leaw Brothers	1. Leaw Brothers 2. Foo Polin	Deemed interested by virtue of their substantial shareholdings and / or directorship in Oceanlec. Foo Polin is the niece of the Leaw Brothers.	-	-	28,932	-
Oceanlec (Note 1)	Rental of properties	1. Leaw Brothers 2. Foo Polin	Deemed interested by virtue of their substantial shareholdings and / or directorship in Oceanlec. Foo Polin is the niece of the Leaw Brothers.	-	-	-	(11)
OGSB	Disposal of machinery from BenShip to OGSB	1. Leaw Brothers 2. Foo Polin	Leaw Brothers are substantial shareholders and directors of OGSB. Foo Polin who is the niece of the Leaw Brothers is a person connected to the Leaw Brothers.	-	32	-	-

* The transaction value for FYE 30 June 2011 is an estimated value hence the actual transaction value may differ from the estimated value provided.

Note 1 Our Group had leased a one (1) floor business unit from Oceanlec as its branch office in Singapore for a period commencing 15 September 2010 to 14 December 2010 for a monthly rental of SGD1,500.

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8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

Save for the Purchase of Vessels and Disposal of Oceanlec transactions, our Directors are of the view that the above non-recurrent RPT were conducted on arm's length basis and on terms not more favourable to the related parties than those generally available to the public. Until the completion of the above transactions, our Audit Committee will supervise the terms of related party transactions, and the Directors of our Company will report such related party transactions, if any, annually in our Company's annual report.

For information purposes, the Purchase of Vessels and Disposal of Oceanlec were not conducted on an arm's length basis given that notwithstanding that the purchase price and disposal consideration were based on NBV and NA, respectively, the said NBV and NA may differ from the then prevailing market prices. The purchase price for the Purchase of Vessels was derived based on NBV of the vessels while the disposal consideration for the Disposal of Oceanlec was derived based on the NA of Oceanlec. The Purchase of Vessels and Disposal of Oceanlec were not undertaken on an arms length basis at that point in time as the transaction was undertaken as part of the streamlining efforts of the then BSB Group whereby Oceanlec was still a wholly owned subsidiary of BSB. In addition, the disposal of Oceanlec to the Leaw Brothers in 2010 was not conducted on arms length basis at the point of time of the transaction in view that both BSB and Oceanlec are held by similar parties. Hence, the market value of the assets, which may differ from the NBV and NA of the assets, were not assessed at the point of transaction and as such the impact on the Group may not be quantified given the absence of such market value.

(c) Recurrent RPT of a Revenue or Trading Nature

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of related-party transactions involving recurrent transactions of revenue or trading nature subject, inter-alia, to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related-party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under paragraph 10.09(1) of the Listing Requirements;
- (c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Due to the time-sensitive nature of commercial transactions, the shareholders mandate will enable us, in our normal course of business, to enter into the categories of related-party transactions, provided such related-party transactions are made at arm's length and on normal commercial terms.

Bursa Securities had on 8 December 2010 approved an extension of time from the date of our Listing to the date of our next extraordinary general meeting or annual general meeting, whichever earlier, to allow our Group to obtain shareholders' ratification and shareholders' mandate for recurrent related-party transactions to be entered into by us or any of our subsidiaries with our directors or substantial shareholders or persons connected with such directors or substantial shareholders.

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)**8.2 TRANSACTION THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

Our Directors have confirmed that to the best of their knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of our subsidiaries was a party in respect of the past three (3) FYE up to 30 June 2010.

8.3 OUTSTANDING LOANS (INCLUDING GUARANTEES OF ANY KIND) MADE BY US OR ANY OF OUR SUBSIDIARIES TO / FOR THE BENEFIT OF RELATED PARTIES

Our Directors have confirmed that to the best of their knowledge and belief, other than as disclosed below, there are no outstanding loans (including guarantees of any kind) made by our Company and/or subsidiaries to or for the benefit of any related party in respect of the past three (3) FYE up to 30 June 2010:-

Transacting Parties	Nature of Transaction	Nature of Interests	Balance (RM'000) as at		
			FYE 30 June		
			2008	2009	2010
Leaw Brothers' group of companies (Note 1)	Advances to companies related to the Leaw Brothers	Deemed interested by virtue of the Leaw Brother's substantial shareholdings and / or directorships in those companies ↓	15,250	25,714	-
	Advances from companies related to the Leaw Brothers		(43,642)	(59,807)	(18,196)

Note:-

Note 1 *Comprises Arus Harta (M) Sdn Bhd, Atlantic Property Sdn Bhd, BRSSB, BMSB, Benalec Trading Sdn Bhd, Benalec Marineworks Sdn Bhd, Benalec Supply Sdn Bhd, Crystal Land Realty Sdn Bhd, Gayamarine Sdn Bhd, G-Plax, HUSB, Juara Geliga Sdn Bhd, Kesumas Sdn Bhd, OGSB, OGMSB, Orientalcove Sdn Bhd, OG Shipyard Sdn Bhd, Oceanlec, Oriental Pacific Pte Ltd, Oceanview Land Sdn Bhd, Oceanfront Land Sdn Bhd, Oriental Grandeur Pte Ltd, OG Marine Pte Ltd, Oceancove, Oceanic Sdn Bhd, Oceanlec Marine Pte Ltd, Oceanview Property Sdn Bhd, Oceanfront Realty Sdn Bhd, Oceanfront Development Sdn Bhd, Oceanview Development Sdn Bhd, Oceanview Cove Sdn Bhd, Oceancove Land Sdn Bhd, Oceancove Property Sdn Bhd, Oceancove Development Sdn Bhd, Sentosa Saksama Sdn Bhd, Benalec Industries Sdn Bhd, Orientalcove Land Sdn Bhd, SSB, Sentosa Shipyard Sdn Bhd, Sentosacove Land Sdn Bhd, Sentosa Saksama Kuari Sdn Bhd, Silverfox (M) Sdn Bhd, Sentosacove Property Sdn Bhd, Sentosacove Realty Sdn Bhd, Seaview Land Sdn Bhd, SOSB, Strategic Property Sdn Bhd and TPSB.*

The above outstanding advances and balances were without interest. All advances to the above mentioned transacting parties had been fully collected. Accordingly, going forward our Group will only enter into any transactions of the above nature subject to compliance with relevant laws and regulations.

The advances from companies related to the Leaw Brothers to our Group were utilized for, inter-alia, financing of our Group's marine construction operations as well as acquisition of vessels during the financial years under review. Such advances are unsecured, interest free and do not have a fixed term of repayment.

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)**8.3.1 Provision of guarantee by related parties**

Transacting Parties	Potential / actual areas of conflict of interest and / or related transactions	Nature of Transaction	Period	Amount Utilised (RM'000)		
				FYE 30 June 2008	FYE 30 June 2009	FYE 30 June 2010
BSB and OCBC Bank (Malaysia) Berhad	The Leaw Brothers are the Promoters and substantial shareholders of our Group. They are also the substantial shareholders in OGSB and HUSB	Corporate guarantee provided by OGSB and HUSB for a term loan facility of BSB	15 years term loan commencing from 05.02.2004	1,457	1,333	1,212

The above transactions were not conducted on an arm's length basis as OGSB and HUSB (joint guarantors) are not entitled to receive any interest or other benefits from providing the guarantees. However, the provisions of the guarantees are beneficial to our Group.

Our Group intends to obtain the release and discharge of the aforementioned guarantees from the above bank and replace them with corporate guarantees provided by our Group upon the completion of our Listing. Our Group does not expect the revised terms and conditions of the banking facilities following the discharge of the guarantees and their replacement by corporate guarantees to be provided by our Group, to have any material adverse impact on our Group.

8.4 INTERESTS IN SIMILAR BUSINESS

As at LPD, to the best of knowledge and belief of our Directors and substantial shareholders, save as disclosed below, none of our other Directors or substantial shareholders are interested, directly or indirectly, in any business carrying on a similar trade as our Group which would give rise to a conflict of interest situation:-

Name of Interested Promoters / Directors / substantial shareholders	Name of Company	Principal Activities	Nature of Interest	% of equity shareholdings
1. Leaw Brothers 2. Foo Polin	Oceanlec	Marine Construction, Transportation & Trading of vessels	Leaw Brothers are substantial shareholders and directors of Oceanlec. Foo Polin who is the niece of the Leaw Brothers is a person connected to the Leaw Brothers.	100.0%
1. Leaw Brothers 2. Foo Polin	Sratai Sdn Bhd ("Sratai")	Sand concessionaire	Lee Gaik Lian, the spouse of Datuk Leaw Tua Choon is a substantial shareholder and director of Sratai. Leaw Seng Hai, Leaw Ah Chye and Foo Polin are persons connected to her by virtue of their family relationships.	-

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

Name of Interested Promoters / Directors / substantial shareholders	Name of Company	Principal Activities	Nature of Interest	% of equity shareholdings
1. Leaw Brothers 2. Foo Polin	TPSB	Civil contractor	Lee Gaik Lian, the spouse of Datuk Leaw Tua Choon is a substantial shareholder of TPSB. Leaw Seng Hai, Leaw Ah Chye and Foo Polin are persons connected to her by virtue of their family relationships.	-*
1. Leaw Brothers 2. Foo Polin	OGSB	Vessel owner and operator	Leaw Brothers are substantial shareholders and directors of OGSB. Foo Polin who is the niece of the Leaw Brothers is a person connected to the Leaw Brothers.	100.0%
1. Leaw Brothers 2. Foo Polin (via G-Plex)	BMSB	Marine construction works	Leaw Brothers and Foo Polin are substantial shareholders and directors (except Foo Polin) of BMSB.	100.0%
1. Leaw Brothers 2. Foo Polin	Benalec Marineworks Sdn Bhd	Marine construction works	Leaw Seng Hai and Leaw Ah Chye are substantial shareholders and directors of Benalec Marineworks Sdn Bhd. Datuk Leaw Tua Choon and Foo Polin are persons connected to them by virtue of their family relationships.	100.0%
1. Leaw Brothers 2. Foo Polin	OGMSB	Vessel chartering, supply of construction materials and shipping agent	Leaw Seng Hai is a director of OGMSB. The spouses of the Leaw Brothers and Leaw Seng Hai are substantial shareholders of OGMSB. Leaw Ah Chye, Datuk Leaw Tua Choon and Foo Polin are persons connected to them by virtue of their family relationships.	48.0%^
1. Leaw Brothers 2. Foo Polin	BTSB	Property development	Datuk Leaw Tua Choon is a substantial shareholder and director of BTSB. Leaw Seng Hai, Leaw Ah Chye, and Foo Polin are persons connected to him by virtue of their family relationships.	19.0%

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

Name of Interested Promoters / Directors / substantial shareholders	Name of Company	Principal Activities	Nature of Interest	% of equity shareholdings
1. Leaw Brothers 2. Foo Polin	HUSB	Concessionaire	Leaw Brothers are substantial shareholders and directors (excluding Datuk Leaw Tua Choon) of HUSB. Foo Polin is a person connected to the Leaw Brothers.	75.0%
1. Leaw Brothers 2. Foo Polin	SOSB	Concessionaire	Datuk Leaw Tua Choon is a substantial shareholder and director of SOSB. Leaw Seng Hai, Leaw Ah Chye, and Foo Polin are persons connected to him by virtue of their family relationships.	49.0%
1. Leaw Brothers 2. Foo Polin	SSB	Concessionaire	Leaw Brothers are substantial shareholders and directors of SSB. Foo Polin is a person connected to the Leaw Brothers.	69.9%
1. Leaw Brothers 2. Foo Polin	OPSB	Land owner	Leaw Ah Chye and Datuk Leaw Tua Choon are substantial shareholders and directors of OPSB. Leaw Seng Hai and Foo Polin are persons connected to them by virtue of their family relationships.	100.0%
1. Leaw Brothers 2. Foo Polin	OLSB	Land owner	Leaw Seng Hai and Datuk Leaw Tua Choon are substantial shareholders and directors of OLSB. Leaw Ah Chye and Foo Polin are persons connected to them by virtue of their family relationships.	100.0%
1. Leaw Brothers 2. Foo Polin	APSB	Land owner	Leaw Seng Hai and Leaw Ah Chye are substantial shareholders and directors of APSB. Datuk Leaw Tua Choon and Foo Polin are persons connected to them by virtue of their family relationships.	100.0%

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

Name of Interested Promoters / Directors / substantial shareholders	Name of Company	Principal Activities	Nature of Interest	% of equity shareholdings
1. Leaw Brothers 2. Foo Polin	Oceanic	Land owner	Leaw Seng Hai and Leaw Ah Chye are substantial shareholders and directors in Oceanic. Datuk Leaw Tua Choon and Foo Polin are persons connected to them by virtue of their family relationships.	100.0%

The principal activities of Sentosa Saksama Sdn Bhd, Mega Rejoice Sdn Bhd, Daya Global Sdn Bhd, Gayamarine Sdn Bhd, Oceanlec Marine Pte Ltd, Orientalpacific Pte Ltd and Suakaya-Mega Sdn Bhd (companies in which the promoters / substantial shareholders are directors and / or substantial shareholders) are similar to that of Benalec Group but these companies are currently dormant.

Note:-

- * *Mdm. Lee Gaik Lian, a person connected to the Promoters holds 40.0% and 35.2% equity interest in Sratai and TPSB respectively and is a director of Sratai.*
- ^ *Includes the shareholdings of Leaw Seng Hai and the spouse of the Leaw Brothers.*

At present, Oceanlec can bid for projects in Singapore given that they own a BCA license whilst Benalec is in the midst of applying such BCA license. In this respect, Oceanlec will continue to bid for jobs in Singapore and in order to ensure no conflict of interest arises, Oceanlec have provided the following undertaking via a Deed of Undertaking dated 23 November 2010:-

- (a) any contracts / projects falling within the scope of Benalec Group's business which do not require a BCA license or where the Benalec Group is able to directly participate, Oceanlec irrevocably and unconditionally undertakes and agrees that it shall not undertake, bid or compete for such contracts / projects; and
- (b) any contracts / projects that require a BCA License (including but not limited to any current contract(s) of Oceanlec), Oceanlec irrevocably and unconditionally undertakes and agrees that it shall provide the Benalec Group with the first right of refusal and exclusivity to be a sub-contracting party for activities which falls within the Group's expertise and business, subject to the consent / approval from the respective counter parties for those contracts / projects (if applicable).

The abovementioned undertakings by Oceanlec shall continue until such point where any entity(ies) within the Benalec Group obtains a BCA License. Oceanlec irrevocably and unconditionally undertakes and agrees that once the Group obtains a BCA License, it shall not compete with the Benalec Group or perform or be involved in any activity which is in competition or in conflict with the business or be involved in any similar business with the Benalec Group.

In addition, the Promoters of Benalec have provided their respective undertaking that so long as they remain Directors and / or substantial shareholders of Benalec, the companies which they are involved in and have similar businesses as the Benalec Group (inclusive of companies which are dormant) and any other entities which they are involved in and persons connected to them, shall not directly or indirectly compete or will not carry out business in conflict with the business of the Benalec Group. The Promoters of Benalec have also undertaken not to be involved in new businesses which will directly or indirectly compete or be in conflict with the businesses of Benalec Group in the future.

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

In view of the above, our Board is of the opinion that there is no existing or potential conflict of interest situation arising from the shareholdings and directorship of the Directors and / or substantial shareholders of our Group in the abovementioned companies.

8.5 INTERESTS IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP

To the best knowledge and belief of our Directors and substantial shareholders, save as disclosed below, none of our Directors and substantial shareholders is interested directly and / or indirectly in any other business or corporation which is a customer or supplier of our Group as at the LPD:-

i) Leaw Seng Hai

Name of Company	Nature of Business	Relationship	Position (Director/ Shareholder)	Direct (%)	Indirect (%)
Oceanlec	Marine Construction, Transportation & Trading of vessels	Customer	Director and shareholder	51.00	-
HUSB	Concessionaire	Customer	Director and shareholder	25.00	-
BMSB	Marine construction works	Customer	Director and shareholder	25.00	-
OGMSB	Vessel chartering, supply of construction materials and shipping agent	Supplier	Director and shareholder	6.00	30.00 ⁽¹⁾
OGSB	Vessel owner and operator	Customer / Supplier	Director and shareholder	33.40	-
SSB ⁽²⁾	Concessionaire	Customer	Director and shareholder	23.30	-
APSB ⁽²⁾	Land owner	Customer	Director and shareholder	50.00	-
Oceanic ⁽²⁾	Land owner	Customer	Director and shareholder	50.00	-
OLSB ⁽²⁾	Land owner	Customer	Director and shareholder	50.00	-

Note:-

⁽¹⁾ Deemed interested pursuant to Section 6A of the Act by virtue of his spouse's shareholdings in OGMSB.

⁽²⁾ As at LPD, the aforesaid contracts / projects for the above companies have yet to commence.

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

ii) Datuk Leaw Tua Choon

Name of Company	Nature of Business	Relationship	Position (Director/ Shareholder)	Direct (%)	Indirect (%)
SOSB	Concessionaire	Customer	Director and shareholder	49.0	-
BTSB	Property development	Customer	Director and shareholder	19.0	-
Oceanlec	Marine Construction, Transportation & Trading of vessels	Customer	Director and shareholder	24.5	-
HUSB	Concessionaire	Customer	Shareholder	25.0	-
BMSB	Marine construction works	Customer	Director and shareholder	25.0	-
OGMSB	Vessel chartering, supply of construction materials and shipping agent	Supplier	-	-	6.00 ⁽¹⁾
OGSB	Vessel owner and operator	Customer / Supplier	Director and shareholder	33.3	-
TPSB	Civil contractor	Supplier	-	-	35.2 ⁽¹⁾
SSB ⁽²⁾	Concessionaire	Customer	Director and shareholder	23.30	-
OPSB ⁽²⁾	Land owner	Customer	Director and shareholder	50.0	-
OLSB ⁽²⁾	Land owner	Customer	Director and shareholder	50.0	-

Note:-

⁽¹⁾ Deemed interested pursuant to Section 6A of the Act by virtue of his spouse's shareholdings in OGMSB and TPSB.⁽²⁾ As at LPD, the aforesaid contracts / projects for the above companies have yet to commence.

iii) Leaw Ah Chye

Name of Company	Nature of Business	Relationship	Position (Director/ Shareholder)	Direct (%)	Indirect (%)
Oceanlec	Marine Construction, Transportation & Trading of vessels	Customer	Director and shareholder	24.50	-
HUSB	Concessionaire	Customer	Director and shareholder	25.00	-
BMSB	Marine construction works	Customer	Director and shareholder	25.00	-
OGMSB	Vessel chartering, supply of construction materials and supply agent	Supplier	-	-	6.00 ⁽¹⁾

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

Name of Company	Nature of Business	Relationship	Position (Director/ Shareholder)	Direct (%)	Indirect (%)
OGSB	Vessel owner and operator	Customer / Supplier	Director and shareholder	33.30	-
SSB ⁽²⁾	Concessionaire	Customer	Director and shareholder	23.30	-
APSB ⁽²⁾	Land owner	Customer	Director and shareholder	50.00	-
Oceanic ⁽²⁾	Land owner	Customer	Director and shareholder	50.00	-
OPSB ⁽²⁾	Land owner	Customer	Director and shareholder	50.00	-

Note:-

⁽¹⁾ Deemed interested pursuant to Section 6A of the Act by virtue of his spouse's shareholdings in OGMSB.

⁽²⁾ As at LPD, the aforesaid contracts / projects for the above companies have yet to commence.

iv) Foo Polin

Name of Company	Nature of Business	Relationship	Position (Director/ Shareholder)	Direct (%)	Indirect (%)
BMSB	Marine construction works	Customer	Shareholder	-	25.0 ⁽¹⁾

Note:-

⁽¹⁾ Deemed interested through G-Plex by virtue of Section 6A of the Act.

The Directors and substantial shareholders of our Company are aware that the interests held by them in other businesses and corporations which are customers or suppliers to our Group may give rise to a conflict of interest situation with our Group's businesses. However, as disclosed under Section 8.1(a) and 8.1(b) above (save for Oceanlec Charter Contract and the rental of property from BRSB), the contracts entered into with those companies are non-recurrent in nature.

Our Board confirms that all dealings between the affected businesses and corporations above will be on an arm's length basis, to be transacted on normal commercial terms and not to the detriment of the minority shareholders of our Group.

In view of their interests in such companies, interested Directors and interested shareholders will be required to abstain from deliberations and voting on decisions and resolutions in relation to matters and/or transactions with the affected businesses and corporations. At the same time, the Audit Committee and Independent Directors will ensure proper disclosure and corporate governance in all business dealings with the affected businesses and corporations.

8.6 PROMOTIONS OF ANY MATERIAL ASSETS ACQUIRED / TO BE ACQUIRED WITHIN THREE (3) YEARS PRECEDING THE DATE OF THIS PROSPECTUS

Save for the Acquisitions, Internal Restructuring and as disclosed under Sections 9.2 and 9.5.1, there are no material assets acquired/ to be acquired within three (3) years preceding the date of this Prospectus.

8. RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

8.7 CONTRACTS OR ARRANGEMENTS IN WHICH OUR DIRECTORS OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND SIGNIFICANT IN RELATION TO OUR BUSINESS

Save as disclosed under Section 8.1(a) and 8.1(b), none of our Directors and/or substantial shareholders has interest in any contract or arrangement, which is significant in relation to the business of our Group.

8.8 DECLARATION BY THE ADVISERS

AmInvestment Bank hereby confirms that there are no existing or potential conflicts of interest in its capacity as the Principal Adviser, Sole Underwriter and Sole Placement Agent for the IPO.

As at LPD, AmBank (M) Berhad had, provided BSB and OG Marine Sdn Bhd credit facilities with a combined limit of up to approximately RM49.47 million (of which RM8.31 million are outstanding) ("AmBank Credit Facilities").

Save as disclosed above, AmInvestment Bank wishes to advise that it does not, as at LPD have any equity or other financial interest in the Benalec Group.

AmInvestment Bank confirms that there is no existing /potential conflict of interest in respect of its capacity as Principal Adviser, Sole Underwriter and Sole Placement Agent to the Benalec Group for its Listing on the basis that:-

- (a) AmInvestment Bank is a licensed investment bank and its appointment as Principal Adviser, Sole Underwriter and Sole Placement Agent for the Listing is in the ordinary course of its business;
- (b) AmBank (M) Berhad is a licensed commercial bank and the granting of the AmBank Credit Facilities are in the ordinary course of its business;
- (c) The conduct of AmInvestment Bank and AmBank (M) Berhad is regulated by Banking and Financial Institutions Act, 1989 and by their respective own internal controls and checks;
- (d) None of the proceeds from the Listing will be utilised to repay the AmBank Credit Facilities; and
- (e) The credit facilities granted by AmBank (M) Berhad is relatively small compared to the entire loan portfolio of AmBank (M) Berhad.

Messrs Wong Beh & Toh hereby confirms that there are no existing or potential conflicts of interest in their capacity as the Solicitors for the IPO.

Messrs BDO hereby confirms that there are no existing or potential conflicts of interest in their capacity as Reporting Accountants for the IPO.

Frost & Sullivan Malaysia Sdn Bhd hereby confirms that there are no existing or potential conflicts of interest in their capacity as the Independent Market Research Consultants for the IPO.

Raine & Horne hereby confirms that there are no existing or potential conflicts of interest in their capacity as the Independent Registered Valuers for the IPO.

9. OTHER INFORMATION CONCERNING OUR GROUP

9.1 INFORMATION ON LAND AND BUILDINGS

9.1.1 Summary of reclaimed land as at LPD

As set out in Section 4.2.1 of the Prospectus, in respect of our Group's land reclamation contracts, it is settled either via cash or Land Portion. We have set out herewith a summary of the reclaimed land (including those currently pending alienation) held or to be held by our Group, as follows:-

Postal Address / Title Identification / Plot	Registered Owner / Applicant	Description / Express Condition	Net Land Area (acres)	Land Cost / NBV (RM)	Remarks
Land held for sale					
PN 48916, Lot 2306, Kawasan Bandar VI, Melaka Tengah, Melaka	Benalec Land Sdn Bhd	Vacant land / Residential	5.30	3,694,948	The land title was issued by Pejabat Tanah Melaka Tengah on 19 May 2006 (Note 6)
PN 48917, Lot 2307, Kawasan Bandar VI, Melaka Tengah, Melaka	Benalec Land Sdn Bhd	Vacant land / Residential	5.17	3,604,871	
PN 48938, Lot 2308, Kawasan Bandar VI, Melaka Tengah, Melaka	Benalec Land Sdn Bhd	Vacant land / Residential	3.89	2,714,756	
PT 98, H.S.(D) 69020, Pekan Klebang Sek III, Melaka Tengah, Melaka (Note 5)	Orientalcove Property Sdn Bhd	Vacant land / Residential	3.85	2,746,764	The land title was issued by the State Authority of Melaka on 29 November 2010 (Note 7)
PT 99, H.S.(D) 69021, Pekan Klebang Sek III, Melaka Tengah, Melaka (Note 5)	Orientalcove Property Sdn Bhd	Vacant land / Residential	5.00	3,567,223	
PT 100, H.S.(D) 69022, Pekan Klebang Sek III, Melaka Tengah, Melaka (Note 5)	Orientalcove Property Sdn Bhd	Vacant land / Residential	5.00	3,567,223	
PT 101, H.S.(D) 69023, Pekan Klebang Sek III, Melaka Tengah, Melaka (Note 5)	Orientalcove Property Sdn Bhd	Vacant land / Residential	5.00	3,567,223	
PT 102, H.S.(D) 69024, Pekan Klebang Sek III, Melaka Tengah, Melaka (Note 5)	Orientalcove Property Sdn Bhd	Vacant land / Residential	5.00	3,567,223	

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Postal Address / Title Identification / Plot	Registered Owner / Applicant	Description / Express Condition	Net Land Area (acres)	Land Cost / NBV (RM)	Remarks
PT 103, H.S.(O) 69025, Pekan Klebang Sek III, Melaka Tengah, Melaka (Note 5)	Orientalcove Property Sdn Bhd	Vacant land / Residential	5.00	3,567,223	The land title was issued by the State Authority of Melaka on 29 November 2010 (Note 7)
PT 104, H.S.(D) 69026, Pekan Klebang Sek III, Melaka Tengah, Melaka (Note 5)	Orientalcove Property Sdn Bhd	Vacant land / Residential	5.00	3,567,223	
PT 105, H.S.(D) 69027, Pekan Klebang Sek III, Melaka Tengah, Melaka (Note 5)	Orientalcove Property Sdn Bhd	Vacant land / Residential	5.00	3,567,223	
PT 106, H.S.(D) 69028, Pekan Klebang Sek III, Melaka Tengah, Melaka (Note 5)	Orientalcove Property Sdn Bhd	Vacant land / Residential	5.00	3,567,223	
PT 107, H.S.(D) 69029, Pekan Klebang Sek III, Melaka Tengah, Melaka (Note 5)	Orientalcove Property Sdn Bhd	Vacant land / Residential	5.00	3,567,223	
PT 108, H.S.(D) 69030, Pekan Klebang Sek III, Melaka Tengah, Melaka (Note 5)	Orientalcove Property Sdn Bhd	Vacant land / Residential	5.00	3,567,223	
PT 427, H.S.(D) 69012, Pekan Klebang Sek II, Melaka Tengah, Melaka	Sentosacove Development Sdn Bhd	Vacant land / Commercial	6.14	2,837,117	The land title was issued by the State Authority of Melaka on 25 November 2010 (Note 8)
PT 428, H.S.(D) 69013, Pekan Klebang Sek II, Melaka Tengah, Melaka	Sentosacove Development Sdn Bhd	Vacant land / Commercial	5.52	2,241,537	
PT 429, H.S.(D) 69014, Pekan Klebang Sek II, Melaka Tengah, Melaka	Sentosacove Development Sdn Bhd	Vacant land / Commercial	5.62	2,283,309	
PT 430, H.S.(D) 69015, Pekan Klebang Sek II, Melaka Tengah, Melaka	Sentosacove Development Sdn Bhd	Vacant land / Commercial	6.09	2,473,794	
PT 431, H.S.(D) 69016, Pekan Klebang Sek II, Melaka Tengah, Melaka	Sentosacove Development Sdn Bhd	Vacant land / Commercial	6.76	2,748,225	
PT 432, H.S.(D) 69017, Pekan Klebang Sek II, Melaka Tengah, Melaka	Sentosacove Development Sdn Bhd	Vacant land / Commercial	7.23	2,938,107	

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Postal Address / Title Identification / Plot	Registered Owner / Applicant	Description / Express Condition	Net Land Area (acres)	Land Cost / NBV (RM)	Remarks
PT 434, H.S.(D) 69031, Pekan Klebang Sek II, Melaka Tengah, Melaka	Crystal Land Property Sdn Bhd	Vacant land / Commercial	7.73	3,491,724 (Note 2a)	The land title was issued by the State Authority of Melaka on 29 November 2010 (Note 7)
PT 435 H.S.(D) 69032, Pekan Klebang Sek II, Melaka Tengah, Melaka	Crystal Land Property Sdn Bhd	Vacant land / Commercial	5.02	2,317,045 (Note 2a)	
PT 436, H.S.(D) 69033, Pekan Klebang Sek II, Melaka Tengah, Melaka	Crystal Land Property Sdn Bhd	Vacant land / Commercial	5.02	2,317,045 (Note 2a)	
PT 437, H.S.(D) 69034, Pekan Klebang Sek II, Melaka Tengah, Melaka	Crystal Land Property Sdn Bhd	Vacant land / Commercial	5.02	2,317,616 (Note 2a)	
PT 438, H.S.(D) 69035, Pekan Klebang Sek II, Melaka Tengah, Melaka	Crystal Land Property Sdn Bhd	Vacant land / Commercial	5.08	2,345,684 (Note 2a)	
PT 433, H.S.(D) 69019, Pekan Klebang Sek II, Melaka Tengah, Melaka	Anus Kreatif Sdn Bhd	Vacant land / Commercial	6.08	2,610,141 (Note 2b)	
Sub-Total			139.52	79,354,913	
Vacant land pending alienation					
Plot EH under Plan No. JP/00/MEK/745/B/25	Benalec Land Sdn Bhd (Nota 1)	Vacant land / Residential (Note 10)	4.25	2,962,089	The application for alienation submitted by the concessionaire is still currently pending decision from Pejabat Tanah Melaka Tengah. We further understand that the delay arose due to certain unresolved land matters between the concessionaire and the State Government of Melaka. Notwithstanding the above, BSB had written to the concessionaire to seeking a cash compensation for Plot EH to be paid by 31 December 2010 should the Alienation Process remain unresolved.
Plot 1 - 6 under Plan No. JP/04/MEK/885/B/20 (Note 4)	Orientalcove Realty Sdn Bhd (Note 1)	Vacant land / Residential	31.00	20,743,415	Application for alienation made on 14 May 2009 is pending issuance of issue document of title from Pejabat Tanah Melaka Tengah (Note 11)
Plot 1 under Plan No. JP/04/MEK/885/B/23	Wilajali Sdn Bhd (Note 1)	Vacant land / Residential	5.00	3,284,250	

Company No: 702653-V

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Postal Address / Title Identification / Plot	Registered Owner / Applicant	Description / Express Condition	Nat Land Area (acres)	Land Cost / NBV (RM)	Remarks
Plot 12 of Plan No. JP/05/MEK/917/B/24	Heritage Property Sdn Bhd (Note 1)	Vacant land / Commercial	7.89	3,647,549	Application for alienation made on 23 June 2009 is pending issuance of issue document of title from the Pejabat Tanah Melaka Tengah (Note 9)
Plot 13 of Plan No. JP/05/MEK/917/B/29	Heritage Land Sdn Bhd (Note 1)	Vacant land / Commercial	7.80	3,603,280	
Plot 16 and 18 of Plan No. JP/05/MEK/917/B/21(2)	Crystal Land Development Sdn Bhd (Note 1)	Vacant land / Commercial (Note 10)	10.06	4,267,820 (Note 3)	Application for alienation made on 5 April 2010 is pending decision of Pejabat Tanah Melaka Tengah.
Plot 22 of Plan No. JP/05/MEK/917/B/28	Oceanfront Property Sdn Bhd (Note 1)	Vacant land / Commercial (Note 10)	5.51	3,078,457	Application for alienation made on 25 May 2010 is pending decision of Pejabat Tanah Melaka Tengah.
Plot No. 23 of Plan No. JP/05/MEK/917/B/29	Heritage Land Development Sdn Bhd (Note 1)	Vacant land / Commercial (Note 10)	5.51	3,078,457	
Plot No. 24 of Plan No. JP/05/MEK/917/B/30	Heritage Land Realty Sdn Bhd (Note 1)	Vacant land / Commercial (Note 10)	7.10	3,966,076	
Plot No. 25 - 29 of Plan No. JP/05/MEK/917/B/31	Klebang Property Sdn Bhd (Note 1)	Vacant land / Commercial (Note 10)	3.86	2,157,476	
Plot No. 1 of Plan No. JP/05/MEK/917/B/26	Sentiasacove Development Sdn Bhd (Note 1)	Vacant land / Commercial (Note 10)	1.51	686,942	Application for alienation made on 23 October 2009 is pending decision of Pejabat Tanah Melaka Tengah.
Plot No. 1 - 4 of Plan No. JPv/10/MAL/12/B/1	Strategic Land Sdn Bhd (Note 1)	Vacant land / Commercial (Note 10)	23.00	14,789,257	Application for alienation made on 30 June 2010 is pending decision of the Pejabat Tanah Melaka Tengah.
Plot No. 5 - 8 of Plan No. JPv/10/MAL/12/B/2	Strategic Cove Sdn Bhd (Note 1)	Vacant land / Commercial (Note 10)	24.46	16,729,455 (Note 2c)	
Plot No. 9 - 10 of Plan No. JPv/10/MAL/12/B/3	Oceanview Project Sdn Bhd (Note 1)	Vacant land / Commercial (Note 10)	10.44	7,141,405	
Plot No. 11 - 12 of Plan No. JPv/10/MAL/12/B/4	Oceanview Realty Sdn Bhd (Note 1)	Vacant land / Commercial (Note 10)	9.81	6,707,160	
Sub-Total			157.20	96,843,088	
Grand Total			296.72	176,198,001	

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Notes:-

- (1) Subsidiaries who will be the registered owner of the reclaimed land upon alienation of the land and issuance of documents title.
- (2) Sale and purchase agreement executed but pending completion.
- ¶(2a) Sale and Purchase Agreement dated 29 December 2009 between Crystal Land Property Sdn Bhd and Snow World Hotel Sdn Bhd, Crystal Land Property Sdn Bhd agrees to sell and Snow World Hotel Sdn Bhd agrees to purchase the Land Portion measuring approximately 27.87 acres free from all encumbrances, for a cash consideration of RM21,500,000.00. The Sale and Purchase Agreement is currently still pending completion and is expected to be completed in June 2011 when Snow World Hotel Sdn Bhd makes the full payment of balance purchase price.
- ¶(2b) Pursuant to the Sale and Purchase Agreement dated 7 April 2010 between Arus Kreatif Sdn Bhd and Solaris Commerce Sdn Bhd, Arus Kreatif Sdn Bhd agrees to sell and Solaris Commerce Sdn Bhd agrees to purchase the Land Portion measuring 6.08 acres free from all encumbrances for a cash consideration of RM7,409,556.00. The Sale and Purchase Agreement is currently still pending completion and is expected to be completed in February 2011 when Solaris Commerce Sdn Bhd makes the full payment of balance purchase price.
- ¶(2c) Pursuant to the Sale and Purchase Agreement dated 26 May 2010 between Strategic Cove Sdn Bhd and Nilizi Development Sdn Bhd, Strategic Cove Sdn Bhd agrees to sell and Nilizi Development Sdn Bhd agrees to purchase the Land Portion held under plot 5, 6, 7 and 8 measuring approximately 24.46 acres free from all encumbrances for a cash consideration of RM20,240,763.84. The Sale and Purchase Agreement is currently still pending completion and is expected to be completed when Nilizi Development Sdn Bhd makes the full payment of balance purchase price upon issuance of the issue documents of title.
- (3) On 26 April 2010, Crystal Land Development Sdn Bhd ("Crystal"), a wholly-owned subsidiary of BenaLEC, had entered into a deed of trust with Puncak Pasir Sdn Bhd ("PPSB") whereby Crystal will hold on trust approximately 10 acres from Plot 16 and 18 ("Crystal Land") of which 9.596 acres are held in trust for PPBSB pursuant to a land swap arrangement with a corresponding 9.566 acres land owned by PPBSB ("PPBSB Land"). As at LPD, BenaLEC has made an application for alienation of the PPBSB Land to its nominated subsidiaries.
- Pursuant to a Share Sale Agreement dated 29 November 2010 between BSB and PPBSB, BSB agrees to sell and PPBSB agrees to purchase BSB's entire equity stake in Crystal (which is the legal and beneficial owner of the remaining 0.4724 acres of Crystal Land) for a cash consideration of RM493,865.95. The Sale and Purchase Agreement is currently still pending completion and is expected to be completed when PPBSB makes the full payment of balance purchase price upon receipt of the relevant documents as stipulated in the Sale and Purchase Agreement.
- (4) The rights, title and interest to the property are assigned to Boon Siew Credit Berhad as securities for financing facilities of our Group.
- (5) The rights, title and interest of certain Land Portions have been assigned to Boon Siew Credit Berhad as securities for financing facilities of our Group. Following the issuance of document of title for Orientecove Property Sdn Bhd's entire 53.85 acres Land Portion on 29 November 2010 by the State Authority of Melaka, 33.85 acres of the Land Portion identified as PT98-102 and PT 107-108 may subsequently be subject to charges created by Boon Siew Credit Sdn Bhd on the Land Portion.
- (6) The issue document of title reflects, inter alia, the following:-
- | | |
|-------------------------|------------------------------------|
| Type of title | : State Lease |
| Lease Period | : 99 years expiring on 18 May 2105 |
| Category of Land Use | : Building |
| Restriction In Interest | : None |

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

- (7) The issue document reflects, *inter alia*, the following:-
- Type of title : State Lease
 - Lease Period : 99 years expiring on 28 November 2109
 - Category of Land Use : Building
 - Restriction in Interest : Consent from the State Authority shall be required for the transfer or lease of land, save for the first transfer
- (8) The issue document of title reflects, *inter alia*, the following:-
- Type of title : State Lease
 - Lease Period : 99 years from 24 November 2109
 - Category of Land Use : Building
 - Restriction in Interest : Consent from the State Authority shall be required for the transfer or lease of land, save for the first transfer
- (9) The issue document of title will be issued reflecting, *inter alia*, the following details stated in the Pejabat Tanah Melaka Tengah's approval letters dated 7 May 2010 and 1 November 2010 to each of the relevant Registered Owners:-
- Type of title : State Lease
 - Lease Period : 99 years from date of issuance of document of title
 - Category of Land Use : Building
 - Restriction in Interest : Consent from the State Authority shall be required for the transfer or lease of land, save for the first transfer
- (10) As the application for alienation is still pending decision from Pejabat Tanah Melaka Tengah, the express condition of the Land Portion is derived from the application for alienation which sets out the proposed use of the Land Portion.
- (11) The issue document will be issued, reflecting, *inter alia*, the following details stated in the Pejabat Tanah Melaka Tengah's approval letters dated 7 May 2010 and 1 November 2010 to each of Orientacove Realty Sdn Bhd and Wiljati Sdn Bhd:-
- Type of title : State Lease
 - Lease Period : 99 years from the date of issuance of document of title
 - Category of Land Use : Building
 - Restriction in Interest : Consent from the State Authority shall be required for the transfer or lease of land, save for the first transfer

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9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

9.1.2 Other land and buildings

(a) Owned

Details of the other land and buildings owned by our Group are as follows:-

No.	Name of Registered Owner and Postal Address/Title Identification	Description / Existing Use	Tenure / Date of Expiry of Lease / Approximate Age of Building	Approximate land area and / or Built up area	Restriction in Interest / Encumbrances	Certificate of Compliance and Completeness ("CCC") / Occupation Permit ("OP")	NBV as at 30 June 2010 (RM)
1.	BSB Hicom Indungen Sdn Bhd / Unit 12, Jalan J27J, Seksyen 27, Shah Alam, Selangor (H.S.(D) 228346, PT 371, Pokan Hicom, Daerah Petaling, Selangor) (Note 1)	3 storey terrace shop / Vacant	Freehold / - / 14 years	1,764.64 sq. ft / 4,790 sq. ft	Private caveat by Cilibank Berhad	Issued on 19 September 2000	562,629
2.	BSB No. 38, Jalan Pengacara U1/48, Temasya Industrial Park, Glenmarie, 40150 Shah Alam (H.S.(D) 102235, PT 16048, Mukim Damansara, Daerah Petaling, Selangor)	3 storey semi-detached factory office / Headquarter of the Group	Freehold / - / 14 years	9,597.92 sq. ft / 9,428.74 sq. ft	Charged to OCBC Bank (Malaysia) Berhad	Issued on 20 February 2000	2,384,560
3.	BenShip Kampung Sijangkang, Batu 7, Kawasan Banlung Laut, 42500 Telok Panglima Garang, Kuala Langat, Selangor (H.S.(D) 27282, PT 9723, Mukim Telok Panglima Garang, Kuala Langat, Selangor)	Industrial land erected with the workshop cum 2-storey office building / Shipping fabrication yard and office (Note 3)	Leasehold property for 60 years / Expiring on 4 March 2068 / 1 year	870,903.64 sq. ft / 31,092.97 sq. ft	Transfer, lease or charge of the property is subject to the prior approval from the state authority Charge in favour of CIMB Islamic Bank Bhd	BenShip has made an application for CCC approval on 8 October 2010 and is pending decision of Majlis Daerah Kuala Langat	6,044,731
4.	BSB Glenmarie Cove Development Sdn Bhd / No. 5, Jalan Damar Laut 1, Teluk Glenmarie, 42000 Pelabuhan Klang (Lot No. SD-72 in Mukim of Klang, District of Klang, State of Selangor Darul Ehsan) (Note 2)	Double storey semi detached house / Vacant	Freehold / - / 4 years	3,831.95 sq. ft / 2,436 sq. ft	Charge in favour of HSBC Bank Malaysia Berhad	Issued on 1 December 2006	602,783

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

No.	Name of Registered Owner and Postal Address/Title Identification	Description / Existing Use	Tenure / Date of Expiry of Lease / Approximate Age of Building	Approximate land area and / or Built up area	Restriction in Interest / Encumbrances	Certificate of Compliance and Completeness ("CCC") / Occupation Permit ("Op")	NBV as at 30 June 2010 (SGD)
5.	BSB (Singapore branch) BSB Singapore branch/ 18, Boon Lay Way #07-97, Tradehub 21 Singapore (Volume 857 Folio 159 Land Lot No. MK5-8356L)	1 business unit / BSB's Singapore branch office	Leasehold / 9 December 2063 / 3 years	1,431.6 sq. ft / 1,431.6 sq. ft	-	Issued on 4 October 2007	465,000

Notes:-

- (1) BSB is the beneficial owner of this property which is currently registered under the name of Hicom Indungen Sdn Bhd, which has sold the property to BSB pursuant to a completed sale and purchase agreement dated 20 November 1998. The individual title for the property (to be registered in the name of BSB), is currently pending issue document of title by the relevant authorities.
- (2) BSB is the beneficial owner of this property which is currently registered under the name of Glenmerie Cove Development Sdn Bhd, which has sold the property to BSB pursuant to a completed Sale and Purchase Agreement dated 12 August 2005. The individual title for the property (to be registered in the name of BSB), is currently pending issue document of title by the relevant authorities.
- (3) According to management estimates, our existing shipyard has the annual capacity to construct up to 8 tugboats and 4 barges. The annual capacity is calculated based on the duration to complete a vessel, assuming we operate 8 hours per day and 6 days a week. Annual capacity varies depending on the combination of the tugboats and barges to be built. As such, the annual capacities are based on the estimated average combination of tugboats and barges that can be completed in a year. For the FYE 30 June 2010, 3 tugboats were constructed by our shipyard.

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9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

(b) Leased

A summary of the land and buildings leased for our Group's operations is as follows:-

No.	Name of Registered Owner and location of leased properties	Duration of the lease	Description and existing Use	Area leased	Restriction in Interest/ Encumbrances	CCC / OP	Rental amount
1.	Benalec Realty Sdn Bhd 97,97-1 & 99-1, Jalan Kristal Taman Limbongan Indah 75200 Melaka	15.09.2010 ~ 14.09.2011	2 storey shoptlot Site office	3,069.24 sq. ft	Nil	Issued on 24 April 2009	RM2,300 per month

Save for the Sijangkang shipyard, the Directors of Benalec wish to highlight that, to the best of their knowledge and belief, the properties stated in Section 9,1 above:-

- (a) have not breached any of the land-use conditions / permissible land use; and
- (b) comply with current statutory requirements, land rules or building regulations.

9.2 ACQUISITIONS OF PROPERTIES DURING THE TWO (2) YEARS PRECEDING THE DATE OF THIS PROSPECTUS

Listed below are the details of the properties acquired during the last two (2) years preceding the date of this Prospectus: -

No.	Name of Registered Owner / location / type of property	Date of transaction*	Price paid
1	BSB 18, Boon Lay Way #07-97, Tradehub 21 Singapore (Volume 657 Follo 159 Land Lot No. MK5-8356L) / 1 business unit measuring 1,431.6 sq. ft	02.12.2010	SGD465,000

Note: -

- * BSB (Singapore branch) had on 18 October 2010 accepted a Letter of Option from a third (3rd) party to acquire the property which was completed on 2 December 2010.

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9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

9.3 MATERIAL PLANT AND EQUIPMENT

9.3.1 Vessels

Listed below is the detailed information on material plant and equipment owned by our Group:-

Owner	Name of Vessel / Category of Vessel	Year Built	Gross Tonnage (Tonne)	Proforma NBV as at 30 June 2010 (RM)
1. BSB	BENALEC GD 2 / Clamshell dredger	1983	476	1,278,333
2. BSB	CATHAY 233 / Barge	2002	1,343	1,303,044
3. BSB	CATHAY 2701 / Barge	2004	2,142	2,529,438
4. BSB	LABROY 162 / Barge	2001	1,298	1,502,333
5. BSB	OCEANLINK 231 / Barge	2007	1,424	1,688,845
6. BSB	OCEANLINK 232 / Barge	2007	1,424	1,688,845
7. BSB	OCEANLINK 235 / Barge	2007	1,424	1,738,856
8. BSB	OCEANLINK 253 / Barge	2007	2,307	3,241,728
9. BSB	OCEANLINK 256 / Barge	2007	2,290	3,370,778
10. BSB	OCEANLINK 257 / Barge	2007	2,290	3,370,778
11. BSB	OCEANLEC 232 / Barge	2008	1,424	2,891,093
12. BSB	OCEANLEC 181 / Barge	2008	638	1,041,517
13. BSB	OCEANLEC 182 / Barge	2008	638	1,041,517
14. BSB	OCEANLEC 205 / Tug boat	1985	151	3,249,790
15. BSB	AREPO 18 / Tug boat	2006	74.38	1,388,220
16. BSB	OCEANLINK GD 26 (formerly known as Tango 88) / Sand pump barge	1981	258	2,368,811
17. BSB	OCEANLEC 2310 / Barge	2008	1,424	1,972,033
18. Oceanline (Labuan) Ltd	CATHAY 321 / Tug boat	1999	247	6,291,028
19. OML	CATHAY SP 2 / Sand pump barge	1996	611	495,473
20. OML	CATHAY PB 1 / Piling barge	1997	1,082	659,267
21. OG Marine Sdn Bhd	OCEANLINE 236 / Barge	2007	1,424	1,939,497
22. OG Marine Sdn Bhd	OCEANLINE 237 / Barge	2007	1,424	1,931,798
23. OG Marine Sdn Bhd	OCEANLINE 186 / Barge	2007	636	840,556
24. OG Marine Sdn Bhd	OCEANLINE 187 / Barge	2007	636	848,256
25. OG Marine Sdn Bhd	OCEANLINE SPS 1 (formerly known as YAMANIJU) / Sand pump barge	1989	1,431	3,257,385
26. OG Marine Sdn Bhd	OCEANLINE SP 12 (formerly known as FUJIMARU) / Sand pump barge	1981	231	3,165,969
27. OG Marine Sdn Bhd	OCEANLINE SP 18 (formerly known as SHINKAMARU) / Sand pump barge	1975	177	2,224,735
26. OG Marine Sdn Bhd	OCEANLINE CSD 6 (formerly known as TAKAMARU) / Cutter suction dredger	1982	177	3,567,531
29. Oceanliner	OCEANLEC 303 / Barge	2008	3,231	5,200,000 #

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Owner	Name of Vessel / Category of Vessel	Year Built	Gross Tonnage	Proforma NBV as at 30 June 2010
			(Tonne)	(RM)
30. Oceanliner	OCEANLEC 305 / Barge	2008	3,231	5,200,000 #
31. Oceanliner	OCEANLINE 301 / Barge	2008	3,231	5,200,000 #
32. Oceanliner	OCEANLINE 302 / Barge	2008	3,231	5,200,000 #
33. Oceanliner	OCEANLINK 331 / Barge	2008	4,149	6,231,000 #
34. Oceanliner	OCEANLINK 332 / Barge	2008	4,149	6,231,000 #
35. Oceanliner	OCEANLEC 306 / Barge	2008	3,231	5,200,000 #
36. Oceanliner	OCEANLEC 307 / Barge	2008	3,231	5,200,000 #
37. Oceanliner	OCEANLINE 262 / Tug boat	2007	295	6,200,000 #
38. Oceanliner	OCEANLEC 263 / Tug boat	2008	272	6,350,000 #
39. Oceanliner	OCEANLEC 322 / Tug boat	2008	317	9,000,000 #
40. Pacific Marine Ltd	PACIFIC SP 11 (formerly known as Yoolim 4) / Sand pump ship	1995	469	1,583,252
41. Pacific Marine Ltd	CATHAY SP 3 / Sand pump ship	1988	320	374,667
42. Pacific Marine Ltd	CATHAY SP 1 / Sand pump barge	1992	457	201,468
43. Oceanline (Labuan) Ltd	CATHAY 3001 / Barge	2001	3,117	3,422,580
44. Oceanline (Labuan) Ltd	OCEANLINE 281 / Tug boat	2008	287	2,642,636
45. Oceanline (Labuan) Ltd	OCEANLINE 282 / Tug boat	2008	287	1,517,473
46. Oceanline (Labuan) Ltd	OCEANLINE 283 / Tug boat	2009	287	1,767,049
47. Oceanline (Labuan) Ltd	OCEANLINE 285 / Tug boat	2009	287	1,674,492
48. OML	CATHAY 123 (formerly known as MERLIN 123) / Sand pump barge	1996	259	893,494
49. OML	CATHAY CD 3 / Clamshell dredger	1996	447	1,000,000 #
50. OML	CATHAY CD 5 / Clamshell dredger	1988	476	1,900,000 #
51. OML	CATHAY CD 6 / Clamshell dredger	1996	437	1,000,000 #
52. OML	CATHAY GD 1 / Clamshell dredger	1989	195	200,000 #
53. OML	HIKARIGO / Sand pump barge	1995	2,112	3,400,000 #
54. Pacific	CATHAY 6 / Tug boat	1997	59.91	1,160,000 #
55. Pacific	CATHAY 28 / Tug boat	1995	43.18	1,150,000 #
56. Pacific	CATHAY 38 / Tug boat	1998	59.91	1,180,000 #
57. Pacific	CATHAY 68 / Tug boat	1982	48.99	900,000 #
58. Pacific	CATHAY 58 / Tug boat	1987	36.11	600,000 #
59. Pacific	CATHAY 78 / Tug boat	2000	40.57	1,260,000 #
60. Pacific	CATHAY 88 / Tug boat	1994	111.11	1,880,000 #
61. Pacific	CATHAY 98 / Tug boat	1978	89.93	600,000 #
62. Pacific	CATHAY 6 / Tug boat	1991	90.44	1,100,000 #
63. Pacific	CATHAY 16 / Tug boat	1988	93.15	1,100,000 #
64. Pacific	CATHAY 17 / Tug boat	1991	69.78	1,300,000 #

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Owner	Name of Vessel / Category of Vessel	Year Built	Gross Tonnage	Proforma NBV as at 30 June 2010
			(Tonne)	(RM)
65. Pacific	CATHAY 26 / Tug boat	1996	66.39	1,450,000 #
66. Pacific	CATHAY 36 / Tug boat	1998	66.39	1,470,000 #
67. Pacific	CATHAY 56 / Tug boat	2002	145.07	1,840,000 #
68. Pacific	CATHAY 76 / Tug boat	1992	78.46	1,100,000 #
69. Pacific	OCEANLINE 153 / Barge	1993	593	580,000 #
70. Pacific	CATHAY 187 / Barge	1994	616	1,000,000 #
71. Pacific	CATHAY 188 / Barge	1989	625	1,000,000 #
72. Pacific	CATHAY SP 7 (formerly known as CATHAY 180) / Sand pump barge	1993	639	1,200,000 #
73. Pacific	CATHAY 212 / Barge	1998	1,277	1,570,000 #
74. Pacific	CERGAS 222 / Barge	1997	1,273	1,700,000 #
75. Pacific	CERGAS 231 / Barge	1996	1,368	2,590,000 #
76. Pacific	CERGAS 232 / Barge	1996	1,413	2,640,000 #
77. Pacific	CATHAY 223 / Barge	1996	1,273	1,670,000 #
78. Pacific	CATHAY 251 / Barge	1997	1,972	3,450,000 #
79. Pacific	CATHAY SHB 1013 (formerly known as CATHAY SHB 1003) / Split hopper barge	1993	741	1,750,000 #
80. Pacific	CATHAY SHB 1005 / Split hopper barge	1993	835	1,260,000 #
81. Pacific	CATHAY SHB 1006 / Split hopper barge	1993	835	970,000 #
82. Pacific	CATHAY SHB 1019 (formerly known as CATHAY SHB 1009) / Split hopper barge	1993	741	1,750,000 #
83. Pacific	CATHAY 1811 (formerly known as AREPO 118) / Barge	1995	630	1,000,000 #
84. Pacific	CATHAY 1813 (formerly known as AREPO 318) / Barge	1993	634	970,000 #
85. Pacific	OCEANLINE 2322 (formerly known as AREPO 322) / Barge	1995	1,171	1,630,000 #
86. Pacific	OCEANLINK 2306 (formerly known as AREPO 236) / Barge	1996	1,425	2,590,000 #
87. Pacific	PIONEER 6 / Tug boat	1963 (rebuilt in 1993)	99.55	1,100,000 #
88. Pacific	OCEANLINE 11 (formerly known as JUMEIRAH) / Tug boat	1981	89	1,280,000 #
89. Pacific	OCEANLINK 2301 (formerly known as SMS 2301) / Barge	1996	1,362	2,780,000 #
90. Pacific	OCEANLINK 2302 (formerly known as ELINK 1) / Barge	1998	1,408	2,670,000 #
91. Pacific	OCEANLINE 21 (formerly known as ELINE 4) / Tug boat	1998	181	2,280,000 #
Others ^				25,990
Total				205,202,755

9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**Notes:-**

The vessels are held by Benalec pursuant to the Acquisition of BSB and Acquisition of Oceanliner based on the respective net assets as at 30 June 2010 and after taking into consideration the Internal Restructuring. For purposes of the Internal Restructuring, the said vessels were acquired by subsidiaries of BSB and Oceanliner after taking into consideration the market value as appraised by Raine & Horne. The Valuation Certificate as set out in Section 15 of this Prospectus is for disclosure purposes and does not require the approval of the SC.

^ *Others include 3 units of speedboat*

The number and types of vessels utilised in support of our marine construction activities and chartered to third (3rd) parties in the FYE 30 June 2010 is disclosed in Section 4.2.1(b).

The Board have declared that all the vessels of Benalec Group (save as disclosed below) as at 3 December 2010, are seaworthy and possess the necessary licence and certificates required for vessels operations.

(A) All the vessels of Benalec Group are seaworthy, save for Pioneer 6 (tugboat), Cathay SHB 1005 (split hopper barge) and Cathay 251 (barge), all of which are currently under repair and refurbishment;

(B) All the vessels of Benalec Group possess the necessary license and certificates required for vessels operations save for:-

Name of Vessel / Category of Vessel	Licenses and certificates which are pending authorities' approval for renewal
CATHAY SHB 1005 / Split hopper barge <i>(Note A)</i>	<ul style="list-style-type: none"> • International Load Line Certificate • International Tonnage Certificate
CATHAY 251 / Barge <i>(Note A)</i>	<ul style="list-style-type: none"> • International Load Line Certificate • International Tonnage Certificate
CATHAY 6 / Tug boat	<ul style="list-style-type: none"> • Cargo Ship Safety Radio Certificate
CATHAY 38 / Tug boat	<ul style="list-style-type: none"> • Cargo Ship Safety Equipment Certificate

Note A Under repair and refurbishment

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9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

- (C) The Board further confirms that the Domestic Shipping Licenses (“DSL”) of the following vessels are outstanding as at 3 December 2010 given that :-
- (i) the vessels are currently idle as they are vessels on stand-by for purposes of substituting other vessels during breakdown or scheduled repair and maintenance activities. It was Benalec Group’s practice to only apply for the necessary DSL as and when required; and/or
 - (ii) the vessels are for purposes of Benalec Group’s marine transportation and vessel chartering operations (out of Malaysia) whereby a DSL will not be required.

Nonetheless, Benalec Group has since applied for the said DSL which are currently pending from the Ministry of Transportation.

Name of Vessel	Category of Vessel
• OCEANLINE 2322 (formerly known as AREPO 322) /	Barge
• OCEANLEC 303	Barge
• LABROY 182	Barge
• OCEANLINE 153	Barge
• OCEANLINK 2306 (formerly known as AREPO 236)	Barge
• CATHAY GD 1	Clamshell dredger
• CATHAY PB 1	Piling barge
• CATHAY 123 (formerly known as MERLIN 123)	Sand pump barge
• OCEANLINK GD 26 (formerly known as Tango 88)	Sand pump barge
• CATHAY SP 2	Sand pump barge
• OCEANLINE SPS 1 (formerly known as YAMANIJU)	Sand pump barge
• OCEANLINE SP 12 (formerly known as FUJIMARU)	Sand pump barge
• OCEANLINE SP 18 (formerly known as SHINKAMARU)	Sand pump barge
• OCEANLINE 262	Tug boat
• OCEANLEC 263	Tug boat
• CATHAY 98	Tug boat
• CATHAY 76	Tug boat
• OCEANLINE 285	Tug boat
• OCEANLEC 322	Tug boat
• PIONEER 6	Tug boat

9.4 REGULATORY REQUIREMENT AND ENVIRONMENTAL ISSUE

Save as disclosed in Section 5.2.6 of this Prospectus, there are no regulatory requirement and environmental issue which may materially affect our operations and utilisation of assets.

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9. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)**9.5 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURES****9.5.1 Material capital expenditure and divestitures for the last three (3) financial years**

Save as disclosed below, the Group has not undertaken any material capital expenditures in the past three (3) FYE 30 June 2010 up to LPD:-

Description	Transaction value			From 1 July 2010 to LPD (RM'000)
	FYE 30 June			
	2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	
Barges	42,542 (20 vessels)	36,152 (16 vessels)	5,574 (2 vessels)	77,212 @ (27 vessels)
Tugboats	2,377 (1 vessel)	11,830 (4 vessels)	6,508 (1 vessel)	44,300 @ (21 vessels)
Dredgers	-	2,657 (1 vessel)	-	8,700 @ (6 vessels)
Land reclamation costs and construction cost for BenShip's shipyard facilities	1,556	3,671	954	-
Construction of tugboat	-	3,182 (1 vessel)	6,172 (3 vessels)	-

Notes:-

@ Being the acquisition of vessels arising from the Acquisition of Oceanlec Vessels and Acquisition of OML and Pacific by Oceanliner and BSB respectively which was deemed completed on 17 September 2010 and 30 September 2010.

Save as disclosed below, the Group has not undertaken any material capital divestures in the past three (3) FYE 30 June 2010 up to LPD:-

Description	Transaction value			From 1 July 2010 to LPD (RM'000)
	FYE 30 June			
	2008 (RM'000)	2009 (RM'000)	2010 (RM'000)	
Barges	18,427 (8 vessels)	22,478 (9 vessels)	18,429 (12 vessels)	-
Tugboats	3,137 (1 vessel)	-	6,998 (2 vessels)	-
Dredgers	2,370 (2 vessels)	-	-	-

9.5.2 Material Plans to Construct, Expand or Improve Facilities

We have no immediate plans to construct, expand or improve on existing facilities.

10. FINANCIAL INFORMATION**10.1 HISTORICAL FINANCIAL INFORMATION**

The following table sets out a summary of the proforma consolidated results of our Group for the past three (3) FYE 30 June 2010. The proforma consolidated results have been prepared on the assumption that our Group has been in existence throughout the periods under review.

The proforma consolidated results of our Group as illustrated below are based on the accounting principles and bases consistent with those adopted by our Group in the preparation of the audited financial statements for the FYE 30 June 2010, which have been prepared in accordance with FRS. Any adjustments that were dealt with when preparing our proforma consolidated financial statements have been highlighted and disclosed in Section 10.3 of this Prospectus. The proforma consolidated results are prepared for illustrative purposes only and should be read together with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information in Section 10.3 of this Prospectus.

	FYE 30 June		
	2008	2009	2010
	RM'000	RM'000	RM'000
Revenue	74,055	120,937	116,478
Cost of sales	(53,385)	(91,818)	(59,830)
Gross profit	20,670	29,119	56,648
Other operating income	2,737	6,559	23,089
Administrative expenses	(1,466)	(1,848)	(2,338)
Other operating expenses	(3,880)	(6,452)	(5,839)
Operating profits	18,061	27,378	71,560
Financing costs	(1,185)	(3,498)	(2,934)
PBT	16,876	23,880	68,626
Taxation	(3,436)	(6,614)	(10,245)
PAT	13,440	17,266	58,381
Attributable to:-			
- Equity holders of Benalec	13,440	17,266	58,381
- Minority interest	-	-	-
Number of Shares assumed in issue ⁽¹⁾	630,000	630,000	630,000
Gross EPS (sen)	2.68	3.79	10.89
Net EPS (sen)	2.13	2.74	9.27
Fully diluted EPS (sen) ⁽²⁾	1.84	2.37	8.00
EBITDA (RM'000)	24,575	35,576	82,314
Gross profit margin (%)	27.91	24.08	48.63
PBT margin (%)	22.79	19.75	58.92
PAT margin (%)	18.15	14.28	50.12

Notes:-

⁽¹⁾ based on the issued and paid-up share capital of 630,000,000 Shares after the Subdivision and Acquisitions.

⁽²⁾ Fully diluted EPS in the aforementioned context is calculated based on PAT divided by the enlarged issued and paid-up share capital after the Listing Scheme of 730,000,000 Shares (excluding ESOS).

10. FINANCIAL INFORMATION (Cont'd)**10.2 CAPITALISATION AND INDEBTEDNESS**

The following table summarises our cash and bank balances, capitalisation and interest bearing indebtedness:-

- (a) As at 30 June 2010 based on our proforma consolidated balance sheets after the Subdivision and Acquisitions but before the IPO; and
- (b) As adjusted for the net proceeds arising from the issuance of the Public Issue Shares and the utilisation of proceeds as set out in Section 2.6 of this Prospectus.

	Proforma as at 30 June 2010 after the Subdivision and Acquisitions	After IPO and utilisation of proceeds
	RM'000	RM'000
Cash and cash equivalents and fixed deposits	31,513 [@]	125,013
Indebtedness (Interest bearing)		
Secured short term borrowings[^]		
- Term loan	17,374	17,374
- Hire purchase	948	948
- Bankers acceptance	79	79
- Trust receipt	2,662	2,662
Secured long term borrowings[^]		
- Term loan	39,728	39,728
- Hire purchase	841	841
Contingent liabilities	-	-
Amount due to a related party (unsecured)[*]	45,307	45,307
Total indebtedness (Interest bearing)	106,939	106,939
Capitalisation		
Total shareholders' funds	151,176	244,676
Total capitalisation and indebtedness	258,115	351,615

[@] Included in fixed deposits is RM13.718 million held by certain Directors of BSB on behalf of the Group ("Affected FD") which have been pledged for banking facilities. Subsequent to the FYE 30 June 2010, BSB has received the approvals from its lenders for the discharge of charges over the Affected FD whereby upon completion of the aforesaid process (which is tentatively expected by the FYE 30 June 2011), the Affected FD will thereafter be placed under BSB's name.

^{*} Relates to part of the purchase consideration payable to Oceanlec arising from the Acquisition of Oceanlec Vessels completed on 17 September 2010 which carries an interest rate of 3.00% per annum to be repaid via thirty-six (36) equal monthly instalments.

[^] The borrowings as depicted above are secured against, inter-alia, the fixed deposits of the Group (including the Affected FD), joint and several guarantee by our Group's Directors and corporate guarantee given by companies in which certain directors have interest.

10. FINANCIAL INFORMATION (Cont'd)

10.3 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in the Prospectus)



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The Board of Directors
Benalec Holdings Berhad
38, Jalan Pengacara U1/48
Seksyen U1
Temasya Industrial Park
Glenmarie
40150 Shah Alam
Selangor Darul Ehsan

13 December 2010
Our ref: BDO/AO

Dear Sirs

**BENALEC HOLDINGS BERHAD ("Benalec" or "the Company")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

In connection with the Initial Public Offering exercise of the Company (as disclosed in Section 1.4 of the Proforma Consolidated Financial Information prepared by the Company), we have reviewed the proforma consolidated financial information of Benalec and its subsidiaries ("Benalec Group" or "the Group") for the three (3) financial years ended ("FYE") 30 June 2008, 30 June 2009 and 30 June 2010, with the accompanying notes thereon (stamped by us for identification purpose). These proforma consolidated financial information are prepared for illustration purpose only based on the audited financial statements of the Company and the Benalec Group, after making certain assumptions, and such adjustments to show the effects on:-

- (a) the consolidated financial results of Benalec Group for the financial years under review had the Benalec Group's structure as of the date of the prospectus been in existence throughout the relevant financial years;
- (b) the financial position of Benalec Group as at 30 June 2010 had the Benalec Group structure as of the date of the prospectus been in existence on 30 June 2010; and
- (c) the consolidated cash flows of Benalec Group for FYE 30 June 2010 had the Benalec Group structure as of the date of the prospectus been in existence throughout the FYE 30 June 2010.

As the proforma consolidated financial information has been prepared for illustrative purposes only, such information, because of its nature, may not reflect Benalec Group's actual financial results, financial position and cash flows for the financial years under review. Further, such information does not predict the Group's future financial position, results and cash flows.

The proforma consolidated financial information has been prepared for inclusion in the prospectus of Benalec in connection with the listing of and quotation for the entire issued and paid-up share capital of Benalec on the Main Market of Bursa Malaysia Securities Berhad.

It is the sole responsibility of the Directors of Benalec to prepare the proforma consolidated financial information in accordance with the requirements of the Prospectus Guidelines - Equity and Debt issued by Securities Commission ("Prospectus Guidelines"). Our responsibility is to form an opinion as required by the Prospectus Guidelines on the proforma consolidated financial information.

In providing this opinion, we are not updating or re-issuing any reports or opinion previously made by us or by other firms of chartered accountants which acted as auditors for the financial years under review, on any financial information used in the compilation of the proforma consolidated financial information, nor do we accept the responsibility for such reports or opinions beyond that is owed to those to whom those letters or opinions were addressed by us at the date of their issues.

10. FINANCIAL INFORMATION (Cont'd)



Our work consisted primarily of comparing the unadjusted financial information presented with their audited financial statements, considering the adjustments and discussing the proforma consolidated financial information with management of Benalec. Our works involve no independent examination of any of the underlying financial information other than our review of the financial statements of the Benalec Group for the FYE 30 June 2008 and 30 June 2009 prepared in accordance with applicable approved Private Entity Reporting Standards in Malaysia ("PERS") and our audit of the financial statements of the Benalec Group for the FYE 30 June 2010 prepared in accordance with applicable approved Financial Reporting Standards in Malaysia ("FRS").

In our opinion:

- (a) the proforma consolidated financial information of Benalec Group together with the accompanying notes, which are prepared for illustrative purposes only, have been properly prepared on the bases and assumptions as set out in the notes thereon, and such bases are consistent with the accounting policies adopted by Benalec, unless otherwise stated;
- (b) the audited financial statements used in the preparation of the proforma consolidated financial information, have been prepared in accordance with applicable approved FRS in Malaysia and the proforma consolidated financial information have been properly prepared in a manner consistent with the format of the financial statements adopted by Benalec Group;
- (c) each material adjustment made to the information used in the preparation of the proforma consolidated financial information are appropriate for the purposes of preparing the proforma consolidated financial information.

This letter has been prepared solely for the purpose stated above, in connection with the listing of and quotation for the entire issued and paid-up share capital of Benalec on the Main Market of Bursa Malaysia Securities Berhad. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

BDO
AF : 0206
Chartered Accountants

Ooi Thiam Poh
2495/01/12 (J)
Chartered Accountant

10. FINANCIAL INFORMATION (Cont'd)



BENALEC HOLDINGS BERHAD (702653-V)
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1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME

1.1 Proforma Group

The proforma consolidated financial information of Benalec Holdings Berhad ("Benalec" or "the Company") and its subsidiaries, as disclosed in Section 1.4 ("Benalec Group" or "the Group"), are prepared for illustrative purposes only. The relevant financial years of Benalec Group for this Report cover the financial years ended ("FYE") 30 June 2008, 30 June 2009 and 30 June 2010.

The proforma consolidated financial information of Benalec Group has been prepared on the assumption that the Group had been in existence throughout the FYE 30 June 2008, 30 June 2009 and 30 June 2010 ("Relevant Financial Years"). The proforma consolidated financial information comprises the following:-

- Section 2 - Proforma Consolidated Income Statements for the Relevant Financial Years;
- Section 3 - Proforma Consolidated Balance Sheets as at 30 June 2010; and
- Section 4 - Proforma Consolidated Cash Flow Statement for the FYE 30 June 2010.

1.2 Basis of preparation

The audited financial statements used in the preparation of this Report for the financial years under review were not subject to any qualification.

The proforma consolidated financial information has been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia ("FRS") and accounting principles generally accepted in Malaysia and are consistent with those previously adopted in the preparation of the audited financial statements of the Benalec Group for the FYE 30 June 2010, after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information and the adoption of reverse acquisition accounting as disclosed in Section 3.1(B)(a) of this Report.

Elimination of intra-group transactions has also been made on the assumption that Benalec Group had been in existence throughout the financial years under review.

The proforma consolidated balance sheets were also prepared, together with the accompanying notes thereto, which have been prepared solely for illustrative purposes, to show the effects of the listing scheme disclosed in Section 1.4 had the listing scheme been implemented and completed throughout the financial years under review.

The proforma consolidated financial information, because of its nature, may not reflect the Benalec Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial position, results and cash flows.



10. FINANCIAL INFORMATION (Cont'd)**Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information****1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)****1.3 Internal Restructuring**

- (a) On 17 September 2010, Oceanliner Pte. Ltd. ("Oceanliner") entered into a Memorandum of Agreement with Oceanlec Pte. Ltd. ("Oceanlec") to acquire 11 vessels held by Oceanlec ("Oceanlec Vessels") for a total consideration of SGD28,000,000 (equivalent to approximately RM65,212,000 at the exchange rate of SGD1.00: RM2.329). The purchase consideration for the vessels was settled via the assumption of Oceanlec's liabilities amounting to SGD8,546,601 (equivalent to approximately RM19,905,034 based on an exchange rate of SGD1.00: RM2.329 as at 15 September 2010) and the creation of indebtedness amounting to SGD19,453,399 (equivalent to approximately RM45,306,966 based on an exchange rate of SGD1.00: RM2.329 as at 15 September 2010) by Oceanliner to Oceanlec.
- (b) On 30 September 2010, Benalec Sdn. Bhd. ("BSB") acquired 100% of the issued and paid-up share capital of Ocean Marine Ltd. ("OML") from Oriental Grandeur Sdn. Bhd. ("OGSB") comprising 2,432,067 ordinary shares of USD1.00 each for a purchase consideration of RM7,500,000 (based on exchange rate of USD1:RM3.084 as at 29 September 2010), which was wholly satisfied by BSB via the creation of indebtedness to OGSB.
- (c) On 30 September 2010, BSB acquired 100% of the issued and paid-up share capital of Pacific Ltd. ("Pacific") from OGSB comprising 18,645,829 ordinary shares of USD1.00 each for a purchase consideration of RM57,500,000 (based on exchange rate of USD1:RM3.084 as at 29 September 2010), which was wholly satisfied by BSB via the creation of indebtedness to OGSB.

1.4 Listing Scheme

In conjunction with and as an integral part of the listing of Benalec on the Main Market of Bursa Securities, the Company undertakes the following transactions:

1.4.1 Subdivision

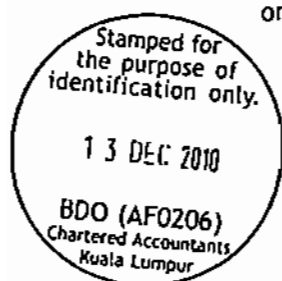
The Company undertake a subdivision of every one (1) ordinary share of RM1.00 each into four (4) subdivided shares of RM0.25 each in the Company.

1.4.2 Acquisitions of Subsidiaries

Acquisitions by Benalec of:

- (a) 730,000 ordinary shares of RM10 each in BSB, representing 100% equity interest in BSB;
- (b) 1,000,000 ordinary shares of RM1.00 each in Benalec Shipyard Sdn. Bhd. ("BenShip"), representing 100% equity interest in BenShip;
- (c) 200,000 ordinary shares of SGD1.00 each in Oceanliner, representing 100% equity interest in Oceanliner;

based on the audited net assets as at 30 June 2010 for an aggregate purchase consideration of RM157,499,998 to be satisfied by way of issuance of 629,999,992 new ordinary shares of RM0.25 each in Benalec.



10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.4 Listing Scheme (continued)

1.4.3 Public Issue

The Public Issue of 100,000,000 new ordinary shares of Benalec ("Public Issue Shares") at RM1.00 per Public Issue Share ("IPO Price"), is to be allotted and allocated in the following manner:

- (a) 36,500,000 Public Issue Shares made available for application by Malaysian public;
- (b) 6,500,000 Public Issue Shares made available for eligible directors, employees and business associates of Benalec and its subsidiaries;
- (c) 57,000,000 Public Issue Shares made available via private placement to selected investors.

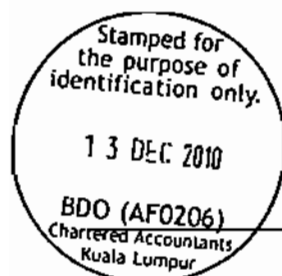
1.4.4 Offer for Sale

The Offer for Sale of 130,000,000 existing Benalec Shares ("Offer Shares") by Leaw Tua Choon, Leaw Ah Chye, Leaw Seng Hai and Foo Polin (collectively the "Offerors") will be offered at the IPO Price of RM1.00 per Share, payable in full upon application, via application to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI") and by way of private placement to selected investors.

1.4.5 ESOS

In conjunction with the Proposed Listing, Benalec proposes to implement an Employee Share Option Scheme ("ESOS") which entails the issuance of up to 10 percent (10%) of Benalec's issued and paid-up share capital at any one time pursuant to the options to be granted under the ESOS, to eligible Directors and employees of the Benalec Group ("Options"). The option price is to be determined. As the number of Options to be granted is uncertain and not determinable due to, amongst others, different vesting period of the Options, the impact of the ESOS has not been reflected in the Proforma Consolidated Balance Sheet.

The ESOS is expected to have an impact on the Benalec Group's Consolidated Balance Sheet in accordance with Financial Reporting Standard 2 ("FRS 2") Share Based Payment. In accordance with FRS 2, the costs arising from the issuance of the Options will be measured by the fair value of the Options at the date of the written offer thereof to an eligible employee ("Offer Date"), thereby reducing Benalec Group's consolidated earnings with a corresponding charge to ESOS reserve. The fair value is dependent on, amongst others, the market price of Share and implied volatility thereof, the exercise price of the Options, the remaining tenure of the Options as at the Offer Date and the projected dividend yield of the Company. The charge will be recognised over the vesting period of the Option. Upon exercising the Options, there would be an increase in share capital, share premium and reversal of ESOS reserve.



10. FINANCIAL INFORMATION (Cont'd)

***Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information***

1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.4.6 Listing and quotation

Upon completion of Internal Restructuring, Subdivision, Acquisitions of Subsidiaries, Public Issue, Offer for Sale and ESOS, Benalec will seek the listing of and quotation for its entire enlarged issued and paid-up capital of the Company on the Main Market of Bursa Malaysia Securities Berhad.

1.5 Other matters

As at 30 June 2010, the issued and paid up share capital of BSB amounted to RM2,500,000 represented by 250,000 ordinary share of RM10 each. On 30 September 2010, BSB increased its issued and paid up share capital by RM4,800,000 by way of bonus issue via the issuance of 480,000 ordinary shares of RM10 each out of its retained profits.

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10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

2. PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE 2008, 30 JUNE 2009 AND 30 JUNE 2010

	Financial years ended 30 June		
	2008 RM'000	2009 RM'000	2010 RM'000
Revenue	74,055	120,937	116,478
Cost of sales	(53,385)	(91,818)	(59,830)
Gross profit	20,670	29,119	56,648
Other operating income	2,737	6,559	23,089
Administrative expenses	(1,466)	(1,848)	(2,338)
Other operating expenses	(3,880)	(6,452)	(5,839)
Finance costs	(1,185)	(3,498)	(2,934)
Profit before tax	16,876	23,880	68,626
Tax expense	(3,436)	(6,614)	(10,245)
Net profit for the financial year	13,440	17,266	58,381
<i>Earnings before Interest, depreciation, tax and amortisation ("EBITDA") (RM'000)</i>	24,575	35,576	82,314
<i>Number of ordinary shares of RM0.25 each assumed in issue ('000)</i>	630,000	630,000	630,000
<i>Gross earnings per share (sen)</i>	2.68	3.79	10.89
<i>Net earnings per share (sen)</i>	2.13	2.74	9.27
<i>Diluted net earnings per share (sen)</i>	1.84	2.37	8.00
<i>Gross profit ("GP") margin (%)</i>	27.91	24.08	48.63
<i>Profit before tax margin (%)</i>	22.79	19.75	58.92
<i>Profit after tax margin (%)</i>	18.15	14.28	50.12
<i>EBITDA margin (%)</i>	33.18	29.42	70.67
<i>Effective tax rate (%)</i>	20.36	27.70	14.93



10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

2. PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE 2008, 30 JUNE 2009 AND 30 JUNE 2010 (continued)

NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS

- (a) The number of shares of the Company assumed in issue is derived after Internal Restructuring, Subdivision, and Acquisitions of Subsidiaries.
- (b) The GP margin is computed by dividing the gross profit over revenue earned in the respective financial years.
- (c) The profit before tax margin is computed by dividing the profit before tax over revenue earned in the respective financial years.
- (d) The gross earnings per share is computed by dividing the profit before tax for the respective financial years over the number of ordinary shares assumed in issue of 630,000,000 Shares.
- (e) The net earnings per share is computed by dividing the net profit for the respective financial years over the number of ordinary shares in assumed issue of 630,000,000 Shares.
- (f) Diluted net earnings per share is computed by dividing net profit for the respective financial years over the enlarged number of shares after the Listing Scheme of 730,000,000 Shares (excluding ESOS).
- (g) Inter-company transactions between the companies within the Group for each of the financial years under review have been eliminated on consolidation.
- (h) The proforma consolidated income statements of the Benalec Group for the FYE 30 June 2008 and 30 June 2009 have been adjusted to exclude the income statements of Oceanlec as it was disposed of during the FYE 30 June 2010. The summary of results of operations of Oceanlec is as follows:

Income statement	Financial years ended 30 June				Financial period from 1 July 2009 to the date of disposal, 13 May 2010	
	2008 SGD'000	(1) 2008 RM'000	2009 SGD'000	(2) 2009 RM'000	2010 SGD'000	(3) 2010 RM'000
Revenue	819	1,890	35,147	85,414	85,112	197,366
Profit before tax	94	217	5,014	12,185	20,123	46,663
Net profit for the financial year	86	199	5,014	12,185	16,702	38,730

(1) Translated at SGD1 : RM2.3084

(2) Translated at SGD1 : RM2.4302

(3) Translated at SGD1 : RM2.3189



10. FINANCIAL INFORMATION (Cont'd)

*Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information*

2. PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 30 JUNE 2008, 30 JUNE 2009 AND 30 JUNE 2010 (continued)

NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS (continued)

- (i) The proforma consolidated income statements of the Benalec Group for the FYE 30 June 2009 and FYE 30 June 2010 have been adjusted to incorporate the income statements of Orientalcove Realty Sdn. Bhd., Orientalcove Property Sdn. Bhd., Wilajati Sdn. Bhd., Oceanline (Labuan) Ltd. and Sentosa Cove Development Sdn. Bhd. as they were incorporated in 2009 and were acquired during the FYE 30 June 2010.
- (j) The proforma consolidated income statements of the Benalec Group for the FYE 30 June 2008, FYE 30 June 2009 and FYE 30 June 2010 have been adjusted to incorporate the income statements of Arus Kreatif Sdn. Bhd. as it was incorporated prior to FYE 30 June 2008 and was acquired during the FYE 30 June 2010.
- (k) The proforma consolidated income statements of the Benalec Group for the FYE 30 June 2010 have been adjusted to incorporate the income statements of Pacific and OML as these companies were incorporated in 17 April 2009 and subsequently acquired by Benalec during the FYE 30 June 2011.
- (l) There were no minority interests.
- (m) There was no share of profits of joint ventures or associates.
- (n) No exceptional or extraordinary item was recorded during the financial years under review.

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10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

The Proforma Consolidated Balance Sheets of the Group as at 30 June 2010 have been prepared for illustrative purposes only and after making such adjustments as considered necessary assuming that the Benalec Group had been in existence as at 30 June 2010.

Section	As at 30 June 2010 RM'000	Proforma		
		I After Subdivision RM'000	II After Proforma I, Internal Restructuring and Acquisitions of Subsidiaries RM'000	III After Proforma II and Public Issue and Utilisation of Proceeds RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	-	222,231	222,231
Other investments	-	-	171	171
			222,402	222,402
Current assets				
Work-in-progress	-	-	8,813	8,813
Trade and other receivables	-	-	164,548	164,548
Land held for sale	-	-	27,269	27,269
Fixed deposits	-	-	15,131	15,131
Cash and bank balances	(1) -	(1) -	16,382	109,882
			232,143	325,643
TOTAL ASSETS			454,545	548,045

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10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)

Section	As at 30 June 2010 RM'000	Proforma		
		After Subdivision RM'000	After Proforma I Internal Restructuring and Acquisitions of Subsidiaries RM'000	After Proforma II and Public Issue and Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	(4)	(4)	157,500	182,500
Share premium	-	-	-	72,235
Foreign exchange reserve	-	-	(1,564)	(1,564)
Reverse acquisition reserve	-	-	(146,070)	(146,070)
(Accumulated losses)/ Retained earnings	(14)	(14)	141,310	137,575
TOTAL EQUITY	(14)	(14)	151,176	244,676
Non-current liabilities	-	-	10,706	10,706
Deferred tax liabilities	-	-	40,569	40,569
Borrowings	-	-	4,222	4,222
Amount owing to related parties	-	-	-	-
	-	-	55,497	55,497

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10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)

Section	As at 30 June 2010 RM'000	Proforma		
		After Subdivision RM'000	After Proforma I: Restructuring and Acquisitions of Subsidiaries RM'000	After Proforma II: After Proforma I and Public Issue and Utilisation of Proceeds RM'000
Current liabilities				
Trade and other payables	14	14	172,520	172,520
Amount due to a related party - Oceanlec ⁽⁴⁾	-	-	45,307	45,307
Borrowings	-	-	21,063	21,063
Tax liabilities	-	-	8,982	8,982
TOTAL LIABILITIES	14	14	247,872	247,872
TOTAL EQUITY AND LIABILITIES	-	-	303,369	303,369
			454,545	548,045
Net (liabilities)/assets	(14)	(14)	151,176	244,676
Number of ordinary shares assumed in issue ('000)	(1)	(1)	630,000	730,000
Net (liabilities)/assets per ordinary share (RM)	(7,000)	(1,750)	0.24	0.34
Total interest bearing indebtedness and borrowings	-	-	106,939	106,939
Gearing ratio ⁽⁵⁾	-	-	0.71	0.44

⁽¹⁾ Represents RM2⁽²⁾ Represents 2 ordinary shares of RM1.00 each⁽³⁾ Represents 8 ordinary shares of RM0.25 each⁽⁴⁾ Interest bearing⁽⁵⁾ Gearing ratio is computed by dividing total interest bearing indebtedness and borrowings by total net (liabilities)/assets

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10. FINANCIAL INFORMATION (Cont'd)**Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information****3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)****3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS****(A) PROFORMA I**

The proforma I is stated after the subdivision of every one (1) ordinary share of RM1.00 each into four (4) subdivided shares of RM0.25 each in the Company.

(B) PROFORMA II

The proforma II is stated after proforma I and after the incorporation of the following events under the Internal Restructuring and Acquisitions of Subsidiaries:

Internal Restructuring

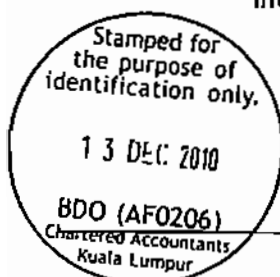
- (a) On 17 September 2010, Oceanliner Pte. Ltd. ("Oceanliner") entered into a Purchase Agreement with Oceanlec Pte. Ltd. ("Oceanlec") to acquire 11 vessels held by Oceanlec ("Oceanlec Vessels") for a total consideration of SGD28,000,000 (equivalent to approximately RM65,212,000 at the exchange rate of SGD1.00: RM2.329). The purchase consideration for the vessels was settled via the assumption of Oceanlec's liabilities amounting to SGD8,546,601 (equivalent to approximately RM19,905,034 based on an exchange rate of SGD1.00: RM2.329 as at 15 September 2010) and the creation of indebtedness amounting to SGD19,453,399 (equivalent to approximately RM45,306,966 based on an exchange rate of SGD1.00: RM2.329 as at 15 September 2010) by Oceanliner to Oceanlec.
- (b) On 30 September 2010, BSB acquired 100% of the issued and paid-up share capital of OML from OGSB comprising 2,432,067 ordinary shares of USD1.00 each for a purchase consideration of RM7,500,000 (based on exchange rate of USD1:RM3.084 as at 29 September 2010), which was wholly satisfied by BSB via the creation of indebtedness to OGSB.
- (c) On 30 September 2010, BSB acquired 100% of the issued and paid-up share capital of Pacific from OGSB comprising 18,645,829 ordinary shares of USD1.00 each for a purchase consideration of RM57,500,000 (based on exchange rate of USD1:RM3.084 as at 29 September 2010), which was wholly satisfied by BSB via the creation of indebtedness to OGSB.

Increase of issue and paid up share capital

On 30 September 2010, BSB increased its issued and paid up share capital of RM4,800,000 by way of bonus issue via the issuance of 480,000 ordinary shares of RM10 each out of its retained profits.

Acquisitions of Subsidiaries**Acquisitions by Benalec of:**

- (a) 730,000 ordinary shares of RM10 each in BSB, representing 100% equity interest in BSB;
- (b) 1,000,000 ordinary shares of RM1.00 each in BenShip, representing 100% equity interest in BenShip;
- (c) 200,000 ordinary shares of SGD1.00 each in Oceanliner, representing 100% equity interest in Oceanliner;



10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (continued)

(B) PROFORMA II (continued)

based on the audited net assets as at 30 June 2010 for an aggregate purchase consideration of RM157,499,998 to be satisfied by way of issuance of 629,999,992 new ordinary shares of RM0.25 each in Benalec.

The accounting for the business combination has been affected as follows:

- (a) Reverse acquisition accounting has been adopted and BSB has been identified as the accounting acquirer. Under the reverse acquisition accounting, the assets and liabilities of the accounting acquirer are recognised and measured in the financial statements at the pre-combination carrying amounts, without restatement to fair values. The retained earnings and other equity balances of the Group immediately before the combination, and the results from the beginning of the accounting period to the date of the combination are those of the accounting acquirer. The equity structure, however, reflects the equity structure of the legal acquirer, including the equity instruments issued to effect the combination.
- (b) The business combination cost deemed to have been incurred by BSB for the acquisitions of BenShip and Oceanliner amount ed to RM4,130,439. The difference between the business combination cost and the carrying value of the assets and liabilities of BenShip and Oceanliner are pending purchase price allocation. Under FRS 3 Business Combinations, a one year window to complete the purchase price allocation is allowed.

(C) PROFORMA III

The proforma III is stated after proforma II and after the incorporation of the following events:

(a) Public Issue

The Public Issue of 100,000,000 new ordinary shares of Benalec at an IPO Price of RM1.00 per IPO Share is to be allotted and allocated in the following manner:

- (i) 36,500,000 Public Issue Shares made available for application by Malaysian public;
- (ii) 6,500,000 Public Issue Shares made available for eligible directors, employees and business associates of Benalec and its subsidiaries.
- (iii) 57,000,000 Public Issue Shares made available via private placement to selected investors.

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10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
(continued)

(C) PROFORMA III (continued)

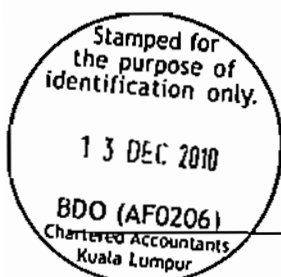
(a) Public Issue (continued)

The gross proceeds arising from the Public Issue amounting to RM100,000,000 are expected to be utilised by Benalec Group in the following manner:

	RM'000
To finance on-going projects	90,000
Working capital	3,500
Estimated listing expenses	6,500
	<u>100,000</u>

The listing expenses are estimated at RM6,500,000 of which an amount of RM2,765,000 in respect of share issue expenses, will be set off against the share premium account and the balance of RM3,735,000 will be charged to retained earnings.

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10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)

3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (continued)

(D) SHARE CAPITAL AND RESERVES

The movements in the share capital and reserves of Benalec Group are as follows:

	Share capital RM'000	Share premium RM'000	←-----Non-distributable-----→			Distributable (Accumulated losses)/ Retained earnings RM'000	Total RM'000
			Foreign exchange reserve RM'000	Reverse acquisition reserve RM'000			
As at 30 June 2010	(1).	-	-	-	(14)	(14)	
Subdivision	-	-	-	-	-	-	
Proforma I Internal Restructuring and Acquisition of Subsidiaries	(2).	-	-	-	(14)	(14)	
	157,500	-	(1,564)	(146,070)	141,324	151,190	
Proforma II Public Issue and Utilisation of Proceeds	157,500	-	(1,564)	(146,070)	141,310	151,176	
	25,000	72,235	-	-	(3,735)	93,500	
Proforma III	182,500	72,235	(1,564)	(146,070)	137,575	244,676	

(1) Represents 2 ordinary shares of RM1.00 each

(2) Represents 4 ordinary shares of RM0.25 each

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10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)
3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (continued)

(E) PROPERTY, PLANT AND EQUIPMENT

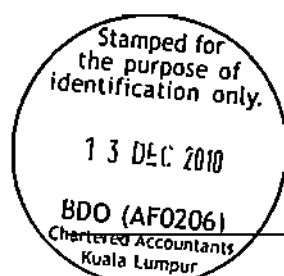
The movements of property, plant and equipment are as follows:

	RM'000
As at 30 June 2010	-
Subdivision	-
Proforma I	-
Internal Restructuring and Acquisitions of Subsidiaries	<u>222,019</u>
Proforma II	222,019
Public Issue and Utilisation of Proceeds	-
Proforma III	<u>222,019</u>

(F) CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:

	RM'000
As at 30 June 2010	(1)
Subdivision	-
Proforma I	-
Internal Restructuring and Acquisitions of Subsidiaries	<u>16,382</u>
Proforma II	16,382
Public Issue	100,000
Utilisation of proceeds	
- Estimated listing expenses	<u>(6,500)</u>
Proforma III	<u>109,882</u>

⁽¹⁾ Represents RM2

10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)
- 3.2 NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010
- 3.2.1 PROPERTY, PLANT AND EQUIPMENT

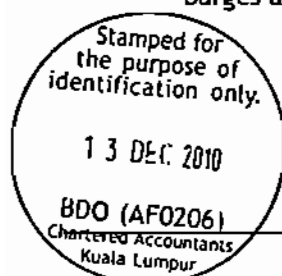
	As at 30 June 2010 RM'000
Net carrying amount	
Barges and dredger	205,203
Furniture and fittings	216
Freehold land and buildings	4,635
Prepaid land lease payments	4,959
Motor vehicles	2,565
Plant and machinery	3,723
Tools and office equipment	930
	222,231

As of 30 June 2010, the net carrying amount of the Benalec Group's property, plant and equipment under finance lease are as follows:

	As at 30 June 2010 RM'000
Net carrying amount	
Motor vehicles	1,989
Plant and machinery	682
	2,671

The amount of property, plant and equipment which are pledged as security for the financing facilities disclosed in Section 3.2.12 is as follows:

	As at 30 June 2010 RM'000
Net carrying amount	
Land and buildings	3,282
Prepaid land lease payments	4,959
Barges and dredger	21,208
	29,449



10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)

3.2 NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)

3.2.2 OTHER INVESTMENTS

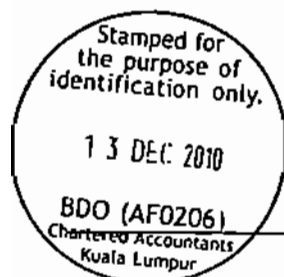
	As at 30 June 2010 RM'000
At cost	
Quoted shares in Malaysia	40
Unit trust quoted in Malaysia	109
Unquoted shares	22
	<hr/>
	171
	<hr/>
Market value of:	
- Quoted shares in Malaysia	42
- Unit trust quoted in Malaysia	109
	<hr/>

The carrying amount of the above quoted investments as at the balance sheet date approximated their fair values.

3.2.3 WORK-IN-PROGRESS

	As at 30 June 2010 RM'000
At cost	
Shipbuilding costs	8,813
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10. FINANCIAL INFORMATION (Cont'd)

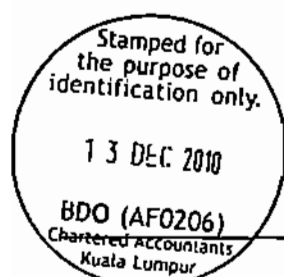
Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)
- 3.2 NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)
- 3.2.4 TRADE AND OTHER RECEIVABLES

	As at 30 June 2010 RM'000
Trade receivables	
Third parties	13,259
Less: Allowance for doubtful debts	(71)
	13,188
Amount due from contract customers (Section 3.2.5)	147,837
Other receivables, deposits and prepayments	
Other receivables	3,102
Deposits	987
Prepayments	284
Less: Allowance for doubtful debts	(850)
	3,523
	164,548

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Benalec Group range from 60 to 90 days.
- (b) Included in trade receivables of the Group are retention sums for contract works amounting to RM10,320,000.
- (c) The currency exposure profile of trade and other receivables are as follows:

	As at 30 June 2010 RM'000
Ringgit Malaysia	162,161
Singapore Dollar	113
United States Dollar	2,274
	164,548



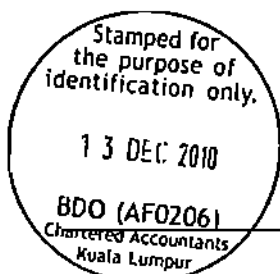
10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)
- 3.2 NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)
- 3.2.5 AMOUNTS DUE FROM/TO CONTRACT CUSTOMERS

	As at 30 June 2010 RM'000
Aggregate costs incurred to date	310,077
Add: Attributable profits	136,499
	<hr/>
	446,576
Less: Progress billings	(287,361)
Less: Transferred to land held for sale	(71,552)
	<hr/>
	87,663
	<hr/>
Analysed as:-	
Amounts due from contract customers (Section 3.2.4)	147,837
Amounts due to contract customers (Section 3.2.13)	(60,174)
	<hr/>
	87,663
	<hr/>

Included in amounts due from contract customers of the Group are contract sums amounting to RM147,378,000 to be settled via the apportionment of completed reclaimed land, and of which the issuance of document title of the land by the local land office is still pending at the end of FYE 30 June 2010.



10. FINANCIAL INFORMATION (Cont'd)**Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information****3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)****3.2 NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010
(continued)****3.2.6 LAND HELD FOR SALE**As at
30 June 2010
RM'000

Leasehold land

27,269

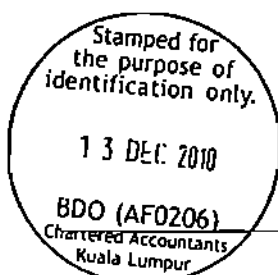
The remaining useful life of the leasehold land ranges from 93 to 95 years.

3.2.7 FIXED DEPOSITS AND BANK BALANCES

Included in the fixed deposits with licensed banks is an amount of RM13,718,000 held by certain directors of BSB on behalf of the Group.

The fixed deposits with licensed banks are charged to bank for facilities granted as disclosed in Section 3.2.12.

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

As at
30 June 2010
RM'000Ringgit Malaysia
Singapore Dollar
United States Dollar97,041
9,042
3,799109,882

10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)

3.2 NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010
(continued)

3.2.8 SHARE CAPITAL

The details of the changes in the issued and paid up share capital of the Company since the date of incorporation are as follows:

Date of allotment	No of shares allotted	Cumulative no of shares allotted	Par value (RM)	Consideration	Cumulative total issued and paid-up share capital (RM)
12 July 2005	2	2	1.00	Subscriber's shares	2
2 December 2010	8	8	0.25	Subdivision of shares from RM1.00 each to RM0.25 each	2
2 December 2010	629,999,992	630,000,000	0.25	Full purchase consideration for the Acquisitions of Subsidiaries	157,500,000
(i)	100,000,000	730,000,000	0.25	Public issue	182,500,000

(i) New shares to be issued pursuant to the Public Issue

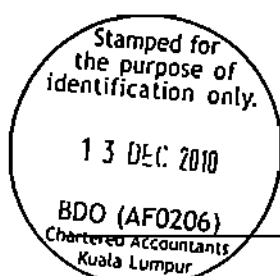
3.2.9 SHARE PREMIUM

As at
30 June 2010
RM'000

Share premium

72,235

The share premium is in respect of the proceeds in excess of the nominal value of shares issued pursuant to the Public Issue, less the eligible estimated listing expenses amounting to RM2,765,000.



10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)
- 3.2 NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)
- 3.2.10 REVERSE ACQUISITION RESERVE

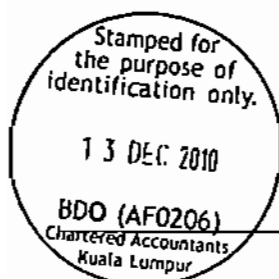
	As at 30 June 2010 RM'000
Issued capital of accounting acquirer, BSB	7,300
Cost of business combination	<u>(1) -</u>
BSB Group after incorporating Benalec	7,300
Share capital issued arising from shares issued by Benalec, legal acquirer	<u>(153,370)</u>
Balance in reserve arising from reverse acquisition	<u>(146,070)</u>

⁽¹⁾ Represents RM2

3.2.11 DEFERRED TAX LIABILITIES

The deferred tax liabilities as at FYE 30 June 2010 was provided in respect of property, plant and equipment.

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10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)

3.2 NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010
(continued)

3.2.12 BORROWINGS

As at
30 June 2010
RM'000

Current liabilities

Secured borrowings

21,063

Non-current liabilities

Secured borrowings

40,569

The borrowings are secured by:

- (a) Legal charge over certain property, plant and equipment;
- (b) Fixed deposits which are held by certain directors of BSB on behalf of the Group;
- (c) Joint and several guarantee by all the Directors;
- (d) Assignment over the sales contract of the barges and dredger;
- (e) Corporate guarantee given by companies in which certain directors have interest;
- (f) Assignment of receivables or any other assignment of earnings over the vessel/barges acceptable to bank;
- (g) Assignment of insurances in favour of bank as mortgagee and loss payee covering but not limited to the hull and machinery coverage and war risks;
- (h) Irrecoverable instructions from the Group to the principal of project owner to remit the proceeds directly to its non-checking project account; and
- (i) Land pledged as payments via distribution of completed reclaimed land for a project.

The currency exposure profile of borrowings is as follows:

As at
30 June 2010
RM'000

Ringgit Malaysia

41,727

Singapore Dollar

19,905

61,632

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BDO (AF0206)
Chartered Accountants
Kuala Lumpur

10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

3. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)
- 3.2 NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2010 (continued)
- 3.2.13 TRADE AND OTHER PAYABLES

	As at 30 June 2010 RM'000
Non-current	
Amount owing to related parties	4,222
Current	
Trade payables	
Third parties	6,263
Amount due to contract customers (Section 3.2.5)	60,174
Other payables and accruals	
Other payables and accruals	
- Third parties	27,109
- Related parties	78,974
	106,083
	172,520

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Benalec Group range from 30 to 90 days.
- (b) Amount owing to related parties is unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (c) The currency exposure profiles of trade and other payables are as follows:

	As at 30 June 2010 RM'000
Ringgit Malaysia	164,237
Singapore Dollar	8,065
United States Dollar	4,440
	176,742



10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

4. **PROFORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE FYE 30 JUNE 2010**

The Proforma Consolidated Cash Flow Statement for the FYE 30 June 2010, for which the Directors of Benalec Group are solely responsible, are prepared for illustrative purposes only and is based on the audited financial statements of the Benalec Group after making such adjustments considered necessary assuming that the Benalec Group had been in existence throughout the FYE 30 June 2010.

	FYE 30 June 2010	
	Proforma II After Subdivision, Internal Restructuring and Acquisitions of Subsidiaries RM'000	Proforma III After Proforma II and Public Issue and Utilisation of Proceeds of RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	68,626	68,626
Adjustments for:		
Interest expense	2,871	2,871
Interest income	(327)	(327)
Goodwill written off	4	4
Depreciation of property, plant and equipment	11,145	11,145
Provision for doubtful debts	850	850
Dividend income	(3)	(3)
Gain on disposal of property, plant and equipment	(5,841)	(5,841)
Unrealised foreign exchange losses	679	679
Gain on disposal of land held for sale	(11,173)	(11,173)
Loss on disposal of other investment	8	8
Operating profit before working capital changes	66,839	66,839
Changes in working capital:		
Decrease in work-in-progress	949	949
Increase in trade and other receivables	(13,617)	(13,617)
Decrease in trade and other payables	(43,193)	(43,193)
Cash generated from operations	10,978	10,978
Income taxes paid	(4,098)	(4,098)
Interest paid	(2,871)	(2,871)
Net cash from operating activities	4,009	4,009
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in fixed deposits pledged	(1,824)	(1,824)
Interest received	327	327
Investment in a former subsidiary	(2,354)	(2,354)
Dividends received	1	1
Purchase of property, plant and equipment	(20,125)	(20,125)
Proceeds from Public Issue	-	100,000
Payments of listing expenses	-	(6,500)
Proceeds received from disposal of Oceanlec	28,932	28,932
Proceeds from disposal of property, plant and equipment	28,682	28,682
Net cash from investing activities	33,639	127,139

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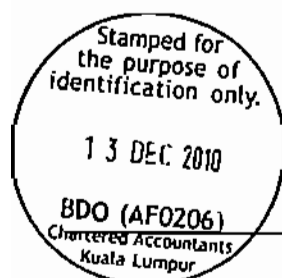
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BDO (AF0206)
Chartered Accountants
Kuala Lumpur

10. FINANCIAL INFORMATION (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information4. PROFORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE FYE 30 JUNE 2010
(continued)

	FYE 30 June 2010	
	Proforma II After Subdivision, Internal Restructuring and Acquisitions of Subsidiaries RM'000	Proforma III After Proforma II and Public Issue and Utilisation of Proceeds RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of borrowings	(10,463)	(10,463)
Repayment of hire purchase liabilities	(898)	(898)
Repayments to related parties	(15,815)	(15,815)
Short term borrowings	2,430	2,430
Dividends paid	(2,288)	(2,288)
Net cash used in financing activities	(27,034)	(27,034)
Net increase in cash and cash equivalents	10,614	104,114
Cash and cash equivalents at the beginning of the financial year	6,175	6,175
Effect of changes in foreign exchange rates	(407)	(407)
Cash and cash equivalents at the end of the financial year	16,382	109,882

*Cash and cash equivalents**Cash and cash equivalents represent cash and bank balances.*

10. FINANCIAL INFORMATION (Cont'd)

*Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information*

APPROVAL BY THE BOARD OF DIRECTORS

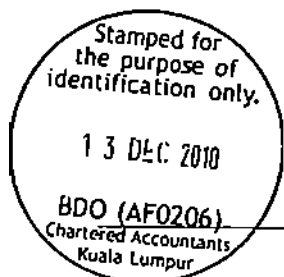
Approved and adopted by the Board of Directors in accordance with a resolution dated 13 December 2010.



LEAW SENG HAI
DIRECTOR
BENALEC HOLDINGS BERHAD



LEAW AH CHYE
DIRECTOR
BENALEC HOLDINGS BERHAD



10. FINANCIAL INFORMATION (Cont'd)

10.4 MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following management's discussion and analysis of our Group's past financial performance and results of operations should be read in conjunction with the proforma consolidated financial information and the related notes thereon for the past three (3) FYE 30 June 2010 as set out in Section 10.3 of this Prospectus.

This discussion and analysis contains data derived from the audited financial statements of our subsidiaries as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 3 of this Prospectus.

10.4.1 Overview of Operations

(i) Revenue

Our Group is a provider of integrated one-stop marine construction solutions. Our revenue is largely derived from our two (2) core business segments under marine construction works and vessels chartering and marine transportation.

Our marine construction activities include, amongst others, land reclamation, dredging and beach nourishment. Our Group's vessels chartering and marine transportation division supports our Group's marine construction activities. In order to further improve our Group's operating efficiency, we deploy our vessels for chartering services to our vessels chartering clients since FYE 30 June 2009.

Land reclamation works performed under our marine construction services are settled either by way of cash or Land Portion or a combination of both.

Profits from reclamation contract works are recognised on a percentage of completion method. Percentage of completion is determined on the proportion of reclamation contract costs incurred for work performed to date against total estimated reclamation costs where the outcome of the project can be estimated reliably.

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

The tables below set out the revenue analysis by activities, subsidiaries, projects and geographical location for the respective financial years under review:-

a) Revenue Analysis by Activities

	FYE2008		FYE2009		FYE2010		Total	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Marine construction	74,055*	100.0	116,271	96.15	103,150	88.55	293,476	94.22
Vessels chartering and marine transportation	-	-	4,666	3.85	13,328	11.45	17,994	5.78
	74,055	100.0	120,937	100.0	116,478	100.0	311,470	100.0

10. FINANCIAL INFORMATION (Cont'd)

* Included in the marine construction revenue is an amount of RM549,000 being rental of marine equipments to a related party.

For the corresponding periods above, our marine construction activities were settled via cash and Land Portion as follows:-

	FYE2008		FYE2009		FYE2010	
	RM'000	%	RM'000	%	RM'000	%
Marine construction						
• In Cash	27,599	37.27	75,758	62.65	32,118	27.57
• In Kind	46,456	62.73	40,513	33.50	71,032	60.98
	74,055	100.0	116,271	96.15	103,150	88.55

b) Revenue Analysis by Subsidiaries

	FYE2008		FYE2009		FYE2010		Total	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
BSB (Note 1)	74,050	99.99	120,255	99.44	103,528	88.88	297,833	95.62
Pacific Marine Ltd	-	-	-	-	10,855	9.32	10,855	3.49
Oceanline (Labuan) Ltd	-	-	-	-	1,350	1.16	1,350	0.43
BenShip	5	0.01	682	0.56	745	0.64	1,432	0.46
Total	74,055	100.0	120,937	100.0	116,478	100.0	311,470	100.0

Note 1 Refers to BSB at the company level.

As depicted in the table above, BSB being principally involved in civil and marine construction works was the main contributor, representing an average of 95.62% of our Group's revenue for the financial years under review. In addition, BSB is also involved in vessels chartering which contributed approximately 1.86% of our Group's revenue for the financial years under review.

The other subsidiaries, Pacific Marine Ltd and Oceanline (Labuan) Ltd being principally involved in chartering of vessels, and BenShip which is involved in shipbuilding and ship repair activities, contributed 3.49%, 0.43% and 0.46% respectively to our Group's revenue for the financial years under review.

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10. FINANCIAL INFORMATION (Cont'd)

c) Revenue Analysis by Projects

	Year of Project Commencement	FYE2008		FYE2009		FYE2010	
		RM'000	%	RM'000	%	RM'000	%
Projects							
Glenmarie Cove	2003	5,643	7.62	-	-	3,345	2.87
PKL	2003	3,888	5.25	-	-	3,008	2.58
Ultra Green (Phase 1)	2005	4,726	6.38	4,210	3.48	12,708	10.91
Ultra Green (Phase 2)	2006	19,776	26.70	11,791	9.75	15,793	13.56
Oriental	2008	12,395	16.74	36,910	30.52	6,141	5.27
Talmax	2007	2,932	3.96	2,448	2.03	852	0.73
Bumi Tabah	2007	2,185	2.95	-	-	5	0.01
HUSB	2007	10,629	14.35	20,264	16.76	15,836	13.60
SOSB	2009	-	-	-	-	21,969	18.86
ABS Maju	2008	-	-	-	-	875	0.75
Nilizi	2006	1,757	2.37	-	-	-	-
Nusajaya	2008	1,879	2.54	35,700	29.52	20,155	17.30
Yenzoon	2007	7,437	10.04	4,248	3.51	1,718	1.47
Wibawa	2006	190	0.26	-	-	-	-
TNB Kapar	2005	-	-	17	0.01	-	-
Others^	-	618	0.84	683	0.57	745	0.64
Sub-total		74,055	100.0	116,271	96.15	103,150	88.55
Vessels chartering and marine transportation		-	-	4,666	3.85	13,328	11.45
Total		74,055	100.0	120,937	100.0	116,478	100.0

^ Our Group's other revenue are mainly contributed from ship repair, ship maintenance, shipbuilding, fabrication, refurbishment works and rental of marine equipments.

d) Revenue Analysis by Geographical Region

Our Group's revenue during the financial years under review were predominantly generated from marine construction works undertaken in Malaysia whereas our foreign source of revenue, which is in USD were from our vessels chartering services provided to Oceanlec, a company related to our Promoters.

	FYE2008		FYE2009		FYE2010		Total	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Marine construction								
• Malaysia	74,055	100.0	116,271	96.15	103,150	88.55	293,476	94.22
Vessels chartering and marine transportation								
• Malaysia	-	-	-	-	-	-	-	-
• Singapore	-	-	4,666	3.85	13,328	11.45	17,994	5.78
Total	74,055	100.0	120,937	100.0	116,478	100.0	311,470	100.0

10. FINANCIAL INFORMATION (Cont'd)

(ii) Cost of Sales / Gross Profit ("GP") / GP Margin

	FYE2008		FYE2009		FYE2010		Total	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Marine construction								
Raw materials	6,111	11.45	10,758	11.72	7,942	13.27	24,811	12.10
Direct labour	748	1.40	1,379	1.50	1,200	2.00	3,327	1.62
Diesel	12,380	23.19	13,636	14.85	12,866	21.50	38,882	18.97
Sub-contract	7,688	14.40	33,212	36.17	11,168	18.67	52,068	25.40
Depreciation	5,907	11.06	7,451	8.12	8,475	14.16	21,833	10.65
Other operating costs	20,551	38.50	21,205	23.09	16,768	28.03	58,524	28.54
Vessels chartering and marine transportation								
Raw materials	-	-	-	-	110	0.19	110	0.05
Direct labour [#]	-	-	-	-	-	-	-	-
Diesel [#]	-	-	-	-	-	-	-	-
Sub-contract	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	1,297	2.17	1,297	0.63
Bare boat charter expenses [*]	-	-	4,177	4.55	-	-	4,177	2.04
Other operating costs	-	-	-	-	4	0.01	4	[^]
Total	53,385	100.0	91,818	100.0	59,830	100.0	205,033	100.0

- * The bare boat charter expenses arose mainly for the charter of vessels for recharter to Oceanlec, prior to the acquisition of 21 vessels during the end of FYE 30 June 2009
- # No direct labour and diesel expenses were incurred for our Group's vessels chartering operations as vessels chartered were on bare-boat charter basis.
- [^] Negligible

Raw materials for our marine construction activities comprise mainly sand and rocks used in our marine construction projects while raw materials for our vessels chartering and marine transportation activities comprised upkeep and maintenance costs of vessels. Direct labour costs comprised salaries, bonuses, social insurance and other benefits for our marine construction operations staff. The other main components of our Group's cost of sales for marine construction operations includes, diesel and vehicle lubricant for our vessels, machinery and vehicles used in our operations, sub-contracting works which includes payment to third (3rd) party contractors for, inter-alia, earthworks, roadworks, drainage and loading, unloading and leveling of sea sand in relation to our marine construction projects as well as depreciation costs. Generally, our Group may consider appointing third (3rd) party contractors should there be potential time and cost savings as compared to our Group undertaking the abovementioned sub-contracting works. For information purposes, sub-contracting cost are incurred for earthworks in the Nusajaya project as well as leveling of sea sand as the cost is higher should the Group undertake the works.

Other operating costs relates mainly to professional fees for consultants and surveyors, upkeep and maintenance costs and other miscellaneous transportation costs. In relation to vessels chartering and marine transportation, our Group does not incur direct labour costs as we only provide bare-boat chartering services to our vessels chartering clients. The main factors that may have an impact on our cost of sales include, inter-alia, fluctuation in the prices of raw materials such as sand as well as the increase in prices of diesel and lubricant which will indirectly increase our operating costs.

10. FINANCIAL INFORMATION (Cont'd)

	FYE2008		FYE2009		FYE2010	
	RM'000	%	RM'000	%	RM'000	%
GP						
Marine construction	20,670	100.00	28,630	98.32	44,731	78.96
Vessels chartering and marine transportation	-	-	489	1.68	11,917	21.04
Total gross profit	20,670	100.0	29,119	100.0	56,648	100.0
	FYE2008	FYE2009	FYE2010			
	%	%	%			
GP Margin						
Marine construction	27.91	24.62	43.37			
Vessels chartering and marine transportation	-	10.48	89.41			
Overall gross profit margin	27.91	24.08	48.63			

Our GP margin for marine construction projects ranged from 24.62% to 43.37% whilst the GP margin for vessels chartering and marine transportation services ranged from 10.48% to 89.41% respectively for the financial years under review.

(iii) Other Operating Income

Other operating income comprises:-

	FYE2008		FYE2009		FYE2010	
	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of reclaimed land	-	-	-	-	11,173	48.39
Gain on disposal of vessels	1,519	55.50	5,329	81.25	3,061	13.26
Management fee	-	-	-	-	4,680	20.27
Forfeiture of deposit	-	-	571	8.71	1,925	8.34
Gain on foreign exchange	516	18.85	12	0.18	1,663	7.20
Others	702	25.65	647	9.86	587	2.54
Total	2,737	100.0	6,559	100.0	23,089	100.0

Gain on disposal of reclaimed land represented majority of our Group's other operating income for FYE 30 June 2010. These lands were held by the Group as Land Portion upon completion of the marine construction works for the PKL and Ultra Green (Phase 2) projects. The sales and purchase agreements ("SPA") were mainly entered during FYE 30 June 2006 to FYE 30 June 2008 and upon the Alienation Process (details set out under "Trade Receivables" analysis of this section), the conditions of the SPAs were fulfilled and the gains on disposal are recognized as income in FYE 30 June 2010.

10. FINANCIAL INFORMATION (Cont'd)

Our Group had disposed off vessels which included, dredgers, tugboats and barges to third (3rd) parties which contributed to our Group's gain on disposal of vessels during the financial years under review. Such disposal forms part of the Group's vessels renewal programme whereby the Group will undertake a review of its fleet from time to time whereby vessels which require high maintenance and / or subject to frequent breakdowns are disposed to 3rd party buyers. In addition, as part of our Group's vessels renewal programme and depending on the operational demand of our projects, our Group would also undertake acquisition of vessels from time to time.

Management fees were charged to Oceanlec to reimburse Benalec for the staff costs incurred by Benalec on behalf of Oceanlec for the management of the operations of Oceanlec. Management fees in FYE 30 June 2010 was due to the significant chartering contract with Oceanlec during the period.

The gain on foreign exchange is mainly in relation to the acquisition and disposal of vessels by our Group during the financial years under review. The gain on foreign exchange mainly arose from effect of the difference of foreign exchange rates between the rate on the transaction date and spot rate when payment is received whilst the loss on foreign exchange from the abovementioned transactions are recognized under the administrative expenses.

(iv) Administrative Expenses

The breakdown of administrative expenses is as follows:-

	FYE2008		FYE2009		FYE2010		Total	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Salary and related expenses	1,567	29.31	2,013	24.25	2,464	30.13	6,044	27.70
Rental	6	0.11	5	0.06	36	0.44	47	0.21
Printing & stationery	76	1.42	67	0.81	173	2.12	316	1.45
Renewal of licenses	40	0.75	73	0.88	138	1.69	251	1.15
Advertisement	67	1.25	170	2.05	324	3.96	561	2.57
Professional fees	572	10.70	536	6.46	402	4.92	1,510	6.92
Insurance & road tax	242	4.53	385	4.64	666	8.14	1,293	5.92
Petrol / transportation charges	76	1.42	77	0.93	43	0.53	198	0.90
Upkeep & maintenance	350	6.55	198	2.38	182	2.23	730	3.34
Utilities	151	2.82	184	2.22	305	3.73	640	2.93
Bank charges	190	3.56	193	2.32	210	2.57	593	2.72
Loss on foreign exchange	931	17.41	3,049	36.73	754	9.22	4,734	21.69
Provision for doubtful debts	-	-	-	-	850	10.39	850	3.90
Depreciation	1,069	20.00	1,246	15.01	1,373	16.79	3,688	16.90
Others	9	0.17	104	1.26	257	3.14	370	1.70
Total	5,346	100.0	8,300	100.0	8,177	100.0	21,823	100.0

Our administrative expenses comprise mainly salary and staff related expenses, directors' emolument, premises expenses, such as upkeep of offices, properties, plant and equipments, depreciation and foreign exchange losses incurred for the acquisitions and disposal of vessels.

(v) Finance Costs

Our finance costs consist mainly of interest expenses incurred for our bank overdrafts, bankers' acceptance, term loan and hire purchase and leasing facilities. Our borrowings are mainly utilized to finance acquisition of vessels as well as for project financing for our marine construction activities.

10. FINANCIAL INFORMATION (Cont'd)**(vi) Effective Tax Rates**

Our PAT from FYE 30 June 2008 to 30 June 2010 were RM13.44 million, RM17.27 million and RM58.38 million respectively. The statutory tax rate for the corresponding years was 26%, 25% and 25% respectively. Our effective tax rates over the three (3) FYE 30 June 2010 were 20.4%, 27.7% and 14.9% respectively.

For information purposes, the profits from the disposal of Land Portion arises from a nature of trade and as such it is assessable under income tax based on the then prevailing statutory tax rate.

10.4.2 Commentary on past performance**Comparison between FYE 30 June 2009 and FYE 30 June 2008****Revenue**

Revenue from our marine construction operations were the main income stream of our Group, contributing approximately 96.15% or RM116.27 million of total revenue for FYE 30 June 2009. Our revenue increased by 63.31% or RM46.88 million from RM74.06 million in FYE 30 June 2008 to RM120.94 million in FYE 30 June 2009, largely due to the increase in revenue from our marine construction operations.

Notwithstanding that there is no revenue contribution from our marine construction projects, namely Glenmarie Cove, PKL and Bumi Tabah project in FYE 30 June 2009 as the mentioned projects were near completion stages, i.e. awaiting soil settlement and consolidation to take place before completion of the respective projects in FYE 30 June 2008, our revenue during FYE 30 June 2009 increased due to greater proportion of works carried out for our other existing projects, namely Oriental, Nusajaya and HUSB project. Overall, the said marine construction contracts contributed a combined total revenue of RM92.87 million for FYE 30 June 2009 (representing approximately 76.80% of our revenue for FYE 30 June 2009) as compared to RM24.90 million in FYE 30 June 2008.

For information purposes, in FYE 30 June 2008, the Glenmarie Cove, PKL and Bumi Tabah project had contributed a combined total revenue of approximately RM11.72 million, representing approximately 15.82% of our Group's revenue for FYE 30 June 2008.

There were no revenue contribution from our vessels chartering and marine transportation division for FYE 30 June 2008 as our Group only commenced vessels chartering to our vessels chartering clients in FYE 30 June 2009. For FYE 30 June 2009, our Group recorded revenue of RM4.67 million from vessels chartering, representing approximately 3.85% of total revenue.

Cost of Sales, GP and GP Margin

Our cost of sales increased by approximately 71.99% or RM38.43 million from RM53.39 million in FYE 30 June 2008 to RM91.82 million in FYE 30 June 2009 in line with our increase in revenue. The increase in cost of sales were mainly from higher raw materials as well as operating costs incurred arising from greater proportion of works undertaken on the Oriental, Nusajaya and HUSB projects. The increase in raw material costs arise from the additional sand procured to undertake the aforementioned land reclamation projects whilst the higher operating costs were due to greater proportion of diesel and lubricant used as well as an increase in sub-contracting works from RM7.69 million in FYE 30 June 2008 to RM33.21 million in FYE 30 June 2009. Sub-contracting cost for FYE 30 June 2009 are incurred mainly for civil engineering works under the Nusajaya project. The Nusajaya sub-contracting cost mainly consist of payment to sub-contractors for raw material and concrete products used in the said project.

10. FINANCIAL INFORMATION (Cont'd)

Our GP increased by RM8.45 million or approximately 40.88% from RM20.67 million in FYE 30 June 2008 to RM29.12 million in FYE 30 June 2009 despite our overall GP margin decreasing by approximately 3.83% from 27.91% in FYE 30 June 2008 to 24.08% in FYE 30 June 2009.

The increase in GP was in line with our increase in revenue during FYE 30 June 2009. The decrease in GP margin was due to lower GP margin contribution from the Nusajaya project vis-à-vis other existing marine construction projects. This is due to the higher cost of sales incurred for the Nusajaya project as compared to other marine construction projects hence resulting in lower GP margin contribution.

During the year, our Group only commenced our vessels chartering business to vessels chartering clients recording gross profit of RM0.49 million and GP margin of 10.48% for FYE 30 June 2009.

Other Operating Income

Our other operating income increased by 139.42% or RM3.82 million from RM2.74 million in FYE 30 June 2008 to RM6.56 million in FYE 30 June 2009. The increase was mainly due to the disposal of nine barges for a total consideration of approximately RM22.48 million of which a gain on disposal of those vessels amounting to approximately RM5.33 million were recognized during FYE 30 June 2009. The nine (9) barges were disposed to 3rd party buyers as part of our Group's vessels renewal programme after considering the maintenance cost of these vessels.

Administrative Expenses

Our administrative expenses increased by 55.14% or RM2.95 million from RM5.35 million in FYE 30 June 2008 to RM8.30 million in FYE 30 June 2009 due to the increase in foreign exchange loss of approximately RM2.12 million incurred mainly due to the fluctuation of the relevant foreign currency between the date of transaction and settlement arising from the acquisition of twenty-one (21) vessels amounting to approximately RM50.64 million for FYE 30 June 2009. The acquisition of twenty-one (21) vessels was required due to the increase in our Group's marine construction operations as well as for our Group's vessels chartering and marine transportation services which commenced during FYE 30 June 2009. Furthermore, the acquisitions of twenty-one (21) vessels were required to replace the disposed vessels in FYE 30 June 2009 as well as in anticipation of the SOSB project which was secured in July 2009.

The foreign exchange loss incurred was due to the increase in the relevant foreign currency at the point of payment was made for the vessels.

Finance Costs

Our finance costs increased by 194.12% or RM2.31 million from RM1.19 million in FYE 30 June 2008 to RM3.50 million in FYE 30 June 2009 mainly due to the increase in our interest incurred as a result of the drawdown of approximately RM30.46 million from our term loan for the purchase of twenty-one (21) new vessels which includes, dredger, tugboats and barges for our Group's marine construction business.

Taxation

Our taxation expenses increased by 92.49% or RM3.18 million from RM3.44 million in FYE 30 June 2008 to RM6.61 million in FYE 30 June 2009 mainly due to the increase in our profit before taxation by RM7.00 million to RM23.88 million for FYE 30 June 2009.

10. FINANCIAL INFORMATION (Cont'd)

The effective tax rate increased to approximately 27.7% for FYE 30 June 2009 from 20.4% in FYE 30 June 2008 mainly due to the under provision of taxation from the Group's marine construction projects for FYE 30 June 2008 amounting to RM0.47 million recognized in FYE 30 June 2009.

*Comparison between FYE 30 June 2010 and FYE 30 June 2009***Revenue**

Our Group recorded total revenue of approximately RM116.48 million for FYE 30 June 2010. This represented a decrease of RM4.46 million or approximately 3.69% as compared to total revenue of RM120.94 million recorded in FYE 30 June 2009.

Our marine construction division had recorded total revenue of RM103.15 million in FYE 30 June 2010, representing a decline of RM13.12 million or 11.29% from FYE 30 June 2009. This decline was due to:-

- i) lower revenue contribution from the Nusajaya project as a significant portion of the marine construction work were already undertaken and billed in FYE 30 June 2009. The Nusajaya project was completed in FYE 30 June 2010.
- ii) the progress for the Oriental and HUSB (wherein significant portion of work was undertaken in FYE 30 June 2009) was rescheduled at the request of the client resulting in lesser amount of work performed, hence lower revenue being generated from the Oriental and HUSB project in FYE 30 June 2010.

For FYE 30 June 2009, the three (3) mentioned marine construction projects had contributed approximately RM92.87 million to our Group's revenue as compared to RM42.13 million in FYE 30 June 2010.

During the FYE 30 June 2010, our group commenced marine construction works for the SOSB project which was secured in year 2009 and hence contributing revenue of approximately RM21.97 million, representing approximately 18.86% of total revenue for FYE 30 June 2010.

In addition to the above, the Group's vessels chartering and marine transportation division had during FYE 30 June 2010 recorded revenue of RM13.33 million, representing an increase of RM8.66 million or approximately 185.64% as compared to FYE 30 June 2009 due to higher contribution from the chartering contract with Oceanlec, a company related to our Promoters.

Cost of Sales, GP and GP Margin

Our cost of sales decreased by approximately 34.84% or RM31.99 million from RM91.82 million in FYE 30 June 2009 to RM59.83 million in FYE 30 June 2010. The decrease was mainly due to the lower actual cost of sales recorded vis-à-vis total budgeted project costs following the near completion, i.e. awaiting soil settlement and consolidation to take place before completion of the projects, for Ultra Green (Phase 1), Ultra Green (Phase 2), and Nusajaya project in FYE 30 June 2010. The costs which were budgeted but not incurred for the above projects relate mainly to soil settlement and consolidation works (representing the final stages for reclamation projects) whereby soil levels on reclaim land are measured to determine whether they are in accordance with client's specification and thereafter whether additional sand filling, soil settlement and consolidation works needs to be performed to meet client's requirements.

In addition, lesser amount of work was performed on the Oriental and HUSB project due to project rescheduling as mentioned above. Consequentially, the lower actual cost incurred for the said projects resulted in lower cost of sales recorded for FYE 30 June 2010.

10. FINANCIAL INFORMATION (Cont'd)

Arising from lower of costs of sales incurred, our GP had increased by RM27.53 million or approximately 94.54% from RM29.12 million in FYE 30 June 2009 to RM56.65 million in FYE 30 June 2010. Additionally, arising from the lower actual cost incurred from the Ultra Green (Phase 1), Ultra Green (Phase 2) and Nusajaya project, our overall GP margin increased by approximately 24.55% from 24.08% in FYE 30 June 2009 to 48.63% in FYE 30 June 2010.

The increase in GP contribution from our vessels chartering and marine transportation operations in FYE 30 June 2010 was due to the Oceanlec chartering contract whereby our Group only provide bare-boat chartering services (i.e. only incur upkeep and maintenance expenses) as compared to FYE 30 June 2009 which the Group had chartered vessels from third party for recharter to our clients resulting in lower GP margins. Our Group is able to discontinue chartering from third party for recharter due to utilization of a significant portion of the twenty-one (21) vessels acquired during the end of 2009.

Other Operating Income

The increase was largely due to the gains on disposal of land of approximately RM11.17 million, representing approximately 48.39% of other operating income recognized in FYE 30 June 2010. Our Group recognized the gain on disposal of Land Portion from the PKL and Ultra Green (Phase 2) projects.

During FYE 30 June 2010, our Group recorded other operating income of RM4.68 million due to management fees received from our chartering contract with Oceanlec. The management fees are in relation to expenses charged to Oceanlec for administrative expenses incurred by our Group on behalf of Oceanlec.

In addition, our Group recognized a forfeiture of deposit amounting to RM1.93 million during FYE 30 June 2010 due to the termination of a sale and purchase agreement for our vessel by the prospective buyer.

The increase in foreign exchange gain of approximately RM1.65 million was due to the disposal of vessels amounting to approximately RM25.43 million for FYE 30 June 2010. The foreign exchange gain was due to the increase in the relevant foreign currency at the point of receipt of payment for the vessels.

Administrative Expenses

Our administrative expenses decreased by 1.48% or approximately RM0.12 million from RM8.30 million in FYE 30 June 2009 to RM8.18 million in FYE 30 June 2010 mainly due to the decrease in foreign exchange loss from RM3.05 million in FYE 30 June 2009 to RM0.75 million in FYE 30 June 2010. However, the decrease is offset by the increase in salary and staff related expenses, insurance expense due to the addition of twenty one (21) vessels acquired in FYE 30 June 2009 and provision of doubtful debts amounting to approximately RM1.58 million as compared to FYE 30 June 2009.

Finance Costs

Our finance costs decreased by 16.29% or RM0.57 million from RM3.50 million in FYE 30 June 2009 to RM2.93 million in FYE 30 June 2010 mainly due to lower interest paid for bank overdraft of approximately RM1,000 in FYE 30 June 2010 as compared to approximately RM460,000 during FYE 30 June 2009.

The decrease in interest paid for bank overdraft was due to the decrease in bank overdraft from an average balance of approximately RM7.0 million during FYE 30 June 2009 to an average balance of approximately RM0.4 million during FYE 30 June 2010.

10. FINANCIAL INFORMATION (Cont'd)**Taxation**

Our taxation expenses increased by 54.9% or RM3.63 million from RM6.61 million in FYE 30 June 2009 to RM10.24 million in FYE 30 June 2010 mainly due to the increase in our profit before taxation by RM44.75 million from RM23.88 million in FYE 30 June 2009 to RM68.63 million in FYE 30 June 2010.

The effective tax rate has decreased to approximately 14.9% for FYE 30 June 2010 from 27.7% in FYE 30 June 2009 mainly due to income derived from the vessel chartering and marine transportation division amounted to RM10.79 million being taxed at a lower rate as compared to the statutory tax rates in accordance to the Labuan Offshore Business Activity Tax Act 1990.

10.4.3 Significant Factors Materially Affecting Our Group's Operating Results and Financial Condition

The main factors that have affected and are expected to continue to affect the results of our Group's operations in future, are substantially similar to those affecting us historically and the industry we operate in. Marine construction works are influenced by, amongst others, fluctuations in demand for land reclamation projects which in turn is influenced by changes in the local economy, competition, prices, availability of raw materials and operating costs.

Our business operations and financial condition have been and will continue to be affected by internal and external factors predominantly affecting the marine construction industries including but not limited to the following:-

(i) Demand and supply conditions

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

- industrial / urban development;
- maritime and logistics industries;
- civil and agriculture industries; and
- socio-economic and environment protection sectors.

An increase in the activities of these sectors would increase the demand for marine construction services.

(ii) Supply of diesel, sand and rocks

Diesel, sand and rocks represent major cost components utilized in our marine construction activities. Hence, any shortage in the supply of diesel, sand or rocks may affect the operations of marine construction companies. In mitigating this, our Group maintains a varied base of suppliers of diesel to reduce over-dependency on any single supplier.

In addition, any fluctuations in the prices of diesel, sand or rocks may affect the profit margins of marine construction companies. We endeavour to mitigate the fluctuations in the price of sand by entering into agreements with sand concessionaires to dredge sand at specified pricing. In relation to potential projects, we may price in potential increases in the price of sand or rocks into our land reclamation, rock revetment, shore protection or breakwater construction contracts when preparing the project costing.

10. FINANCIAL INFORMATION (Cont'd)

For further information on the effects of the supply and prices of diesel, sand and rocks on our operations and the mitigating factors, please refer Section 3.2(a) of this Prospectus.

(iii) Delay in completion of marine construction contracts and cost overruns

Marine construction companies are susceptible to operational risks such as breakdown of equipment and machinery; accidents involving operation facilities and personnel during an assignment; and natural factors i.e. weather conditions. The on-set of such factors may result in delays to marine construction projects and / or cost overruns. Further information on the effects of delays and cost overruns experienced in our marine construction projects and the mitigating factors are set out in Section 3.2(b) of this Prospectus.

(iv) Fluctuating market prices and disposal of our Land Portion

Under our revenue model, payment for our land reclamation projects is settled either via cash or the Land Portion or a combination of both. In this respect, fluctuating prices of the Land Portion of our projects may result in loss on disposal. In order to mitigate the occurrence of this, we conduct sufficient due diligence on the land and surrounding vicinity whereby we critically consider the potential value of the Land Portion as well as the demand-supply condition for land in such vicinity, giving due considerations to possible infrastructure enhancements on the said lands to increase the potential values. Further details on the effects of fluctuating market prices of our Land Portion on our operations and the mitigating factors are set out in Section 3.1(b) of this Prospectus.

(v) Dependence on 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 from the public and private sector may slow down. In addition, marine construction companies are governed by national, regional and international regulation and policies. Failure to obtain any of the necessary approvals for marine construction activities may result in inability to undertake such projects while non-compliance with any of the applicable regulations, policies or conditions imposed, may result in stop work orders, fines or detainment of vessels. As a result, marine construction companies incur operating costs to comply with the relevant governing regulations and policies. Further details on the effects of economic, regulatory and political factors on our Group and their mitigating factors are set out in Sections 3.1(c) and 3.2(i) of this Prospectus.

10.4.4 Impact of Foreign Exchange / Interest rates / Commodity Prices

Our revenue was mainly derived from our marine construction activities which were primarily undertaken within Malaysia. Our foreign source of income which is denominated in USD for FYE 30 June 2009 and FYE 30 June 2010 was derived from our vessels chartering and marine transportation division undertaken for Oceanlec. The abovementioned foreign source of income represented only approximately 3.85% and 11.45% of our total revenue for FYE 30 June 2009 and FYE 30 June 2010 respectively. Hence any fluctuation of USD is not expected to have a significant impact on our Group's future financial performance.

In addition, our Group also acquired vessels and parts from China and Singapore in USD and SGD. For information purposes, our Group have incurred a total of approximately USD20.93 million and SGD19.07 million for the acquisitions of vessels and parts during the financial years under review.

10. FINANCIAL INFORMATION (Cont'd)

As at 30 June 2010, our Group's total short term and long term bank borrowings amounted to approximately RM61.63 million. All the bank borrowings of our Group are interest bearing. Given that the interest charged on bank borrowings is dependent on interest rates and total outstanding loans, future fluctuation of interest rates could affect our Group's profitability.

Certain materials, namely steel for our shipbuilding activities as well as diesel used by our vessels are commodities of which the prices fluctuate according to world prices. In some situations, increase in the price of raw materials may not be immediately passed onto the end-users. This may have an impact on the margins of our Group. However, in order to ensure constant supply of our raw materials and to ensure our purchases are at competitive rates, our Group endeavours to maintain long term relationships with our suppliers.

There was no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the financial years under review.

10.5 LIQUIDITY AND CAPITAL RESOURCES**10.5.1 Working capital**

We have been financing our operations through cash generated from our marine construction and vessels chartering operations and external sources of funds. Our Group's external source of funds mainly comprises of shareholders' equity and bank borrowings.

As at 30 June 2010, our Group have cash and cash equivalents of approximately RM31.51 million including fixed deposits of approximately RM15.13 million which have been pledged to bank for the bank facilities granted to our Group. The balance of RM16.38 million is free cashflows to our Group. As at 30 June 2010, our Group has unutilized bank facilities comprising, term loans, hire purchase, bankers acceptance and trust receipts amounting to approximately RM16.56 million.

As at 30 June 2010, after incorporating the effects of the Listing Scheme (excluding ESOS), the proforma Group has cash and cash equivalents and fixed deposits of RM125.01 million and total borrowings and interest-bearing indebtedness of RM106.94 million.

Based on our proforma consolidated balance sheet as at 30 June 2010 (after adjusting for the Internal Restructuring and Acquisitions but before the Public Issue), our current ratio amounts to 0.94 times, comprising current assets of RM232.14 million and current liabilities of RM247.87 million. The current ratio is expected to improve to 1.31 times after the Public Issue (after taking into consideration the utilisation of proceeds).

Our Directors are of the opinion that, after taking into account our cashflow position, banking facilities available and net proceeds to be raised from the Public Issue, we will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

10. FINANCIAL INFORMATION (Cont'd)**10.5.2 Cash flow**

A summary of our Group's proforma cash flow statement for the FYE 30 June 2010 is as follows:-

	FYE 30 June 2010 RM'000
Net cash from operating activities	4,009
Net cash from investing activities	33,639
Net cash generated used in financing activities	(27,034)
Net increase in cash and cash equivalents	10,614
Cash and cash equivalents at the beginning of the financial year	6,175
Effect of foreign exchange rate	(407)
Cash and cash equivalents at the end of the financial year	16,382

Our Directors are of the opinion that there are no economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances and we can reasonably meet our cash obligations as and when due, i.e. for working capital requirements and repayment of bank borrowings.

Net cash from operating activities

For the FYE 30 June 2010, our Group generated operating cash flow before working capital changes amounting to approximately RM66.84 million. After adjustments for working capital changes which resulted in cash outflow of approximately RM55.86 million, interest paid of RM2.87 million and net taxes paid of RM4.10 million, our Group generated net cash from operating activities of approximately RM4.01 million. Working capital changes arose mainly from the following:-

- (i) increase in receivables amounting to RM13.62 million, mainly due to the increase in trade receivables account (for marine construction works whereby payment is in Land Portion) in line with the substantial marine construction works (payment in Land Portion) undertaken during the year offset by the decrease in trade receivables (for marine construction works whereby payment is in cash) during the FYE 30 June 2010.
- (ii) decrease in payables amounting to RM43.11 million mainly due to the decrease in other payables in relation to payment made for acquisition of vessels and decrease in project deposits from our clients. However, this decrease is offset by the deposits received in relation to disposal of land during the FYE 30 June 2010.

Net cash from investing activities

For the FYE 30 June 2010, we incurred capital expenditure of RM20.12 million mainly from the acquisition of three (3) vessels amounting to approximately RM12.08 million and cost incurred for the construction of three (3) vessels by BenShip amounting to approximately RM6.17 million which was set off by the proceeds from disposal of property, plant and equipment and a subsidiary amounting to RM28.68 million and RM28.93 million respectively.

10. FINANCIAL INFORMATION (Cont'd)

Net cash used in financing activities

For the FYE 30 June 2010, net cash used in financing activities amounted to RM27.03 million mainly due to repayment of our credit facilities amounting to RM11.36 million, repayment of related party advances of RM15.81 million and dividend payment of RM2.29 million whilst our Group had also drawdown a term loan for RM2.43 million.

10.5.3 Borrowings

As at LPD, the total borrowings of our Group in the form of term loans, hire purchase, bankers acceptance, trust receipt and bank overdraft amounted to approximately RM58.55 million. Our Group does not have any non-interest bearing borrowings.

Our Group's borrowings can be analysed as follows:-

	As at LPD RM'000
<u>Interest bearing short term borrowings</u>	
• Term loan	18,766
• Hire purchase	836
• Bankers acceptance	-
• Trust receipt	794
• Bank overdraft	2,240
<u>Interest bearing long term borrowings</u>	
• Term loan	35,276
• Hire purchase	636
Total interest bearing borrowings	58,548
Less : Cash and cash equivalents and fixed deposits	(31,382)
Net borrowings	27,166
Gearing ratio (times)	0.39 ⁽¹⁾
Equity (Net Assets)	151,176

Notes:-

(1) Based on total interest bearing borrowings divided by proforma shareholders' funds of RM151.176 million upon completion of the Internal Restructuring and Acquisitions.

The above borrowings include foreign currency borrowings as follows:-

	As at LPD	
	SGD'000	RM'000 equivalent*
<u>Interest bearing short term borrowings</u>		
• Term loan	5,494	13,164
<u>Interest bearing long term borrowings</u>		
• Term loan	2,079	4,981
	7,573	18,145[^]

Note:-

* Based on the exchange rate of SGD1.00:RM2.396 as at LPD

[^] The said foreign currency borrowing relates to the assumption of Oceanlec's borrowings arising from the Acquisition of Oceanlec Vessels.

10. FINANCIAL INFORMATION (Cont'd)

Save for the above, our Group has no foreign currency borrowings for the financial years under review.

As at LPD, the interest bearing borrowings have interest rate ranging from 2.32% to 7.05% per annum.

Our Group has not defaulted on any payments of either interest and / or principal sums in relation to any borrowings for the past FYE 30 June 2010 and in the subsequent period up to LPD. Based on the outstanding borrowings as at LPD, our Group is confident that it is able to service its borrowings obligations from internally generated funds.

10.5.4 Breach of Terms and Conditions / Covenants Associated with Credit Arrangement/ Bank Loan

To the best of our Directors' knowledge, as at LPD, neither we nor our subsidiaries are in breach of any terms and conditions or covenants associated with credit arrangements or bank loans, which can materially affect our financial position and results or business corporations, or the investments by holders of securities in our Company and/or our subsidiaries.

10.5.5 Type of Financial Instruments Used

As at LPD, save for the credit facilities as disclosed in Section 10.5.3 of this Prospectus, we do not use any other financial instruments.

10.5.6 Treasury Policies and Objectives

We have been financing our operations through cash generated from operations and external source of funds. The external source of funds consists of credit terms provided by the suppliers, shareholders' advances as well as bank borrowings. The normal credit terms granted by the suppliers ranges from 30 days to 90 days.

The principal uses of these cash resources are mainly for working capital purposes and also to finance capital expenditure and extending trade credit to the clients of our Group. The decision to either utilize banking facilities or internally generated funds for the operations of our Group depends on, inter-alia, the following factors:-

- the current cash balance of our Group;
- expected cash inflows from marine construction contracts as well as sale of reclaimed land received as settlement for marine construction works undertaken;
- future working capital requirements;
- future capital expenditure requirements; and
- interest rates of current facilities.

The minimum cash reserves of our Group at any point in time are dependent on, inter-alia, the expected cash inflows and the future working capital requirements.

The interest rates for our borrowings are based on the market rates prevailing at the dates of the respective transactions.

We conduct our operations in RM, as well as other foreign currency, which mainly consists of USD. Accordingly, we do not have any hedging policies nor have we entered into any forward contracts in respect of any foreign exchange exposure. Our cash and cash equivalents are mainly maintained in RM.

10. FINANCIAL INFORMATION (Cont'd)**10.5.7 Material litigations, contingent liabilities and material commitments****(a) Material Litigations / Arbitration**

As at LPD, neither our Company nor our subsidiaries are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Company or our subsidiaries and our Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Company or our subsidiaries.

(b) Contingent Liabilities

As at LPD, our Directors are not aware of any material contingent liabilities, which upon becoming enforceable may have a material impact on the financial position of our Group.

(c) Material Commitments

As at LPD, our Directors are not aware of any material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of our Group.

10.5.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group based on our audited proforma consolidated financial statements for the FYE 30 June 2008 to FYE 30 June 2010 are as follows:-

	FYE 2008	FYE 2009	FYE 2010
Trade receivables turnover period (months)*			
• Marine Construction ⁽¹⁾	3.81	5.64	0.33
• Vessels Chartering	-	-	-
Trade payables turnover period (months)*			
• Marine Construction ⁽²⁾	0.97	1.48	0.73
• Vessels Chartering ⁽³⁾	-	-	-
Current ratio (times)	1.26	1.24	0.94
Gearing ratio (times) ⁽⁴⁾	0.42	0.71	0.41

* Based on closing balance

Notes:-

(1) Calculated as follows:-

(Trade receivables from marine construction projects / Revenue from marine construction works) x 12 months

Trade receivables from marine construction projects – (i) are net of provision for doubtful debts; and (ii) exclude retention sums that were withheld by our clients for on-going and completed projects;

(2) Calculated as follows:-

(Trade payables as at the end of the relevant financial year for marine construction works / Cost of sales incurred for marine construction works) x 12 months

10. FINANCIAL INFORMATION (Cont'd)

Trade payables exclude retention sums accruing to our suppliers that were withheld by us and which are not due for payment;

(3) Calculated as follows:-

(Trade payables as at the end of the relevant financial year for vessels chartering and marine transportation / Cost of sales incurred for vessels chartering and marine transportation) x 12 months

(4) Calculated based on total interest bearing borrowings over shareholders' funds.

Trade Receivables

The ageing analysis of our Group's trade receivables as at 30 June 2010 is as follows:-

	Within Credit Period			Exceeding Credit Period			Total RM'000
	0-30 days RM'000	31-60 days RM'000	61-90 days RM'000	91-120 days RM'000	121-180 days RM'000	> 180 days RM'000	
Trade receivables							
- Third parties	-	31.25	-	-	-	2,908.89	2,940.14
- Related parties	-	-	-	-	-	-	-
Total trade receivables	-	31.25	-	-	-	2,908.89	2,940.14
Provision for doubtful debts	-	-	-	-	-	(71.44)	(71.44)
Net trade receivables	-	31.25	-	-	-	2,837.45	2,868.70
% of trade receivables	-	1.09%	-	-	-	98.91%	100.0%

Our Group's trade receivables turnover period for the last three (3) FYE ranges from 0.33 months to 5.64 months (as compared to our Group's credit terms of 60 to 90 days).

Our trade receivables turnover period is particularly higher in FYE 30 June 2009 due to the inclusion of an amount outstanding of RM23.38 million (or 42.81% of trade receivables balance), being a billing made in May 2009 for the Oriental project. Subsequently an amount of RM14.63 million was received by our Group within the credit period whilst the remaining balance was settled periodically thereafter. For illustration purposes, should the aforesaid trade receivables balance being excluded, our trade receivables turnover period for FYE 30 June 2009 is approximately 3.22 months. Our trade receivables turnover period is 0.33 times in FYE 30 June 2010 due to a large portion of the revenue for marine construction works were settled via reclaimed land as well as due to higher collection received from the Oriental and Nusajaya project in FYE 30 June 2010. There is a total of approximately RM2.84 million which is outstanding and exceeding our Group's normal credit period due to amount owing from three (3) major customers whereby the projects are still ongoing and/or our Group is in the midst of securing new contracts from.

Our Group has taken reasonable steps 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. It is our policy to make provisions for trade receivables that are in dispute, under legal action or where recoveries are considered to be doubtful. Notwithstanding the above, our Directors are of the opinion that the balance trade receivables exceeding our normal credit period are recoverable taking into consideration our long term relationship with most of these clients.

10. FINANCIAL INFORMATION (Cont'd)

Whilst the trade receivables turnover period is generally within our normal credit terms (save for the exception noted in FYE 30 June 2009 as highlighted above), our Group from time-to-time may consider extending our normal credit terms under the following circumstances:-

- i) for clients who have maintained long term relationship with our Group
- ii) good credit standing and regular payment track record
- iii) for large contracts with long project duration
- iv) possibility of our Group in securing future projects / contracts from the particular client

In relation to our vessels chartering operations, our Group generally grant our clients credit terms ranging from 60 to 90 days. For the FYE 30 June 2010, our trade receivables turnover period for vessels chartering has been within the credit terms of our Group.

Amount Due from Contract Customers

As at 30 June 2010, included in the amount due from contract customers is an amount of RM147.378 million which are the Land Portion.

Land Portion represents our Group's entitlement to the reclaimed land (being settlement for our marine construction contracts). It is being included as "Amount Due from Contract Customers" whilst the Land Portion are pending the Alienation Process as at the respective FYE. It would subsequently be re-classified as "Land Held For Sale" following the Alienation Process. Notwithstanding the land titles have yet to be issued under the Alienation Process, our Group can still commence the disposal of the Land Portion. However, the resulting gain / loss from the disposal of the land can only be recognized when the disposed land individual title is issued under the Alienation Process.

As at the LPD, the total Land Portion (including Land Portion in "Amount Due From Contract Customer" and "Land Held For Sale") held by our Group is 296.72 acres which we reclaimed at a total cost of RM176.2 million. Out of the 296.72 acres, we have entered into agreements for the disposal of 58.88 acres of the Land Portion which we reclaimed at a cost of RM32.3 million but the disposals are pending completion. The indicative disposal consideration for the aforementioned Land Portion amounts to RM49.6 million.

Trade Payables

The ageing analysis of our Group's trade payables as at 30 June 2010 is as follows:-

	Within Credit Period			Exceeding Credit Period			Total RM'000
	0-30 days RM'000	31-60 days RM'000	61 - 90 days RM'000	91-120 days RM'000	121-160 days RM'000	> 180 days RM'000	
Trade payables	624.0	549.8	463.8	190.7	20.9	1,696.4	3,545.6
% of trade payables	17.6%	15.5%	13.1%	5.4%	0.6%	47.8%	100.0

The normal credit period granted by our sub-contractors and suppliers ranges from 30 to 90 days. Our trade payables turnover period has been consistent within the credit period granted by our sub-contractors and suppliers. As at LPD, RM1.49 million of trade payables exceeding credit period has been settled.

10. FINANCIAL INFORMATION (Cont'd)

In view of the good relationship with our major suppliers and sub-contractors, as at LPD there were no significant matters in dispute with respect to trade payables for the past three (3) financial years under review and there was no legal action initiated by any one of our suppliers or sub-contractors to demand for payment.

Current ratio

Our current ratio decreased from 1.26 times in FYE 30 June 2008 to 1.24 times in FYE 30 June 2009 due to the increase in bank borrowings from the drawdown of term loan to partially finance the acquisition of twenty-one (21) vessels in FYE 30 June 2009. The decrease in our current ratio for FYE 30 June 2009 is also contributed by the slight increase in amount owing to directors in FYE 30 June 2009.

Our current ratio decreased from 1.24 times in FYE 30 June 2009 to 0.94 times in FYE 30 June 2010 mainly due to the increase in bank borrowings and amount due to related party as a result of the Acquisition of Oceanlec Vessels. In addition, the decrease in land held for sale due to completion of the land disposal as detailed in Sections 10.4.1(iii) and 10.4.2 wherein the cash proceeds for the said disposal has been received in previous financial years, contributed to the decrease of our current ratio in FYE 30 June 2010.

Gearing ratio

Our gearing ratio increased from 0.42 times in FYE 30 June 2008 to 0.71 times in FYE 30 June 2009 mainly due to the increase in bank borrowings to finance the acquisition of twenty-one (21) vessels in FYE 30 June 2009. This is in line with the increase in marine construction activities of our Group in FYE 30 June 2009 which has seen an increase in land reclamation activities as well as the commencement of our Group's vessels chartering and marine transportation services.

Our gearing ratio decreased from 0.71 times in FYE 30 June 2009 to 0.41 times in FYE 30 June 2010 mainly due to the substantial increase in the shareholders' fund of our Group as a result of the PAT recorded in FYE 30 June 2010.

10.6 TREND INFORMATION

As at LPD, to the best of our Directors' knowledge and belief, our operations have not been and are not expected to be affected by any of the following:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those disclosed in this Section and Sections 3 and 4 of this Prospectus;
- (ii) material commitments for capital expenditures, save as set out in Section 10.5.7(c) of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this Section and Section 3 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group revenue and/or profits save for those that have been disclosed in this Section, industry overview as set out in Section 5 of this Prospectus and the future plans and strategies as set out in Section 4.19 of this Prospectus;

10. FINANCIAL INFORMATION (Cont'd)

- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this Section and Section 3 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this Section, Sections 3 and 4 of this Prospectus.

Our Board is optimistic about the future prospects of our Group and the outlook of the marine construction industry due to the factors set out in Section 4.20 of this Prospectus, in consideration of our Group's competitive strengths as set out in Section 4.4 of this Prospectus, the significant factors materially affecting our Group's operating results and financial condition as set out in Sections 10.4.3 of this Prospectus, and our Group's dedication to implement the future plans and strategies as set out in Section 4.19 of this Prospectus.

10.7 ORDER BOOK

As at the LPD, our outstanding contracts in hand for the marine construction services amounted to approximately RM855.7 million, with expected completion period of up to year 2016. As the revenue from our marine construction projects are recognized based on the percentage-of-completion method, our outstanding contracts in hand excludes the value of completed works in respect of on-going projects which have been recognized as revenue.

Our outstanding contracts in hand for the marine construction services are however subject to termination, cancellation, deferral or rescheduling by our clients. Accordingly, our outstanding contracts in hand as at any particular date may not be indicative of our revenue for any succeeding period.

Going forward, we are confident that our outstanding contracts in hand will remain strong as we have established a reputation as a reliable marine construction contractor with the ability to consistently deliver quality work as scheduled or ahead of schedule.

10.8 DIVIDEND POLICY

Subject to the factors outlined below, our Directors intend to recommend and distribute dividends of 15% and 30% of our net distributable profit to our shareholders with respect to FYE 30 June 2011 and FYE 30 June 2012 respectively.

The abovesaid intention is in line with our Directors' policy to recommend dividends to allow our shareholders to participate in the profits of our Group. Our Group will declare dividends, if any, in RM and will make payment of the dividends in RM.

Notwithstanding the above, our ability to pay dividends or make other distributions to our shareholders for FYE 30 June 2011 and FYE 30 June 2012 as well as for future years post-FYE 30 June 2012 is subject to various factors, such as having profits and excess funds not required to be retained to fund our business. Our Directors will consider the following factors, amongst others, when recommending dividends for approval by our shareholders or when declaring any interim dividends:-

- (i) the availability of adequate distributable reserves and cash flows;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and

10. FINANCIAL INFORMATION (Cont'd)

(iv) any material impact of tax laws and other regulatory requirements.

Any declaration and payment of interim dividends in the future will be at the discretion of the Board of Directors. It is subject to approval by our shareholders when the Company declares any final dividends. There is no assurance on whether dividend distributions will occur as intended, the amount of dividend payment, or timing of such payments.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

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11. ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

The Board of Directors
Benalec Holdings Berhad
38, Jalan Pengacara U1/48
Seksyen U1
Temasya Industrial Park
Glenmarie
40150 Shah Alam
Selangor Darul Ehsan

13 December 2010
Our ref: BDO/AO

Dear Sirs

**BENALEC HOLDINGS BERHAD ("BENALEC" or the "Company")
ACCOUNTANTS' REPORT (the "Report")**

1. INTRODUCTION

This Report has been prepared by BDO, an approved company auditor, for inclusion in the Prospectus of Benalec in connection with the listing of and quotation for the enlarged issued and paid-up share capital of Benalec on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Scheme"), and should not be relied on for any other purposes. The details of the Listing Scheme are disclosed in Section 3 of this Report.

2. INTERNAL RESTRUCTURING

- (a) On 17 September 2010, Oceanliner Pte. Ltd. ("Oceanliner") entered into a Memorandum of Agreement with Oceanlec Pte. Ltd. ("Oceanlec") to acquire 11 vessels held by Oceanlec ("Oceanlec Vessels") for a total consideration of SGD28,000,000 (equivalent to approximately RM65,212,000 at the exchange rate of SGD1.00: RM2.329). The purchase consideration for the vessels was settled via the assumption of Oceanlec's liabilities amounting to SGD8,546,601 (equivalent to approximately RM19,905,034 based on an exchange rate of SGD1.00: RM2.329 as at 15 September 2010) and the creation of indebtedness amounting to SGD19,453,399 (equivalent to approximately RM45,306,966 based on an exchange rate of SGD1.00: RM2.329 as at 15 September 2010) by Oceanliner to Oceanlec.
- (b) On 30 September 2010, Benalec Sdn. Bhd. ("BSB") acquired 100% of the issued and paid-up share capital of Ocean Marine Ltd. ("OML") from Oriental Grandeur Sdn. Bhd. ("OGSB") comprising 2,432,067 ordinary shares of USD1.00 each for a purchase consideration of USD2,432,067 or RM7,500,000 (based on an exchange rate of USD1:RM3.084 as at 29 September 2010), which was wholly satisfied by BSB via the creation of indebtedness to OGSB.
- (c) On 30 September 2010, BSB acquired 100% of the issued and paid-up share capital of Pacific Ltd. ("Pacific") from OGSB comprising 18,645,829 ordinary shares of USD1.00 each for a purchase consideration of USD18,645,829 or RM57,500,000 (based on an exchange rate of USD1:RM3.084 as at 29 September 2010), which was wholly satisfied by BSB via the creation of indebtedness to OGSB.



3. DETAILS OF THE LISTING SCHEME

In conjunction with and as an integral part of the listing of Benalec on the Main Market of Bursa Securities, the Company undertakes the following transactions:

3.1 Subdivision

The Company undertake a subdivision of every one (1) ordinary share of RM1.00 each into four (4) subdivided shares of RM0.25 each in the Company.

3.2 Acquisitions of Subsidiaries

Acquisitions by Benalec of:

- (a) 730,000 ordinary shares of RM10 each in BSB, representing 100% equity interest in BSB;
- (b) 1,000,000 ordinary shares of RM1.00 each in Benalec Shipyard Sdn. Bhd. ("BenShip"), representing 100% equity interest in BenShip;
- (c) 200,000 ordinary shares of SGD1.00 each in Oceanliner, representing 100% equity interest in Oceanliner;

based on the audited net assets as at 30 June 2010 for an aggregate purchase consideration of RM157,499,998 to be satisfied by way of issuance of 629,999,992 new ordinary shares of RM0.25 each in Benalec.

3.3 Public Issue

The Public Issue of 100,000,000 new ordinary shares of Benalec at RM1.00 per Public Issue Share ("IPO Price"), is to be allotted and allocated in the following manner:

- (a) 36,500,000 Public Issue Shares made available for application by Malaysian public;
- (b) 6,500,000 Public Issue Shares made available for application by eligible directors, employees and business associates of Benalec and its subsidiaries.
- (c) 57,000,000 Public Issue Shares made available via private placement to selected investors.

3.4 Offer for Sale

The Offer for Sale of 130,000,000 of the enlarged Benalec Shares ("Offer Shares") by Leaw Tua Choon, Leaw Ah Chye, Leaw Seng Hai and Foo Polin (collectively the "Offerors") will be offered at the IPO Price of RM1.00 per Share, payable in full upon application, to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI") and by way of private placement to selected investors.

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

3. DETAILS OF THE LISTING SCHEME (continued)

3.5 ESOS

In conjunction with the Proposed Listing, Benalec proposes to implement an Employees Share Option Scheme ("ESOS") which entails the issuance of up to 10 percent (10%) of Benalec's issued and paid-up share capital at any one time pursuant to the options to be granted under the ESOS, to eligible Directors and employees of the Benalec Group. The option price is to be determined.

3.6 Listing and quotation

Upon completion of the Internal Restructuring, Subdivision, Acquisitions of Subsidiaries, Public Issue, Offer for Sale and ESOS, Benalec will seek the listing of and quotation for its entire enlarged issued and paid-up capital on the Main Market of Bursa Malaysia Securities Berhad.

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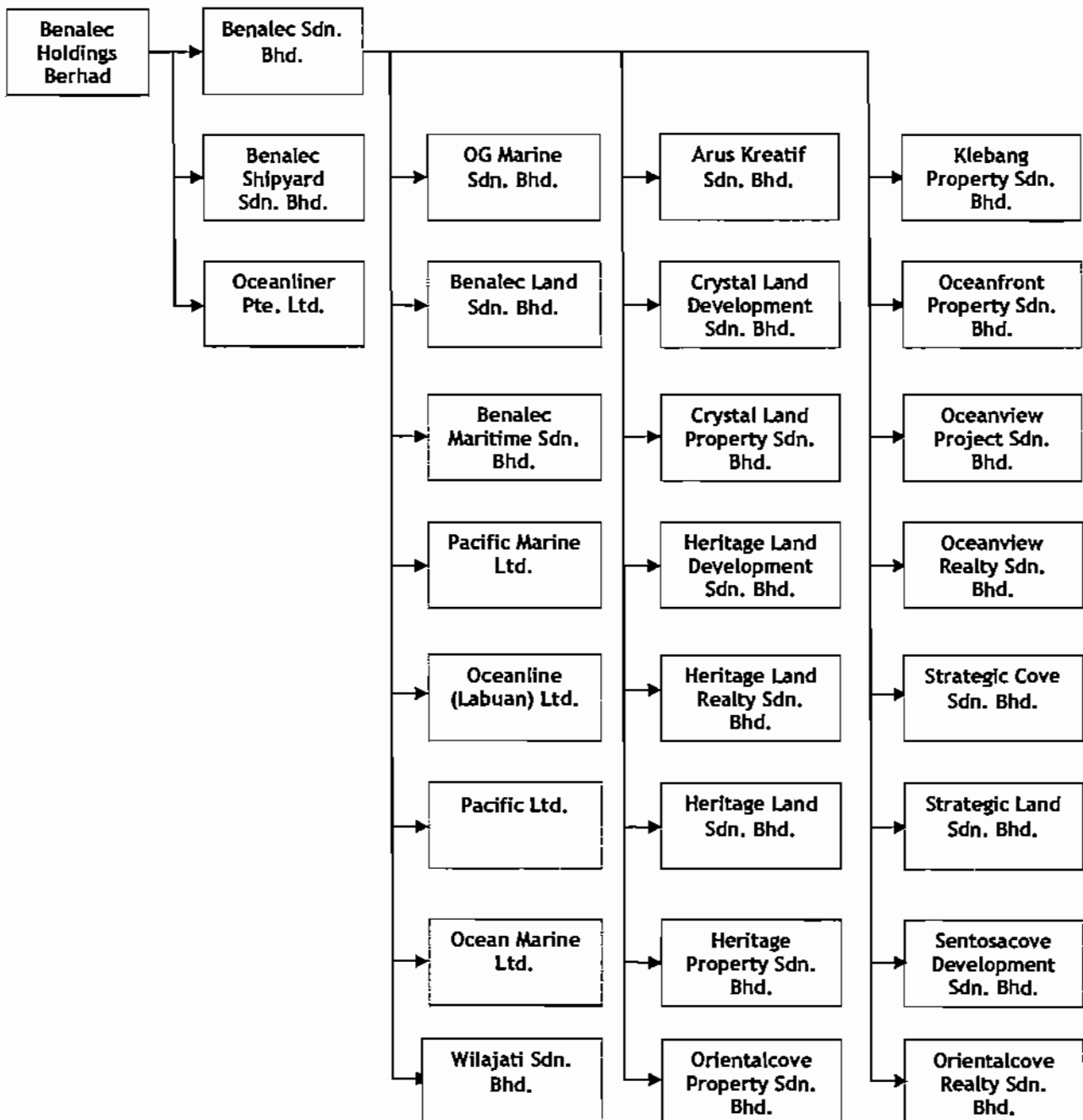


4. GENERAL INFORMATION

The Company was incorporated and domiciled in Malaysia under the Companies Act, 1965 on 12 July 2005 as a private limited liability company and subsequently changed its status to become a public limited liability company on 29 September 2010. The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

4.1 Group structure

The proposed corporate structure of Benalec Group (the "Group") upon the Listing and Quotation is as follows:



11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

4. GENERAL INFORMATION (continued)

4.2 Principal activities

The principal activity of the Company is investment holding whilst the details of the proposed subsidiaries as at the date of this Report are as follows:

Subsidiaries	Date of incorporation	Place of incorporation	Paid-up Capital	Effective equity interest (%)	Principal activities
BSB	29 Apr 1978	Malaysia	RM7,300,000	100	Marine construction and civil engineering
BenShip	16 Aug 1979	Malaysia	RM1,000,000	100	Ship building, repair, maintenance, fabrication, refurbishment and ship trading
Oceanliner	4 Jun 2009	Singapore	SGD200,000	100	Charter of vessels
Subsidiaries of BSB					
OG Marine Sdn. Bhd. ("OG Marine")	5 Nov 2002	Malaysia	RM1,000,000	100	Charter of vessels
Benalec Land Sdn. Bhd. ("Benalec Land")	9 Dec 2004	Malaysia	RM4	100	Property investment holding
Benalec Maritime Sdn. Bhd. ("Benalec Maritime")	29 Aug 2007	Malaysia	RM100,000	100	Dormant
Pacific Marine Ltd. ("Pacific Marine")	17 Apr 2009	Labuan	USD1,000,000	100	Charter and leasing of vessels
Oceanline (Labuan) Ltd. ("Oceanline Labuan")	28 Oct 2008	Labuan	USD7,050,000	100	Charter, leasing and trading of vessels
Pacific Ltd. ("Pacific")	17 Apr 2009	Labuan	USD18,645,829	100	Charter/leasing of vessels
Ocean Marine Ltd. ("OML")	17 Apr 2009	Labuan	USD4,974,761	100	Charter/leasing of vessels

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

4. GENERAL INFORMATION (continued)

4.2 Principal activities (continued)

Subsidiaries	Date of incorporation	Place of incorporation	Paid-up Capital	Effective equity interest (%)	Principal activities
Subsidiaries of BSB(continued)					
Arus Kreatif Sdn. Bhd. ("Arus Kreatif")	5 Mar 1999	Malaysia	RM500,000	100	Property investment holding
Crystal Land Development Sdn. Bhd. ("Crystal Land Development")	11 Jun 2009	Malaysia	RM2	100	Property investment holding
Crystal Land Property Sdn. Bhd. ("Crystal Land Property")	16 Apr 2009	Malaysia	RM2	100	Property investment holding
Heritage Land Development Sdn. Bhd. ("Heritage Land Development")	11 Jun 2009	Malaysia	RM2	100	Dormant
Heritage Land Realty Sdn. Bhd. ("Heritage Land Realty")	11 Jun 2009	Malaysia	RM2	100	Dormant
Heritage Land ("Heritage Land")	26 May 2009	Malaysia	RM2	100	Dormant
Heritage Property Sdn. Bhd. ("Heritage Property")	16 April 2009	Malaysia	RM2	100	Dormant
Klebang Property Sdn. Bhd. ("Klebang Property")	16 Apr 2009	Malaysia	RM2	100	Dormant
Oceanfront Property Sdn. Bhd. ("Oceanfront Property")	15 Apr 2010	Malaysia	RM2	100	Dormant

11. ACCOUNTANTS' REPORT (Cont'd)



Benolec Holdings Berhad (Company No. 702653-V)
Accountants' Report

4. GENERAL INFORMATION (continued)

4.2 Principal activities (continued)

Subsidiary	Date of Incorporation	Place of Incorporation	Paid-up Capital	Effective equity Interest (%)	Principal activities
Subsidiaries of BSB(continued)					
Oceanview Project Sdn. Bhd. ("Oceanview Project")	19 Apr 2010	Malaysia	RM2	100	Dormant
Oceanview Realty Sdn. Bhd. ("Oceanview Realty")	19 Apr 2010	Malaysia	RM2	100	Dormant
Orientalcove Realty Sdn. Bhd. ("Orientalcove Realty")	13 June 2006	Malaysia	RM3	100	Dormant
Orientalcove Property Sdn. Bhd. ("Orientalcove Property")	13 June 2006	Malaysia	RM3	100	Dormant
Sentosacove Development Sdn. Bhd. ("Sentosa Cove")	17 July 2008	Malaysia	RM250,000	100	Dormant
Strategic Cove Sdn. Bhd. ("Strategic Cove")	19 Apr 2010	Malaysia	RM2	100	Property investment holding
Strategic Land Sdn. Bhd. ("Strategic Land")	19 Apr 2010	Malaysia	RM2	100	Dormant
Wilajati Sdn. Bhd. ("Wilajati")	10 July 2008	Malaysia	RM2	100	Dormant

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

5. SHARE CAPITAL

The Company was incorporated with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each. On 2 December 2010, the Company subdivided its authorised shares to RM100,000 comprising 400,000 shares of RM0.25 each. Subsequently, on the same date, the Company increased its authorised share capital to RM500,000,000 by the creation of 1,600,000,000 new shares of RM0.25 each.

Details of the changes in the issued and paid up share capital of the Company since the date of incorporation are as follows:

Date of allotment	No of shares allotted	Cumulative no of shares allotted	Par value (RM)	Consideration	Cumulative total issued and paid-up share capital (RM)
12 July 2005	2	2	1.00	Subscriber's shares	2
2 December 2010	8	8	0.25	Subdivision of shares from RM1.00 each to RM0.25 each	2
2 December 2010	629,999,992	630,000,000	0.25	Issued as considerations for the Acquisitions of Subsidiaries	157,500,000
(i)	100,000,000	730,000,000	0.25	Public issue	182,500,000

(i) *New shares to be issued pursuant to the Public Issue*

Upon completion of the Public Issue and Offer for Sale ("IPO") as set out in Section 3 of this Report, the issued and fully paid-up share capital of the Company will be enlarged to RM182,500,000 comprising 730,000,000 Shares.

6. DIVIDEND

No dividend was declared by the Company since the date of its incorporation.

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

7. RELEVANT FINANCIAL PERIODS AND AUDITORS

Set out below are the relevant financial periods of the audited financial statements presented for the purpose of this Report ("Relevant Financial Periods") and the auditors of the respective companies within the Benalec Group for the Relevant Financial Periods:

Companies	Relevant Financial Periods	Auditors
Benalec	Financial year ended ("FYE") 30 June 2008	Lim Teoh & Co
	FYE 30 June 2009	Lim Teoh & Co
	FYE 30 June 2010	BDO
BSB	FYE 30 June 2008	KPMG
	FYE 30 June 2009	KPMG
	FYE 30 June 2010	BDO
BenShip	FYE 30 June 2008	Lim Teoh & Co
	FYE 30 June 2009	Lim Teoh & Co
	FYE 30 June 2010	BDO
Oceanliner	Financial period ("FP") 4 June 2009 (date of incorporation) to 30 June 2010	BDO
OG Marine	FYE 30 June 2008	Lim Teoh & Co
	FYE 30 June 2009	Lim Teoh & Co
	FYE 30 June 2010	BDO
Benalec Land	FYE 30 June 2008	Lim Teoh & Co
	FYE 30 June 2009	Lim Teoh & Co
	FYE 30 June 2010	BDO
Benalec Maritime	FP 29 August 2007 (date of incorporation) to 30 June 2008	Lim Teoh & Co
	FYE 30 June 2009	Lim Teoh & Co
	FYE 30 June 2010	BDO
Pacific Marine	FP 17 April 2009 (date of incorporation) to 30 June 2009	BDO
	FYE 30 June 2010	BDO
Oceanline (Labuan)	FP 28 Oct 2008 (date of incorporation) to 30 June 2009	BDO
	FYE 30 June 2010	BDO
Pacific	FP 17 April 2009 (date of incorporation) to 30 June 2009	BDO
	FYE 30 June 2010	BDO
OML	FP 17 April 2009 (date of incorporation) to 30 June 2009	BDO
	FYE 30 June 2010	BDO
Arus Kreatif	FYE 31 December 2007	KC Chai & Co
	FYE 31 December 2008	KC Chai & Co
	FPE from 1 January 2009 to 30 June 2010	Lim Teoh & Co
Crystal Land Development	FP 11 June 2009 (date of incorporation) to 30 June 2010	Lim Teoh & Co

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

7. RELEVANT FINANCIAL PERIODS AND AUDITORS (continued)

Companies	Relevant Financial Periods	Auditors
Crystal Land Property	FP 16 April 2009 (date of incorporation) to 30 June 2010	Lim Teoh & Co
Heritage Land Development	FP 11 June 2009 (date of incorporation) to 30 June 2010	Lim Teoh & Co
Heritage Land Realty	FP 11 June 2009 (date of incorporation) to 30 June 2010	Lim Teoh & Co
Heritage Land	FP 26 May 2009 (date of incorporation) to 30 June 2010	Lim Teoh & Co
Heritage Property	FP 16 April 2009 (date of incorporation) to 30 June 2010	Lim Teoh & Co
Klebang Property	FP 16 April 2009 (date of incorporation) to 30 June 2010	Lim Teoh & Co
Oceanfront Property	FP 15 April 2010 (date of incorporation) to 30 June 2010	Lim Teoh & Co
Oceanview Project	FP 19 April 2010 (date of incorporation) to 30 June 2010	Lim Teoh & Co
Oceanview Realty	FP 19 April 2010 (date of incorporation) to 30 June 2010	Lim Teoh & Co
Orientalcove Realty	FYE 30 June 2008 FYE 30 June 2009 FYE 30 June 2010	Lim Teoh & Co Lim Teoh & Co Lim Teoh & Co
Orientalcove Property	FYE 30 June 2008 FYE 30 June 2009 FYE 30 June 2010	Lim Teoh & Co Lim Teoh & Co Lim Teoh & Co
Sentosa Cove	FP 17 July 2008 (date of incorporation) to 30 June 2009 FYE 30 June 2010	Lim Teoh & Co Lim Teoh & Co
Strategic Cove	FP 19 April 2010 (date of incorporation) to 30 June 2010	Lim Teoh & Co
Strategic Land	FP 19 April 2010 (date of incorporation) to 30 June 2010	Lim Teoh & Co
Wilajati Sdn. Bhd.	FP 10 July 2008 (date of incorporation) to 31 December 2008 FYE 31 December 2009 FP 1 January 2010 to 30 June 2010	Lim Teoh & Co Lim Teoh & Co Lim Teoh & Co

The financial statements of all the companies within the Benalec Group for the Relevant Financial Periods as above were not subject to any audit qualification. The auditors' reports of Benalec, BSB, Benship, Oceanliner, Pacific and OML for the Relevant Financial Periods are attached in Appendix I to this Report.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This Report is prepared on a basis consistent with the accounting policies adopted by the Group as disclosed in Section 8.1 of this Report.

The financial statements of the Group for the FYE 30 June 2008 and 30 June 2009 had been previously prepared in accordance with applicable approved Private Entity Reporting Standards in Malaysia ("PERS") and the provisions of the Companies Act, 1965. The Group have adopted the applicable approved Financial Reporting Standards in Malaysia ("FRS") and IC Interpretations effective FYE 30 June 2010 and reflected such adoption of the FRS for the FYE 30 June 2008 and 30 June 2009 in this Report and the effects of these adoptions are disclosed in Section 8.2 of this Report.

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

8.1 Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in the Group's financial statements.

(a) Basis of accounting

The financial statements of the Group have been prepared under the historical cost convention unless otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Section 8.3 of this Report. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group made up to the end of the financial year using the purchase method of accounting.

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

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

- (i) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of combination; and
- (ii) recognise immediately in profit or loss any excess remaining after that reassessment.

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**8.1 Significant accounting policies (continued)****(b) Basis of consolidation (continued)**

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

Subsidiaries are consolidated from the date of acquisition, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company.

Changes in the Group's ownership in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary are derecognised at their carrying amounts at the date when control is lost and any resulting difference with the fair value of the consideration received will be recognised in the income statement.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

8.1 Significant accounting policies (continued)

(c) Property, plant and equipment and depreciation

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

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

Freehold land has unlimited useful life and is not depreciated. Leasehold land is depreciated over 60 years. Depreciation of other property, plant and equipment is calculated to write off the cost of assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

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

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Section 8.1(f) of this Report on impairment of non-financial assets).

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

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

11. ACCOUNTANTS' REPORT (Cont'd)



8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

8.1 Significant accounting policies (continued)

(d) Investments

(i) Subsidiaries

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

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(ii) Other investments

Non-current investments other than investments in subsidiaries are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

(e) Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(f) Impairment of assets

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

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

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**8.1 Significant accounting policies (continued)****(f) Impairment of assets (continued)**

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

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

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

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

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

(g) Inventories

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

Cost is determined using weighted average method. The cost of goods in transit comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition.

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

11. ACCOUNTANTS' REPORT (Cont'd)



8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

8.1 Significant accounting policies (continued)

(h) Land held for sale

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

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

(i) Construction contracts

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

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

(j) Financial instruments

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

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

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

(i) Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

8.1 Significant accounting policies (continued)

(j) Financial instruments (continued)

(i) Financial instruments recognised on the balance sheets (continued)

(a) Receivables

Trade receivables and other receivables, including amount owing by related parties, are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

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

(c) Payables

Liabilities for trade and other amounts payable, including amounts owing to related parties are initially recognised at fair value of the consideration to be paid in the future for goods and services received, and subsequently measured at amortised cost using the effective interest method.

(d) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the balance sheet date.

All borrowings costs are recognised in profit and loss in the period in which they are incurred.

(e) Equity instruments

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

Dividends to shareholders are recognised in equity in the period in which they are declared.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

8.1 Significant accounting policies (continued)

(k) Borrowing costs

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

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

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

(l) Income taxes

Income taxes included all domestic taxes on taxable profit. Taxes in the income statements comprise current tax and deferred tax.

(i) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the balance sheet date.

(ii) Deferred tax

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

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

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

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

8.1 Significant accounting policies (continued)

(l) Income taxes (continued)

(ii) Deferred tax (continued)

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

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

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

(m) Employee benefits

(i) Short term employee benefits

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

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

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

(ii) Defined contribution plan

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

(n) Foreign currency transactions and translations

(i) Functional and presentation currency

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

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**8.1 Significant accounting policies (continued)****(n) Foreign currency transactions and translations (continued)****(ii) Foreign currency translations and balances**

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

(iii) Foreign operations

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

(o) Leases and hire purchase**(i) Finance leases and hire purchase**

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

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

(ii) Operating leases

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

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

11. ACCOUNTANTS' REPORT (Cont'd)

Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**8.1 Significant accounting policies (continued)****(p) Revenue recognition**

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

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

(i) Sale of goods

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

(ii) Construction contracts

Profits from contract works are recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to date against total estimated costs where the outcome of the project can be estimated reliably.

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

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

(iii) Vessels chartering and marine transportation income

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

(iv) Interest income

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

(v) Rental income

Rental income from hiring of barges is recognised on accrual basis unless collectability is in doubt.

(vi) Dividend income

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

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

8.1 Significant accounting policies (continued)

(q) Provisions

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

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

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

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

(r) Contingent liabilities and contingent assets

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

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

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

(s) Vessels work-in-progress

Vessels work-in-progress is stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value.

Cost includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in selling and distribution.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC Interpretations

8.2.1 Amendments to FRS and new FRS adopted

The Group has adopted all the following FRS, amendments to FRS and IC Interpretations that are effective on or before 1 January 2009 for the preparation of the financial statements for the FYE 30 June 2008, 30 June 2009 and 30 June 2010:

FRS 1	<i>First-time Adoption of Financial Reporting Standards</i>
FRS 2	<i>Share-based Payment</i>
FRS 3	<i>Business Combinations</i>
FRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
FRS 6	<i>Exploration for and Evaluation of Mineral Resources</i>
FRS 8	<i>Operating Segments</i>
FRS 101	<i>Presentation of Financial Statements</i>
FRS 102	<i>Inventories</i>
FRS 107	<i>Cash Flow Statements</i>
FRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
FRS 110	<i>Events after the Balance Sheet Date</i>
FRS 111	<i>Construction Contracts</i>
FRS 112	<i>Income Taxes</i>
FRS 114 ₂₀₀₄	<i>Segment Reporting</i>
FRS 116	<i>Property, Plant and Equipment</i>
FRS 117	<i>Leases</i>
FRS 118	<i>Revenue</i>
FRS 119	<i>Employee Benefits</i>
FRS 119	<i>Amendment to Financial Reporting Standard FRS 119 Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures</i>
FRS 120	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>
FRS 121	<i>The Effects of Changes in Foreign Exchange Rates</i>
FRS 121	<i>Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</i>
FRS 123 ₂₀₀₄	<i>Borrowing Costs</i>
FRS 124	<i>Related Party Disclosures</i>
FRS 125 ₂₀₀₄	<i>Accounting for Investments</i>
FRS 126	<i>Accounting and Reporting by Retirement Benefit Plans</i>
FRS 127	<i>Consolidated and Separate Financial Statements</i>
FRS 128	<i>Investments in Associates</i>
FRS 129	<i>Financial Reporting in Hyperinflationary Economies</i>
FRS 131	<i>Interests in Joint Ventures</i>
FRS 132	<i>Financial Instruments: Disclosure and Presentation</i>
FRS 133	<i>Earnings Per Share</i>
FRS 134 ₂₀₀₄	<i>Interim Financial Reporting</i>
FRS 136	<i>Impairment of Assets</i>
FRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets</i>
FRS 138	<i>Intangible Assets</i>
FRS 140	<i>Investment Property</i>
FRS 201 ₂₀₀₄	<i>Property Development Activities</i>
FRS 202 ₂₀₀₄	<i>General Insurance Business</i>
FRS 203 ₂₀₀₄	<i>Life Insurance Business</i>
FRS 204 ₂₀₀₄	<i>Accounting for Aquaculture</i>
FRS i-1 ₂₀₀₄	<i>Presentation of Financial Statements of Islamic Financial Institutions</i>

11. ACCOUNTANTS' REPORT (Conf'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)

8.2.1 Amendments to FRS and new FRS adopted (continued)

IC Interpretation 107	<i>Introduction of the Euro</i>
IC Interpretation 110	<i>Government Assistance - No Specific Relation to Operating Activities</i>
IC Interpretation 112	<i>Consolidation - Special Purpose Entities</i>
IC Interpretation 113	<i>Jointly Controlled Entities - Non Monetary Contributions by Ventures</i>
IC Interpretation 115	<i>Operating Leases - Incentives</i>
IC Interpretation 121	<i>Income Taxes - Recovery of Revalued Non-Depreciable Assets</i>
IC Interpretation 125	<i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>
IC Interpretation 127	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>
IC Interpretation 129	<i>Disclosure - Service Concession Arrangements</i>
IC Interpretation 131	<i>Reserve - Barter Transactions Involving Advertising Transactions</i>
IC Interpretation 132	<i>Intangible Assets - Web Site Costs</i>
IC Interpretation 201	<i>Preliminary and Pre-operating Expenditure</i>
IC Interpretation 1	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>
IC Interpretation 2	<i>Members' Shares in Co-operative Entities and Similar Instruments</i>
IC Interpretation 5	<i>Rights to Interests arising From Decommissioning, Restoration and Environmental Rehabilitation Funds</i>
IC Interpretation 6	<i>Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment</i>
IC Interpretation 7	<i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>
IC Interpretation 8	<i>Scope of FRS 2 Share-based payment</i>

FRS 5, FRS 6, FRS 114₂₀₀₄, FRS 120, FRS 126, FRS 128, FRS 129, FRS 131, FRS 140, FRS 201₂₀₀₄, FRS 202₂₀₀₄, FRS 203₂₀₀₄, FRS 204₂₀₀₄, FRS i-1₂₀₀₄ and abovementioned IC Interpretations are not relevant to the Group during the financial years under review.

The adoption of the FRS does not have any significant financial impact on the Group other than the form of presentation and disclosures.

8.2.2 Framework for the Preparation and Presentation of Financial Statements ("Framework") is effective for financial year beginning on 1 July 2007.

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not a Malaysian Accounting Standards Board ("MASB") approved accounting standard as defined in paragraph 11 of FRS 101 and hence, does not define standards for any particular measurement or disclosure issue.

11. ACCOUNTANTS' REPORT (Cont'd)



8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)

8.2.3 Early adoption of new FRS

- (a) The Group has early adopted Amendment to FRS 117 Leases as permitted by paragraph 69A in the Amendment to FRS 117.

Amendment to FRS 117 removes the requirements on the classification of leases of land and buildings, and instead, requires an assessment of the classification based on risks and rewards of the lease itself. The transitional provision of paragraph 68A of the Amendment to FRS 117 requires the assessment of land elements of unexpired leases to be made retrospectively in accordance with FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors. Any difference between the fair value of the newly reclassified asset and liability of the finance lease shall be recognised in the retained earnings.

The early adoption of FRS 117 does not result in any adjustment to recognised items of assets, liabilities, income and expenses of the Group in both the current year and prior years.

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted

- (a) FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202₂₀₀₄ *General Insurance Business* and FRS 203₂₀₀₄ *Life Insurance Business*.

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This Standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

By virtue of the exemption provided under paragraph 41AA of FRS 4, the impact of applying FRS 4 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

This Standard is not relevant to the Group's operations.

- (b) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)

- (c) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

- (d) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

- (e) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

As disclosed in Section 2.6 of this Report, the issue price of the Options pursuant to the Proposed ESOS under the Listing Scheme is to be determined, hence the impact of the adoption of the Amendments to FRS 2 cannot be reliably measured.

- (f) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)****8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)**

- (g) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

IC Interpretation 9 is not relevant to the Group's operations.

- (h) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation in the future.

- (i) IC Interpretation 11 *FRS 2 - Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Group receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

IC Interpretation 11 is not relevant to the Group's operations and will be withdrawn upon the adoption of Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions which are mandatory for annual periods beginning on or after 1 January 2011.

- (j) IC Interpretation 13 *Customer Loyalty Programmes* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

IC Interpretation 13 is not relevant to the Group's operations.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC Interpretations (continued)

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)

- (k) IC Interpretation 14 *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the balance sheet date less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

IC Interpretation 14 is not relevant to the Group's operations.

- (l) *FRS 101 Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement' respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC Interpretations (continued)

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)

- (l) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010 (continued).

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 *Related Party Disclosures*. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements described, the Group does not expect any other impact on the consolidated financial statements arising from the adoption of this Standard.

- (m) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these amendments on the consolidated financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, IC Interpretation 9 is not relevant to the Group's operations.

- (n) Amendments to FRS 132 *Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments require certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rata share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

Presently, the Group does not expect any impact on the consolidated financial statements arising from the adoption of this Standard. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 139 and would only be able to provide further information in the next annual financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)

- (o) Improvements to FRSs (2009) are mandatory for annual periods beginning on or after 1 January 2010.
- (i) Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this Standard specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. Amendment to FRS 5 is not relevant to the Group's operations.
 - (ii) Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. Amendment to FRS 8 is not relevant to the Group's operations.
 - (iii) Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.
 - (iv) Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.
 - (v) Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.
 - (vi) Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property*. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.
 - (vii) Amendment to FRS 117 *Leases* removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The Group has early adopted this amendment as disclosed in Section 8.2.3 of this Report.
 - (viii) Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)

- (o) Improvements to FRSs (2009) are mandatory for annual periods beginning on or after 1 January 2010 (continued).
- (ix) Amendment to FRS 119 *Employee Benefits* clarifies the definitions in this Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.
 - (x) Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. Amendment to FRS 120 is not relevant to the Group's operations.
 - (xi) Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.
 - (xii) Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.
 - (xiii) Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 *Impairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. Amendment to FRS 128 is not relevant to the Group's operations.
 - (xiv) Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. Amendment to FRS 129 is not relevant to the Group's operations.
 - (xv) Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. Amendment to FRS 131 is not relevant to the Group's operations.

11. ACCOUNTANTS' REPORT (Cont'd)

**8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)****8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)****8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)**

- (o) Improvements to FRSs (2009) are mandatory for annual periods beginning on or after 1 January 2010 (continued).
 - (xvi) Amendment to FRS 134 *Interim Financial Reporting* clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 *Earnings Per Share*. This amendment is not relevant to the Group's operations.
 - (xvii) Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. Presently, the Group does not expect any impact on the financial statements arising from the adoption of this amendment. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 8 and would only be able to provide further information in the next annual financial statements.
 - (xviii) Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in this Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. Amendment to FRS 138 is not relevant to the Group's operations.
 - (xix) Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. Amendment to FRS 140 is not relevant to the Group's operations.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)

- (p) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

- (i) All assets and liabilities shall be recognised in accordance with FRSs;
- (ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
- (iii) Items recognised in accordance with previous General Accepted Accounting Principles ("GAAP") shall be reclassified in accordance with FRSs; and
- (iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

- (q) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrival of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date.

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date at fair value and recognise the resulting gain or loss in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)

- (r) FRS 127 *Consolidated and Separate Financial Statements* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with a new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

- (s) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010.
- (i) Amendments to FRS 2 *Share-based Payments* clarifies that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. This amendment is not relevant to the Group.
- (ii) Amendments to FRS 5 clarifies that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. Amendments to FRS 5 is not relevant to the Group's operations.

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)****8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)**

- (s) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010 (continued).
- (iii) Amendments to FRS 138 clarifies that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.
- (iv) Amendments to FRS 139 remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.
- (v) Amendments to IC Interpretation 9 clarifies that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. Amendments to IC Interpretation 9 is not relevant to the Group's operations.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)

- (t) IC Interpretation 12 *Service Concession Arrangements* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 *Construction Contracts* and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

IC Interpretation 12 is not relevant to the Group's operations.

- (u) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 January 2012.

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

IC Interpretation 15 is not relevant to the Group's operations.

11. ACCOUNTANTS' REPORT (Cont'd)



8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)

- (v) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2010 (continued).

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Group wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met.

IC Interpretation 16 is not relevant to the Group's operations.

- (w) IC Interpretation 17 *Distributions of Non-cash Assets to Owners* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.

IC Interpretation 17 is not relevant to the Group's operations.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)

- (x) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 January 2010 and 1 March 2010 in respect of the transitional provisions in accounting for compound financial instruments and classification of rights issues respectively.

These amendments remove the transitional provisions in respect of accounting for compound financial instruments issued before 1 January 2003 pursuant to FRS 132₂₀₀₄ Financial Instruments: Disclosure and Presentation. Such compound financial instruments shall be classified into its liability and equity components when FRS 139 first applies.

The amendments also clarifies that rights, options or warrants to acquire a fixed number of the Group's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Group offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

- (y) Amendment to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters is mandatory for annual periods beginning on or after 1 January 2011.

This amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7 (see Section 8.2.4 (z) of this Report).

The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

- (z) Amendments to FRS 7 Improving Disclosures about Financial Instruments is mandatory for annual periods beginning on or after 1 January 2011.

These amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

- (aa) Amendments to FRS 1 *Additional Exemptions for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments permits a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

11. ACCOUNTANTS' REPORT (Cont'd)



8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.2 Adoption of New FRS, Amendments to FRS and IC interpretations (continued)

8.2.4 New FRS, Amendments to FRS and IC Interpretations not adopted (continued)

- (bb) Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

Consequently, IC Interpretation 8 *Scope of FRS 2* and IC Interpretation 11 have been superseded and withdrawn.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

- (cc) IC Interpretation 4 *Determining whether an Arrangement contains a Lease* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

The Group does not expect any impact on the financial statements arising from the adoption of this amendment because there are no arrangements dependent on the use of specific assets in the Group.

- (dd) IC Interpretation 18 *Transfers of Assets from Customers* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

The Group does not expect any impact on the financial statements arising from the adoption of this amendment because there are no such arrangements in the Group.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

8.3 Significant accounting estimates and judgements

8.3.1 Critical judgements made in applying accounting policies

There are no critical judgments made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in these financial statements.

8.3.2 Key sources of estimation uncertainty

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

(a) Impairment of property, plant and equipment

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

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

As at 30 June 2010, management assessed that the recoverable amount of property, plant and equipment, based on value in use calculations, exceeded its carrying amount and thus, no impairment is required.

(b) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment as disclosed in Section 8.1(c) to the financial statements. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation charge for future period is adjusted if there are significant changes from previous estimates.

(c) Construction contracts

The Group recognises construction contracts revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction contract costs incurred for work performed to date bear to the estimated total construction contract costs.

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

11. ACCOUNTANTS' REPORT (Cont'd)**8. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)****8.3 Significant accounting estimates and judgements (continued)****8.3.2 Key sources of estimation uncertainty (continued)****(d) Allowance for doubtful debts**

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Judgement is required to evaluate the adequacy of allowance for doubtful debts, including review of credit worthiness and the past collection history of each receivable. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(e) Fair value of borrowings

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

9. FINANCIAL INFORMATION AND LIMITATION

The scope of work conducted in the preparation of this report does not, in itself, constitute an audit in accordance with the approved standards on auditing in Malaysia. Except where otherwise explicitly stated, information contained in this report had not been independently verified by us. In preparing the report, we have relied upon information and representations given to us by the directors, officers and employees of the respective companies and sought explanations for apparent discrepancies, if any.

10. AUDITED FINANCIAL STATEMENTS**Key financial ratios**

The key financial ratios used in the following sections are derived as follows:

- (a) Earnings before interest, tax, depreciation and amortisation ("EBITDA") is the total net profit for the financial year before interest, tax, depreciation and amortisation for the respective financial years/period.
- (b) Number of ordinary shares is the number of shares in issue at the end of the respective financial year/period.
- (c) Gross earnings per share is computed by dividing profit before tax for the respective financial years/period over the number of ordinary shares in issue at the end of the respective year/period.
- (d) Net earnings per share is computed by dividing profit after tax and attributable to the equity holders of the relevant company for the respective financial years/period over the number of ordinary shares in issue at the end of the respective year/period.
- (d) Gross profit ("GP") margin is computed by dividing the gross profit over revenue earned in the respective financial years/period.
- (e) Profit before tax ("PBT") margin is computed by dividing the profit before tax over revenue earned in the respective financial years/period.

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

10. AUDITED FINANCIAL STATEMENTS (continued)

Key financial ratios (continued)

- (f) EBITDA margin is computed by dividing EBITDA over revenue earned in the respective financial years/period.
- (g) Effective tax rate is computed by dividing tax expense over profit before taxation in the respective financial years/period.
- (h) Net assets per ordinary share is computed by dividing net assets over number of ordinary shares in issue at each financial year end.
- (i) Trade receivables' turnover period is computed by dividing total net trade receivables over revenue earned and multiply by 365 days.
- (j) Trade payables' turnover period is computed by dividing total trade payables over revenue earned and multiply by 365 days.
- (k) Gearing ratio (times) is computed by dividing total borrowings over total shareholders' equity.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.1 Benalec

10.1.1 Income statements of Benalec

The income statements of Benalec, which is extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

	Section	Financial years ended 30 June		
		2008 RM'000	2009 RM'000	2010 RM'000
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Other operating expenses		(2)	(2)	(5)
Loss before tax	10.1.5	(2)	(2)	(5)
Tax expense	10.1.6	-	-	-
Net loss for the financial year		(2)	(2)	(5)
Key Financial Ratios				
<i>EBITDA (RM'000)</i>		(2)	(2)	(5)
<i>Number of ordinary shares of RM1.00 each</i>		2	2	2
<i>Gross loss per share (RM'000)</i>		(1)	(1)	(3)
<i>Net loss per share (RM'000)</i>		(1)	(1)	(3)
<i>GP margin (%)</i>		-	-	-
<i>PBT margin (%)</i>		-	-	-
<i>EBITDA margin (%)</i>		-	-	-
<i>Effective tax rate (%)</i>		-	-	-

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.1 Benalec (continued)

10.1.2 Balance sheets of Benalec

The balance sheets of Benalec, which are extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

Section	As at 30 June		
	2008 RM'000	2009 RM'000	2010 RM'000
ASSETS			
Current asset			
Cash in hand	#-	#-	#-
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	10.1.7	#-	#-
Accumulated losses		(7)	(14)
TOTAL EQUITY		(7)	(14)
LIABILITY			
Current liability			
Other payables	10.1.8	7	14
TOTAL LIABILITY		7	14
TOTAL EQUITY AND LIABILITY		#-	#-

- Representing RM2

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.1 Benalec (continued)

10.1.3 Cash flow statements of Benalec

The cash flow statements of Benalec, which is extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

Section	Financial years ended 30 June		
	2008 RM'000	2009 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax, representing operating loss before working capital changes	(2)	(2)	(5)
Increase in other payables	2	2	5
Cash generated from operations, representing net cash from operating activities	-	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-	-
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	#-	#-	#-
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	#-	#-	#-

- Representing RM2

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.1 Benalec (continued)

10.1.4 Statements of changes in equity of Benalec

The statements of changes in equity of Benalec, which are extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

FYE 30 JUNE 2008, 2009 & 2010	Section	Share capital RM'000	Accumulated losses RM'000	Total RM'000
Balance as at 1 July 2007		# -	(5)	(5)
Net loss for the financial year		-	(2)	(2)
Balance as at 30 June 2008/ 1 July 2008		# -	(7)	(7)
Net loss for the financial year		-	(2)	(2)
Balance as at 30 June 2009/ 1 July 2009		# -	(9)	(9)
Net loss for the financial year		-	(5)	(5)
Balance as at 30 June 2010		# -	(14)	(14)

- Representing RM2

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.1 Benalec (continued)

10.1.5 Loss before tax

	2008 RM'000	2009 RM'000	2010 RM'000
Loss before tax is arrived at after charging:			
Audit fees	1	1	1

10.1.6 Tax expense

The numerical reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate of Benalec are as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
Loss before tax	(2)	(2)	(5)
Taxation at Malaysian statutory tax rate of 25% (2009: 25%, 2008: 26%) of chargeable income**	(1)	(1)	(2)
Total tax expense at applicable tax rates	(1)	(1)	(2)
Non-deductible expenses	1	1	2
Tax expense for the financial year	-	-	-

* With effect from year of assessment 2004, companies with a paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax rate of 20% of chargeable income up to RM500,000.

** The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%, 2008: 26%) of the estimated taxable profits for the fiscal year. The Malaysian statutory tax rate has been reduced to 25% from the fiscal year of assessment 2009 from the previous financial year's rate of 26%. The computation of deferred tax reflected these changes.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.1 Benalec (continued)

10.1.7 Share capital

	2008 RM'000	2009 RM'000	2010 RM'000
Authorised:			
100,000 ordinary shares of RM1 each			
At 1 beginning/end of financial year	100	100	100
Issued and fully paid-up:			
2 ordinary shares of RM1 each			
At 1 beginning/end of financial year	#	#	#

- Representing RM2

The holders of the abovementioned ordinary shares are entitled to receive dividends as and when declared by Benalec and are entitled to one vote per ordinary share at meetings of Benalec. All ordinary shares rank pari passu with regard to Benalec's residual assets.

10.1.8 Other payables

	2008 RM'000	2009 RM'000	2010 RM'000
Other payables and accruals			
Other payables and accruals			
- Third parties	4	6	9
- Related parties	3	3	5
	7	9	14
	7	9	14

(a) Amounts owing to related parties are unsecured, interest-free and payable in cash upon demand.

(b) Other payables are denominated in Ringgit Malaysia ("RM").

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11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

10. AUDITED FINANCIAL STATEMENTS (continued)

10.1 Benalec (continued)

10.1.9 Financial instruments

(a) The financial risk management objectives and policies

Benalec is exposed mainly to liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Liquidity and cash flow risk

Benalec monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Benalec's operations and to mitigate the effect of fluctuations in cash flows.

(b) Fair values

The carrying amounts of the financial instruments of Benalec as at the balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB

10.2.1 Consolidated Income statements of BSB

The consolidated income statements of BSB, which is extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

	Section	Financial years ended 30 June		
		2008 RM'000 (Restated)	2009 RM'000 (Restated)	2010 RM'000
Revenue	10.2.5	76,754	202,242	314,255
Cost of sales		(54,938)	(164,206)	(203,069)
Gross profit		21,816	38,036	111,186
Other operating income		2,736	9,658	22,641
Administrative expenses		(1,490)	(1,954)	(2,010)
Other operating expenses		(3,880)	(6,889)	(5,930)
Operating profit	10.2.6	19,182	38,851	125,887
Finance cost	10.2.7	(1,207)	(4,122)	(4,361)
Profit before tax		17,975	34,729	121,526
Tax expense	10.2.8	(3,448)	(8,509)	(15,708)
Net profit for the financial year		14,527	26,220	105,818
Attributable to:				
Equity holders of the Company		14,527	26,220	86,065
Minority interests		-	-	19,753
		14,527	26,220	105,818
Key Financial Ratios				
<i>EBITDA</i>		25,676	49,148	141,286
<i>Number of ordinary shares of RM10.00 each</i>		250,000	250,000	250,000
<i>Gross earnings per share (RM)</i>		71.90	138.92	486.10
<i>Net earnings per share (RM)</i>		58.11	104.88	344.26
<i>GP margin (%)</i>		28.42	18.81	35.38
<i>PBT margin (%)</i>		23.42	17.17	38.67
<i>EBITDA margin (%)</i>		33.45	24.30	44.96
<i>Effective tax rate (%)</i>		19.18	24.50	12.93

11. ACCOUNTANTS' REPORT (Cont'd)



10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.2 Consolidated balance sheets of BSB

The consolidated balance sheets of BSB, which are extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

Section	As at 30 June			
	2008 RM'000	2009 RM'000	2010 RM'000	
ASSETS				
Non-current assets				
Property, plant and equipment	10.2.9	69,860	146,217	89,053
Goodwill		4	4	-
Other investments	10.2.10	173	176	171
Total non-current assets		70,037	146,397	89,224
Current assets				
Inventories	10.2.11	-	13,593	-
Land held for sale	10.2.12	53,089	53,089	27,269
Trade and other receivables	10.2.13	175,494	271,971	175,882
Tax recoverable		813	-	-
Cash and cash equivalents	10.2.15	17,736	22,255	29,831
Total current assets		247,132	360,908	232,982
TOTAL ASSETS		317,169	507,305	322,206
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the company				
Share capital	10.2.16	2,500	2,500	2,500
Retained profits	10.2.17	49,127	74,972	152,433
Foreign currency translation reserve	10.2.18	32	26	(1,564)
TOTAL EQUITY		51,659	77,498	153,369

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.2 Consolidated balance sheets of BSB (continued)

Section	As at 30 June			
	2008 RM'000	2009 RM'000	2010 RM'000	
LIABILITIES				
Non-current liabilities				
Other payables	10.2.19	40,061	44,614	4,222
Borrowings	10.2.20	18,925	61,800	33,589
Deferred tax liabilities	10.2.21	8,646	14,371	10,572
Total non-current liabilities		67,632	120,785	48,383
Current liabilities				
Trade and other payables	10.2.19	194,230	282,013	105,321
Borrowings	10.2.20	3,571	25,950	6,448
Provision for taxation		77	1,059	8,685
Total current liabilities		197,878	309,022	120,454
TOTAL LIABILITIES		265,510	429,807	168,837
TOTAL EQUITY AND LIABILITIES		317,169	507,305	322,206
Key Financial Ratios				
<i>No. of ordinary shares of RM10.00 each in Issue ('000)</i>		250	250	250
<i>Net assets</i>		51,659	77,498	153,369
<i>Net assets per ordinary share of RM10.00 each</i>		206.64	310.00	613.48
<i>Trade receivables' turnover period (days)</i>		146.08	170.36	15.32
<i>Trade payables' turnover period (days)</i>		57.70	79.52	9.73
<i>Gearing ratio (times)</i>		0.44	1.13	0.26

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.3 Consolidated cash flow statements of BSB

The consolidated cash flow statements of BSB, which is extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

	Section	Financial years ended 30 June		
		2008 RM'000	2009 RM'000 (Restated)	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		17,975	34,729	121,526
Adjustments for:				
Allowance for doubtful debts		-	-	850
Depreciation of property, plant and equipment	10.2.6	6,955	11,303	15,907
Gain on disposal of property, plant and equipment	10.2.6	(763)	(8,575)	(6,046)
Interest expense		1,121	3,536	4,175
Interest income		(375)	(420)	(315)
Goodwill written off		-	-	102
Dividend income		-	(2)	(3)
Unrealised foreign exchange loss		-	469	679
Gain on disposal of subsidiary	10.2.29	-	-	(1,531)
Gain on disposal of land held for sale		-	-	(11,173)
Loss on disposal of other investment		-	-	7
Operating profit before working capital changes		24,913	41,040	124,178
(Increase)/Decrease in inventories		-	(13,593)	13,593
Increase in trade and other receivables		(98,162)	(81,105)	(3,294)
Increase/(Decrease) in trade and other payables		86,689	88,023	(58,197)
Cash generated from operations		13,440	34,365	76,280
Income taxes paid		(1,649)	(988)	(1,251)
Interest paid		(57)	(3,536)	(4,175)
Net cash from operating activities		11,734	29,841	70,854

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.3 Consolidated cash flow statements of BSB (continued)

Section	Financial years ended 30 June		
	2008 RM'000	2009 RM'000	2010 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment	(3)	(1)	-
Fixed deposits (pledged to)/withdrawal from banks	(9,563)	4,810	(3,785)
Interest received	375	420	315
Dividends received	-	-	1
Purchase of property, plant and equipment 10.2.9	(46,563)	(118,725)	(35,843)
Net cash outflow from disposal of subsidiary 10.2.29	-	-	(19,664)
Additional contribution by minority interests	-	-	2,482
Acquisition of subsidiaries 10.2.28	-	-	(732)
Proceeds from disposal of property, plant and equipment	25,655	40,274	30,027
Net cash used in investing activities	(30,099)	(73,222)	(27,199)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from/(repayment of) term loans	17,640	59,715	(6,507)
Repayment of hire purchase liabilities	(343)	(489)	(528)
Repayment to directors	-	(2,612)	(7,535)
Net repayment to related parties	-	(8,918)	(14,377)
Net proceeds from trust receipts	-	6,712	(5,661)
Interest paid	(1,063)	-	-
Dividends paid	-	(375)	(2,288)
Net cash from/(used in) financing activities	16,234	54,033	(36,896)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,131)	10,652	6,759
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	254	(1,846)	8,829
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES	31	23	(388)
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	(1,846)	8,829	15,200

11. ACCOUNTANTS' REPORT (Cont'd)



10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.4 Consolidated statements of changes in equity of BSB

The consolidated statements of changes in equity of BSB, which are extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

FYE 30 JUNE 2008, 2009 & 2010	Share capital RM'000	Non-Distributable		Distributable		Total RM'000	Minority interests RM'000	Total equity RM'000
		Foreign currency translation reserve RM'000		Retained profits RM'000				
Balance as at 1 July 2007	2,500	-	-	34,970	-	37,470	-	37,470
Income recognised directly in equity:								
Foreign currency translation differences	-	32	-	-	-	32	-	32
Net profit for the financial year	-	-	14,527	14,527	-	14,527	-	14,527
Total recognised income and expense for the year	-	32	14,527	14,527	-	14,559	-	14,559
Dividends paid	-	-	(370)	(370)	-	(370)	-	(370)
Balance as at 30 June 2008/ At 1 July 2008	2,500	32	49,127	49,127	-	51,659	-	51,659
Expense recognised directly in equity:								
Foreign currency translation differences	-	(6)	-	-	-	(6)	-	(6)
Net profit for the financial year	-	-	26,220	26,220	-	26,220	-	26,220
Total recognised income and expense for the year	-	(6)	26,220	26,220	-	26,214	-	26,214
Dividends paid	-	-	(375)	(375)	-	(375)	-	(375)
Balance as at 30 June 2009/ At 1 July 2009	2,500	26	74,972	74,972	-	77,498	-	77,498

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.4 Consolidated statements of changes in equity of BSB (continued)

	Share capital RM'000	Non-Distributable		Distributable		Total RM'000	Minority interests RM'000	Total equity RM'000
		Foreign currency translation reserve RM'000		Retained profits RM'000				
FYE 30 JUNE 2008, 2009 & 2010	2,500	26		74,972		77,498	-	77,498
Balance as at 30 June 2009 / At 1 July 2009 (continued)	-	(2,205)		-		(2,205)	-	(2,205)
Foreign currency translation differences	-	316		(6,316)		(6,000)	6,000	-
Effect of dilution of interest in subsidiary	-							
Total income and expenses recognised directly in equity	-	(1,889)		(6,316)		(8,205)	6,000	(2,205)
Net profit for the financial year	-	-		86,065		86,065	19,753	105,818
Total recognised income and expense for the year	-	(1,889)		79,749		77,860	25,753	103,613
Dividends paid	-	-		(2,288)		(2,288)	-	(2,288)
Additional contribution by minority interests	-	-		-		-	2,482	2,482
Effect of disposal of subsidiary	-	299		-		299	(28,235)	(27,936)
Balance as at 30 June 2010	2,500	(1,564)		152,433		153,369	-	153,369

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.5 Revenue

	2008 RM'000	2009 RM'000	2010 RM'000
Contract revenue	73,437	115,589	102,405
Sales of sand	1,890	85,414	194,027
Rental of marine equipment	1,427	1,239	17,823
	<u>76,754</u>	<u>202,242</u>	<u>314,255</u>

10.2.6 Operating profit

	2008 RM'000	2009 RM'000	2010 RM'000
Operating profit is arrived at after charging:			
Auditors' remuneration			
- holding company auditor	40	40	90
- (over)/under provision in prior years	-	(4)	6
- other auditors	14	34	11
Allowance for doubtful debts	-	-	850
Depreciation of property, plant and equipment	6,955	11,303	15,907
Directors' emoluments	289	288	386
Goodwill written off	-	-	102
Loss on other investment	-	-	7
Rental of land and premises	6	42	11
Rental of machinery and vehicle	150	151	3,401
Rental of tugboat	11	501	2
Foreign exchange loss:-			
- Realised	-	745	-
- Unrealised	-	469	679
And crediting:			
Dividend income	5	2	3
Gain on disposal of:-			
- Property, plant and equipment	763	8,575	6,046
- Land held for sale	-	-	11,173
- Subsidiary	-	-	1,531
Interest income	375	420	315
Foreign exchange gain:-			
- Realised	137	-	1,552
- Unrealised	335	-	-

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.6 Operating profit (continued)

	2008 RM'000	2009 RM'000	2010 RM'000
Estimated monetary value of benefits-in-kind received by Directors	36	46	43

10.2.7 Finance cost

	2008 RM'000	2009 RM'000	2010 RM'000
Interest expense	1,121	3,536	4,175
Bank charges	86	586	186
	1,207	4,122	4,361

10.2.8 Tax expense

	2008 RM'000	2009 RM'000	2010 RM'000
Malaysian tax expense:			
Current income tax	1,627	2,292	19,480
(Over)/under provision in prior years	(101)	492	27
Foreign tax expense - current	1,526 18	2,784 -	19,507 -
Deferred tax:			
Origination of temporary differences	2,124	6,141	(2,157)
Over provision in prior years	(220)	(416)	(1,642)
	1,904	5,725	(3,799)
	3,448	8,509	15,708

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.8 Tax expense (continued)

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of BSB are as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
Profit before tax	17,975	34,729	121,526
Taxation at Malaysian statutory tax rate of 25% (2009: 25%, 2008: 26%) **	4,674	8,682	30,382
Effect of tax rates in foreign jurisdiction	18	(1,000)	(3,733)
Total tax expense at applicable tax rates	4,692	7,682	26,649
Non-deductible expenses	185	677	312
Reduction in statutory rate on first RM500,000 chargeable income of certain subsidiaries*	(30)	(25)	(50)
Effect of change in tax rate	(626)	-	-
Non-taxable income	(452)	(1,230)	(8,609)
Effect of controlled transfer	-	1,329	(979)
	3,769	8,433	17,323
(Over)/under provided in prior years:			
- income tax	(101)	492	27
- deferred tax	(220)	(416)	(1,642)
Tax expenses for the financial year	3,448	8,509	15,708

* With effect from year of assessment 2004, certain subsidiaries with a paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax rate of 20% of chargeable income up to RM500,000.

** The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%, 2008: 26%) of the estimated taxable profits for the financial year. The Malaysian statutory tax rate has been reduced to 25% for the year of assessment 2009 as compared to the previous financial year's tax rate of 26%. The computation of deferred tax reflected these changes.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.9 Property, plant and equipment

2008	Balance as at 1.7.2007 RM'000	Additions RM'000	Disposals RM'000	Balance as at 30.6.2008 RM'000
At cost				
Freehold land	2,325	-	-	2,325
Buildings	2,100	86	-	2,186
Motor vehicles	3,009	1,441	(63)	4,387
Furniture and fittings	400	11	-	411
Plant and machinery	3,875	674	(151)	4,398
Tools and office equipment	2,246	72	-	2,318
Barges and dredger	54,014	44,919	(28,283)	70,650
	67,969	47,203	(28,497)	86,675
2008	Balance as at 1.7.2007 RM'000	Charge for the year RM'000	Disposals RM'000	Balance as at 30.6.2008 RM'000
Accumulated depreciation				
Buildings	262	89	-	351
Motor vehicles	2,416	385	(57)	2,744
Furniture and fittings	265	21	-	286
Plant and machinery	2,182	348	(102)	2,428
Tools and office equipment	1,407	205	-	1,612
Barges and dredger	6,933	5,907	(3,446)	9,394
	13,465	6,955	(3,605)	16,815
2009	Balance as at 1.7.2008 RM'000	Additions RM'000	Disposals RM'000	Balance as at 30.6.2009 RM'000
At cost				
Freehold land	2,325	-	-	2,325
Buildings	2,186	29	-	2,215
Motor vehicles	4,387	491	(420)	4,458
Furniture and fittings	411	21	-	432
Plant and machinery	4,398	203	-	4,601
Tools and office equipment	2,318	296	-	2,614
Barges and dredger	70,650	118,349	(35,094)	153,905
	86,675	119,389	(35,514)	170,550

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.9 Property, plant and equipment (continued)

2009	Balance as at 1.7.2008 RM'000	Charge for the year RM'000	Disposals RM'000	Foreign exchange movement RM'000	Balance as at 30.6.2009 RM'000
Accumulated depreciation					
Buildings	351	90	-	-	441
Motor vehicles	2,744	457	(273)	-	2,928
Furniture and fittings	286	24	-	-	310
Plant and machinery	2,428	417	-	-	2,845
Tools and office equipment	1,612	220	-	-	1,832
Barges and dredger	9,394	10,095	(3,541)	29	15,977
	16,815	11,303	(3,814)	29	24,333

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.9 Property, plant and equipment (continued)

	Balance as at 1.7.2009 RM'000	Additions RM'000	Disposals RM'000	Acquisition of subsidiary RM'000	Disposal of subsidiary RM'000	Foreign exchange movement RM'000	Reclassification RM'000	Balance as at 30.6.2010 RM'000
At cost								
Freehold land	2,325	-	-	-	-	-	-	2,325
Buildings	2,215	1,084	(504)	-	(1,072)	3	-	1,726
Motor vehicles	4,458	1,514	-	-	-	-	-	5,972
Furniture and fittings	432	93	-	-	(86)	(6)	-	433
Plant and machinery	4,601	1,277	-	-	(30)	-	589	6,437
Tools and office equipment	2,614	120	(1)	-	(48)	6	-	2,691
Barges and dredger	153,905	33,103	(25,551)	3,540	(60,825)	(2,988)	(589)	100,595
	170,550	37,191	(26,056)	3,540	(62,061)	(2,985)	-	120,179

2010

	Balance as at 1.7.2009 RM'000	Charge for the year RM'000	Disposals RM'000	Acquisition of subsidiary RM'000	Disposal of subsidiary RM'000	Foreign exchange movement RM'000	Reclassification RM'000	Balance as at 30.6.2010 RM'000
Accumulated depreciation								
Buildings	441	102	(29)	-	(13)	-	-	501
Motor vehicles	2,928	479	-	-	-	-	-	3,407
Furniture and fittings	310	28	-	-	(6)	(1)	-	331
Plant and machinery	2,845	479	-	-	(2)	-	245	3,567
Tools and office equipment	1,832	207	(1)	-	(4)	1	-	2,035
Barges and dredger	15,977	14,612	(2,043)	-	(6,935)	(81)	(245)	21,285
	24,333	15,907	(2,073)	-	(6,960)	(81)	-	31,126

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.9 Property, plant and equipment (continued)

	2008 RM'000	2009 RM'000	2010 RM'000
Net carrying amount			
Freehold land	2,325	2,325	2,325
Buildings	1,835	1,774	1,225
Motor vehicles	1,643	1,530	2,565
Furniture and fittings	125	122	102
Plant and machinery	1,970	1,756	2,870
Tools and office equipment	706	782	656
Barges and dredger	61,256	137,928	79,310
	<u>69,860</u>	<u>146,217</u>	<u>89,053</u>

(i) The Group made the following cash payments to purchase property, plant and equipment:

	2008 RM'000	2009 RM'000	2010 RM'000
Purchase of property plant and equipment	47,203	119,389	37,191
Financed by hire purchase	(640)	(664)	(1,348)
Cash payment on purchase of property, plant and equipment	<u>46,563</u>	<u>118,725</u>	<u>35,843</u>

(ii) The net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
Motor vehicles	700	715	1,989
Plant and machinery	818	547	682
	<u>1,518</u>	<u>1,262</u>	<u>2,671</u>

(iii) The costs of property, plant and equipment pledged as security for borrowings as disclosed in Section 10.2.20 are as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
Freehold land	1,750	1,750	1,750
Building	750	497	447
Barges	10,571	21,208	15,100
	<u>13,071</u>	<u>23,455</u>	<u>17,297</u>

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.10 Other investments

	2008 RM'000	2009 RM'000	2010 RM'000
Non-current			
At cost:			
Quoted shares in Malaysia	48	48	40
Unit trusts quoted in Malaysia	103	106	109
Unquoted shares	22	22	22
	<u>173</u>	<u>176</u>	<u>171</u>
Market value of quoted shares:			
Quoted shares in Malaysia	26	25	42
Unit trusts quoted in Malaysia	103	106	109
	<u>129</u>	<u>131</u>	<u>151</u>

The carrying amount of the above quoted investments as at balance sheet date approximated their fair values.

10.2.11 Inventories

	2008 RM'000	2009 RM'000	2010 RM'000
At cost:			
Goods in transit - construction materials	-	13,593	-

The cost of inventories recognised in the income statement amounted to RM13,593,000 (2009 : RMNil, 2008: RMNil).

10.2.12 Land held for sale

	2008 RM'000	2009 RM'000	2010 RM'000
Leasehold land - at costs			
At beginning of year	53,089	53,089	53,089
Transfer from amount due from contract customers	-	-	71,552
Less: Leasehold land sold	-	-	(97,372)
At end of year	<u>53,089</u>	<u>53,089</u>	<u>27,269</u>

In 2009 and 2008, leasehold land amounting to RM14,840,000 was charged as security for banking facilities granted to a third party purchaser of the said leasehold land. During the financial year 2010, the sale of the leasehold land was completed and the titles of the leasehold land were transferred to the said purchaser.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.13 Trade and other receivables

	2008 RM'000	2009 RM'000	2010 RM'000
Current			
Trade receivables			
Third parties	30,790	92,134	13,260
Related parties	-	2,334	-
Less: Allowance for doubtful debts	(72)	(72)	(72)
	30,718	94,396	13,188
Amount due from contract customers (Section 10.2.14)	112,181	149,753	147,837
Other receivables			
Other receivables, deposits and prepayments:			
- Third parties	24,534	4,388	3,508
- Related parties	7,963	22,612	12,199
Amount owing by Directors	98	822	-
Less: Allowance for doubtful debts	-	-	(850)
	32,595	27,822	14,857
	175,494	271,971	175,882

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by BSB range from 60 to 90 days.
- (b) Amounts owing by related parties and Directors are unsecured, interest-free and repayable on demand. Related parties are disclosed in Section 10.2.26 of this Report.
- (c) Included in trade receivables are retention sums for contract works amounting to RM10,320,000 (2009: RM12,146,000, 2008: RM5,081,000).
- (d) Information on the financial risk of trade and other receivables are disclosed in Section 10.2.27 of this Report.
- (e) The currency exposure profile of trade and other receivables is as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
Ringgit Malaysia	152,783	243,166	173,495
Singapore Dollar	22,711	27,549	113
United States Dollar	-	1,256	2,274
	175,494	271,971	175,882

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.14 Amounts due from/to contract customers

	2008 RM'000	2009 RM'000	2010 RM'000
Aggregate costs incurred to date	171,549	255,535	310,076
Add: Attributable profits	62,806	88,636	136,499
	234,355	344,171	446,575
Less: Progress billings	(156,451)	(291,084)	(287,360)
Less: Transfer to land held for sale	-	-	(71,552)
	77,904	53,087	87,663
Analysed as:			
Amount due from contract customers (Section 10.2.13)	112,181	149,753	147,837
Amount due to contract customers (Section 10.2.19)	(34,277)	(96,666)	(60,174)
	77,904	53,087	87,663

Included in the amount due from customers are contract sums to be settled via the apportionment of completed reclaimed land, and of which the issuance of document title of the land by the local land office is still pending at the end of the financial year, amounting to as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
Receivable by way of land	111,744	149,295	147,378

Additions to aggregate costs incurred during the financial years include the following:

	2008 RM'000	2009 RM'000	2010 RM'000
Rental of equipment expense:			
Taman Pendang Sdn. Bhd.#	150	150	150
Rental of vessels:			
Oriental Grandeur Sdn. Bhd.#	17,455	15,696	11,782
Purchase of fuel:			
Oriental Grandeur Sdn. Bhd.#	10,666	-	-
Subcontracting services and purchase of of construction materials:			
Oriental Grandeur Marine Sdn. Bhd.#	12,492	13,883	11,051

- Companies in which the directors of BSB have interests.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10.2 BSB (continued)

10.2.15 Cash and cash equivalents

	2008 RM'000	2009 RM'000	2010 RM'000
Cash and bank balances	220	9,548	15,200
Fixed deposits with licensed banks	17,516	12,707	14,631
Cash and cash equivalents	17,736	22,255	29,831

(a) Included in fixed deposits with licensed banks is RM13,718,000 (2009: RM10,111,000, 2008: RM13,517,000) held by certain Directors of BSB on behalf of the Group ("Affected FD") which have been pledged for banking facilities.

(b) The fixed deposits (including all the Affected FD) are pledged as security for borrowings as disclosed in Section 10.2.20. Subsequent to the FYE 30 June 2010, BSB has received the approvals from its lenders for the discharge of charges over the Affected FD. As represented by the Directors and management of BSB, upon completion of the discharge of charges over the Affected FD which is tentatively expected by the FYE 30 June 2011, the Affected FD will thereafter be placed under BSB's name.

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

	2008 RM'000	2009 RM'000	2010 RM'000
Ringgit Malaysia	17,648	13,385	18,070
Singapore Dollar	88	8,791	7,962
United States Dollar	-	79	3,799
	17,736	22,255	29,831

(d) For the purposes of the consolidated cash flow statements, cash and cash equivalents comprise the following as at balance sheet date:

	2008 RM'000	2009 RM'000	2010 RM'000
Cash and bank balances	220	9,548	15,200
Fixed deposits with licensed banks	17,516	12,707	14,631
	17,736	22,255	29,831
Less: Bank overdraft (Section 10.2.20)	(2,066)	(719)	-
Less: Fixed deposits pledged as security	(17,516)	(12,707)	(14,631)
Cash and cash equivalents, as disclosed in Section 10.2.3	(1,846)	8,829	15,200

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.16 Share capital

	2008	2009	2010
	RM'000	RM'000	RM'000
Authorised:			
500,000 ordinary shares of RM10 each			
At beginning/end of financial year	5,000	5,000	5,000
Issued and fully paid-up:			
250,000 ordinary shares of RM10 each			
At beginning/end of financial year	2,500	2,500	2,500

The holders of the abovementioned ordinary shares are entitled to receive dividends as and when declared by BSB and are entitled to one vote per ordinary share at meetings of BSB. All ordinary shares rank *pari passu* with regard to BSB's residual assets.

10.2.17 Retained profits

Effective 1 January 2008, BSB is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

BSB has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its retained earnings amounting to approximately RM24,675,000. The balance of retained profits may be distributed under the single tier system.

10.2.18 Foreign exchange translation reserve

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

The movement of foreign exchange translation reserve is disclosed under Section 10.2.4.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.19 Trade and other payables

	2008 RM'000	2009 RM'000	2010 RM'000
Non-current			
Other payables			
- Third parties	4,652	-	-
- Related parties	35,409	44,614	4,222
	<u>40,061</u>	<u>44,614</u>	<u>4,222</u>
Current			
Trade payables			
Third parties	8,684	35,777	5,414
Amount due to contract customers (Section 10.2.14)	34,277	96,666	60,174
Other payables and accruals			
Other payables and accruals			
- Third parties	134,941	133,952	25,777
- Related parties	13,115	14,294	13,956
Amount owing to Directors	3,213	1,324	-
	<u>151,269</u>	<u>149,570</u>	<u>39,733</u>
	<u>194,230</u>	<u>282,013</u>	<u>105,321</u>
Total trade and other payables	<u>234,291</u>	<u>326,627</u>	<u>109,543</u>

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.
- (b) Amounts owing to related parties and Directors are unsecured, interest-free and payable upon demand in cash. Related parties are disclosed in Section 10.2.26.
- (c) Information on financial risks of trade and other payables are disclosed in Section 10.2.27.
- (d) The currency exposure profile of trade and other payables is as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
Ringgit Malaysia	206,251	257,655	99,923
Singapore Dollar	21,688	55,530	6,594
United States Dollar	6,352	13,442	3,026
	<u>234,291</u>	<u>326,627</u>	<u>109,543</u>

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.20 Borrowings

	2008 RM'000	2009 RM'000	2010 RM'000
Non-current liabilities			
Secured:			
Term loans	18,487	61,256	32,748
Hire purchase liabilities	438	544	841
	<u>18,925</u>	<u>61,800</u>	<u>33,589</u>
Current liabilities			
Secured:			
Bank overdrafts	2,066	719	-
Trust receipts	-	6,713	1,052
Term loans	1,149	18,093	4,449
Hire purchase liabilities	356	425	947
	<u>3,571</u>	<u>25,950</u>	<u>6,448</u>
	<u>22,496</u>	<u>87,750</u>	<u>40,037</u>

(a) The borrowings are secured against the following:

- (i) Legal charge over certain property, plant and equipment;
- (ii) Fixed deposits of the Group;
- (iii) Joint and several guarantee by the Directors;
- (iv) Term loans are repayable by 36, 60, 120 and 180 equal monthly instalments;
- (v) Assignment over the sales contract of the barges;
- (vi) Corporate guarantee given by companies in which certain Directors have interests;
- (vii) Assignment of receivables or any other assignment of earnings over vessels/barges acceptable to the bank;
- (viii) Assignment of insurances in favour of the bank as mortgage and loss payee covering but not limited to the hull and machinery coverage and war risks;
- (ix) Irrecoverable instructions from BSB to the principal project owner to remit the proceeds directly to its non-checking project account; and
- (x) Land pledged as payments via distribution of completed reclaimed land for a project.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.20 Borrowings (continued)

(b) Terms and repayment schedule

	Carrying amount RM'000	Within 1 year RM'000	Between 2 - 5 years RM'000	After 5 years RM'000
2008				
Bank overdrafts	2,066	2,066	-	-
Term loans	19,636	1,149	17,049	1,438
Hire purchase liabilities	794	356	438	-
	<u>22,496</u>	<u>3,571</u>	<u>17,487</u>	<u>1,438</u>
2009				
Bank overdrafts	719	719	-	-
Term loans	79,349	18,093	61,256	-
Trust receipts	6,713	6,713	-	-
Hire purchase liabilities	969	425	544	-
	<u>87,750</u>	<u>25,950</u>	<u>61,800</u>	<u>-</u>
2010				
Term loans	37,197	4,449	32,224	524
Trust receipts	1,052	1,052	-	-
Hire purchase liabilities	1,788	947	841	-
	<u>40,037</u>	<u>6,448</u>	<u>33,065</u>	<u>524</u>

The hire purchase liabilities are payable as follows:

	Carrying amount RM'000	Within 1 year RM'000	2 - 5 years RM'000
2008			
Minimum lease payments	851	388	463
Less: Interest in suspense	(57)	(32)	(25)
	<u>794</u>	<u>356</u>	<u>438</u>
2009			
Minimum lease payments	1,027	467	560
Less: Interest in suspense	(58)	(42)	(16)
	<u>969</u>	<u>425</u>	<u>544</u>
2010			
Minimum lease payments	1,900	1,017	883
Less: Interest in suspense	(112)	(70)	(42)
	<u>1,788</u>	<u>947</u>	<u>841</u>

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.20 Borrowings (continued)

(c) Information on financial risk of borrowings is disclosed in Section 10.2.27.

(d) The currency exposure profile of borrowings is as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
Ringgit Malaysia	22,496	79,251	40,037
Singapore Dollar	-	8,499	-
	<u>22,496</u>	<u>87,750</u>	<u>40,037</u>

10.2.21 Deferred tax liabilities

The recognised deferred tax liabilities are as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
Property, plant and equipment	8,664	14,389	10,572
Other temporary differences	(18)	(18)	-
	<u>8,646</u>	<u>14,371</u>	<u>10,572</u>

The movement of components of deferred tax (asset)/liability are as follows:

	Property, plant and equipment RM'000	Other temporary differences RM'000	Total RM'000
At 1 July 2007	6,755	(13)	6,742
Recognised in the income statement	1,909	(5)	1,904
At 30 June 2008	8,664	(18)	8,646
Recognised in the income statement	5,725	-	5,725
At 30 June 2009	14,389	(18)	14,371
Recognised in the income statement	(3,817)	18	(3,799)
At 30 June 2010	<u>10,572</u>	<u>-</u>	<u>10,572</u>

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.22 Dividends

Dividends recognised during the financial year are as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
FY 2008			
Interim dividend of RM2.00 per ordinary shares less 26% tax, paid on 30 December 2007	370	-	-
FY 2009			
Interim dividend of RM2.00 per ordinary shares less 25% tax, paid on 15 December 2008	-	375	-
FY 2010			
First interim dividend of RM2.00 per ordinary shares less 25% tax, paid on 21 December 2009	-	-	375
Second interim dividend of RM10.20 per ordinary shares less 25% tax, paid on 21 June 2010	-	-	1,913
	-	-	2,288

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.23 Commitments

Capital commitments

	2008 RM'000	2009 RM'000	2010 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:			
Contracted but not provided for	103,829	11,098	-

10.2.24 Contingent liabilities

	2008 RM'000	2009 RM'000	2010 RM'000
Corporate guarantee given to a bank for credit facilities granted to related parties			
- Banship	-	186	1,689
- Oceanlec	-	-	22,883

10.2.25 Employee benefits

	2008 RM'000	2009 RM'000	2010 RM'000
Administrative			
Salaries, overtime and bonus	1,025	1,437	1,378
Contributions to defined contribution plan	89	110	149
Other employee benefits	75	152	122
	1,189	1,699	1,649
Capitalised in contract customers			
Salaries, overtime and bonus	576	969	826
Contributions to defined contribution plan	40	74	64
	616	1,043	890

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.26 Related party disclosures

(a) Identities of related party

Parties are considered to be related to BSB if BSB 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 BSB and the party are subject to common control or common significant influence. Related parties may be individuals or other parties. The related parties are as follows:

	Name of related parties*
(i)	Benalec Shipyard Sdn. Bhd. ("BenShip")
(ii)	Benalec Marine Sdn. Bhd. ("BMSB")
(iii)	Haruman Utama Sdn. Bhd. ("HUSB")
(iv)	Oceanlec Pte. Ltd. ("Oceanlec")
(v)	Oriental Grandeur Sdn. Bhd. ("OGSB")
(vi)	Oriental Grandeur Marine Sdn. Bhd. ("OGMSB")
(vii)	Strategic Oscar Sdn. Bhd. ("SOSB")
(viii)	Taman Pendang Sdn. Bhd. ("TPSB")
(ix)	Bumit Tabah Sdn. Bhd. ("BTSB")

* Companies in which the Directors of the BSB have substantial financial interests.

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

	2008 RM'000	2009 RM'000	2010 RM'000
Vessels chartering charges			
OGSB	(17,455)	(15,696)	(11,782)
Purchase of fuel			
OGSB	(10,666)	-	-
Purchase of construction materials and subcontracting services			
OGMSB	(12,492)	(13,883)	(11,051)
Rental of equipment			
TPSB	(150)	(150)	(150)
Rental income			
BMSB	549	-	-
Benship	865	1,175	1,155
Oceanlec	-	-	1,004
OGMSB	13	63	88
Disposal of Oceanlec to directors	-	-	28,932
Revenue earned			
BTSB	2,185	-	5
HUSB	10,629	20,264	15,836
SOSB	-	-	21,969
BMSB	12,316	6,696	3,445

The Directors are of the opinion that the terms and conditions and prices of the above transactions are not materially different from that obtainable in transactions with unrelated parties.

11. ACCOUNTANTS' REPORT (Cont'd)



10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.27 Financial instruments

(a) The financial risk management objectives and policies

BSB's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

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

(i) Credit risk

Management monitors the exposure to credit risk on an ongoing basis. Informal credit evaluations are performed on all customers requiring credit over a certain amount. BSB does not require collateral in respect of financial assets.

As at the balance sheet date, there was no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

(ii) Interest rate risk

BSB's primary interest rate risk relates to interest-bearing borrowings from financial institutions. BSB's fixed-rate borrowings are exposed to a risk of changes in their fair values due to changes in interest rates. Short term receivables and payables are not exposed to interest rate risk. There is no formal hedging policy with respect to interest rate exposure.

The following tables set out the carrying amounts, the effective interest rates as at the balance sheet date of BSB's financial assets and financial liabilities that are exposed to interest rate risk and the periods in which they mature, or if earlier, reprice.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.27 Financial instruments (continued)

(a) The financial risk management objectives and policies (continued)

(ii) Interest rate risk (continued)

	Section	Weighted average effective interest rate %	Within 1 year RM'000	Between 2 to 5 years RM'000	After 5 years RM'000	Total RM'000
At 30 June 2008						
Fixed rate						
Deposits with licensed banks						
	10.2.15	2.28	17,516	-	-	17,516
	10.2.20	7.6	2,066	-	-	2,066
	10.2.20	2.35 to 3.5	356	438	-	794
Floating rate						
	10.2.20	3.68 to 7.4	1,149	17,049	1,438	19,636
At 30 June 2009						
Fixed rate						
Deposits with licensed banks						
	10.2.15	2.25	12,707	-	-	12,707
	10.2.20	6.80	719	-	-	719
	10.2.20	5.5	6,713	-	-	6,713
	10.2.20	5.89	425	544	-	969
Floating rate						
	10.2.20	10.39	18,093	60,734	522	79,349
At 30 June 2010						
Fixed rate						
Deposits with licensed banks						
	10.2.15	2.27	14,631	-	-	14,631
	10.2.20	7.08	1,052	-	-	1,052
	10.2.20	5.58	947	841	-	1,788
Floating rate						
	10.2.20	11.77	4,449	32,224	524	37,197

(iii) Liquidity and cash flow risk

BSB monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance BSB's operations and to mitigate the effect of fluctuations in cash flows.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.27 Financial instruments (continued)

(b) Fair values

The carrying amounts of the financial instruments of BSB as at the balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments except as set out below:

	Section	Carrying amount RM'000	Fair value RM'000
As at 30 June 2008			
Other investments			
- Quoted shares in Malaysia	10.2.10	48	26
- Unit trusts quoted in Malaysia	10.2.10	103	103
- Unquoted shares	10.2.10	22	22
Other payables and amount due to related parties	10.2.19	40,061	#
Term loans	10.2.20	19,636	14,139
Hire purchase liabilities	10.2.20	794	725
As at 30 June 2009			
Other investments			
- Quoted shares in Malaysia	10.2.10	48	25
- Unit trusts quoted in Malaysia	10.2.10	106	106
- Unquoted shares	10.2.10	22	22
Amount due to related parties	10.2.19	44,614	#
Term loans	10.2.20	79,349	63,078
Hire purchase liabilities	10.2.20	969	894
Corporate guarantee	10.2.24	186	**
As at 30 June 2010			
Other investments			
- Quoted shares in Malaysia	10.2.10	40	42
- Unit trusts quoted in Malaysia	10.2.10	109	109
- Unquoted shares	10.2.10	22	22
Amount due to related parties	10.2.19	4,222	#
Term loans	10.2.20	37,197	28,100
Hire purchase liabilities	10.2.20	1,788	1,647
Corporate guarantee	10.2.24	24,572	**

- It is impracticable to determine the fair values of amounts due to other payables and related parties due to lack of fixed repayment terms.

** - The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the Directors are of the view that the fair values of the unsecured corporate guarantees for banking facilities of subsidiaries and related parties are negligible.

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.27 Financial instruments (continued)

(b) Fair values (continued)

The methods and assumptions used by management to determine the fair values of the financial instruments are as follows:

- (i) In respect of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals and short term borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.
- (ii) The fair values of quoted investments are their quoted market prices at the balance sheet date. The fair values of unquoted investments are estimated based on valuation approach by reference to the Group's share of net assets of the investees based on the latest available financial statements of the investees.
- (iii) The fair value of long term borrowings is estimated based on the quoted market prices for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.28 Acquisition of subsidiaries

FYE 30 June 2010

- (a) On 2 July 2009, BSB acquired three (3) ordinary shares of USD1 each in Oceanline Labuan and on the same day, subscribed for 999,997 paid-up share capital of USD1.00 each of USD999,997 by way of capitalisation the amount owing from Oceanline Labuan. Subsequently, during the FYE 30 June 2010, BSB subscribed for additional paid-up share capital in Oceanline Labuan of 3,000,000 ordinary shares of USD1 each for USD3,000,000 by way of capitalising the amount owing from Oceanline Labuan.
- (b) On 28 June 2010, BSB acquired the entire issued and paid-up ordinary share capital of the following subsidiaries, all of which, are incorporated in Malaysia are as follows:

Name of subsidiaries	Cash consideration RM
Arus Kreatif	481,540
Crystal Land Development	2
Crystal Land Property	2
Heritage Land Development	2
Heritage Land Realty	2
Heritage Land	2
Heritage Property	2
Klebang Property	2
Oceanfront Property	2
Oceanview Project	2
Oceanview Realty	2
Orientalcove Property	3
Orientalcove Realty	3
Sentosacove Development	250,000
Strategic Cove	2
Strategic Land	2
Wilajati	2

The acquired subsidiaries have contributed the following results to the Group during the FYE 30 June 2010:

	2010 RM'000
Revenue	1,350
Profit for the financial year	9

If the acquisition had occurred on 1 July 2009, the Group's results would have been as follows:

	2010 RM'000
Revenue	314,256
Profit for the financial year	103,968

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.28 Acquisition of subsidiaries (continued)

The summary of effects on acquisition of the subsidiaries on acquisition date is as follows:

	Acquirees' carrying Amount RM'000
Property, plant and equipment	3,540
Receivables	804
Cash and cash equivalents	*-
Payables	<u>(3,710)</u>
Group's share of net assets	634
Goodwill on acquisition written off	<u>98</u>
Total cost of acquisition	732
Cash and cash equivalents of subsidiaries acquired	<u>*-</u>
Net cash outflow of the Group on acquisition	<u><u>732</u></u>

* - Representing RM35

FYE 30 June 2009

On 29 June 2009, BSB acquired the entire equity interest in Pacific Marine of 3 ordinary shares of USD1 each for a purchase consideration of USD3 (equivalent to approximately RM11). The Company also subscribed for an additional new issue of 999,997 ordinary shares of USD1 each in Pacific Marine at par for cash consideration of USD1,000,000 (equivalent to approximately RM3,540,490 on the same date).

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.29 Disposal of a subsidiary

FYE 30 June 2010

On 3 July 2009, BSB subscribed for additional paid-up share capital of 780,000 ordinary shares of SGD1.00 each in Oceanlec for SGD 780,000 (equivalent to approximately RM1,898,000). On the same day, Oceanlec increased its paid-up share capital by way of issuing 1,020,000 shares of SGD1.00 each to the Directors of BSB, which resulted in a dilution of the Group's interest in Oceanlec from 100% to 49%. By virtue of BSB's board of directors and shareholders who are also directors and shareholders in Oceanlec, control over Oceanlec is deemed to be retained by BSB even after the dilution of the BSB's interest in Oceanlec from 100% to 49% during the financial year. BSB continues to recognise Oceanlec as its subsidiary until its disposal of the entire remaining equity interest in Oceanlec on 13 May 2010. The net impact of the dilution of BSB's interest in Oceanlec from 100% to 49% is recognised in the statement of changes in equity.

On 13 May 2010, BSB disposed the balance equity interest of 49% in Oceanlec for a total cash consideration of RM28,932,000 to certain Directors of BSB.

The effect of the disposal is as follows:

	At date of disposal RM'000
Assets and liabilities	
Current assets	83,719
Non-current assets	55,102
Current liabilities	<u>(83,484)</u>
Total assets disposed	55,337
Less: Minority interests	(28,235)
Add: Foreign exchange reserve	<u>299</u>
Net assets disposed	27,401
Gain on disposal of subsidiary	<u>1,531</u>
Total disposal consideration	28,932
Less : Cash and cash equivalents disposed	<u>(48,596)</u>
Net cash outflow from disposal of subsidiary	<u><u>(19,664)</u></u>

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

10. AUDITED FINANCIAL STATEMENTS (continued)

10.2 BSB (continued)

10.2.30 Comparatives figures

Certain comparative figures for the Relevant Financial Periods have been reclassified to conform with the FYE 30 June 2010 presentation as follows:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
FYE 30 June 2008			
Income statement			
Cost of sales	50,824	4,114	54,938
Other operating expenses	7,994	(4,114)	3,880
Balance sheet			
Trade receivables - non current	113,848	(113,848)	-
Trade and other receivables	53,686	121,808	175,494
Trade and other payables	(186,270)	(7,960)	(194,230)
FYE 30 June 2009			
Income statement			
Cost of sales	158,664	5,542	164,206
Administrative expenses	1,926	28	1,954
Other operating expenses	12,984	(6,095)	6,889
Finance costs	3,597	525	4,122
Cash flow statement			
Net cash from operating activities	21,388	8,453	29,841
Net cash used in investing activity	(73,224)	2	(73,222)
Net cash from financing activity	62,488	(8,455)	54,033

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip

10.3.1 Income statements of BenShip

The income statements of BenShip, which is extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

	Section	Financial years ended 30 June		
		2008 RM'000	2009 RM'000	2010 RM'000
Revenue	10.3.5	4	4,182	10,966
Cost of sales	10.3.6	-	(3,472)	(7,902)
Gross profit		4	710	3,064
Other operating income		1	14	111
Administrative expenses		-	-	(581)
Other operating expenses		(69)	(182)	(691)
Operating (loss)/profit		(64)	542	1,903
Finance costs	10.3.7	-	(177)	(75)
(Loss)/Profit before tax	10.3.8	(64)	365	1,828
Tax expense	10.3.9	(7)	(79)	(477)
Net (loss)/profit for the financial year		(71)	286	1,351
Key Financial Ratios				
EBITDA (RM'000)		(44)	602	2,091
Number of ordinary shares of RM1.00 each ('000)		1,000	1,000	1,000
Gross earnings per share (RM)		(0.06)	0.37	1.83
Net earnings per share (RM)		(0.07)	0.29	1.35
GP margin (%)		80.0	16.98	27.94
PBT tax margin (%)		NM	8.73	16.67
EBITDA margin (%)		NM	14.4	19.13
Effective tax rate (%)		(10.94)	21.64	26.09

NM - Not meaningful

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.2 Balance sheets of BenShip

The balance sheets of BenShip, which are extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

Section	As at 30 June			
	2008 RM'000 (Restated)	2009 RM'000 (Restated)	2010 RM'000	
ASSETS				
Non-current assets				
Property, plant and equipment	10.3.10	5,179	6,077	7,285
Total non-current assets		5,179	6,077	7,285
Current assets				
Vessels work-in-progress	10.3.11	1,557	11,752	10,804
Trade and other receivables	10.3.12	1,829	5,369	876
Deposits with licensed banks	10.3.13	500	600	500
Cash and bank balances	10.3.13	4	37	719
Total current assets		3,890	17,758	12,899
TOTAL ASSETS		9,069	23,835	20,184
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	10.3.14	1,000	1,000	1,000
Retained profits		1,041	1,327	2,678
TOTAL EQUITY		2,041	2,327	3,678

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.2 Balance sheet of BenShip (continued)

	Section	As at 30 June		
		2008 RM'000 (Restated)	2009 RM'000 (Restated)	2010 RM'000
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	10.3.15	7	57	134
Total non-current liabilities		7	57	134
Current liabilities				
Trade and other payables	10.3.16	7,021	21,237	14,386
Borrowings	10.3.17	-	186	1,689
Tax payable		-	28	297
Total current liabilities		7,021	21,451	16,372
TOTAL LIABILITIES		7,028	21,508	16,506
TOTAL EQUITY AND LIABILITIES		9,069	23,835	20,184
Key Financial Ratios				
<i>No. of ordinary shares of RM1.00 each in issue ('000)</i>		1,000	1,000	1,000
<i>Net assets</i>		2,041	2,327	3,678
<i>Net assets per ordinary share of RM1.00 each</i>		2.04	2.33	3.68
<i>Trade receivables' turnover period (days)</i>		-	305.45	-
<i>Trade payables' turnover period (days)</i>		117,975	167.57	39.24
<i>Gearing ratio (times)</i>		-	0.08	0.46

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.3 Cash flow statements of BenShip

The cash flow statement of BenShip, which is extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

	Section	Financial years ended 30 June		
		2008 RM'000	2009 RM'000 (Restated)	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax		(64)	365	1,828
Adjustments for:				
Depreciation of property, plant and equipment	10.3.8	21	73	207
Gain on disposal of property, plant and equipment	10.3.8	-	(2)	-
Unrealised gain on foreign exchange		-	-	(61)
Interest expense		-	172	68
Interest income		-	(13)	(12)
Operating (loss)/profit before working capital changes		(43)	595	2,030
(Increase)/decrease in work-in-progress		(4,937)	(10,195)	949
Increase/(Decrease) in trade and other receivables		(516)	(12)	976
Increase/(Decrease) in trade and other payables		6,940	1,287	(119)
Cash generated from/(used in) operations		1,444	(8,325)	3,836
Interest paid		-	(172)	(68)
Tax paid		-	-	(130)
Net cash from/(used in) operating activities		1,444	(8,497)	3,638
CASH FLOWS FROM INVESTING ACTIVITIES				
Issue of shares		750	-	-
Fixed deposits pledged to banks		(500)	(100)	100
Interest received		-	13	12
Purchase of property, plant and equipment	10.2.9	(1,690)	(996)	(1,415)
Proceeds from disposal of property, plant and equipment		-	27	-
Net cash used in investing activities		(1,440)	(1,056)	(1,303)

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.3 Cash flow statements of BenShip (continued)

Section	Financial years ended 30 June		
	2008 RM'000	2009 RM'000 (Restated)	2010 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings	-	5,160	3,319
Repayment of borrowings	-	(4,974)	(1,816)
Repayment to related parties	-	9,400	(3,156)
Net cash from/(used in) financing activities	-	9,586	(1,653)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4	33	682
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	-	4	37
CASH AND CASH EQUIVALENTS AS AT END OF YEAR	4	37	719

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2008 RM'000	2009 RM'000	2010 RM'000
Cash and bank balances	4	37	719

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.4 Statements of changes in equity of BenShip

The statements of changes in equity of BenShip, which are extracted from the audited financial statements for the past three (3) financial years up to FYE 30 June 2010, are set out below:

FYE 30 JUNE 2008, 2009 & 2010	Section	Share capital RM'000	Distributable Retained profits RM'000	Total RM'000
Balance as at 1 July 2007		250	1,112	1,362
Issue shares		750	-	750
Net loss for the financial year		-	(71)	(71)
Balance as at 30 June 2008/ 1 July 2008		1,000	1,041	2,041
Net profit for the financial year		-	286	286
Balance as at 30 June 2009/ 1 July 2009		1,000	1,327	2,327
Net profit for the financial year		-	1,351	1,351
Balance as at 30 June 2010		1,000	2,678	3,678

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.5 Revenue

	2008 RM'000	2009 RM'000	2010 RM'000
Sales of vessel	-	3,500	10,221
Repairing services	4	650	745
Sales of machinery	-	32	-
	<u>4</u>	<u>4,182</u>	<u>10,966</u>

10.3.6 Cost of sales

Costs of sales comprise vessel construction costs, repair services costs and cost of machineries sold.

10.3.7 Finance cost

	2008 RM'000	2009 RM'000	2010 RM'000
Interest expense	-	172	68
Bank charges	-	5	7
	<u>-</u>	<u>177</u>	<u>75</u>

10.3.8 (Loss)/Profit before tax

	2008 RM'000	2009 RM'000	2010 RM'000
(Loss)/Profit before tax is arrived at after charging:			
Auditors' remuneration	1	2	2
Depreciation of property, plant and equipment	21	73	207
Realised loss on foreign exchange	-	3	18
Rental of land and premises	-	-	31
Rental of office equipment	-	-	4
Rental of jetty	-	1	-
Staff costs:-			
- Wages, salaries and bonus	-	-	395
- Contributions to defined contribution plans	-	-	40
- Other employee benefits	-	-	96
	<u>-</u>	<u>-</u>	<u>96</u>

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.8 (Loss)/Profit before tax (continued)

	2008 RM'000	2009 RM'000	2010 RM'000
(Loss)/Profit before tax is arrived at after charging: (continued)			
And crediting:			
Gain on disposal of property, plant and equipment	-	2	-
Fixed deposit interest received	1	12	12
Gain on foreign exchange			
- Realised	-	-	38
- Unrealised	-	-	61

10.3.9 Tax expense

	2008 RM'000	2009 RM'000	2010 RM'000
Malaysian tax expense:			
Current income tax	-	28	400
Deferred tax:			
Origination of temporary differences	7	51	63
Underprovision in prior years	-	-	14
	<u>7</u>	<u>79</u>	<u>477</u>

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.9 Tax expense (continued)

The numerical reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate of BenShip are as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
(Loss)/Profit before tax	(64)	365	1,828
Tax at 20% for the first RM500,000 of chargeable income*	(13)	73	100
Tax at statutory rate of 25%	-	-	333
Effect of expenses not deductible for tax purpose	20	6	30
Underprovision of deferred tax in prior year	-	-	14
Tax expenses for the financial year	7	79	477

* With effect from year of assessment 2004, companies with a paid-up share capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax rate of 20% of chargeable income up to RM500,000.

** The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%, 2008: 26%) of the estimated taxable profits for the fiscal year. The Malaysian statutory tax rate has been reduced to 25% from the fiscal year of assessment 2009 from the previous financial year's rate of 26%. The computation of deferred tax reflected these changes.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.10 Property, plant and equipment

2008	Balance as at 1.7.2007 RM'000	Additions RM'000	Disposals RM'000	Balance as at 30.6.2008 RM'000
At cost				
Leasehold land	-	5,066	-	5,066
Furniture and fittings	-	69	-	69
Plant and machinery	-	30	-	30
Tools and equipment	-	28	-	28
Office equipment	-	7	-	7
	-	5,200	-	5,200

2008	Balance as at 1.7.2007 RM'000	Charge for the year RM'000	Disposals RM'000	Balance as at 30.6.2008 RM'000
Accumulated depreciation				
Leasehold land	-	16	-	16
Furniture and fittings	-	3	-	3
Plant and machinery	-	1	-	1
Tools and equipment	-	1	-	1
	-	21	-	21

2009	Balance as at 1.7.2008 RM'000	Additions RM'000	Disposals RM'000	Reclassi- fication RM'000	Balance as at 30.6.2009 RM'000
At cost					
Leasehold land	5,066	25	-	-	5,091
Buildings	-	-	-	136	136
Furniture and fittings	69	43	-	-	112
Plant and machinery	30	446	-	-	476
Tools and equipment	28	158	(27)	-	159
Office equipment	7	22	-	-	29
Vessel equipment	-	36	-	-	36
Construction-in-progress	-	266	-	(136)	130
	5,200	996	(27)	-	6,169

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.10 Property, plant and equipment (continued)

2009	Balance as at 1.7.2008 RM'000	Charge for the year RM'000	Disposals RM'000	Balance as at 30.6.2009 RM'000
Accumulated depreciation				
Leasehold land	16	31	-	47
Buildings	-	1	-	1
Furniture and fittings	3	10	-	13
Plant and machinery	1	17	-	18
Tools and equipment	1	11	(2)	10
Office equipment	-	2	-	2
Vessel equipment	-	1	-	1
	21	73	(2)	92

2010	Balance as at 1.7.2009 RM'000	Additions RM'000	Disposals RM'000	Reclassi- fication RM'000	Balance as at 30.6.2010 RM'000
At cost					
Leasehold land	5,091	-	-	-	5,091
Buildings	136	-	-	954	1,090
Furniture and fittings	112	28	-	-	140
Plant and machinery	476	472	-	-	948
Tools and equipment	159	32	-	-	191
office equipment	29	60	-	-	89
Vessel equipment	36	-	-	-	36
Construction-in- progress	130	824	-	(954)	-
	6,169	1,416	-	-	7,585

2010	Balance as at 1.7.2009 RM'000	Charge for the year RM'000	Disposals RM'000	Balance as at 30.6.2010 RM'000
Accumulated depreciation				
Leasehold land	47	85	-	132
Buildings	1	4	-	5
Furniture and fittings	13	14	-	27
Plant and machinery	18	76	-	94
Tools and equipment	11	19	-	30
Office equipment	2	5	-	7
Vessel equipment	1	4	-	5
	93	207	-	300

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.10 Property, plant and equipment (continued)

	2008	2009	2010
	RM'000	RM'000	RM'000
Net carrying amount			
Leasehold land	5,050	5,044	4,959
Buildings	-	135	1,085
Furniture and fittings	66	99	113
Plant and machinery	29	458	854
Tools and equipment	27	149	161
Office equipment	7	27	82
Vessel equipment	-	35	31
Construction-in-progress	-	130	-
	<u>5,179</u>	<u>6,077</u>	<u>7,285</u>

The leasehold land and buildings are charged to a licensed bank for banking facilities granted to BenShip.

10.3.11 Vessels work-in-progress

Vessels work-in-progress represents ships under construction by the BenShip.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.12 Trade and other receivables

	2008 RM'000	2009 RM'000	2010 RM'000
Current			
Trade receivables			
Related company	-	3,500	-
Other receivables			
Other receivables			
- Third parties	808	1,075	828
- Related parties	-	27	11
Due from Directors	1,008	750	-
Deposits	13	17	13
Prepayment	-	-	24
	1,829	1,869	876
	1,829	5,369	876

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by BenShip Sdn. Bhd. range from 30 to 60 days.

(b) Amounts due from related parties and Directors are unsecured, interest-free and repayable on demand.

(c) The currency exposure profile of trade and other receivables is as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
Ringgit Malaysia	1,829	1,842	876
Singapore Dollar	-	27	-
United States Dollar	-	3,500	-
	1,829	5,369	876

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.13 Deposits with licensed banks and cash and bank balances

The fixed deposits are pledged as security for banking facilities granted to the BenShip as disclosed in Section 10.3.17.

The maturity periods and the average interest rates of the fixed deposits are 30 days (2009: 30 days, 2008: 30 days) and 2.1% (2009: 2.56%, 2008: 2.4%) respectively.

The currency exposure profile of deposits with licensed banks and cash and balances is as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
Ringgit Malaysia	504	637	602
Singapore Dollar	-	-	617
	<u>504</u>	<u>637</u>	<u>1,219</u>

10.3.14 Share capital

	2008 RM'000	2009 RM'000	2010 RM'000
Authorised:			
1,000,000 ordinary shares of RM1 each			
At beginning of financial year	250	1,000	1,000
Increased during the year	750	-	-
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
At end of financial year			
Issued and fully paid-up:			
1,000,000 ordinary shares of RM1 each			
At beginning of financial year	250	1,000	1,000
Issued during the year at par	750	-	-
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
At end of financial year			

The holders of the abovementioned ordinary shares are entitled to receive dividends as and when declared by BenShip and are entitled to one vote per ordinary share at meetings of BenShip. All ordinary shares rank *pari passu* with regard to BenShip's residual assets.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.15 Deferred tax liabilities

The recognised deferred tax liabilities are as follows:

	2008 RM'000	2009 RM'000	2010 RM'000
<u>Property, plant and equipment</u>			
At beginning of financial year	-	7	57
Recognised in the income statement	7	50	77
At end of financial year	7	57	134

10.3.16 Trade and other payables

	2008 RM'000	2009 RM'000	2010 RM'000
Current			
Trade payables			
Third parties	315	1,594	850
Other payables and accruals			
Other payables and accruals			
- Third parties	782	791	1,356
- Related parties	5,924	18,852	12,180
	6,706	19,643	13,536
	7,021	21,237	14,386

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to BenShip range from 30 to 90 days.

(b) Amounts owing to related parties and Directors are unsecured, interest-free and payable in cash upon demand.

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

	2008 RM'000	2009 RM'000	2010 RM'000
Ringgit Malaysia	7,021	20,373	11,499
Singapore Dollar	-	864	1,470
United States Dollar	-	-	1,414
	7,021	21,237	14,383

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.17 Borrowings

	2008 RM'000	2009 RM'000	2010 RM'000
Current liabilities			
Secured borrowing	-	186	1,689

The borrowings are secured against the following:

- (i) Legal charges created on the Company's land and buildings;
- (ii) Corporate guarantee by a related party;
- (iii) Pledged of fixed deposits of the Company; and
- (iv) Interest rates of the borrowings range between 3.58% to 7.05% (2009: 4.99% to 8.0%, 2008: Nil).

10.3.18 Related party disclosures

(a) Identities of related party

Parties are considered to be related to BenShip if BenShip 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 BenShip and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The related parties are as follows:

- | | Name of related parties* |
|------|--------------------------------------|
| (i) | Oceanline Labuan |
| (ii) | Oriental Grandeur Sdn. Bhd. ("OGSB") |

* Companies in which the Directors of BenShip have substantial financial interests.

- (c) In addition to the transactions detailed elsewhere in the financial statements, BenShip had the following transactions with related parties during the financial year:

	2008 RM'000	2009 RM'000	2010 RM'000
Sales of vessels			
Oceanline Labuan	-	3,500	10,221
Provision of repairing works			
OGSB	-	650	744
Sales of machinery			
OGSB	-	32	-

The Directors are of the opinion that the terms and conditions and prices of the above transactions are not materially different from that obtainable in transactions with unrelated parties.

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.3 BenShip (continued)

10.3.19 Financial Instruments

(a) The financial risk management objectives and policies

BenShip is exposed mainly to liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Liquidity and cash flow risk

BenShip monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance BenShip's operations and to mitigate the effect of fluctuations in cash flows.

(b) Fair values

The carrying amounts of the financial instruments of BenShip as at the balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments.

10.3.20 Comparatives figures

Certain comparative figures for the Relevant Financial Periods have been reclassified to conform with the FYE 30 June 2010 presentation as follows:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
FYE 30 June 2008			
Balance sheet			
Property, plant and equipment	1,669	3,510	5,179
Work-in-progress	5,067	(3,510)	1,557
Capital reserve	1,107	(1,107)	-
Retained profits	-	1,107	1,107
FYE 30 June 2009			
Balance sheet			
Property, plant and equipment	5,947	130	6,077
Work-in-progress	11,882	(130)	11,752
Capital reserve	1,107	(1,107)	-
Retained profits	-	1,107	1,107
Cash flow statement			
Net cash from/(used in) operating activities	4,283	(12,780)	(8,497)
Net cash (used in)/from investing activities	(4,436)	3,380	(1,056)
Net cash from financing activities	186	9,400	9,586

11. ACCOUNTANTS' REPORT (Cont'd)



10. AUDITED FINANCIAL STATEMENTS

10.4 Oceanliner

10.4.1 Income statement of Oceanliner

The income statement of Oceanliner, which is extracted from the audited financial statements for the past one financial period up to FYE 30 June 2010, are set out below:

		Financial period from 4 June 2009 to 30 June 2010
Section		SGD
Revenue		-
Cost of sales		-
Gross profit		-
Other operating expenses		(5,260)
Loss before tax	10.4.5	(5,260)
Tax expense	10.4.6	-
Net loss for the financial year		(5,260)
Key Financial Ratios		
<i>EBITDA</i>		(5,260)
<i>Number of ordinary shares of SGD1.00 each</i>		200,000
<i>Gross loss per share (SGD)</i>		-
<i>Net loss per share (SGD)</i>		0.03
<i>GP margin (%)</i>		-
<i>PBT margin (%)</i>		-
<i>EBITDA margin (%)</i>		-
<i>Effective tax rate (%)</i>		-

11. ACCOUNTANTS' REPORT (Cont'd)



10. AUDITED FINANCIAL STATEMENTS (continued)

10.4 Oceanliner

10.4.2 Balance sheet of Oceanliner

The balance sheet of Oceanliner, which are extracted from the audited financial statements for the past one financial period up to FYE 30 June 2010, are set out below:

	Section	As at 30 June
		2010 SGD
ASSETS		
Current asset		
Cash and bank balances	10.4.7	199,355
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	10.4.8	200,000
Accumulated losses		(5,260)
TOTAL EQUITY		194,740
LIABILITY		
Current liability		
Trade and other payables	10.4.9	4,615
TOTAL LIABILITY		4,615
TOTAL EQUITY AND LIABILITY		199,355

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11. ACCOUNTANTS' REPORT (Cont'd)



10. AUDITED FINANCIAL STATEMENTS (continued)

10.4 Oceanliner (continued)

10.4.3 Cash flow statement of Oceanliner

The cash flow statement of Oceanliner, which is extracted from the audited financial statements for the past one financial period up to FYE 30 June 2010, are set out below:

Section	Financial period ended 30 June 2010
	SGD
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax, representing operating loss before working capital changes	(5,260)
Increase in other payables	4,615
Net cash used in operating activities	(645)
CASH FLOWS FROM FINANCING ACTIVITY	
Proceeds from issuance of shares, representing net cash from financing activity	199,998
CASH AND CASH EQUIVALENTS AS AT DATE OF INCORPORATION	2
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	199,355

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.4 Oceanliner (continued)

10.4.4 Statement of changes in equity of Oceanliner

The statement of changes in equity of Oceanliner, which are extracted from the audited financial statements for the past one financial period up to FYE 30 June 2010, are set out below:

FPE 30 June 2010	Section	Share capital SGD	Accumulated losses SGD	Total SGD
At date of Incorporation, 4 June 2009		2	-	2
Issuance of shares		199,998	-	199,998
Net loss for the financial period		-	(5,260)	(5,260)
Balance as at 30 June 2010		200,000	(5,260)	194,740

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.4 Oceanliner (continued)

10.4.5 Loss before tax

	2010 SGD
Loss before tax is arrived at after charging:	
Audit fees	<u>1,000</u>

10.4.6 Tax expense

The numerical reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate of Oceanliner are as follows:

	2010 SGD
Loss before tax	<u>(5,260)</u>
Taxation at statutory tax rate of 17% of chargeable income*	(894)
Non-deductible expenses	<u>894</u>
Tax expense for the financial year	<u>-</u>

* The Singapore income tax is calculated at the statutory tax rate of 17% of the estimated taxable profits for the fiscal period.

10.4.7 Cash and bank balances

The currency profile of cash and bank balances as at balance sheet date is as follows:

	2010 SGD
United States Dollar	141
Singapore Dollar	<u>199,214</u>
	<u>199,355</u>

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.4 Oceanliner (continued)

10.4.8 Share capital

	Number of ordinary shares	2010 SGD
Issued and fully paid-up:		
At date of incorporation	2	2
Issued during the period	199,998	199,998
	<hr/>	<hr/>
At end of financial period	200,000	200,000
	<hr/>	<hr/>

Oceanliner has one class of ordinary shares which carries no right to fixed income. Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

At the date of incorporation, Oceanliner issued 2 ordinary shares at SGD1 per share. During the financial period, Oceanliner issued additional 199,998 ordinary shares at SGD1 per share. The newly issued shares rank pari passu with the then existing ordinary shares.

10.4.9 Other payables

	2010 SGD
Other payables and accruals	
Other payables and accruals	
- Third parties	3,000
- Related parties	1,615
	<hr/>
	4,615
	<hr/>

(a) Amounts owing to related parties are unsecured, interest-free and payable in cash upon demand.

(b) The currency profile of other payables as at balance sheet date is as follows:

	2010 SGD
United States Dollar	110
Singapore Dollar	4,505
	<hr/>
	4,615
	<hr/>

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.4 Oceanliner (continued)

10.4.9 Financial instruments

(a) The financial risk management objectives and policies

Oceanliner is exposed mainly to liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Liquidity and cash flow risk

Oceanliner monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Oceanliner's operations and to mitigate the effect of fluctuations in cash flows.

(b) Fair values

The carrying amounts of the financial instruments of Oceanliner as at the balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments.

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.5 Pacific

10.5.1 Income statements of Pacific

The income statements of Pacific, which is extracted from the audited financial statements for the past two financial year/period up to FYE 30 June 2010, are set out below:

	Section	Financial period from 17 April 2009 to 30 June 2009	FYE 30 June 2010
		USD	USD
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other operating expenses		(2,108)	(10,705)
Loss before tax	10.5.5	(2,108)	(10,705)
Tax expense	10.5.6	-	-
Net loss for the financial year		(2,108)	(10,705)
Key Financial Ratios			
<i>EBITDA</i>		(2,108)	(10,705)
<i>Number of ordinary shares of USD1.00 each</i>		3	3
<i>Gross loss per share (USD)</i>		-	-
<i>Net loss per share (USD)</i>		NM	NM
<i>GP margin (%)</i>		-	-
<i>PBT margin (%)</i>		-	-
<i>EBITDA margin (%)</i>		-	-
<i>Effective tax rate (%)</i>		-	-

NM - Not meaningful

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.5 Pacific

10.5.2 Balance sheets of Pacific

The balance sheets of Pacific, which are extracted from the audited financial statements for the past two financial year/period up to FYE 30 June 2010, are set out below:

Section	As at 30 June	As at 30 June
	2009 USD	2010 USD
ASSETS		
Current asset		
Other receivables	3	3
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	3	3
Accumulated losses	(2,108)	(12,813)
TOTAL EQUITY	(2,105)	(12,810)
LIABILITY		
Current liability		
Other payables	2,108	12,813
TOTAL LIABILITY	2,108	12,813
TOTAL EQUITY AND LIABILITY	3	3

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.5 Pacific (continued)

10.5.3 Cash flow statement of Pacific

The cash flow statement of Pacific, which is extracted from the audited financial statements for the past two financial year/period up to FYE 30 June 2010, are set out below:

Section	Financial period ended 30 June 2010	FYE 30 June 2010
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax, representing operating loss before working capital changes	(2,108)	(10,705)
Increase in other payables	-	5,733
Cash used in operations, representing net cash used in operating activities	(2,108)	(4,972)
CASH FLOWS FROM FINANCING ACTIVITY		
Advances from related parties, representing net cash from financing activities	2,108	4,972
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR/DATE OF INCORPORATION	-	-
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	-	-

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11. ACCOUNTANTS' REPORT (Cont'd)



10. AUDITED FINANCIAL STATEMENTS (continued)

10.5 Pacific (continued)

10.5.4 Statement of changes in equity of Pacific

The statement of changes in equity of Pacific, which are extracted from the audited financial statements for the past two financial year/period up to FYE 30 June 2010, are set out below:

FPE 30 June 2009 & FYE 30 June 2010	Section	Share capital USD	Accumulated losses USD	Total USD
At date of incorporation, 17 April 2009		3	-	3
Net loss for the financial period		-	(2,108)	(2,108)
Balance as at 30 June 2009/1 July 2009		3	(2,108)	(2,105)
Net loss for the financial year		-	(10,705)	(10,705)
Balance as at 30 June 2010		3	(12,813)	(12,810)

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.5 Pacific (continued)

10.5.5 Loss before tax

	2009 USD	2010 USD
Loss before tax is arrived at after charging:		
Audit fees	-	1,233

10.5.6 Tax expense

In accordance with the Labuan Business Activity Tax Act, 1990, Pacific shall be taxed at the rate of 3% on the profit or at a flat amount of RM20,000.

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.5 Pacific (continued)

10.5.7 Share capital

	Number of ordinary shares 2009	2009 USD	Number of ordinary shares 2010	2010 USD
Authorised:				
At date of incorporation, at end of financial year/period	14,000	14,000	14,000	14,000
Issued and fully paid-up:				
At date of incorporation, at end of financial year/period	3	3	3	3

The holders of the abovementioned ordinary shares are entitled to receive dividends as and when declared by Pacific and are entitled to one vote per ordinary share at meetings of Pacific. All ordinary shares rank *pari passu* with regard to Pacific's residual assets.

10.5.8 Other payables

	2009 USD	2010 USD
Other payables and accruals		
Other payables and accruals		
- Third parties	-	5,733
- Related parties	2,108	7,080
	2,108	12,813

(a) Amounts owing to related parties are unsecured, interest-free and payable in cash upon demand.

(b) The currency profile of trade and other payables as at balance sheet date is as follows:

	2009 USD	2010 USD
Ringgit Malaysia	2,108	3,341
United States Dollar	-	9,472
	2,108	12,813

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

10. AUDITED FINANCIAL STATEMENTS (continued)

10.5 Pacific (continued)

10.5.9 Financial instruments

(a) The financial risk management objectives and policies

Pacific is exposed mainly to liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Liquidity and cash flow risk

Pacific monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance Pacific's operations and to mitigate the effect of fluctuations in cash flows.

(b) Fair values

The carrying amounts of the financial instruments of Pacific as at the balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments.

11. ACCOUNTANTS' REPORT (Cont'd)



10. AUDITED FINANCIAL STATEMENTS (continued)

10.6 OML

10.6.1 Income statements of OML

The income statements of OML, which is extracted from the audited financial statements for the past two financial year/period up to FYE 30 June 2010, are set out below:

	Section	Financial period from 17 April 2009 to 30 June 2009	FYE 30 June 2010
		USD	USD
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other operating expenses		(2,108)	(10,705)
Loss before tax	10.6.5	(2,108)	(10,705)
Tax expense	10.6.6	-	-
Net loss for the financial year		(2,108)	(10,705)
Key Financial Ratios			
<i>EBITDA</i>		(2,108)	(10,705)
<i>Number of ordinary shares of USD1.00 each</i>		3	3
<i>Gross loss per share (USD)</i>		-	-
<i>Net loss per share (USD)</i>		NM	NM
<i>GP margin (%)</i>		-	-
<i>PBT margin (%)</i>		-	-
<i>EBITDA margin (%)</i>		-	-
<i>Effective tax rate (%)</i>		-	-

NM - Not meaningful

11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.6 OML

10.6.2 Balance sheets of OML

The balance sheets of OML, which are extracted from the audited financial statements for the past two financial year/period up to FYE 30 June 2010, are set out below:

	Section	As at 30 June	As at 30 June
		2009 USD	2010 USD
ASSETS			
Current asset			
Other receivables		3	3
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	10.6.7	3	3
Accumulated losses		(2,108)	(12,813)
TOTAL EQUITY		(2,105)	(12,810)
LIABILITY			
Current liability			
Other payables	10.6.8	2,108	12,813
TOTAL LIABILITY		2,108	12,813
TOTAL EQUITY AND LIABILITY		3	3

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.6 OML (continued)

10.6.3 Cash flow statement of OML

The cash flow statement of OML, which is extracted from the audited financial statements for the past two financial year/period up to FYE 30 June 2010, are set out below:

Section	Financial period ended 30 June 2010	FYE 30 June 2010
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax, representing operating loss before working capital changes	(2,108)	(10,705)
Increase in other payables	-	5,733
Cash used in operations, representing net cash used in operating activities	(2,108)	(4,972)
CASH FLOWS FROM FINANCING ACTIVITY		
Advances from related parties, representing net cash from financing activities	2,108	4,972
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR/DATE OF INCORPORATION	-	-
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	-	-

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.6 OML (continued)

10.6.4 Statement of changes in equity of OML

The statement of changes in equity of OML, which are extracted from the audited financial statements for the past two financial year/period up to FYE 30 June 2010, are set out below:

FPE 30 June 2009 & FYE 30 June 2010	Section	Share capital USD	Accumulated losses USD	Total USD
At date of incorporation, 17 April 2009		3	-	3
Net loss for the financial period		-	(2,108)	(2,108)
Balance as at 30 June 2009/1 July 2009		3	(2,108)	(2,105)
Net loss for the financial year		-	(10,705)	(10,705)
Balance as at 30 June 2010		3	(12,813)	(12,810)

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.6 OML (continued)

10.6.5 Loss before tax

	2009 USD	2010 USD
Loss before tax is arrived at after charging:		
Audit fees	-	<u>1,233</u>

10.6.6 Tax expense

In accordance with the Labuan Business Activity Tax Act, 1990, OML shall be taxed at the rate of 3% on the profit or at a flat amount of RM20,000.

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11. ACCOUNTANTS' REPORT (Cont'd)



Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report

10. AUDITED FINANCIAL STATEMENTS (continued)

10.6 OML (continued)

10.6.7 Share capital

	Number of ordinary shares 2009	2009 USD	Number of ordinary shares 2010	2010 USD
Authorised:				
At date of incorporation, at end of financial year/period	14,000	14,000	14,000	14,000
Issued and fully paid-up:				
At date of incorporation, at end of financial year/period	3	3	3	3

The holders of the abovementioned ordinary shares are entitled to receive dividends as and when declared by OML and are entitled to one vote per ordinary share at meetings of OML. All ordinary shares rank pari passu with regard to OML's residual assets.

10.6.8 Other payables

	2009 USD	2010 USD
Other payables and accruals		
Other payables and accruals		
- Third parties	-	5,733
- Related parties	2,108	7,080
	2,108	12,813

(a) Amounts owing to related parties are unsecured, interest-free and payable in cash upon demand.

(b) The currency profile of trade and other payables as at balance sheet date is as follows:

	2009 USD	2010 USD
Ringgit Malaysia	2,108	3,341
United States Dollar	-	9,472
	2,108	12,813

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

10. AUDITED FINANCIAL STATEMENTS (continued)

10.6 OML (continued)

10.6.9 Financial instruments

(a) The financial risk management objectives and policies

OML is exposed mainly to liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Liquidity and cash flow risk

OML monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance OML's operations and to mitigate the effect of fluctuations in cash flows.

(b) Fair values

The carrying amounts of the financial instruments of OML as at the balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments.

11. ACCOUNTANTS' REPORT (Cont'd)



*Benalec Holdings Berhad (Company No. 702653-V)
Accountants' Report*

10. AUDITED FINANCIAL STATEMENTS

As at the date of this report, no audited financial statements have been prepared in respect of any period subsequent to 30 June 2010 for Benalec Group.

Yours faithfully

BDO

BDO
AF : 0206
Chartered Accountants

[Handwritten Signature]

Ooi Thiam Poh
2495/01/12 (J)
Chartered Accountant

Appendix 1



Tel: +603 2616 2888
Fax: +603 2616 3190, 2616 3191
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12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BENALEC HOLDINGS SDN. BHD.

Report on the Financial Statements

We have audited the financial statements of Benalec Holdings Sdn. Bhd., which comprise the balance sheet as at 30 June 2010 of the Company, and the income statement, statement of changes in equity and cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 26.

The financial statements of the Company for the financial year ended 30 June 2009 were audited by another firm of auditors, whose report dated 2 December 2009, expressed an unqualified opinion on those statements.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BENALEC HOLDINGS SDN. BHD. (continued)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company as at 30 June 2010 and of the results of operations of the Company and of the cash flow of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

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

A stylized signature of the BDO firm, consisting of the letters 'BDO' in a cursive, handwritten style.

BDO
AF : 0206
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Ooi Thiam Poh'.

Ooi Thiam Poh
2495/01/12 (J)
Chartered Accountant

Kuala Lumpur
15 September 2010

11. ACCOUNTANTS' REPORT (Cont'd)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BENALEC HOLDINGS SDN. BHD.

Report on the Financial Statements

We have audited the financial statements of Benalec Holdings Sdn. Bhd., which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 11.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 30 June 2009 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

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



Lim Teoh & Co.
AF- 0287
Chartered Accountants
503A Jalan Pintu Sepuluh, 05100 Alor Setar,
Kedah Darul Aman.



Teoh Tit Eng
539/4/10 (J/PH)
Chartered Accountant

Date: 02 DECEMBER 2009

11. ACCOUNTANTS' REPORT (Cont'd)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BENALEC HOLDINGS SDN. BHD.**

Report on the Financial Statements

We have audited the financial statements of Benalec Holdings Sdn. Bhd., which comprise the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 13.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 30 June 2008 and of its financial performance and cash flows for the year then ended.

11. ACCOUNTANTS' REPORT (Cont'd)

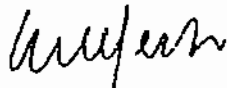
- 6 -

Report on Other Legal and Regulatory Requirements


In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act be kept by the Company have been properly kept in accordance with the provisions of the Act

Other Matters

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



Lim Teoh & Co
AF- 0287
Chartered Accountants



Teoh Tit Eng
539/4/10 (J/PH)
Chartered Accountant

Date: 01 DECEMBER 2008

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
39054 - A



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BENALEC SDN. BHD.
(Incorporated in Malaysia)**

Report on the Financial Statements

We have audited the financial statements of Benalec Sdn. Bhd., which comprise the balance sheets as at 30 June 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 77.

The financial statements of the Group and of the Company for the financial year ended 30 June 2009 were audited by another firm of auditors, whose report dated 20 April 2010, expressed an unqualified opinion on those statements.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Company No:
39054 - A

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BENALEC SDN. BHD. (continued)
(Incorporated in Malaysia)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and of the results of operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

A handwritten signature in black ink, appearing to be the initials 'BDO'.

BDO
AF: 0206
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Ooi Thiam Poh'.

Ooi Thiam Poh
2495/01/12 (J)
Chartered Accountant

Kuala Lumpur
15 September 2010



KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
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47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

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Independent auditors' report to the members of Benalec Sdn. Bhd.

(Company No. 39054-A)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Benalec Sdn. Bhd., which comprise the balance sheets as at 30 June 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 38.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

11. ACCOUNTANTS' REPORT (Cont'd)



Company No. 39054-A

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 5 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Petaling Jaya,

Date: 20 April 2010

Chew Beng Hong
Approval Number: 2920/02/12(J)
Chartered Accountant



KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
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Fax +60 (3) 7721 3399
Internet www.kpmg.com.my

Independent auditors' report to the members of Benalec Sdn. Bhd.

(Company No. 39054-A)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Benalec Sdn. Bhd., which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 35.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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



Company No. 39054-A

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Petaling Jaya,

Date: 22 JAN 2009

Abdullah Abu Samah
Approval Number: 2013/06/10(J)
Chartered Accountant

Company No:
49956 - P



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Malaysia

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BENALEC SHIPYARD SDN. BHD.

Report on the Financial Statements

We have audited the financial statements of Benalec Shipyard Sdn. Bhd., which comprise the balance sheet as at 30 June 2010 of the Company, and the income statement, statement of changes in equity and cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 39.

The financial statements of the Company for the financial year ended 30 June 2009 were audited by another firm of auditors, whose report dated 6 December 2009, expressed an unqualified opinion on those financial statements.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
49956 - P

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BENALEC SHIPYARD SDN. BHD. (continued)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company as at 30 June 2010 and of the results of operations of the Company and of the cash flow of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

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

A handwritten signature in black ink that reads 'BDO'.

BDO
AF : 0206
Chartered Accountants

Kuala Lumpur
15 September 2010

A handwritten signature in black ink that reads 'Ooi Thiam Poh'.

Ooi Thiam Poh
2495/01/12 (J)
Chartered Accountant

11. ACCOUNTANTS' REPORT (Cont'd)

Company No: 49956 P

- 5 -

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BENALEC SHIPYARD SDN. BHD.**

Report on the Financial Statements

We have audited the financial statements of Benalec Shipyard Sdn. Bhd., which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 15.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 30 June 2009 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

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



Lim Teoh & Co.
AF-0217
Chartered Accountants
503A Jalan Pintu Sepuluh, 05100 Alor Setar,
Kedah Darul Aman.



Teoh Tit Eng
53914/10 (J/PH)
Chartered Accountant

Date: 06 December 2009

11. ACCOUNTANTS' REPORT (Cont'd)

Company No: 49956 P

- 5 -

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BENALEC SHIPYARD SDN. BHD.**

Report on the Financial Statements

We have audited the financial statements of Benalec Shipyard Sdn. Bhd., which comprise the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 17.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 30 June 2008 and of its financial performance and cash flows for the year then ended.

11. ACCOUNTANTS' REPORT (Cont'd)

Company No: 49956 P

- 6 -

Report on Other Legal and Regulatory Requirements

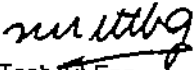
In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

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



Lim Teoh & Co.
AF- 0287
Chartered Accountants



Teoh Tit Eng
539/4/10 (J/PH)
Chartered Accountant

Date: 04 DECEMBER 2008

11. ACCOUNTANTS' REPORT (Cont'd)



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BDO LLP
 Certified Public Accountants
 19 Keppel Road
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 Singapore 089058

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCEANLINER PTE. LTD.

We have audited the accompanying financial statements of Oceanliner Pte. Ltd. (the "Company"), which comprise the balance sheet as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from date of incorporation, 4 June 2009 to 30 June 2010, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and balance sheet and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

11. ACCOUNTANTS' REPORT (Cont'd)



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
OCEANLINER PTE. LTD. (Continued)

Opinion

In our opinion,

- (a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 30 June 2010 and of the results, changes in equity and cash flows of the Company for the financial period 4 June 2009 (date of incorporation) to 30 June 2010; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

BDO LLP

BDO LLP
Public Accountants and
Certified Public Accountants

Singapore
17 September 2010

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
LL 07031

2



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Chartered Accountants
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50250 Kuala Lumpur
Malaysia

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
PACIFIC LIMITED**

Report on the Financial Statements

We have audited the financial statements of Pacific Limited, which comprise the balance sheet as at 30 June 2010 of the Company and the income statement, statement of changes in equity and cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 23.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Labuan Companies Act, 1990. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
LL 07031

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
PACIFIC LIMITED (continued)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Labuan Companies Act, 1990 so as to give a true and fair view of the state of affairs of the Company as at 30 June 2010 and of the results of operations of the Company and of the cash flows of the Company for the financial year then ended.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 117(1) of the Labuan Companies Act, 1990 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink that reads 'BDO Binder'.

BDO Binder
AAL : 0012
Chartered Accountants

A handwritten signature in black ink that reads 'Hlew Kim Loong'.

Hlew Kim Loong
2858/08/12 (J)
Chartered Accountant

Kuala Lumpur
15 September 2010

11. ACCOUNTANTS' REPORT (Cont'd)

2

Company No:
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www.bdo.myBDO Bldg (AAL 0012)
Chartered Accountants
12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
PACIFIC LIMITED****Report on the Financial Statements**

We have audited the financial statements of Pacific Limited, which comprise the balance sheet as at 30 June 2009 of the Company and the income statement, statement of changes in equity and cash flow statement of the Company for the financial period from 17 April 2009 to 30 June 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 22.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Labuan Companies Act, 1990. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
LL 07031

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
PACIFIC LIMITED (continued)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Labuan Companies Act, 1990 so as to give a true and fair view of the state of affairs of the Company as at 30 June 2009 and of the results of operations of the Company and of the cash flows of the Company for the financial period from 17 April 2009 to 30 June 2009.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 117(1) of the Labuan Companies Act, 1990 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink that reads 'BDO Binder'.

BDO Binder
AAL : 0012
Chartered Accountants

A handwritten signature in black ink that reads 'Hiew Kim Loong'.

Hiew Kim Loong
2858/08/12 (J)
Chartered Accountant

Kuala Lumpur
15 September 2010

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
LL 07031

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
OCEAN MARINE LTD.**

Report on the Financial Statements

We have audited the financial statements of Ocean Marine Ltd., which comprise the balance sheet as at 30 June 2010 of the Company and the income statement, statement of changes in equity and cash flow statement of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 23.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Labuan Companies Act, 1990. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
LL 07031

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
OCEAN MARINE LTD. (continued)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Labuan Companies Act, 1990 so as to give a true and fair view of the state of affairs of the Company as at 30 June 2010 and of the results of operations of the Company and of the cash flows of the Company for the financial year then ended.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 117(1) of the Labuan Companies Act, 1990 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink that reads 'BDO Binder'.

BDO Binder
AAL : 0012
Chartered Accountants

A handwritten signature in black ink that reads 'Hiew Kim Loong'.

Hiew Kim Loong
2858/08/12 (J)
Chartered Accountant

Kuala Lumpur
15 September 2010

11. ACCOUNTANTS' REPORT (Cont'd)

Company No:
LL 07031

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12th Floor Menara Umi Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
OCEAN MARINE LTD.**

Report on the Financial Statements

We have audited the financial statements of Ocean Marine Ltd., which comprise the balance sheet as at 30 June 2009 of the Company and the income statement, statement of changes in equity and cash flow statement of the Company for the financial period from 17 April 2009 to 30 June 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 22.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Labuan Companies Act, 1990. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Company No:
LL 07031



**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
OCEAN MARINE LTD. (continued)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Labuan Companies Act, 1990 so as to give a true and fair view of the state of affairs of the Company as at 30 June 2009 and of the results of operations of the Company and of the cash flows of the Company for the financial period from 17 April 2009 to 30 June 2009.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 117(1) of the Labuan Companies Act, 1990 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'BDO Binder'.

BDO Binder
AAL : 0012
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Hlew Kim Loong'.

Hlew Kim Loong
2858/08/12 (J)
Chartered Accountant

Kuala Lumpur
15 September 2010

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON

(Prepared for inclusion in the Prospectus)

F R O S T & S U L L I V A N

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13 DEC 2010

The Board of Directors
Benalec Holdings Berhad
38, Jalan Pengacara U1/48
Seksyen U1
Temasya Industrial Park
Glenmarie
40150 Shah Alam
Selangor Darul Ehsan

Dear Sirs,

EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT ON THE MARINE CONSTRUCTION INDUSTRY FOR BENALEC HOLDINGS BERHAD ("BENALEC" OR "COMPANY")

We, Frost & Sullivan Malaysia Sdn Bhd ("Frost & Sullivan"), have prepared the Executive Summary of the Independent Market Research report on the Marine Construction Industry ("Report") for inclusion in the Prospectus of Benalec in relation to the Initial Public Offering exercise of the Company on the Main Market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview and future prospects of the marine construction industry.

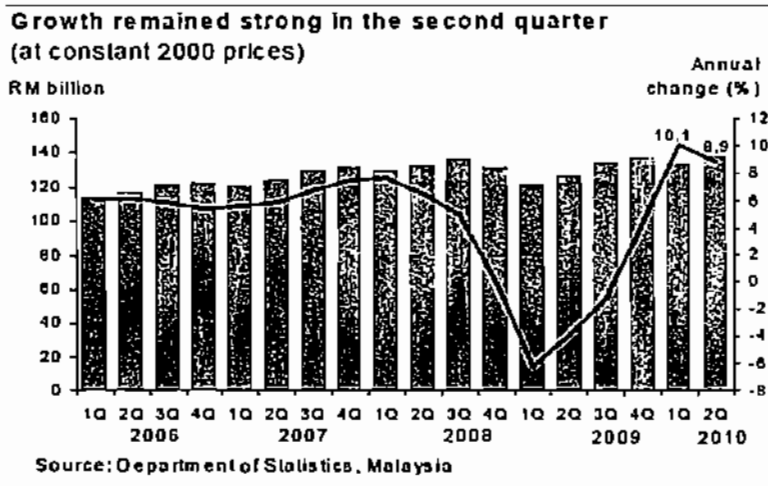
Bangalore	Bangkok	Beijing	Bogota	Buenos Aires	Cape Town	Chennai	Delhi	Dubai	Frankfurt
Kolkata	Kuala Lumpur	London	Melbourne	Mexico City	Mumbai	New York	Oxford	Palo Alto	Paris
	Sao Paulo	Sao Paulo	Seoul	Shanghai	Singapore	Sydney	Tokyo	Toronto	

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

1 Overview and Outlook of the Malaysian Economy

The Malaysian economy registered a strong growth of 8.9% in the second quarter of 2010, driven by sustained expansion in domestic demand and continued robust growth in external demand. The stronger domestic demand was due to higher private and public sector spending, while the expansion in external demand spurred domestic production. On the supply side, major economic sectors continued to record strong growth during the quarter, led by the manufacturing and services sectors.



During the quarter, domestic demand expanded by 9% (1Q 10: 5.3%), due mainly to higher private consumption and continued improvements in both business and public sector spending. Private consumption grew by 7.9% (1Q 10: 5.1%), supported by the favourable labour market conditions, relatively low inflation and a steady increase in income levels amid sustained consumer confidence. The public sector contributed positively to growth, with public consumption expanding by 6.9% during the quarter, following higher expenditure on emoluments. Gross fixed capital formation also increased, registering a stronger growth of 12.9% (1Q 10: 5.4%), supported by further improvement in private sector investment activity and sustained public sector capital expenditure. Private sector capital spending continued to benefit from the relatively strong increase in domestic production and exports. Public sector capital expenditure provided additional impetus to the domestic economy, with development expenditure disbursed mainly to the education and transportation sectors.

On the supply side, major economic sectors registered strong expansion during the second quarter, driven by the manufacturing and services sectors. The manufacturing sector expanded at a sustained pace of 15.9% (1Q 10: 17%), with broad-based growth across all clusters. The services sector grew strongly by 7.3% (1Q 10: 8.5%), supported mainly by the strong performance of the wholesale and retail trade; finance and insurance; and transport and storage sub-sectors. The construction sector expanded by 4.1% during the quarter (1Q 10: 8.7%), supported mainly by the strong growth in the non residential sub-sector. Growth in the agriculture sector moderated to 2.4% (1Q 10: 6.8%) due to lower production of industrial crops, while the mining sector registered a growth of

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

1.9% (1Q 10: 2.1%) supported by higher production of natural gas amid lower production of crude oil.

(Source: Bank Negara Malaysia Press Release, *Economic and Financial Developments in Malaysia in the Second Quarter of 2010*)

2 The Marine Construction Industry

2.1 Definition

Marine construction is a subset discipline under civil engineering and involves all forms of dredging, reclamation and fortification works carried out at coastal areas, river mouths and navigational waterways for the purpose of coastal protection, maritime development, waterfront development and the construction of maritime and social infrastructure. Activities under marine construction include the following:

- Capital / remedial / maintenance dredging of river mouths and navigational waterways
- Dredging and land reclamation
- Shore and beach erosion protection works such as rock revetment, breakwater construction and beach nourishment
- Marine piling for the construction of marine and social infrastructure
- Construction of coastal structures such as bridges, jetties, piers, docks, harbours, slipways and marinas
- Construction of off-coast structures such as beacons / lighthouse, wind turbines and terminals

2.2 Industry Value Chain and Segmentation

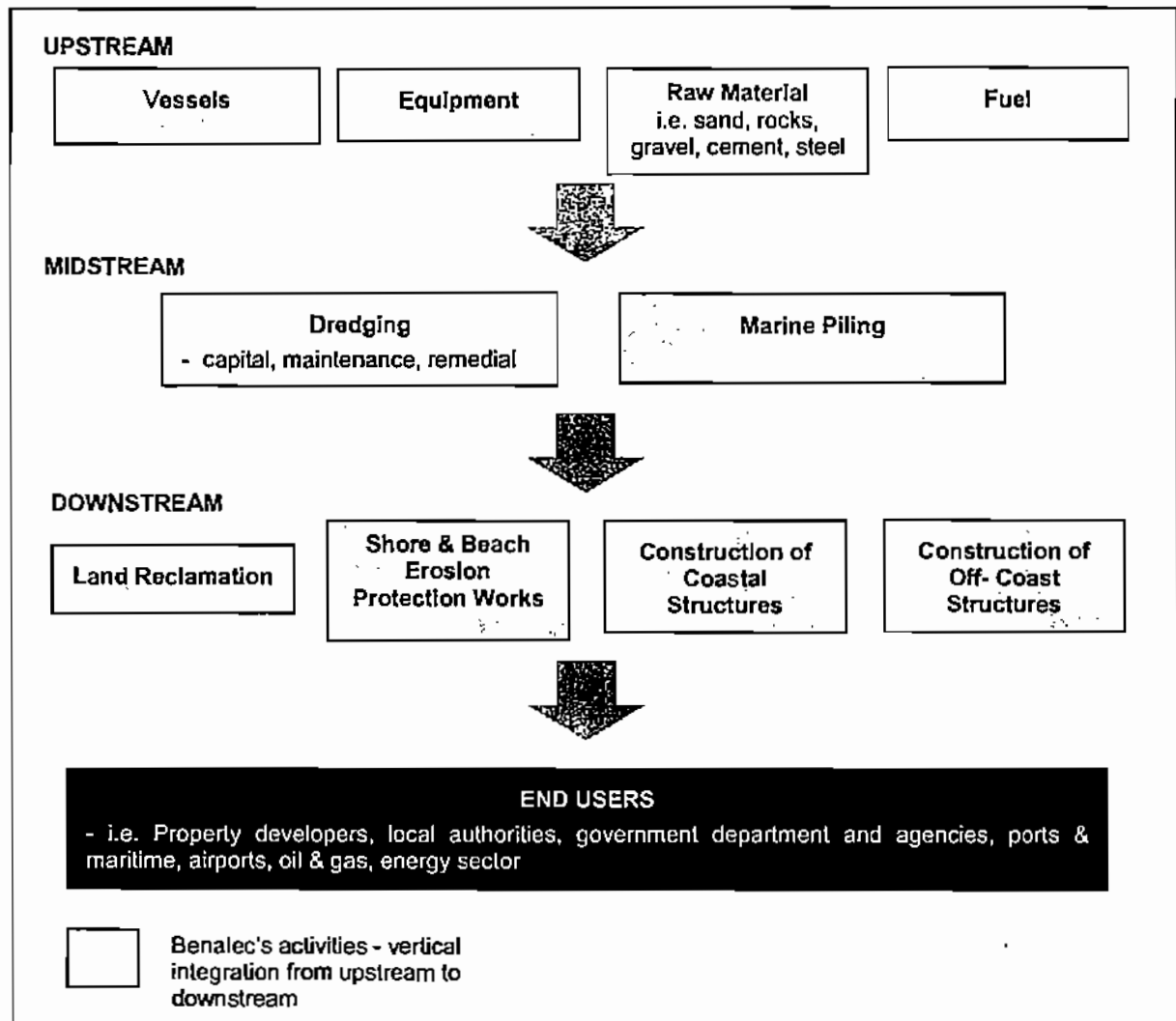
The marine construction value chain can be segmented into upstream, midstream and downstream activities. The upstream segment refers to the supply of vessels (i.e. tugboats and barges), equipment (i.e. dredgers, piling systems), raw materials (i.e. sand, rocks, gravel, cement and steel), and fuel (i.e. diesel) that are used in the operations. The midstream segment involves the core activities of marine construction which are dredging and marine piling. These are enablers for the activities involved in the downstream segment such as land reclamation, shore / beach erosion protection works and coastal and off-coast constructions. The end users for the marine construction activities include private developers, local authorities, government departments and agencies and other sectors such as ports and maritime, airports, oil and gas, and energy.

The industry value chain is depicted in a chart as follows, whereby Benalec's vertical integration within the marine construction value chain as observed in the upstream, midstream and downstream activities are shaded.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

The Marine Construction Industry Value Chain



(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

2.3 Dredging for the Marine Construction Industry

In the marine construction industry, dredging is part of the midstream activities and the main function is for capital, maintenance and remedial dredging of navigational waterways by the removal of siltation and deepening of channels, and supporting downstream activities such as land reclamation, shore and beach protection works and in the preparation for construction of coastal structures.

Dredging utilizes dredging equipment which is very expensive and has high resale value. Typically, brand new mechanical dredgers cost in the range of € 5 million - € 20 million (RM 20 million - RM 83 million) and hydraulic dredgers € 1.2 million - € 20 million (RM 5 million - RM 83 million) with the exception of the trailer suction hopper dredgers (TSHD) which costs anywhere between € 20 million - € 50 million (RM 80

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

million - RM 210 million) for China-made units or more than € 100 million (RM 420 million) for top European or Japanese models.

Dredgers that are typically used in Malaysia and Asia regions are mechanical dredgers such as grab / clamshell dredger and dipper / backhoe dredger, and hydraulic dredgers such as plain suction dredger, sand pump ship, cutter suction dredger (CSD) and trailer suction hopper dredger (TSHD).

The dredging of sand from the sea is a licensed activity and can only be conducted by approved contractors on designated sand pits within the coastal waters of the country. The dredging of sand without permit is an offence in most countries because of the environmental concerns that arrive from uncontrolled dredging. Sand dredging for the purpose of land reclamation is usually conducted using suction dredgers or sand pump ships because sand mixture with water is very fluid and flows easily. Transportation of the dredged sand is normally by tug-and-barge system, whereby multiple barges are deployed for the job at one time for efficiency. This system allows another barge to be filled while the tugboat tows an already filled barge for dumping. The TSHD is a vessel specially built for mass land reclamation projects because of the ability to sweep the sand from the seabed and deposit to the site in massive quantities at a faster rate than conventional suction dredgers. For large projects, the use of TSHD is considered as more cost-effective as the job can be completed faster.

2.4 Land Reclamation

Land reclamation from the sea involves the relocation of building materials to the coastal reclamation site to build an extension of landmass or a new island, usually for socio-economic purposes. Aggregates such as sand, soil and gravel are dredged from offshore seabed or rivers and deposited to the reclaimed area. Due to the high volume of sand required in land reclamation, dredging is the most cost effective way of relocating the materials. Hence, the demand for land reclamation had driven the advancement in dredging technology whereby larger dredging vessels and better techniques have been developed that can dredge vast amount of sand effectively.

Land reclamation is a complex engineering activity which requires extensive knowledge and study in hydrology, geotechnical and structural engineering. The building of new landmass is highly regulated as it involves the extension of state or national borders. Reclamation of coastal land may result in instability of the land reclaimed and long term excessive settlement. The technology involved and materials used largely depend on the environmental and geological factors at the site. Typically, sea sand is a major component in land reclamation because it is easy to obtain in abundance and the rigid granular properties that act as natural drainage gives minimal settlement.

For island or coastal states and countries where land is scarce, land is reclaimed from mangroves and the sea to create new land area for the building of social infrastructure such as airports, harbours, power plants and urban development in order to support the population growth. However, land reclamation also contributes towards the building of jetties, piers, ports, harbours, terminals, coastal roads and bridges.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

Other reasons for land reclamation are often for commercial development and the tourism industry by the building of sea resorts and marinas. Land reclamation adds value to the land that was previously not suitable for development. Land reclamation is also a method for beach or coastal erosion control through beach nourishment or building of breakwaters at river mouths.

The cost for land reclamation projects are high because of the large amount of raw materials required, the use of expensive and sophisticated heavy machineries, labour involved, time to complete and most importantly in the feasibility studies and engineering design involved which are unique to each site.

2.5 Shore and Beach Erosion Protection Works

Shore and beach protection works are conducted to protect coastal ecosystem against erosion and flood. The natural ebb and current of the sea erodes coastlines and over time beaches and coastal land may be engulfed by the sea. This will disrupt coastal communities and may result in loss of habitat for wildlife in coastal areas.

Shore protection works include rock revetment and sea walls. These structures fortify the coastal banks by the construction of hard edges to stop the tides from eroding the shore. Other method of protection deflects the currents by building obstructions such as groynes or geotextile tubes ("geotubes") out in the sea. This will retain the soft edge of beaches. Breakwaters are normally built at river mouths or estuaries of navigational waterways. Beach nourishment is to restore an eroding beach by replacing the sand on the beach and creating a new sandy shoreline. This is done through the placement of sand fill along the shoreline to widen the beach.

3 Demand Conditions**3.1 Past Performance of the Marine Construction Industry in Malaysia**

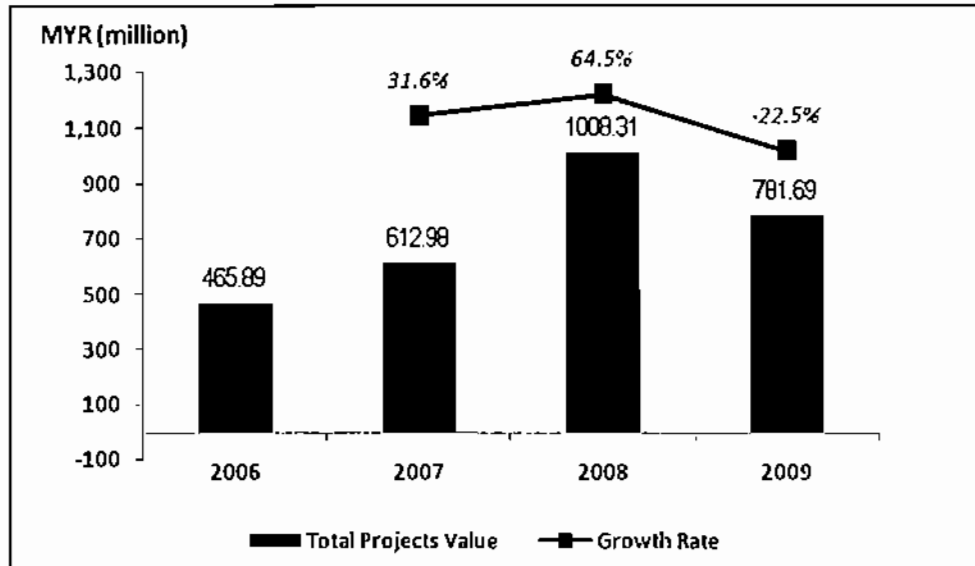
The following graph is an estimation of the marine construction projects awarded in Malaysia for the duration of 2006 to 2009. The market size is calculated based on total project value. Projects and its values are limited to information as registered in the Construction Industry Development Board (CIDB) database and from the Department of Irrigation and Drainage (DID).

Based on the project value awarded, the marine construction industry in Malaysia has been showing an uptrend with CAGR for 2006-2009 at 18.8%.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

Marine Construction Projects Awarded in Malaysia, by Project Value (2006-2009)



CAGR (2006-2009): 18.8%

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

The industry has grown by 68% since 2006, and in 2009 is estimated to value approximately RM 782 million. In 2008 there was a spike in the value of projects awarded and value estimated at RM 1.01 billion. This was mainly because it was the peak period of the 9th Malaysia Plan whereby allocations towards capital projects were being utilised. Three major projects which contributed towards the year's outstanding performance were the reclamation project for the expansion of the Lapangan Terbang Kuala Terengganu (26.2%), the Sungai Pahang major dredging and rehabilitation project (25.6%), and the Melaka reclamation projects (12.6%). Furthermore, there were a number of marine construction activities taking place around the Iskandar economic region such as the Nusajaya waterfront development and upgrading of ports, harbour and navigational waterways along the Straits of Tebrau. The projects value for the development along the Iskandar economic region contributed approximately 20.2% towards 2008 market value. In 2008, 55% out of the total projects awarded were attributed to land reclamation projects.

The Malaysia Economic Plan is drafted every 5 years therefore it would be safe to expect similar trend to occur every 5 years where there is a steady uptrend with a peak towards the latter half of the period when funds are ready for disbursement and projects awarded to industry players.

The following table highlights some of the development projects in Malaysia that involved marine construction activities valued at RM 100 million and above, as extracted from the CIDB Contractor Profile and Details online database.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

Major Marine Construction Projects in Malaysia (2006-2009)

Location	Project	Type of Development	Project Value (RM million)
Melaka	*Melaka reclamation projects	Mixed	395.6
Iskandar Economic Region	*Nusajaya Waterfront development	Mixed	159.3
	Tanjung Bin Port upgrade	Ports infrastructure	161.0
	*Tanjung Langsat Port upgrade	Ports infrastructure	121.4
SCORE	*Tanjung Manis development	Infrastructure & industrial zone	216.3
Kuala Terengganu	Lapangan Terbang Kuala Terengganu upgrade, land reclamation and beach erosion protection	Airport infrastructure	264.0
Sungai Pahang	Dredging and rehabilitation	Navigational waterway	258.2
Port Klang	Capital dredging for the expansion of the Southern navigational channel	Navigational waterway	100.0
Pulau Tioman	Tekek beach rehabilitation	Beach rehabilitation, tourism	132.2
Batu Maung, Penang	Construction of MITP International Fisheries Port	Ports infrastructure	168.9

*Consolidated over the period 2006-2009

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

3.2 Past Performance of the Marine Construction Industry in Asia Pacific

In the Asia Pacific region, major development projects that require large-scale marine land reclamation activities have occurred mostly in high income countries and city-states such as in Singapore, Hong Kong, Japan and Macau. In China, reclamation activities are highly active around the economic zones such as Shenzhen, Yuhuan and Shanghai.

Singapore

Singapore is a small island at the southern tip of Malaysia with a total landmass of 581.5 sq km originally and mainly composed of many smaller islands and mangrove land with a web of rivers and streams, with a shortage of readily suitable areas for development. The population growth and economic prosperity required Singapore to increase its land area by merging several smaller islands together to be more functional by conducting massive land reclamation from the sea for residential, social and commercial purposes. Since the 1960's, Singapore has conducted several phases of land reclamation activities and by which had resulted in the landmass to be expanded by 22% of its original size. Examples of development on reclaimed land in Singapore include the Changi Airport, The Tuas Industrial Park, Sentosa Cove Island and Marina Bay Sands Casino.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)**EXECUTIVE SUMMARY*****Hong Kong***

Hong Kong is an island located off the China Pearl River delta. The island consists of 1,095 sq km of territory and includes over 200 offshore islands. However the main island of Hong Kong is only 80 sq km and is home to a population of 7 million people. The geography of Hong Kong is very hilly with steep slopes and has irregular coast lines with many bays, rivers and beaches. Reclamation activities in Hong Kong started as early as in the mid 19th century during colonial times. Hong Kong is intensely urbanized particularly at Kowloon Bay and Victoria Harbour, and due to its economic prosperity has been required to conduct large-scale land reclamation as a solution to ease the population congestion, and has resulted in over 10% of increase in land area. Large-scale reclamation were conducted on Lantau Island for the development of the Hong Kong International Airport, the Island Eastern Corridor (IEC) since the 1990s in the Central and Wan Chai district for the development of Hong Kong Terminal, and the Central - Wan Chai bypass and causeway whereby 43.3 hectares of land were reclaimed for a total project value of over HKD 6 billion.

Japan

Japan is a hotspot for land reclamation activities and has conducted some major land reclamation projects in the past mainly to address its population congestion and because of irregular coastline not suitable for development. The Kansai International Airport was built in 1989 on a man-made reclaimed island off Osaka and utilized 21 million cubic meters of earth and cost USD 20 billion. Lessons learned from the building of this airport were applied to successfully build other airports on reclamation land such as the Kobe Airport. In 2008, Japan conducted land reclamation for the expansion of commercial and residential development at Isahaya Bay and the relocation of the US Marine Corps Air Station to the city of Iwakuni, which resulted in the land area to increase further by 14 sq km. These two development totaled approximately USD 6 billion.

Macau

Macau has been active in reclamation of land since the last century due to its very small land area of approximately 11.6 sq km. Currently, its landmass has more than doubled to 29.5 sq km area due to reclamation activities for residential and commercial development. Among the development projects on reclaimed land includes the building of the Macau International Airport at a total cost of USD 1.05 billion and the redevelopment of the Taipa Ferry Terminal at a cost of USD 188 million.

China

Shenzhen, Yuhuan and Shanghai are all top China port cities and industrial zones with economic activities mostly centred on electronics, manufacturing and industrial fabrication. Land reclamation has been highly active in these areas and is mainly for industrial land, ports and airports infrastructure, and for residential township to support the rapid population growth. In Shenzhen, land reclamation has been conducted around the Pearl River mouth area and Shenzhen Bay for the construction of Huanggang Port costing approximately RMB 6.5 billion (RM 3 billion), and Shenzhen Airport costing approximately RMB 6.6 billion (RM 3.05 billion). In Yuhuan, the Xuanmen Land Reclamation project has been conducted since 1975 in various phases with total land reclaimed at 266.7 sq km. The Shanghai Luchao Port development had seen approximately 133 sq km of land was reclaimed at a cost of RMB 40 billion.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

Major Marine Construction Projects in Asia

Country	Project	Type of Development	Project Duration	Project Cost / Estimates
Singapore	Changi Airport reclamation	Airport infrastructure	Phase 1 reclamation completed in 1979	SGD 230 million
	Sentosa Island reclamation	Commercial	2000 - 2006	SGD 60 million
	Jurong Island & Tuas Petrochemical Terminal	Residential, commercial & industrial	Various phases since 1995 to 2008	SGD 5.4 billion
	Marina Bay Sands	Commercial & tourism	2006 - 2010	SGD 8 billion
	Pulau Tekong Naval Base expansion	Military infrastructure	2002 - 2005	SGD 2.2 billion
	Marina Coastal Expressway (MCE)	Highway	2008 - 2013	USD 4.1 billion
Hong Kong	Victoria Harbour reclamation	Residential and commercial	Various phases since the 1850's to 1997	n/a
	Hong Kong International Airport	Airport infrastructure	Completed in 1998	n/a
	Hong Kong Central Reclamation Phase I	Train Terminal, rail track infrastructure, waterfront	1993 - 1998	HKD 2.71 billion
	Hong Kong Central Reclamation Phase II	Commercial, naval base, government complex	1994 -1997	HKD 320 million
	Hong Kong Central Reclamation Phase III	Rail track, piers, road infrastructure	Started in 2003. Expected to complete in 2011.	HKD 3.56 billion
Japan	Kansai International Airport	Airport infrastructure	1987 - 1994	USD 20 billion
	Kobe Airport	Airport infrastructure	1999 - 2006	n/a
	Isahaya Bay Reclamation	Commercial	1952 - 2008	USD 2 billion
	Okinawa reclamation for the relocation of US Marine Corps Air Base	Military airbase infrastructure	n/a	USD 4 billion
Macau	Macau International Airport	Airport infrastructure	1992 - 1995	USD 1.05 billion
	Taipa Island reclamation	Ferry Terminal	Started in 2008. Expected to complete in 2013.	USD 188 million
China	Huanggang Port	Port Infrastructure	1987 - 1988	RMB 6.5 billion
	Shenzhen Bao'an International Airport	Airport Infrastructure	1 st Phase 1989 – 1991 2 nd Phase 1995 - 2010	RMB 6.6 billion

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

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	Xuanmen Land Reclamation Project	Industrial, ports, residential	Completed in three phases starting from 1975 until 2010	n/a
	Shanghai Luchao Port	Port Infrastructure	2002 - 2005	RMB 40 billion

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

4 Demand Dependencies

4.1 Population Congestion Due to Land Scarcity

As the option to expand inland have been exhausted, new solutions were required in order to address the excessive congestion and land scarcity.

Cities looking to expand outwards into the sea to manage the population congestion relied on dredging as enablers for land to be reclaimed from the sea. Reclaimed land is used to build new facilities such as ports and harbours, airports, roads, factories and other social infrastructures.

In Malaysia, this scenario is true for city states like Penang, whose land area is scarce and suffer extreme congestion within the district borderline and for Johor where the population is concentrated in Johor Bahru because of the economic and financial institutions which resulted in high inter-migration into the area.

4.2 Increase in Waterfront Development Because of Economic Prosperity

Due to the high economic activity and commercial opportunities that exists around these busy ports and trade routes, the coastal communities are among the first to prosper. The population influx brought about the need to manage the land around coastal areas.

The trend for marine construction activities often relies on various factors, among which is population congestion in an area scarce of land. However for Malaysia where land is in fair abundance the driver for waterfront development is often the result of increasing wealth and country prosperity thus enabling the development for commercial and tourism.

The government's economic strategy is to propel Malaysia into a high income economy and catapult the Malaysia's economic income to be a high GDP country.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

Hence the prosperity gained will enable better construction of infrastructure and the development of waterfront for social, economic and recreational activities.

Already can be observed are the developments that are being undertaken at the new economic regions of Iskandar, ECER and SCORE. The new economic corridors are strategically located in coastal areas or river basins because of the accessibility via water which enables building of ports nearby. The development of these economic regions will boost the coastal development in these areas.

The need to built infrastructure such as roads, airports and commercial centres will require capital dredging of ports and land reclamation for the development and beautification of the coastal strip along these corridors.

4.3 Expansion of Existing Ports and Harbour from Increasing International Trade

Globalization of industries has driven growth for international trading as bigger ships and in higher numbers is required for moving high amount of cargo internationally. The influx of trade shipping has resulted in congestions at key shipping routes, providing opportunities for the ports industry within the route to improve berthing services.

Under the 10th Malaysia Plan there was an added importance given towards the maritime industry as the gateway to international trading activities.

Malaysia's strategic location at the centre of the trade route between Europe and Asia makes the Straits of Malacca one of the world's busiest waterways. In 2008, Port Klang was ranked 15th among the ports in the world based on container traffic, while Tanjung Pelepas Port was ranked at 19th position. Malaysia most vibrant container ports for international trade are located in Penang, Klang, Malacca, Tanjung Pelepas (Iskandar) and Labuan.

The recovery of export and import activities in China is an indicator of the recovering trade activities between Europe and Asia, and Malaysia being strategically located in the shipping route will benefit from this trend.

The Suez Canal Authority (SCA) has recently completed an upgrade of the Suez Canal to allow bigger cargo ships to pass through. As a result SCA recorded a jump of 20% based on freight weight during the first half of 2010 as compared to the previous year. This trend for bigger ships will mean that Malaysian ports will have to upgrade and deepen the harbours in order to be able to service the fleet of supsize container ships that will be passing through the Straits of Malacca on their way between Europe and Asia.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

4.4 Environmental Protection from Flood, Erosion and Climate Change

As a result of global warming and melting of the polar ice caps, the sea levels are rising. Coastal communities and island states are the most at risk from flooding. Countries below sea levels are the most vulnerable and need to reinforce their coastal protection strategies which will include dredging and reclamation.

The effect of climate change has already taken its toll as seen by the increasing occurrence of flooding such as in Singapore, Pakistan, Bangladesh and China. The need to elevate coastal areas by reclaiming more land, and manage drainage through capital dredging of rivers and water channels are more apparent now.

Malaysia's own geographical factors are among the key drivers for the sustainability of the marine construction industry in Malaysia, particularly in dredging and coastal protection works.

The erosion assessment study by the DID has identified that the sandy beaches are most prone to erosion from natural causes and at least 29% of the coastal shoreline are showing patterns of erosion, out of which 288 km of shoreline is category 1 erosion. Erosion that can severely threaten coastal livelihood are categorized as category 1 areas and under the Environmental Quality Act, 1974, the DID is required to employ mitigation strategies to bar the impact of erosion towards the community.

The mitigation strategies involve marine construction works such as river dredging, rock revetment, construction of breakwaters, beach nourishment and trenching of drainage channels for flood mitigation, and controlled development of coastal areas.

The Government has allocated funds for river management, coastal protection and flood mitigation which is being managed by the DID. The allocation under the 9th Malaysia Plan totalled RM 6.8 billion, with a further RM 5 billion allocated under the 10th Malaysia Plan. These allocations further show that the marine construction industry is an important aspect in the development of Malaysia and is highly sustainable.

4.5 Expansion of Oil and Gas Terminals Due to Increase in Offshore Exploration and High International Demand for Fuel

Hydrocarbon and gas deposits in Malaysia are located offshore with producing regions off the East Coast of Peninsular Malaysia and off the Sarawak, Sabah and Labuan waters. During the period 2002 to 2008, 68 oil and gas fields were discovered in Malaysia.

The 10th Malaysia plan has emphasized the importance of the maritime industry as the *forefront of Malaysia's economic growth* and as *key enablers of the offshore oil*

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

and gas sectors. Major oil and gas terminals in Malaysia are located in Kerteh, Lumut, Tanjung Bin, Miri, Sapangar and Tanjung Manis.

Expansion works on the oil and gas terminals are currently being conducted particularly in the two main economic regions of Iskandar and SCORE.

The Tanjung Bin terminal in Iskandar is being further developed as the Eastern Gate of the Iskandar Development whereby the work includes expansion of the main terminal and capital dredging of the navigational waterway to allow for bigger tankers and vessels to harbour.

The Tanjung Manis terminal is being upgraded as part of the SCORE economic node development which includes upgrade of the terminal and harbour.

Furthermore, within the SCORE designated area, is the plan to build refineries in Mukah thus will require the port system in the node to be upgraded in order to handle the bulk transportation requirements.

4.6 Product Substitution

There is no effective substitute for dredging and land reclamation within the marine construction industry.

4.7 Future Prospects (Malaysia)

In Malaysia, the three main states that are most active and with the greatest potential for future marine construction activities are Penang, Melaka and Johor. Penang and Melaka have been, and will continue to be, active in dredging and land reclamation activities due to the scarcity of land, and are both required to consider expanding sea-ward. Johor has recently been heavily involved in these activities due to the development in the Iskandar region. SCORE and Sabah Development Corridor (SDC) are the latest development projects yielding potentially high value marine construction projects.

The port industry is a key sector with high prospects for the marine construction industry. Waterways upgrade and expansion of bulk and cargo terminal capacities in Malaysia are currently being embarked in key ports including in Butterworth, Tanjung Pelepas, Johor Port, Klang, and Tanjung Manis.

The 10th Malaysia Plan has allocated RM 1 billion for dredging of Westport and Port of Tanjung Pelepas.

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Other than these key economic nodes, there exists a steady requirement for marine construction jobs for coastal protection, flood mitigation and development as drafted under the Integrated Shore Management Plan (ISMP) and managed by the Department of Drainage and Irrigation. The 10th Malaysia Plan has allocated approximately RM 5 billion for flood mitigation projects.

The future prospects for the marine construction industry lies in these areas of growth and the industry income from these developments is estimated to potentially generate the industry revenue of at least RM 60 billion within the next 10 years.

4.7.1 Penang

Penang forms part of the North Corridor Economic Region (NCER). The Penang Structure Plan 2020 (*Rancangan Struktur Negeri Pulau Pinang 2020*) has earmarked several coastal areas in Penang as the primary and secondary development corridors, and for the development of the tourism industry. Development of these areas, which require marine construction works, is expected to be completed by 2020. They are:

Penang Island:

- George Town – Bayan Baru – Bayan Lepas
- George Town – Tanjung Tokong
- Batu Maung – Teluk Kumbar

Penang Mainland:

- Butterworth – Bagan Ajam – Telok Air Tawar
- Butterworth – Seberang Jaya – Bukit Mertajam
- Juru – Bukit Minyak - Tasik Mutiara
- Batu Kawan – Valdor
- Sungai Bakap – Jawi – Nibong Tebal – Sri Ampangan
- Penaga – Kuala Muda

These developments involve the need to reclaim at least 1,500 hectares of land around the coast of Penang Island and Mainland, with reclamation cost estimated at approximately RM 6.5 billion.

As Penang aspires to be the leading communication and transportation hub for the region, several infrastructure projects has been proposed and in development such as the second bridge linking the island and the mainland, coastal roads from Teluk Air Tawar in Butterworth to Kuala Muda in Kepala Batas as well as the coastal Jelutong Expressway on the island. Improving on the airport facilities, the Bayan Lepas airport expansion plan involves reclamation of land for the runway to be extended further. Further potential exist for waterfront development of the new

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designated area in Batu Kawan on mainland Penang, as the Penang Cyber City 3 (PCC3).

The construction of the Penang second bridge is estimated at RM 4.3 billion and will be the longest bridge in South East Asia upon its expected completion in year 2013.

The proposed Penang Outer Ring Road (PORR) will be a two-lane dual carriageway expressway whereby 12 km of the expressway will be elevated, mostly along Penang's hilly terrain and a stretch of the PORR will be built on reclaimed land off the shore of Persiaran Gurney. The PORR project which is expected to cost RM 1.02 billion was put on hold during the 9th Malaysia Plan but has recently been given the go ahead by the Economic Planning Unit (EPU).

The main ports development will be at and around the North Butterworth Container Terminal (NBCT) and South Butterworth Container Terminal (SBCT) with investments of RM 1.1 billion. The plan will involve land reclamation activities of approximately 1,000 hectares which will be developed into container yards and other value added activities such as:-

- Free-Trade Zone activities
- Warehousing/CFS and Logistic activities
- Distripark and Inland Clearance Depot (ICD)
- Cold Storage and Halal Hub
- Centralized Tanker Facilities (CTF)

Current and Future Marine Construction Projects, Penang (2010-2020)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
North Butterworth Container Terminal (NBCT) Phase 3	Penang Port Sdn. Bhd.	Phase 3A is expected to be completed in 2011.	Reclamation to build Container Terminal	672 million
North Channel Dredging	Penang Port Sdn. Bhd.	Dredging of the 11.5-meter approach channel depth (ACD) North Channel to 13.5 meters ACD to serve large vessels calling at the port. Requesting for allocation under the 10 Malaysia Plan. Expected to commence in 2010 to 2012.	Dredging to upgrade navigational waterway	1 billion
Redevelopment of Swettenham Pier	Penang Port Sdn. Bhd.	Commenced in 2006 and completed in 2009.	Dredging & reclamation for waterfront development	65 million

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Dangerous Goods Terminal	Penang Port Sdn. Bhd.	Relocation and construction of a new Dangerous Goods (DG) Terminal to the south of PBCT by 64 meters	Reclamation to build bulk terminal	250 million
Proposed petroleum tank farm and Halal Hub Terminal south of the Butterworth Port	Penang Port Sdn. Bhd.	Reclamation of 400 hectares of land	Reclamation to build Petrochemicals and Cargo Terminal	1.5 billion
Centralised Tanker Facilities (CTF) at Bagan Ajam Toll on 40 hectares of site.	Penang Port Sdn. Bhd.	This project will form a hub for moving liquid cargoes in and out within Malaysian and International waters. The water draft will be approximately 13 meters to accommodate expected size of up to 50,000 dead-weight tonnage vessels. To be operational by 2013.	Reclamation to build tanker facilities	1.2 billion
Development of the 400m stretch from the pier to Tanjung City Marina	Penang Port Sdn. Bhd.	n/a	Dredging & reclamation for waterfront development	n/a
2 nd Penang Bridge	Jambatan Kedua Sdn Bhd	Expected to complete in 2013	Dredging & reclamation to build bridge	4.5 billion
Tanjung Pinang reclamation and mixed development	E & O Group	Expected to fully complete by 2012	Dredging & reclamation for waterfront development	5 billion
Jelutong "The Light" waterfront development	IJM Land Berhad	Land reclamation of 210 acres currently being conducted. Construction work expected to start in 2012 (Phase 2).	Reclamation & waterfront development	6.5 billion
Penang Outer Ring Road	n/a	Project currently on hold.	Reclamation for building coastal highway	1.02 billion
Proposed development at Batu Kawan for PCC3	n/a	n/a	Reclamation for waterfront development	n/a

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

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4.7.2 Melaka

The Melaka Structure Plan 2020 (*Rancangan Struktur Negeri Melaka 2020*) has designated the coastal areas of Melaka as the main development areas and to conduct massive land reclamation. The reclaimed lands are essentially to be developed for tourism, commercial and social infrastructure. These development areas are targeted to be completed by 2020.

The Melaka State Government has approved land reclamation activities for the proposed area between Kuala Sungai Linggi and Kuala Sungai Merlimau. This involves an area of approximately 2,835 hectares and estimated reclamation cost of at least RM 6.3 billion. The proposed development includes construction of coastal roads, new residential and commercial areas as well as areas specifically for tourism attractions.

Development of the reclaimed land are controlled and regulated by the Melaka State Government. Developers must comply with the social and economic requirements whereby at least 10% of the reclaimed land is to be designated as a waterfront park and one-sixth of the reclaimed land are allocated to the State Government.

On top of coastal development, the monorail river project launched in 2008 and valued at RM 15.9 million also includes dredging, reclamation and fortification works on 1.6 km of Melaka river bank. The first phase of the monorail project will be open to public end of 2010.

Currently the land reclamation projects at Klebang area are already underway whereby at least 1,805 acres are being reclaimed from the sea.

Current and Future Marine Construction Projects, Melaka (2010-2020)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
Land reclamation	n/a	Proposal for reclamation between Sungai Linggi and Kuala Sungai Merlimau.	Land reclamation for waterfront development	6.3 billion (reclamation cost)
Melaka river monorail	Jabatan Keretapi Malaysia	Commenced in 2008 and expected to launch to public end of 2010.	Monorail for tourism	15.9 million
Klebang land reclamation	State Government of Melaka	Commenced. At least 1,805 acres are being reclaimed.	Land reclamation for mixed development	n/a

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

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4.7.3 Iskandar Malaysia (Iskandar) in Johor

Johor has been experiencing massive growth with the enactment of the Iskandar Development Authority Act 2007. The Iskandar Development Authority has been empowered to promote and spur the economic activity of Iskandar located at the southern-most tip of the state of Johor, covering an area of 2,217 sq km or 3 times the size of Singapore.

Iskandar covers the logistics triangle of Senai Airport, Port of Tanjung Pelepas and Johor Port in Pasir Gudang. Johor has a natural advantage as it is within close proximity of Singapore and Batam thus benefits from economic spill over of these growth areas. Furthermore, under the National Physical Plan (NPP), the Johor Bahru - Pasir Gudang - Tanjung Pelepas area has been designated as the Level 2 Regional Growth Conurbation whereby plays a strategic role as a symbiotic support to the Level 1 growth conurbation which is the Kuala Lumpur - Klang Valley - Seremban region.

One of the outlined plans is to develop and transform Johor into an international transportation and distribution hub, making the airport and seaports central to the development of Iskandar. This Iskandar development is projected to benefit Johor by catalysing the area into a high GDP state through the generation of economy and creation of high income jobs.

The Iskandar coastal flagship zones or Special Economic Zones (SEC), which includes Johor Bahru City Center, Nusajaya, the Eastern Gate and Western Gate developments are high opportunity areas for the marine construction industry. Several land reclamation activities have been approved within the SEC such as the waterfront development in Johor Bahru at Danga Bay, whereby 1.5 km of coastline will be reclaimed to create a new shoreline.

Other activities in the pipeline include development of the Nusajaya area which will see development of the land to include waterfront beaches, golf courses and marina development. The corridor includes significant development to improve port facilities, specifically at Tanjung Pelepas, Pasir Gudang and Tanjung Langsat which will include upgrading of the ports to deepen navigational waterways.

At the Eastern Gate, Tanjung Langsat Industrial Complex will be developed as a petrochemical terminal to handle bulk cargo such as liquefied natural gas (LNG). The Lido Boulevard reclamation project which is along 2.4 km of the Straits of Tebrau, will reclaim 49.2 hectares of land and cost RM 240 million.

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Current and Future Marine Construction Projects, Iskandar (2010-2020)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
Danga Bay reclamation	Danga Bay Sdn. Bhd.	1.5km of coastline to be reclaimed	Waterfront development	20 billion
Lido Boulevard reclamation	Central Malaysian Properties Sdn Bhd	2.4 km of coast, 49.2 hectares area to be reclaimed. Commenced in Mar 2020 and expected to complete by 2011	Land reclamation for waterfront development	240 million (land reclamation cost)
Nusajaya development	Bandar Nusajaya Development Sdn Bhd	Proposed mixed development includes golf course, resorts & marina.	Dredging & reclamation waterfront development	160 million (land reclamation cost)
Port of Tanjung Pelepas (PTP)	Pelabuhan Tanjung Pelepas Sdn Bhd	Proposed in the 10 th Malaysia Plan to conduct capital dredging	Capital dredging & reclamation for upgrading port	2 billion
Pasir Gudang Port	Johor Port Berhad	n/a	Capital dredging & reclamation for upgrading port	n/a
Tanjung Langsat Bulk Terminal	Tanjung Langsat Port Sdn. Bhd.	n/a	Dredging & reclamation for upgrading port	n/a

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

4.7.4 Sarawak Corridor of Renewable Energy (SCORE)

SCORE is a major initiative undertaken to develop the central region of Sarawak into a developed state by 2020 which will require total planned investment of approximately RM 334 billion. The core of the corridor is in the utilization of the central region's abundance energy resources such as hydropower, natural gas and coal. With the SCORE development, Sarawak is able to price its energy competitively and as a result encourage investment in energy-intensive industries within the region.

The SCORE coastal growth nodes are located along 320 km of coast stretching from Tanjung Manis, Mukah and Samalaju, and includes the parts of Rajang River waterfront near the river delta, promising growth opportunities for maritime construction projects.

Tanjung Manis, located at the Rajang River delta will see 77,000 hectares of area to be developed within the next 20 years. The port city is designated as the 'Preferred Halal Hub Cluster Project' for the region by the Halal Development Corporation (HDC).

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Other economic sectors targeted include palm oil industry cluster, deep-sea fishing, timber-based industry and shipbuilding. The waterfront development plan includes the construction of dry bulk and cargo terminals, palm oil processing plant and refineries, recreational facilities (i.e. golf course), residential development, resorts and government facilities.

The Samalaju node, located at the coast of Sarawak central region, will see development of 8,000 hectares of land for industrial development, and designated as the centre for energy-intensive industries. Construction will be conducted in 3 phases and to be completed by 2013.

The Mukah node is designated and acts as a hub for ICT, education and R&D, as well as to have industrial areas for the steel, aluminium and food processing industries.

The growth nodes will be connected by world class logistics facilities by the proposed new Tanjung Manis deep-sea port that will cost RM 300 million, upgrade of existing Tanjung Manis airport costing RM 500 million, the construction of a new Mukah Airport for RM 600 million and the upgrade of Samalaju Port.

Current and Future Marine Construction Projects, SCORE (2010 – 2030)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
Tanjung Manis new deep-sea port	Sarawak Timber Industry Development Corp (STIDC)	Yet to commence. Target to complete by 2013.	Dredging & reclamation to build new port	300 million
Upgrade of Tanjung Manis airport	Tanjung Manis Development Sdn Bhd	Yet to commence. Target to complete by 2013.	Dredging & reclamation to expand airport	500 million
Upgrade of Samalaju port	Naim Holdings Berhad, Cahya Mata Sarawak Berhad & Bintulu Development Authority	n/a	Dredging to upgrade port & deepen waterway	n/a
Samalaju Industrial Park	Naim Holdings Berhad, Cahya Mata Sarawak Berhad & Bintulu Development Authority	n/a	Reclamation for waterfront development	1.5 billion
Mukah Smart City	Regional Corridor Development Authority, Sarawak	n/a	Reclamation for waterfront development	n/a
New Mukah Airport	Malaysia Airports Holdings Berhad	Commenced.	Dredging & reclamation to expand airport	600 million

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

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4.7.5 Sabah Development Corridor (SDC)

The SDC blueprint outlines a long-term development plan that targets key sectors which are tourism, logistics, agriculture and manufacturing. The potential for marine construction activities will be apparent in the Sabah industrial zone within the Western sub-region with the waterfront development and expansion of the Kinabalu Harbour which is estimated to cost RM 2 billion over the next 15 years.

The port authority have also included in the pipeline plans to further develop the ports in order to support manufacturing and agricultural activities, and as part of the strategy to turn Sabah into a key destination for transshipment of bulk cargo and the gateway to the fast growth Indo-China region. Within the development plans include expansion of the Sapangar, Sandakan and Lahad Datu ports storage, expansion of the Sapangar Oil Terminal and the construction of a new Sapangar Bay Container Terminal.

Current and Future Marine Construction Projects, SDC (2010 – 2025)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
Kinabalu Waterfront	n/a	n/a	Waterfront development	2 billion
Sapangar Bay Oil Terminal expansion	Sabah Ports Sdn. Bhd.	Port upgrade & expansion	Bulk Cargo terminal	n/a
New Sapangar Bay Container Terminal	Sabah Ports Sdn. Bhd.	New port	Container port	n/a
Expansion of Lahad Datu port	Sabah Ports Sdn. Bhd.	To expand storage	Container port	n/a
Expansion of Sandakan port	Sabah Ports Sdn. Bhd.	To expand storage	Container port	n/a

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

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4.7.6 Port Klang

Klang is designated as the Selangor Halal Hub centre, and in support of this status, the Government has allocated 400 hectares of Pulau Indah as the Industrial and Commercial Free Zone or known as Port Klang Free Zone (PKFZ).

Among key developments in the Port Klang area includes the reactivation of the North Port container terminal expansion project which was postponed during the global financial crisis 2008-2009. The project is expected to cost RM 585 million and to complete in 2012.

Westport Authority has also announced plans to increase terminal capacity and upgrade facilities whereby it is expected to invest RM 3 – RM 4 billion over the next 15 years on capital dredging for upgrading the waterways, massive land reclamation and the building of 2 km of berth.

As part of the Pulau Indah development, a waterfront commercial project for the construction of a resort is expected to cost RM 800 million.

Current and Future Marine Construction Projects, Port Klang (2010 – 2025)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
North Port expansion	NCB Holdings Berhad	Expected to complete in 2012	Dredging & Reclamation to upgrade waterway and expand terminal	585 million
Westport land reclamation	Westport Malaysia	15 years port expansion project	Dredging & Reclamation to upgrade waterway and expand port facilities	3-4 billion
Pulau Indah waterfront resort	D'Tiara Corp Sdn Bhd	Expected to complete in Dec 2011	3.5km shoreline development	800 million

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

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4.7.7 Sepang Gold Coast (SGC)

Sepang is targeted as the next tourism development area based on its close vicinity to KLIA and the F1 race track. The SGC project estimated to cost a total of at least RM 3 billion is envisaged to be the longest coastal tourist destination in Asia, stretching 22km from Bagan Lalang to Tanjung Sepat and encompassing 500 acres of shorefront development. Among the development that will take place includes resorts, theme parks and marinas.

Current and Future Marine Construction Projects, SGC (2010)

Project	Developer	Details	End Use of Marine Construction	Project Value / Estimate (RM)
Golden Palm Tree Villa (Phase1)	Sepang Goldcoast Sdn Bhd & PNB	Completed	Resort	315 million
Escapade (Phase 2)	Sepang Goldcoast Sdn Bhd & PNB	Completed	Recreation	n/a
Sea Tropics Resort (Phase 3)	Sepang Goldcoast Sdn Bhd & PNB	Expected to complete in 2012	Resort	300 million

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

4.7.8 Integrated Shoreline Management Plan (ISMP)

The ISMP is a long term management plan by the DID for the implementation of short-term and long-term strategies for mitigating coastline erosion on Malaysia's shoreline that faces severe threat of erosion and siltation problems at the river mouths.

The DID has identified, 93 shoreline locations (288 km) and 26 river mouths to be in category 1 critical condition. The category 2 shoreline erosion located at 57 shoreline locations (193 km) and 40 river mouths is expected to enter critical condition within the next 5-10 years and provides an indication for future marine construction projects.

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4.7.9 Flood Mitigation

Based on the national study of river basins by the DID, 29,799 areas across the country are regarded as flood prone areas, and affecting over 5 million of the population. During 2006-2009, the DID recorded 24 severe occurrence of flooding at 21 flood prone areas.

During 2006-2009 the DID have spent approximately RM 2 billion for flood mitigation projects at Empangan Perlis, Sungai Muda (Kedah), Daerah Petaling (Selangor), Lembangan Sungai Kelantan, Sungai Gombak and Sungai Kerayong (Selangor). The 10th Malaysia plan has allocated RM 5 billion for flood mitigation programmes.

4.8 Future Prospects (Asia Pacific)

In Asia Pacific (APAC), land reclamation activities are localized and most active in Singapore, Hong Kong, Macau and Japan. These are generally high GDP, high population density city states and busy ports of the world. Land reclamation is conducted for the expansion of urban development, ports facilities and for infrastructure such as airports, bridges, coastal roads and power plants.

In addition, a bulk of projects in APAC also involve dredging of rivers for flood mitigation and maintenance of ports and navigational waterways such as in China, Bangladesh, Pakistan, Vietnam, Indonesia, Guam and South Korea. With the exception of South Korea, these countries within the region are categorized as third world countries with high population and low GDP per capita whereby the main economic generator is in agriculture, export of raw materials or manufacturing. The communities are highly concentrated around deltas and river areas due to the water source and fertile land. Flood mitigation is a priority for these countries and they often obtain funding from international monetary agencies because of the high cost.

The following are examples of current and potential marine construction projects of significant value in APAC and its estimated project value. These projects are expected to be completed within the next 10 years. Total project value in the APAC region is estimated at over RM 170 billion within the next 10 years.

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Current and Future Marine Construction Projects, Asia Pacific (2010-2015)

Project	Country	Details	Project Status	Estimated value	RM Value
Reclamation of Jurong Island Phase 4	Singapore	Land reclamation for the purpose of mixed development and building of the Jurong Industrial Park.	Commenced.	SGD 3.5 billion	8.0 billion
Dredging and Land Reclamation at Pasir Panjang	Singapore	Reclamation for building power plant	Continues Until Oct 2010	SGD 1.9 billion	4.4 billion
Coastal protection & restoration works at Pulau Tekong	Singapore	Land reclamation to expand army base	Restoration in 1.65 km of coast. Expected to complete in Dec 2010	n/a	n/a
Tuas Reclamation Project	Singapore	Reclamation to upgrade Port & Petrochemical Terminal	Expected to complete in Nov 2010	SGD 1.1 billion	2.5 billion
Dredging at East Keppel Fairway	Singapore	Dredging to upgrade port	Expected to complete in Jan 2011	n/a	n/a
Widening and deepening the Bukit Timah Canal - Upstream (Phase 1)	Singapore	Dredging for flood mitigation	Awarded and expected to complete in 2011.	SGD 20.0 million	46.0 million
Widening and deepening the Bukit Timah Canal - Maple Ave to Sungei Ulu Pandan (Phase 2)	Singapore	Dredging for flood mitigation	Tender expected to be called in 2011	n/a	n/a
Marina Coastal Expressway	Singapore	Dredging & reclamation for highway construction	Ongoing and expected to complete in 2013	SGD 4.0 billion	9.2 billion
Reclamation for Hong Kong–Zhuhai–Macao Bridge (HZMB)	Hong Kong	Dredging & reclamation for bridge construction	Reclaim 130 hectares of seabed and construction of 4.1 km of seawall. Expected to complete in 2016.	n/a	n/a

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Reclamation of the seabed in front of the Star Ferry Pier from Central reclamation phase I to Lung King Street including construction of seawalls;	Hong Kong	Reclamation for waterfront mixed development	18 hectares to be reclaimed	HKD 5.8 billion	2.3 billion
Reclamation works for HK-Zhuhai-Macau Boundary Crossing Facilities including necessary reclamation works for the west landing point and toll plaza of HZMB Main Bridge	HK / Macau	Dredging & reclamation for building bridge	Hong Kong-Zuhai-Macau Bridge To be completed by 2016	RMB 73.0 billion (Total project value)	33.7 billion
Land reclamation for new urban zone	Macau	Land reclamation for mixed development	Land reclamation of 361.65 hectares (3.6 sq km). To commence in 2011.	n/a	n/a
Kansai International Airport – 2 nd Phase	Japan	Reclamation to expand airport	542 hectares to be reclaimed to expand the runway and additional terminal. Expected to complete 2011.	USD 13.0 billion	40 billion
Cebu Port Dredging	Philippines	Dredging for port upgrade	Under review	600.0 million Pesos	41.7 million
Navotas City Reclamation Project	Philippines	Reclamation for waterfront development	Launched in 2009 145 hectares to be reclaimed	50.0 billion Pesos	3.45 billion
Port modernizing programme Phase 1A	Guam	Dredging & reclamation for port upgrade	Finalizing preliminary design work	USD 104.5 million	324.0 million
Sao Bien International Port	Vietnam	Dredging & construction of new port	Awarded	USD 160.3 million	497.0 million
Proposal for Angat Dam dredging	Vietnam	Dredging for flood mitigation	Proposal stage.	n/a	n/a
Sea port development	Vietnam	Dredging & construction of new port	Master plan approved.	USD 24.0 million	74.4 million

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Saigon International Terminals Vietnam (Silv) Project Package 1-Quay Deck, Dredging And Reclamation	Vietnam	Dredging & reclamation for upgrading port and container terminal	Awarded	USD 163.3 million	506.0 million
Proposal for land reclamation outside Victoria Harbour	Hong Kong	Reclamation for mixed development	Proposal stage	n/a	n/a
Dredging of Pulau Baai Port	Indonesia	Maintenance dredging of navigational waterway	Not yet awarded	125.0 billion Rupiah	43.8 million
Jakarta Urgent Flood Mitigation Project and Ancol Reclamation	Indonesia	Dredging for flood mitigation and construction works	World Bank loan. Project delayed.	USD 150.0 million	465.0 million
Capital dredging at 7 rivers	Bangladesh	Dredging for flood mitigation	USD 100 million funding by Qatar	10.0 billion Taka	435.0 million
4 rivers dredging (Nakdong, Yeongsan, Geum & Han)	South Korea	Maintenance dredging for flood mitigation	Ongoing and expected to complete by 2014	22.0 trillion Korean Won	58.3 billion
Large-scale reclamation project aims to simultaneously landfill two estuaries, those of the Mankyung and Tongjin Rivers, by the construction of a 33 kilometer long sea dyke.	South Korea	Reclamation for mixed development	Area to be reclaimed 40,100 hectares	USD 3.0 billion	9.3 billion

Currency Conversion Matrix

1SGD = 2.3 RM 1000 Kr Won = 2.65 RM

1USD = 3.1 RM 100 Taka = 4.36 RM

1HKD = 0.4 RM 1000 Rp = 0.35 RM

1 Pesos = 0.07 RM

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

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Singapore

Land reclamation activities in Singapore is ongoing with several projects currently undertaken such as at Jurong Island and Tuas Island for the expansion of the Petrochemical Terminals, expansion of the Pulau Tekong Naval Base, Pasir Panjang waterfront development, and the Marina Coastal Expressway (MCE). Flood mitigation projects include dredging and widening of the Bukit Timah Canal (upstream and downstream). These projects are estimated to have a total value of at least RM 24 billion.

Hong Kong

Current reclamation projects include the building of Hong Kong – Zhuhai – Macau bridge (MZHB) which is estimated to cost approximately RMB 73 billion (RM 33.7 billion). To ease further congestion, the Hong Kong authorities have suggested plans to conduct more reclamation as well as to infill sections of the Hong Kong harbour to make way for property development.

Macau

Macau is set to undertake further reclamation of 3.5 sq km of land in the five zones of its Peninsular and Taipa Island, as well as the allocation for the development of the MZHB.

Japan

The most recent major reclamation works is being conducted for the expansion of the Kansai International Airport in Osaka, Japan for additional runways and terminal. The expansion project will see additional 5.4 sq km land to be reclaimed. The project value is worth USD 13 billion (RM 40 billion) and expected to complete in 2011.

5 Industry Players and Competition

5.1 Overview of Global Industry Competitiveness

The international scenario has consolidated into a few key players – mostly dominated by companies from Belgium and the Netherlands. They operate large fleets of dredgers and vessels and have annual revenue in the range of € 1.4 billion – € 2.2 billion (RM 5.8 billion – RM 9.2 billion).

Other major international players are Japanese, Korean, German and Spanish companies, however most of these companies do not take on much projects beyond their own borders. Much of the core marine construction technology and processes, specifically dredging, had originated and was invented by the Dutch.

The competitive landscape within the South Asia region such as in India, Bangladesh and Pakistan is generally dominated by the top international players due to the sophisticated technology and economies of scale derived from the application

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of these more advanced technologies. Due to the high cost of marine construction, specifically dredging and reclamation, and considering the financial state of most of these countries, funding for the projects are generally provided by international governments and monetary agencies.

In South East Asia, the competitive landscape is mainly dominated by many small to medium sized domestic players operating within national boundaries. However for large scale and high value projects, the competition is often dominated by the key international players or by local joint ventures with the international players due to the sophistication required in executing these projects.

5.2 Competitive Landscape in Malaysia

Dredging and reclamation for the marine construction industry in Malaysia is a niche and consolidated industry. Due to the nature of the industry, where high capital investments, technically competent personnel and good track record within industry are required, there are approximately 15 players who are active in marine construction, specifically dredging and land reclamation projects in Malaysia.

Marine Construction Companies in Malaysia, 2010 (in alphabetical order):

- Benalec
- Clamshell Dredging Sdn. Bhd.
- HRA Teguh Sdn. Bhd.
- Hock Seng Lee Berhad
- Inai Kiara Sdn. Bhd.
- Loh & Loh Corporation Berhad
- Malaysian Maritime & Dredging Corporation Sdn. Bhd.
- Malaysian Resources Corporation Berhad
- NDC Dredging and Construction Sdn Bhd
- See Song & Sons Sdn. Bhd.
- See Yong & Son Sdn. Bhd.
- Tidalmarine Dredging Sdn. Bhd.
- Wajar Mutiara Sdn. Bhd.

Note: This list is not exhaustive

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

5.3 Barriers to Entry***High Capital Expenditure***

Marine construction activities involve the usage of heavy machinery such as dredging vessels, marine piling systems, cranes and heavy duty winches, and most equipment are imported such as the dredgers. To support the activities will require a large fleet of vessels such as tugboats, anchor handling tugboats (AHT) and barges for moving the equipment and materials on water. The capital investments for a marine construction fleet can range from anywhere between RM 15 million – RM 310 million.

High Replacement and Maintenance Cost

Marine construction activities involve heavy duty works within a saltwater environment which corrodes metals and are highly strenuous to the equipment. The equipment requires regular maintenance and replacement of parts are frequent due to the fast rate of wear. The replacement parts are specialized and expensive; often need to be imported from China, Europe or the US. Maintenance of a marine construction fleet runs on an average of tens of thousands per month.

Vertical Integration of the Industry Value Chain

Due to the capital intensive nature of the business requiring very specific tools for specific jobs, and the need for large fleet of vessels to support the marine activities, most of the major operators in this industry are also involved in the various activities within the marine construction industry in order to maximize and diversify their services. Some of the operators are also involved in upstream activities such as shipbuilding to support their fleet requirement which indirectly reduce the working capital by vertically integrating within the value chain. This enables them to benefit from a much higher profit margin due to the lower cost incurred as well as able to have control over the progress of projects and reduce idle time, simultaneously placing them above competitors as they are able to offer competitive pricing within the industry without compromising profitability.

Technical Knowledge and Acquired Industry Expertise

The marine construction activities are complex and require extensive knowledge in civil engineering, land reclamation, coastal protection, dredging technology, construction and all the processes involved. The activities are conducted in a coastal environment and subjected to geographical, weather and tidal conditions. The technology required is usually very specific to the locations because of the unique properties of the underlying soil and the different climate and weather patterns that will affect the sea and tidal conditions, and expertise is often gained from experience in being involved in the business for over a long period of time.

Ownership of Large Fleet

Most major players within this industry own their own fleet for the marine construction activities as it is more efficient to be in control of the fleet without having to neither depend on availability of suppliers nor be subject to the fluctuation of charter rates. The major players build their fleet of vessels over time and based on the projects that they have in their pipeline. Otherwise owning a large fleet will not be sustainable. The ownership of a large fleet of vessels also gives an added

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

advantage over competitors as multiple vessels can be deployed at one time, fast-tracking the projects, which is often an attractive proposition for developers and a key decisive factor when awarding projects to the contractors.

Established Track Record and Reputation

The marine construction industry relies on support from within the industry in order to maximize the availability of resources particularly when involving super-scale projects. Very often industry players will form joint ventures for particular projects and build relations and trust within the industry. Therefore, companies with experience within the industry often form joint-ventures with other established players to increase their chances of being awarded with the projects. Furthermore, most major marine construction players have been in the industry for decades thus have established their track record and reputation which cannot be easily replicated by newer entrants.

5.4 Industry Risks and Challenges for Operators***Competition from International Players***

Large scale projects such as land reclamation and capital dredging of ports and harbour require advance dredging equipment in order to minimize impact to environment and for faster turnaround. Such large scale jobs are usually awarded to international dredging companies due to the advanced technology and equipment that they have which enables faster turnaround of projects. These large capital projects are also more financially attractive to international players. For example, the dredging and reclamation activities in Nusajaya and the construction of Penang second bridge are both being undertaken by local joint venture with the international marine construction companies.

Susceptibility to Economic Conditions

The nature of the industry is that coastal development projects are often driven by federal or state development plans and are funded by the government. Such large scale projects often experience delays or setbacks during economic downturns or financial crisis especially when there is a cutback on marine construction spending by the government. Furthermore, economic downturns which affect Malaysia's key trading partners will result in reduced demand for marine construction services from these countries. Furthermore, reduced shipping and trading activities will affect port service industry revenues and therefore any related spending for marine construction which supports this industry will also be greatly reduced.

Susceptibility to Weather Conditions

Marine construction works are highly dependable on favourable weather conditions in order for the job to be completed. The challenges faced by local operators include tide swells especially during the monsoon seasons. These adverse weather conditions can sometimes cause significant delays in projects as well as lost opportunity cost with the increase in idle times.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

Susceptibility to Environmental Concerns

Environmental concerns related to marine construction activities include disruption of marine wildlife due to the noise and stirring of sediments that result in high level of suspended particles in the water. Disposal of dredge spoils from dredging activities are also regulated to ensure no leaching of contaminants in the marine environment occurs. Furthermore, land reclamation activities and building of marine structures may result in the loss of coastal marine habitats such as mangroves and coral reefs. Operating heavy equipment and vessels in the vicinity of these marine habitats require extreme diligence and supervision to ensure that accidental damage to the ecosystem is minimized. In 2006, construction barges had resulted in the damage to 370 sq meters of the Sipadan reef off the coast of Sabah.

Susceptibility to Political and Market Forces in obtaining the Supply of Raw Materials

In instances where the source of sand for reclamation have to be obtained outside the country where reclamation is taking place, the import of large amounts of sand will be subject to the political relationship with the supplying country. The industry is exposed to political and market forces such as probability of sand export quota or export ban by the exporting country, fluctuating transportation cost and price inflation caused by imbalances in the supply and demand. For diesel supply, the industry is susceptible to the global oil fluctuations. However, in Malaysia sand supply is not an issue because of the readily available supply within the country territory and the Government subsidies diesel cost thus the risk from global price fluctuation is minimized.

Susceptibility to Regulatory Approvals

Being a highly regulated industry, operators are required to obtain approvals from relevant governing authorities such as the DOE, DID, Office of Land and Minerals, Marine Department and Department of Fisheries. Failure to obtain clearance from any of these authorities is an offence and punishable by the law.

6 Market Share in Malaysia

6.1 Benalec's Market Share and Ranking in Malaysia

The cumulative market size of the marine construction industry in Malaysia for the duration of 2006 - 2009 is estimated to worth approximately RM 2.87 billion, based on the value of projects awarded during this period.

This estimation is based on the value of marine construction projects awarded in 2006 – 2009 but does not indicate completion of activity nor has that payment in due been received by the contracting parties. The projects considered include coastal protection works, dredging of navigational waterways, ports and harbour upgrades, land reclamation and marine structures. The projects exclude remedial dredging of rivers, offshore projects related to the oil and gas industry and other drainage and irrigation works that are conducted inland which are not part of Benalec's current core activities.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

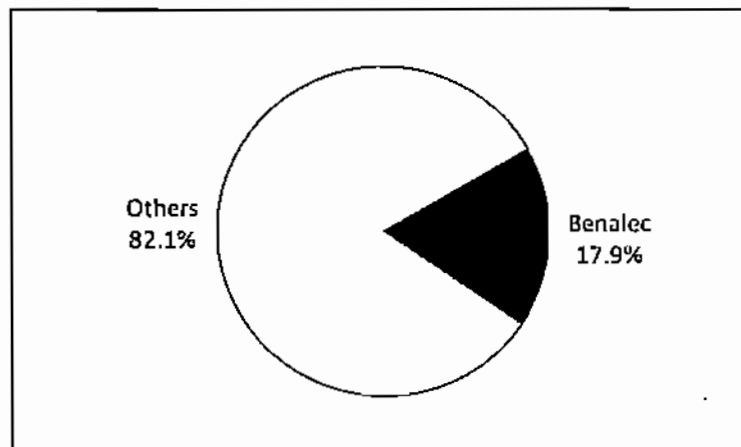
EXECUTIVE SUMMARY

Benalec's market share, based on marine construction projects secured between 2006 and 2009, is estimated to be approximately 17.9% of this cumulative market size.

Based on this market share, which is in turn based on publicly available information, Benalec is ranked among the Top 2 most active companies in Malaysia in marine construction projects in Malaysia for the duration 2006 – 2009.

Other industry players and their respective market share are Inai Kiara Sdn. Bhd. (25.1%), Malaysian Resources Corporation Berhad (16.5%), Hock Seng Lee Berhad (8.6%), Malaysian Maritime & Dredging Corporation Sdn. Bhd. (7.8%), See Song & Sons (6.7%) and others (17.3%) for the same period. The industry players' market share is based on project value figures (2006 -2009) extracted from the Contractor Profile and Details available on CIDB online database as at 15 September 2010.

Benalec's Market Share of the Marine Construction Projects Awarded in Malaysia, by Project Value (2006-2009, Cumulative)



Note:

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

7 Supply Conditions and Dependencies

The marine construction industry is dependable on the dredgers, diesel/ fuel and labour. For land reclamation activities, the industry is also highly dependable on the supply of sand as raw material.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

7.1 Dredgers

Dredging equipment is imported and manufacturers are typically from Europe, United States, Japan and China. The most advanced technologies are by European and Japanese manufacturers.

It is common trade practice for Malaysian companies to purchase used vessels from dredge suppliers or from other companies within the industry. Used dredgers typically still fetch a fair price, for example a clamshell dredger may still fetch a resale value of € 1.5 million - € 2.2 million (RM 6 million - RM 9 million) whereas a brand new unit would cost around USD 5 million - USD 7 million (RM 16 million - RM 22 million).

A brand new cutter suction dredger, with 1,000 cubic meter per hour capacity costs approximately € 4 million - € 5 million (RM 17 - 21 million). European-made dredgers are significantly more expensive than Chinese-made units. For example, a Dutch brand TSHD will cost approximately € 100 million (RM 420 million), 5 times the price of a Chinese-made unit.

7.2 Diesel / Fuel Price

Marine construction activities may be affected by global fluctuations in fuel prices. However in Malaysia, fuel prices are subsidized and controlled by the government. The growth trend in diesel price has been stable for the last 10 years in Malaysia and the supply is readily available.

Diesel Price in Malaysia for Construction Industry (2000-2009)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Date	1-Oct	1) 20 Oct 2) 16 Nov	1) 1 May 2) 1 Nov	1-Mar	1) 1 May 2) 1 Oct	1) 1 Mar 2) 5 May 3) 31 Jul	28-Feb		16-Dec	
West Malaysia	0.701	1)0.801 2)0.701	1)0.721 2)0.741	0.761	1)0.781 2)0.831	1)0.881 2)1.081 3)1.281	1.581	1.581	1.70	1.70
Sabah	0.704	1)0.804 2)0.704	1)0.724 2)0.744	0.764	1)0.784 2)0.834	1)0.884 2)1.084 3)1.284	1.584	1.584	1.70	1.70
Sarawak	0.698	1)0.798 2)0.698	1)0.718 2)0.738	0.758	1)0.7783 2)0.828	1)0.878 2)1.078 3)1.278	1.578	1.578	1.70	1.70

(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (*Cont'd*)

EXECUTIVE SUMMARY

7.3 Sand Suppliers

Sand required for reclamation projects are usually in ready supply within South East Asia, and can be sourced from Malaysia, Indonesia, Vietnam and Cambodia, subject to the local Government's policies.

Most countries within the region have enough sand supply to cater for their own needs with the exception of Singapore which relies on international sand supply.

The market price in South East Asia for sea sand is between USD 3 – USD 6 per cubic meter (approximately USD 5 - USD 10 per metric tonne).

In Malaysia, local sea sand price for reclamation use in Malaysia is historically stable at approximately RM 1 - RM 3 per metric tonne.

7.4 Labour Supply

The marine construction industry requires manual handling and heavy lifting, as well as working in harsh conditions on sea vessels and extended time away from land. Such working conditions are less sought after by locals and therefore often in this industry will employ labour forces from Indonesia, Cambodia, Vietnam, or Bangladesh. The labour supply from these countries is readily available and at competitive rates.

Marine construction companies in Malaysia are generally dependent on foreign labour from Indonesia, Cambodia, Vietnam, or Bangladesh to fulfil their manpower requirements.

7.5 Reliance and Vulnerability to Imports

Dredging equipment is largely imported because there are no local manufacturers that build dredgers for the local market and only a handful of manufacturers worldwide. The typical waiting time for a new order can be 6 months to 1 year. For the ancillary systems such as tugboats and barges, domestic shipyards have the capability to manufacture, however the waiting time can be between 6 months to 1 year. It is also common practice in the industry to obtain used equipment from other operators, however the availability is limited and the condition of equipment is unpredictable.

For large scale capital marine construction projects, the industry is still reliant on international players because of better equipment and expertise to execute the projects. It is common for local players to seek joint ventures with their international counterparts to secure larger projects as well as a way to obtain technology transfer from these more advanced players.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

8 Relevant Laws and Regulations

8.1 Relevant Laws

All marine construction activities including navigational waterways (rivers, river mouths and coastal) are regulated under the following Acts and Legislation:

Laws and Regulations Relevant to Marine Construction Activities

Acts and Legislation	
Parliament	<ul style="list-style-type: none"> National Policies of Government of Malaysia Third National Agricultural Policy (1998-2010) Federal Constitutions Ministerial Functions Act (1969) (<i>Perintah Menteri-menteri Kerajaan Persekutuan 2004</i>): DID role in river management in on flood mitigation and river conservancy Other Legislations
Land	<ul style="list-style-type: none"> National Land Code 1965 And Waters Land Conservation Act 1960
River Management	<ul style="list-style-type: none"> Waters Act 1920 (Cap 146) (1989) Environmental Quality Act 1974 : (1985) Environmental Quality Regulations (Prescribed premises, Sewerage and Industrial Effluent): Environmental Quality Order 1987 (Environmental Impact Assessment – Prescribed Activities) National Forestry Act 1984 (Forestry Rules 1986) Mining Enactment 1936 (F.M.S. Cap 147) Fisheries Act 1963 (1985) / Inland Fisheries Act Local Government Act 1976 – Act 171 (<i>Akta Kerajaan Tempatan 1976</i>) Drainage Works Act 1954 (Act 354) (Revised-1989) (<i>Akta Kerja Penyaliran 1954</i>) Irrigation Areas Act 1953 (Act 386) (Revised-1989) Road, Drainage and Building Act 1974 (Act 133) (<i>Akta Jalan, Parit dan Bangunan 1974</i>) Drainage and Irrigation Ordinance 1956- Sabah Sarawak Rivers Ordinance 1993
Coastal Management	<ul style="list-style-type: none"> Town and Country Planning Act 1976 Environmental Quality Act 1974 : (1985) Environmental Quality Order 1987(Environmental Impact Assessment – Prescribed Activities) Mining Enactment 1936 (F.M.S. Cap 147) Fisheries Act 1963 (1985) / Inland Fisheries Act

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

	<ul style="list-style-type: none"> ▪ National Land Code (<i>Kanun Tanah Negara</i>) ▪ Waters Act 1920 (1989) ▪ Continental Shelf Act 1966 (Revised 1972) (<i>Akta Pelantar Benua 1966</i>) ▪ National Forestry Act 1984 (Revised 1993) (<i>Akta Perhutanan Negara 1984</i>) ▪ Fee Act (Marine Parks Malaysia) (Revised 2003) (<i>Akta Fi Taman Laut Malaysia</i>)
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(Extracted from the Independent Market Research on the Marine Construction Industry prepared by Frost and Sullivan)

8.2 Contractor Licensing

- **Pusat Khidmat Kontraktor (*Contractors Service Centre*)**
All civil engineering contractors operating in Malaysia must register with the Kementerian Kerja Raya (*Ministry of Works*) and obtain contractor license to legitimise their operations.
- **Registration with the Construction Industry Development Board (CIDB)**
Registration with CIDB is a mandatory requirement for all marine construction contractors and specific to the skill or trade. Marine construction is categorized under Civil Engineering Construction (CE). Trade specialization is summarized as follows.

CIDB Categorisation of Civil Engineering Trade Specialization Relevant to Marine Contractors (2010)

Specialization	Description
CE02 Bridge construction	Building of concrete, bricks wooded or steel bridges
CE03 Marine structure	Jetties, ports, harbours, terminals, sea and river fortification
CE04 Dams	Dam works
CE06 Flood control systems	Channels trenching, dredging of rivers and coastal works, land reclamation
CE15 Off-coast works	Construction works off coast
CE16 Under water construction	Underwater construction and works
CE18 Land Reclamation	Land reclamation
CE30 Earthworks and underwater drainage	Earth stabilization works and underwater drainage

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON *(Cont'd)*

EXECUTIVE SUMMARY

Contractors are also required to obtain the Accreditation and Certification of Skilled Construction Workers and Construction Site Supervisors in the specific skill or trade in order to be registered as a Trade Contractor with the CIDB.

8.3 Project and Contract Work Approval

All marine construction related projects and activities must obtain approvals from the following authorities:

- Marine Department Malaysia
- Department of Environment (DOE)
- Department of Drainage and Irrigation (DID)
- Department of Fisheries
- District Land and Minerals Office

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

9 Prospects and Outlook for Benalec

The performance of the marine construction industry in Malaysia in 2006 to 2009 has shown steady growth at CAGR of 18.8%. Despite the global financial crisis 2008 - 2009, the industry has shown that it is resilient domestically. The prospects for growth are bright, based on future projects in the pipeline that exists particularly in Penang, Melaka, Iskandar, Port Klang and SCORE. The 10th Malaysia Plan has identified the ports and harbour industry as a key economic sector for targeted growth in Malaysia and has allocated a substantial amount of funding in support of the industry. The Government is committing resources towards making Malaysia a high income, high GDP nation by the announcement of the five economic regions during the 9th Malaysia Plan, by which the development of these region encompasses coastal, river and waterfront development as well as the upgrade of infrastructure such as the construction of power plants and energy stations, better drainage control and flood mitigation systems.

Benalec's future growth lies in these areas of opportunities in supporting Malaysia building the infrastructure required in order to realise the high income economy strategy. In addressing the local competitive scenario, Benalec's business strategy and vertical integration within the industry value chain are among the strengths the company has over its competitors. This can be seen by Benalec's control of approximately 18% of the marine construction market share in Malaysia for the period 2006 - 2009.

On the regional front, the opportunities that exist in APAC with future projects estimated at over RM 170 billion, is also a positive indicator for Benalec to invest and expand its operations beyond domestic borders.

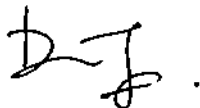
Benalec, with its years of experience and established track record, coupled with its skills, competency as well as fleet size, is expected to emerge as a strong regional competitor. With further investments toward upgrading its fleet, Benalec will be well-positioned to succeed in seeking projects within the APAC region.

12. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON (Cont'd)

EXECUTIVE SUMMARY

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of among others, secondary statistics and primary research. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

For and on behalf of Frost & Sullivan Malaysia Sdn Bhd,



Dennis Tan
Director
Frost & Sullivan Malaysia Sdn. Bhd.

13. DIRECTORS' REPORT

(Prepared for inclusion in the Prospectus)



BENALEC HOLDINGS BERHAD (702653-V)

(CIVIL & MARINE ENGINEERING SPECIALIST)

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

Tel: +603-55697366, 55698366, 55699366 Fax: +603-55690366

Email: enquiry@benalec.com.my Website: http://www.benalec.com

Date: **20 DEC 2010**

The Shareholders of
Benalec Holdings Berhad
Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

Dear Sir/Madam

On behalf of the Board of Directors of Benalec Holdings Berhad ("**Benalec**"), I wish to report after due enquiry by the Board of Directors of Benalec, that between the period from 30 June 2010 (being the date to which the last audited financial statements of Benalec and its subsidiaries ("**Group**") have been made up) to the date of this letter, (being a date not earlier than 14 days before the issuance of this Prospectus), that:-

- (a) the business of our Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities by reason of any guarantee or indemnity given by the Company or any of its subsidiaries;
- (e) there have been, since the last audited financial statements of our Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings by the Company or any of its subsidiaries; and
- (f) save as disclosed in this Prospectus, there have been no material changes in the published reserves or any unusual factor affecting the profits of our Group since the last audited financial statements of our Group.

Yours faithfully

For and on behalf of the Board of Directors
BENALEC HOLDINGS BERHAD



LEAW SENG HAI
Group Managing Director

14. ESOS BY-LAWS

The draft By-Laws of the ESOS are set out below:

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Scheme, the words herein shall bear the following meanings namely:

"Act"	: Companies Act 1965 and any amendments made to it from time to time
"Board"	: The Board of Directors of the Company
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"By-Laws"	: The terms and conditions of the Scheme as amended from time to time
"CDS Account"	: A Central Depository System account opened with the Bursa Depository for the recording of dealings in securities by a depositor
"Date of Allocation"	A date to be determined by the Option Committee to be the date on which an employee is deemed eligible to participate in the Scheme
"Date of Offer"	: The date on which an Offer (including subsequent offers) is made by the Option Committee in writing to any Eligible Employee to participate in the Scheme
"Directors"	: All Executive Directors, non-executive directors, independent or non-independent directors of the Eligible Companies
"Eligible Companies"	: The Company and its Eligible Subsidiaries
"Eligible Employees"	: Persons eligible to be granted options under the Scheme being those satisfying the conditions stipulated in By-Law 3
"Eligible Subsidiaries"	: Subsidiaries within the Group which are eligible to participate in the Scheme as determined by the Option Committee but excluding the subsidiaries which are dormant
"Executive Director"	: Any executive director involved in the day-to-day management and on the payroll of Eligible Companies
"Grantee"	: A Selected Employee who has accepted the Offer by the Option Committee in accordance with the provisions of By-Law 6
"Company"	: Benalec Holdings Berhad (Company No.702653 - V)
"Group"	: Benalec Holdings Berhad and its subsidiaries as defined in Section 5 of the Act
"Listing Requirements"	: Main Market Listing Requirements of Bursa Malaysia Securities Berhad

14. ESOS BY-LAWS (Cont'd)

- "Market Day"** : Any day between Monday to Friday (inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
- "Maximum Allowable Allocation"** : The maximum number of new Shares that can be offered and allotted to a Selected Employee to be determined by the Option Committee in accordance with the provisions of By-Law 4
- "Notice of Allotment"** : A notice confirming the allotment of Shares to the Grantee in accordance with By-Law 9.6(ii) hereof
- "Offer"** : An offer made in writing by the Option Committee in accordance with the provisions or in the manner indicated in By-Law 5 to an Eligible Employee
- "Options"** : The right of a Grantee to subscribe for Shares pursuant to the contract constituted by acceptance in the manner indicated in By-Law 6 of any Offer made in accordance with the terms of the Scheme and where the context so requires, means any part of the Options as shall remain unexercised
- "Option Committee"** : The committee appointed by the Board to administer the Scheme
- "Option Period"** : A period commencing from the Date of Offer by the Option Committee to a Selected Employee pursuant to By-Law 5 hereof until the expiry date and/or termination of the Scheme or such date as may be specifically stated in such Offer for an Eligible Employee to exercise the Options PROVIDED THAT no Option Period shall extend beyond the duration of the Scheme referred to in By-Law 20 hereof
- "Person Connected with Employee" or "Person Connected with Director"** : Has the meaning given in relation to persons connected with a director or major shareholder as defined in Paragraph 1.01 of the Listing Requirements.
- "Scheme"** : The scheme for the grant of Options to Eligible Employees to subscribe for new Shares in the Company in accordance with these By-Laws and such Scheme to be known as "Benalec Holdings Berhad Employees' Share Option Scheme"
- "Selected Employee"** : An Eligible Employee who has been selected by the Option Committee and to whom an Offer has been made by the Option Committee in accordance with the terms of the Scheme
- "Shares" or "Benalec Holdings Berhad's Shares"** : Ordinary shares of par value of RM0.25 each in the capital of the Company
- "Subscription Price"** : The price at which the Grantee shall be entitled to subscribe for new Shares as set out in By-Law 7

14. ESOS BY-LAWS (Cont'd)

"Take Over Period" : In the case of a takeover offer referred to in By-Law 13 which is unconditional, the period commencing on the posting of the offer document in respect of a takeover offer and ending on the closing date for acceptance of the takeover offer or, in the case of a takeover offer referred to in By-Law 13 which is conditional, the period commencing on the date the takeover is declared unconditional and ending on the closing date for acceptance of the takeover offer

In these By-Laws:

- (i) Words denoting the masculine gender shall include the feminine gender and vice-versa, and the singular includes the plural and vice-versa.
- (ii) The headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws.
- (iii) Any liberty or power which may be exercised or any determination which may be made hereunder by the Option Committee may be exercised at the Option Committee's discretion.

2. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 2.1 The maximum number of new Shares to be offered and allotted under the Scheme shall not exceed in aggregate 10 percent (%) of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time or any limit prescribed by any guidelines, rules and regulations of the relevant authorities during the duration of the Scheme as referred to in By-Law 20. The Company will within the duration of the Scheme keep available sufficient unissued Shares in the capital of the Company to satisfy all outstanding Options.
- 2.2 Notwithstanding the provisions of By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of 10 percent (%) of the issued and paid-up share capital (excluding treasury shares) of the Company as a result of the Company purchasing its own Shares in accordance with the provisions of Section 67A of the Act and thereby diminishing its issued and paid-up capital, then such Options granted prior to the adjustment of the issued and paid-up capital of the Company shall remain valid and exercisable in accordance with the provisions of the Scheme and no further options shall be offered until the total number of shares to be issued under the Scheme falls below 10% of its issued and paid-up capital (excluding treasury shares).

3. ELIGIBILITY

- 3.1 To qualify for selection for participation in the Scheme, any employee (including Directors) of an Eligible Company as at the Date of Allocation:
 - (a) is a person who has attained eighteen (18) years of age;
 - (b) must have been confirmed in service and have served at least six (6) months in the employment of the Eligible Company (unless the Option Committee under certain circumstances and at its sole discretion reduces the period of six (6) months to a lesser period as it deems fit);
 - (c) where the employee is under an employment contract, the contract is for a duration of at least one (1) year; and
 - (d) must have complied with any other criteria imposed by the Option Committee from time to time;

14. ESOS BY-LAWS (Cont'd)

- 3.2 For avoidance of doubt, Eligible Employees and Directors who are employed by or on the payroll of Eligible Subsidiaries of the Company are also eligible to participate in the Scheme provided they fulfil the abovementioned selection criteria.
- 3.3 Subject to the provisions of By-Law 23, no Eligible Employee shall participate at any time in more than one (1) employees' share option scheme implemented by any company within the Group for the duration of the Scheme.
- 3.4 Eligibility, however, does not confer on an Eligible Employee a claim or right to an Offer under the Scheme unless the Offer has been made in writing by the Option Committee to the Eligible Employee under By-Law 5.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOCATION OF SHARES

- 4.1 Subject to By-Law 4.3 and any adjustment which may be made under By-Law 14, the Option Committee shall be entitled at its absolute discretion to determine the number of new Shares to be comprised in an Offer made to the Selected Employees under the Scheme, but the Option Committee shall not be obliged in any way to offer a Selected Employee an Option for all the specified maximum number of Shares.
- 4.2 Subject to By-Law 4.3 and any adjustment which may be made under By-Law 14, the number of new Shares that may be offered and allotted to any Selected Employee under the Scheme shall be at the absolute discretion of the Option Committee after taking into consideration the performance, seniority and length of service of the Selected Employee in the Eligible Company.
- 4.3 Not more than fifty percent (50%) of the Shares available under the Scheme would be allocated in aggregate, to the Directors and Senior Management. In addition, not more than ten percent (10%) of the Shares available under the Scheme shall be allocated to any Director or employee, who singly or collectively through persons connected with such Director or employee, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares). The term "Senior Management" shall be subject to criteria to be determined by the Option Committee that may change from time to time.
- 4.4 A Grantee who is promoted during the tenure of the Scheme may be eligible for consideration of new additional Shares under the Scheme at the discretion of the Option Committee up to the Maximum Allowable Allocation to be determined by the Option Committee for the category to which he has been promoted to.
- 4.5 An employee or Director who during the tenure of the Scheme becomes an Eligible Employee may be eligible to participate in the Scheme, the number of new Shares of which is to be decided by the Option Committee at its absolute discretion subject to any Maximum Allowable Allocation for the category to be determined by the Option Committee. Any Selected Employee holding more than one (1) position in the Eligible Companies and thereby falling within more than one (1) category of Selected Employees in the Eligible Companies shall only be entitled to the Maximum Allowable Allocation of the higher category.
- 4.6 The allotment of Shares arising from By-Law 4.4 above shall be made from the balance of new Shares available under the Scheme including those from Offers and Options which have lapsed or terminated.

14. ESOS BY-LAWS (Cont'd)

5. OFFER

- 5.1 The Option Committee may at its absolute discretion at any time and from time to time as it shall deem fit make an Offer to any Selected Employee, whom the Option Committee may in its absolute discretion select, to subscribe for new Shares, in accordance with the terms of the Scheme. Nothing herein shall prevent the Option Committee from making more than one (1) Offer to any Selected Employee.
- 5.2 The actual number of new Shares which may be offered to a Selected Employee shall be at the absolute discretion of the Option Committee and shall not be less than one hundred (100) new Shares but no more than the Maximum Allowable Allocation. Such Offer is personal to the Selected Employee and is non-assignable and non-transferable.
- 5.3 No Option will be granted to any Director of the Company or to any Eligible Employee who is a person connected with any Director unless the specific grant of Options to the Director or to any Eligible Employee who is a person connected with such Director shall have previously been approved by the shareholders of the Company in a general meeting.
- 5.4 The Option Committee will in its offer letter ("Offer Letter") to a Selected Employee state, *inter alia*, the number of Shares that can be subscribed under the Offer, the Subscription Price determined in accordance with the provisions of By-Law 7 and the closing date for acceptance of the Offer. The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Selected Employee or the Selected Employee ceasing to be employed by an Eligible Company for any reason whatsoever prior to the acceptance of the Offer by the Selected Employee in the manner set out in By-Law 6 hereof.
- 5.5 Nothing herein shall prevent the Option Committee from making more than one (1) Offer during the duration of the Scheme to each Selected Employee after the first Offer was made provided always the aggregate Options offered to each Selected Employee (including Options already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allocation of such Selected Employee.
- 5.6 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of Options offered, the number of Options exercised, the Date of Offer and the Subscription Price.

6. ACCEPTANCE OF OFFER

- 6.1 An Offer made under By-Law 5 shall be valid for a period of forty-five (45) days from the Date of Offer and may be accepted within this prescribed period by the Selected Employee by written notice to the Option Committee of such acceptance, accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) as consideration for the grant of the Option.
- 6.2 If the Offer is not accepted in the manner aforesaid, such Offer shall, upon the expiry of the aforesaid period, automatically lapse and thereafter be null and void and of no further effect.
- 6.3 Within thirty (30) days of the date of acceptance of an Offer, the Option Committee shall issue to each of the Grantees, a certificate ("Option Certificate") in such form as may be determined by the Option Committee, for all valid acceptances of the Offer in accordance with the provisions of this By-Law.

14. ESOS BY-LAWS (Cont'd)

7. SUBSCRIPTION PRICE

Subject to any adjustments in accordance with By-Law 14 hereof, the price at which a Grantee is entitled to subscribe for each new Benalec Holdings Berhad's Share shall be determined by the Option Committee in a fair and equitable manner.

The subscription price for the shares under the Scheme shall be the following:-

- (a) In respect of any Offer which is made in conjunction with the Company's listing on the Main Market of Bursa Securities, the initial offer price to the Malaysian public; or
- (b) In respect of any Offer which is made subsequent to the Company's listing on the Main Market of Bursa Securities, the higher of the par value of the Shares or based on the 5 day weighted average market price of the underlying shares immediately preceding the Date of Offer at a discount of not more than ten percent (10%).

8. NON-ASSIGNABLE

An Option is personal to the Grantee. Save and except as provided in By-Law 18.4, an Option shall be non-assignable and non-transferable.

9. EXERCISE OF OPTION

- 9.1 An Option granted to a Grantee under the Scheme, subject to the provisions of By-Law 18, is exercisable only by the Grantee during his lifetime and whilst he is in the employment of the Group and within the Option Period.
- 9.2 Upon an acceptance of an Offer, the Grantee may during the Option Period exercise his Options in full or in part on such time and working days as the Option Committee may from time to time notify the Grantee. The Option Committee may pursuant to By-Law 16 hereof, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new Benalec Holdings Berhad's Shares and/or such percentage of total new Benalec Holdings Berhad's Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the Option Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.
- 9.3 Any partial exercise of the Option shall not preclude the Grantee from exercising the Option as to the balance of the Shares of his entitlement under the Scheme (if any) prior to the expiry of the Grantee's employment contract or prior to the expiry of the Option Period, whichever is the earlier. When an Option is exercised only in part, a new Option certificate for the balance of the Options not exercised shall be issued accordingly by the Option Committee to the Grantee within thirty (30) Market Days after receipt by the Company of notice of the partial exercise together with the requisite remittance as required by By-Law 9.5.
- 9.4 The Grantee shall notify the Company in writing of his intention to exercise an Option in such form as the Option Committee may prescribe or approve ("Notice of Exercise"). An Option may be exercised in respect of such lesser number of new Shares as the Grantee may decide to exercise provided that the number shall be in multiples of and not less than one hundred (100) new Shares.
- 9.5 Every Notice of the Exercise shall state the number of new Shares the Grantee intends to subscribe and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof and the Option Certificate which is the prima facie proof of a Grantee's entitlement to the Options set out therein.

14. ESOS BY-LAWS (Cont'd)

- 9.6 The Grantee shall state his CDS Account number in the Notice of Exercise and the Company shall within eight (8) Market Days after the date of receipt of the Notice of Exercise and remittance from the Grantee or such other period as may be prescribed by Bursa Securities:
- (i) issue and/or allot and/or issue the relevant number of Shares to the Grantee;
 - (ii) deliver a notice of allotment to the Grantee; and
 - (iii) make an application for the quotation of such number of Shares.

No share certificates will be delivered to the Grantee.

- 9.7 Any failure to comply with the foregoing provisions and/or to state the CDS Account number in the Notice of Exercise or inaccuracy in the CDS Account number shall result in the Notice of Exercise being rejected. The Option Committee shall inform the Grantee of the rejection by notice in writing within fourteen (14) days from the date of rejection and the Grantee shall then be deemed not to have exercised his Options.

- 9.8 Notwithstanding anything to the contrary herein contained in these By-Laws, the Option Committee shall have the right in its absolute discretion by notice in writing to that effect:

- (i) to suspend the right of any Grantee who is found to have contravened the written policies and guidelines of the Group (whether or not such contravention may give rise to a disciplinary proceeding being instituted) to exercise his Option. In addition to this right of suspension, the Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate in its absolute discretion, on the right of exercise of the Option having regard to the nature of the contravention PROVIDED ALWAYS that in the event such contravention would result in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or
- (ii) to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his Option pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate in its absolute discretion, on the right of exercise of the Option having regard to the nature of the charges made or brought against such Grantee PROVIDED ALWAYS that:
 - (a) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the Option Committee shall reinstate the right of such Grantee to exercise his Option; or
 - (b) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice and become null and void, upon the pronouncement of such dismissal or termination of service of such Grantee; or
 - (c) in the event such Grantee is found guilty but is not dismissed or termination of service is not recommended, the Option Committee shall have the right to determine in its absolute discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such terms and conditions as it deems appropriate, upon such exercise.

14. ESOS BY-LAWS (Cont'd)

10. RIGHTS OF A GRANTEE

- 10.1 The Options shall not carry any right to vote at any general meeting of the Company.
- 10.2 A Grantee shall not be entitled to any dividends, rights or other entitlements on his unexercised Options.

11. RIGHTS ATTACHING TO SHARES

The new Shares to be allotted and issued upon any exercise of the Options shall upon such issuance and allotment, rank *pari passu* in all respects with the then issued and fully paid-up Shares except that the Shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date (namely the date as at the close of business on which shareholders must be entered in the Record of Depositors in order to be entitled to any dividends, rights, allotments and/or other distributions) of which is prior to the date of allotment of new Shares and will be subject to all the provisions of the Company's Articles of Association relating to transfer, transmission and otherwise of the Shares.

12. RETENTION PERIOD

Save as set out pursuant to By-Law 9.2, The Shares to be issued and allotted to a Grantee pursuant to the exercise of an Option under the Scheme may not be subject to any retention period or restriction on transfer. Grantees are encouraged to hold the Shares as investments rather than for immediate realisation to yield profit. A non-executive Director must not sell, transfer or assign Shares obtained through the exercise of Options offered to him pursuant to the Scheme within 1 year from the date of the Offer Letter.

13. TAKEOVER AND COMPULSORY ACQUISITION AND SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION ETC.

- 13.1 In the event a takeover offer shall be made to the shareholders of the Company by a general offer or otherwise, then notwithstanding By-Law 9.2, each Grantee shall be entitled during the Takeover Period to exercise in whole or in part his/her Option as regards to all the new Shares comprised therein;
- 13.2 In the event a person making the offer becomes entitled or bound to exercise rights of compulsory acquisition of the Shares of the Company under the provisions of the Act or the Capital Markets and Services Act 2007 and gives notice to the Grantee that it intends to exercise such rights on a specific date ("Specific Date"), the Option shall remain exercisable by the Grantee until the expiry of the Specific Date. In the foregoing circumstance, if the Grantee fails to exercise his Option or elects to exercise only in respect of a portion of such Shares by the Specific Date, then the Option, or as the case may be, the Option in relation to such balance Shares, shall automatically lapse after the Specific Date and be null and void.
- 13.3 In the event that the High Court sanctions a compromise or arrangement between the Company and its members for the purposes of, or in connection with, a scheme for reconstruction of the Company under Section 176 of the Act or its amalgamation with any other company or companies under Section 178 of the Act, any Option shall remain exercisable by the Grantee at any time and from time to time during the period commencing with the date upon which the compromise or arrangement is sanctioned by the court and up to but excluding the date upon which such compromise or arrangement becomes effective. Upon the aforesaid compromise or arrangement becoming effective, all Options, to the extent unexercised, shall automatically lapse and shall be null and void.

14. ESOS BY-LAWS (Cont'd)

14. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

14.1 Subject to By-Law 14.3, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of shares, reduction of capital or any other variation of capital, the Company shall cause such adjustment to be made to:

(i) the number of new Shares comprised in the Options granted to each Grantee (save for Options already exercised); and/or

(ii) the Subscription Price;

as shall be necessary to give a Grantee the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment.

The computation for the adjustment to the number of new Shares comprised in the Options granted to each Grantee and/or the Subscription Price is set out in Appendix A to these By-Laws. Any adjustments made must be in compliance with the provisions of this By-Law 14.

14.2 By-Law 14.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

(i) an issue of Shares upon the exercise of Options pursuant to the Scheme; or

(ii) an issue of Shares arising from the conversion of securities with a right of conversion into Shares; or

(iii) an issue of securities as consideration for an acquisition; or

(iv) an issue of securities as a private placement or restricted issue; or

(v) an issue of securities as a special issue approved by the relevant governmental authorities; or

(vi) a purchase by the Company of its own Shares pursuant to Section 67A of the Act.

14.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 14.1 shall be applicable in respect of such parts of the scheme which involves any alterations in the capital structure of the Company to which By-Law 14.1 is applicable, Provided That By-Law 14.1 shall not be applicable in respect of such parts of the scheme which involves any alterations in the capital structure of the Company to which By-Law 14.2 is applicable.

14.4 An adjustment pursuant to By-Law 14.1 shall be made at the following times:

(i) in the case of a rights issue, bonus issue or other capitalisation issue on the Market Day immediately following the date of entitlement in respect of such issue; or

(ii) in the case of a consolidation or subdivision of Shares or capital reduction or any other variation of capital, on the Market Day immediately following the date of allotment of new shares of the Company in respect of such consolidation, subdivision or reduction.

Upon any adjustment being made, the Option Committee shall within ten (10) Market Days from the adjustment date give notice in writing to the Grantee or his legal or personal representatives where the Grantee is deceased, of the adjustment and the event giving rise thereto.

14. ESOS BY-LAWS (Cont'd)

- 14.5 In the event of a fraction of a Share arising from the adjustments referred to in this By-Law would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be to the nearest board lot of one hundred (100) Shares.
- 14.6 All adjustments, other than on a bonus issue, must be confirmed in writing either by an approved external auditor of the Company or the Company's Principal Adviser (as defined in the Listing Requirements) (who shall act as an expert and not as an arbitrator), to be in his opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a copy of the certificate from an approved external auditor or such other persons as allowed by Bursa Securities to the effect that in the opinion of such auditor or persons, acting as an expert and not as an arbitrator, an adjustment is fair and reasonable either generally or as regards such Grantee, and such certification shall be final and binding on all parties. For the purposes of this By-Law, an approved external auditor shall have the meaning given in Section 8 of the Act.

15. LISTING AND QUOTATION OF SHARES

- 15.1 The new Shares to be allotted to the Grantee will not be listed or quoted on Bursa Securities until the Option is exercised in accordance with the provisions of By-Law 9 whereupon the Company shall make an application to Bursa Securities for the quotation for such Shares within eight (8) Market Days after the date of receipt of the Notice of Exercise and remittance from the Grantee.
- 15.2 The Company and the Option Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and howsoever relating to the delay on the part of the Company in allotting and issuing Shares or in procuring Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.

16. ADMINISTRATION OF THE SCHEME

- 16.1 The Option Committee shall administer the Scheme 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 including but not limited to the following:
- (i) subject to the provisions of the Scheme, construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish amend and revoke rules and regulations relating to the Scheme and its administration. The Option Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
 - (ii) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 16.2 The Board shall have power from time to time to rescind the appointment of any person in the Option Committee and to appoint new members of the Option Committee as the Board deems fit.

14. ESOS BY-LAWS (Cont'd)**17. AMENDMENT AND/OR MODIFICATION TO THE SCHEME**

Any subsequent modifications and/or changes to the Scheme or the By-Laws shall not require the approvals of any regulatory authority. However, such changes may only be effected upon recommendation by the Option Committee to the Board who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the provisions of the Scheme provided that no such amendment and/or modification shall be made which would either prejudice the rights then accrued to any Grantee who has accepted an Option without his prior consent, or which would alter to the advantage of any Grantee the provisions of the Scheme without the prior approval of the shareholders of the Company at a general meeting. The Company shall be required to submit to Bursa Securities each time a modification or change is made, a confirmation letter that the modification or change does not contravene any of the relevant provisions of the Listing Requirements on employee share options scheme and the Rules of Bursa Depository no later than five (5) Market Days after the effective date of the said amendments.

18. TERMINATION OF OPTIONS

18.1 In the event of cessation or termination of employment or appointment of a Grantee with the Group for whatever reason prior to the exercise, or full exercise, of his Options, as the case may be, such Option shall cease immediately on the date of such cessation or termination without any claim against the Company provided always that, subject to the written approval of the Option Committee in its absolute discretion, where the Grantee ceases his employment or appointment with an Eligible Company by reason of:

- (i) his retirement at or after attaining normal retirement age;
- (ii) retirement before the normal retirement age with the consent of the Option Committee;
- (iii) ill-health, injury or disability;
- (iv) redundancy; or
- (v) any other reasons which are acceptable to the Option Committee;

a Grantee may exercise his unexercised Options within the relevant Option Period subject to any conditions imposed by the Option Committee.

18.2 If a Grantee ceases his employment or appointment with an Eligible Company by reason of his resignation or for reasons other than those stated in By-Law 18.1, his remaining unexercised Options shall cease with immediate effect on the date of such cessation. For the avoidance of any doubt, the date of termination of employment of the Grantee or tender by the Grantee of his resignation, shall be deemed to be the date on which a Grantee ceases his employment or appointment with such Eligible Company unless approval was given by the Option Committee to extend the Options for a predefined period of time or before the expiration of the Options whichever is earlier.

18.3 An Option shall immediately become void and of no further force and effect upon the Grantee being adjudicated a bankrupt.

18.4 (i) In the event where a Grantee dies before the expiration of the Option Period and at the time of his death holds unexercised Options, such Options shall cease immediately on the date of his death without any claim against the Company PROVIDED ALWAYS that subject to the written approval of the Option Committee in its absolute discretion, such unexercised Options may be exercised in full by the legal or personal representatives of the Grantee after the date of his death within the Option Period and not later than twenty-four (24) months after the date of his death.

14. ESOS BY-LAWS (Cont'd)

- (ii) Notwithstanding By-Law 18.4(i), the Grantee may, during his lifetime, nominate any of his immediate family members who have attained the age of eighteen (18) years at the time of nomination to exercise the Option or Options (which are unexercised at the time of the death of the deceased Grantee) after the death of the deceased Grantee but in any event during the Option Period. The Options exercised pursuant to the provision of this By-Law 18.4(ii) may be for the benefit of the estate of the Grantee or for the personal benefit of the nominated person. The nomination as aforesaid shall be made by the Grantee during his lifetime and shall be in the prescribed form approved by the Option Committee and the Shares to be allotted and issued will be in the name of the deceased Grantee's estate or in the name of the nominated person as the Grantee shall elect in his lifetime. In the event no nomination is made by the Grantee during his lifetime, his unexercised Options shall only be exercised by his the legal personal representatives pursuant to By-Law 18.4(i) above.
- (iii) For the purposes of By-Law 18.4(ii) above, the term "immediate family members" shall include the spouse, parent, child (including legally adopted child but excluding step child), brother and sister of the Grantee.

18.5 Any Options which have been offered by the Option Committee but have not been accepted in the manner prescribed in By-Law 6.1 arising from an Eligible Employee's death or the cessation or termination of his employment with an Eligible Company, as the case may be, shall become null and void and of no further force and effect.

19. LIQUIDATION OF THE COMPANY

In the event of the liquidation of the Company, all unexercised or partially exercised Options shall cease and be null and void.

20. DURATION & TERMINATION OF THE SCHEME

20.1 The scheme shall be in force for a period of five (5) years commencing from the effective date of the implementation of the Scheme, which shall be the date of full compliance with all relevant requirements including the following:

- (i) submission of the final copy of the By-Laws to Bursa Securities;
- (ii) receipt of approval or approval-in-principle (as the case may be) for the listing of the Benalec Holdings Berhad's Shares to be issued under the Scheme from Bursa Securities;
- (iii) procurement of shareholder approval for the Scheme;
- (iv) receipt of approval of any other relevant authorities, where applicable; and
- (v) fulfilment of all conditions attached to the above proposals, if any.

The Principal Adviser of the Company will be required to submit a confirmation letter to Bursa Securities of full compliance of By-Law 20.1 and stating the effective date of implementation ("Effective Date") together with a certified true copy of the relevant resolution passed by the shareholders in the general meeting. The submission of the confirmation letter must be made no later than five (5) Market Days after the Effective Date.

14. ESOS BY-LAWS (Cont'd)

Upon expiry of the Scheme, the Board shall have the absolute discretion, without having to obtain approval of the Company's shareholders, to extend the duration of the Scheme provided that the initial period of the Scheme and such extension of the Scheme made pursuant to this By-Law shall not in aggregate exceed the duration of ten (10) years. In the event the Scheme is extended in accordance with this provision, the Option Committee shall furnish a written notification to all Grantees and the Company shall make necessary announcements to Bursa Securities prior to the proposed extension of the Scheme.

20.2 The Company may at any time terminate the Scheme provided it has obtained:

- (i) the consent of its shareholders at a general meeting, wherein at least a majority of the shareholders present and voting thereat, voted in favour of the termination; and
- (ii) the written consent of all the Grantees who have yet to exercise their Options, either in part or in whole.

20.3 The Company may implement a new employees' share option scheme after the expiration or termination of the Scheme, subject to the relevant approvals being obtained.

21. DISPUTES/DIFFERENCES

In the case of any dispute or difference that may arise between the Option Committee and Grantee as to any provisions contained in the By-Laws, the Option Committee shall determine such dispute or difference by a written decision given to the Eligible Employee. The said decision shall be final and binding on the parties.

22. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to preparation and/or operation of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of any Option shall be borne by the Company save and except for any taxes (including income tax) and stamp duty, if any, arising from the exercise of any Options under the Scheme.

23. TRANSFERS FROM OTHER COMPANIES TO ELIGIBLE COMPANIES

In the event:

- (i) an employee who was employed in a company which is related to the Company pursuant to Section 6 of the Act, (that is to say, a company which does not fall within the definition of "the Group") and is subsequently transferred from such company to an Eligible Company; or
- (ii) an employee who was in the employment of a company which subsequently becomes an Eligible Company as a result of a restructuring or divestment exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in sub-clause (i) above:

(The first mentioned company in By-Laws 23.1(i) and 23.1(ii) above are hereinafter referred to as the "Previous Company"), such an employee of the Previous Company (the "Affected Employee") shall, if the Affected Employee satisfies all the conditions of the By-Laws hereunder, be eligible to participate in the Scheme on the following conditions:

14. ESOS BY-LAWS (Cont'd)

- (a) the Affected Employee shall be entitled to continue to exercise all such unexercised options which were granted to him under the employees' share option scheme (if any) in which he was participating (the "Previous ESOS") whilst the Affected Employee was in the employment of the Previous Company in accordance with the By-Laws of such Previous ESOS but he shall not, upon such restructuring or divestment as the case may be, be eligible to participate for further options of such Previous ESOS;
- (b) the Affected Employee shall only be eligible to participate in the Scheme for its remaining duration thereof; and
- (c) if the Affected Employee has participated in the Previous ESOS, the number of Shares to be offered to such Affected Employee under the Scheme shall be in the absolute discretion of the Option Committee.

24. DIVESTMENT FROM THE GROUP

If a Grantee who was in the employment of a company in the Group which was subsequently divested from the Group, then such employee will notwithstanding such divestment and subject to the provisions of By-Laws 9 and 18 be entitled to continue to exercise all such unexercised Options which were granted to him under the Scheme within a period of three (3) months from the date of such divestment and within the Option Period, failing which the right of such employee to subscribe for the number of new Shares or any part thereof granted under such unexercised Options shall automatically lapse upon the expiration of the said three (3) month period and be null and void and of no further force and effect.

25. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme does not form part of or constitute and shall not in any way be construed as a term or condition of employment of an Eligible Employee.

26. COMPENSATION

26.1 Notwithstanding any provisions of these By-Laws, this Scheme shall not:

- (i) form part of any contract of employment between an Eligible Company of the Group and any employee or Director of the Eligible Company or afford such Grantee any additional rights to compensation or damages in consequence of the termination of office or employment for any reason and the rights of any Grantee under the terms of his office and employment with the Eligible Company shall not be affected by his participation in the Scheme; or
- (ii) confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Eligible Company directly or indirectly or give rise to any cause of action at law or in equity against the Eligible Company or the Group.

26.2 No Grantee or his legal or personal representatives shall bring any claim, action or proceedings against the Company or the Option Committee or any party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provisions of these By-Laws as may be amended from time to time in accordance with By-Law 17.

27. ARTICLES OF ASSOCIATION OF THE COMPANY

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Articles of Association of the Company, the provisions of the Articles of Association shall at all times prevail.

14. ESOS BY-LAWS (Cont'd)

28. INSPECTION OF THE AUDITED ACCOUNTS

All Grantees are entitled to inspect, during normal office hours from 9.30 a.m. to 4.30 p.m., Mondays to Fridays (except all public holidays declared in Malaysia) or as otherwise specified by the Option Committee, the latest audited accounts of the Company at the registered office of the Company for the time being.

29. NOTICE

Each employee will be notified of the Scheme either in writing or through posting on the Company's notice board.

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14. ESOS BY-LAWS (Cont'd)**APPENDIX A**

The Subscription Price and/or the number of Shares to be comprised in the Options in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled from time to time be adjusted, calculated or determined by the Option Committee and certified by the external auditor or such other persons allowed by Bursa Securities in accordance with the following relevant provisions in consultation with the merchant bank and/or the external auditor:

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price and the additional Shares comprised in the Options so far as unexercised ("Additional Shares Under Option") shall be adjusted, calculated or determined in the following manner:

$$\text{New Subscription Price} = \frac{S \times \text{Revised par value for each Share}}{\text{Original par value for each Share}}$$

$$\text{Additional Shares Under Option} = \frac{T \times \text{Original par value for each Share}}{\text{Revised par value for each Share}} - T$$

Where:

S = Existing Subscription Price; and

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

(The par value shall be adjusted to the revised par value)

Each such adjustment will be effective from the close of business of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities at the new par value) or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make an issue of new Shares credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\text{New Subscription Price} = \frac{S \times A}{A + B}$$

Whilst the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times (A + B)}{A} - T$$

Where:

A = The aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

14. ESOS BY-LAWS (Cont'd)

- B = The aggregate number of new Shares to be issued pursuant to any allotment credited as fully-paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund);
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issue.

(c) If and whenever the Company shall make:

- (i) A Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unappropriated by available assets); or
- (ii) Any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe Shares by way of rights; or
- (iii) Any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares;

then and in any such case, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times (C - D)}{C}$$

Where:

- S = Existing Subscription Price
- C = The Current Market Price (as defined in paragraph (h) below) of one (1) Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (A) In the case of an offer or invitation to acquire or subscribe for Shares under paragraph (c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under paragraph (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (B) In the case of any other transaction falling within this paragraph (c), the fair market value, as determined (with the concurrence of the external auditor of the Company) by a licensed merchant bank or universal broker, of that portion of the Capital Distribution attributable to one (1) Share.

14. ESOS BY-LAWS (Cont'd)

For the purpose of definition (A) of "D" above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:

- C = C in this paragraph (c);
- E = The subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;
- F = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or right to acquire or subscribe for Shares; and
- 1 = One (1)

In the case of paragraphs (c)(ii) and (c)(iii) above, the Additional Shares Under Option shall be calculated as follows:

$$\text{Additional Shares Under Option} = T \times \frac{(C)}{(C - D^*)} - T$$

Where:

- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised;
- C = C in this paragraph (c); and
- D* = The "value of the rights attributable to one (1) Share" (as defined below)

For the purpose of D* above, the "value of the rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

- C = C in this paragraph (c);
- E* = The subscription consideration of one (1) new Share under the terms of such offer or invitation to acquire or subscribe for one (1) Share;
- F* = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share; and
- 1 = One (1).

14. ESOS BY-LAWS (Cont'd)

For the purpose of this paragraph (c), "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within paragraph (b) above) credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts of any period or made shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times [(G \times C) + (H \times I)]}{(G + H + B) \times C}$$

and in respect of each case referred to in paragraph (b) and paragraph (c)(ii) above, the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:

- G = The aggregate number of issued and fully paid-up Shares on the entitlement date;
- C = C in paragraph (c) above;
- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as the case may be;
- H* = The aggregate number of shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = The subscription price of one (1) additional Share under an offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) additional Share as the case may be;
- I* = The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
- B = B in paragraph (b) above;

14. ESOS BY-LAWS (Cont'd)

S = Existing Subscription Price; and

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issues.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in paragraph (c)(ii) above together with an offer or invitation to acquire or subscribe securities convertible into shares or securities with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times (G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} - T$$

Where:

G = G as in paragraph (d) above;

C = C as in paragraph (c) above;

H = H as in paragraph (d) above;

H* = H* as in paragraph (d) above;

I = I as in paragraph (d) above;

I* = I* as in paragraph (d) above;

J = The aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such exercise of such rights to subscribe for Shares by the ordinary shareholders;

K = The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share;

S = Existing Subscription Price; and

T = Existing number of Shares comprised in the Option in respect of the rights to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for above transaction.

14. ESOS BY-LAWS (Cont'd)

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in paragraph (b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in paragraph (c)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times [(G \times C) + (H \times I) + (J \times K)]}{(G + H + J + B) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:

G = G as in paragraph (d) above;

C = C as in paragraph (c) above;

H = H as in paragraph (d) above;

H* = H* as in paragraph (d) above;

I = I as in paragraph (d) above;

I* = I* as in paragraph (d) above;

J = J as in paragraph (e) above;

K = K as in paragraph (e) above;

B = B as in paragraph (b) above;

S = Existing Subscription Price; and

T = Existing number of shares comprised in the Option in respect of the right to subscribe for new shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders alike and requiring an adjustment under paragraphs (c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into shares or with rights to acquire or subscribe for Shares, and in any such case the Total Effective Consideration per Share (as defined below) is less than ninety per centum (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted in the following manner:

14. ESOS BY-LAWS (Cont'd)

$$\text{New Subscription Price} = \frac{S \times (L + M)}{L + N}$$

Where:

- L = The number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = The number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses);
- N = The aggregate number of Shares which so issued or in the case of securities convertible into Shares of with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights; and
- S = Existing Subscription Price

For the purposes of this paragraph (g) the "Total Effective Consideration" shall determined by the directors of the Company with the concurrence of an investment bank and/or the external auditor and shall be:

- (a) In the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (b) In the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) In the case of the issue by the Company of securities with rights to acquire or subscription for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commission, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of this paragraph (g), the Average Price of a Share shall be the average price of one (1) Share as derived from either the last dealt price or average transacted price for one (1) or more board lots of the Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basic upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determined the offering price of such shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the completion of the above transaction.

14. ESOS BY-LAWS (Cont'd)

- (h) For the purpose of paragraphs (c), (d), (e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be the either the average of the last dealt price or average transacted price for the five (5) consecutive Market Days before such date or other period as many be determined in accordance with any guidelines issued, from time to time, by the SC.

The foregoing provisions on adjustment of the Subscription Price shall be subject to the following:

- (a) On any such adjustment the resultant Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of larger par value) involve an increase in the Subscription Price or reduce the number of Shares comprised in the Option so far as unexercised to which the Grantee is already entitled to;
- (b) No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Shares comprised in the Option so far as unexercised is less than one (1) Share and any adjustment that would otherwise be required then to be made will not be carried forward;
- (c) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (i) to (ii) of By-Law 14.1 (both inclusive) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall made in such manner as the Directors of the Company and the external auditor or the Company may agree;
- (d) If for any reason an event giving rise to an adjustment to the Subscription Price and/or the number of Shares comprised in the Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditor or the Company may agree;
- (e) No adjustment shall be made in any event whereby the Subscription Price would be reduced to below the par value of a Share and in the event that any adjustment shall result in the Subscription Price be reduced below the par value of a Share, then the adjustment shall be made to the par value of a Share only; and

In determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded.

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15. VALUATION CERTIFICATE*(Prepared for inclusion in the Prospectus)*

VALUATION CERTIFICATE

Our Ref. : VPJ 10.756a(i-xliii).SC
 Date : 5th November 2010

The Board of Directors,
 Benalec Holdings Berhad
 38, Jalan Pengacara U1/48,
 Temasya Industrial Park
 Glenmarie Subang Jaya
 Selangor 40150
 Malaysia

Dear Sirs,

RE: VALUATION OF 43 UNITS OF VESSELS IN CONJUNCTION WITH THE DISPOSAL OF THE SAID VESSELS BY ORIENTAL GRANDEUR SDN BHD ("OCSB") TO OCEANMARINE LTD ("OML") AND PACIFIC LTD (PACIFIC) ("VALUATION") WHICH IN TURN IS PROPOSED TO BE ACQUIRED BY BENALEC HOLDINGS BERHAD ("COMPANY" OR "BENALEC HOLDINGS BERHAD") PURSUANT TO ITS PROPOSED LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") ("PROPOSED LISTING")

This letter has been prepared for inclusion in the Prospectus of BENALEC HOLDINGS BERHAD in conjunction with its listing on The Main Market of Bursa Malaysia Securities Berhad.

The Valuation was undertaken as part of an internal restructuring exercise involving the disposal of the 43 units of vessels by OCSB to OML AND PACIFIC ("Internal Restructuring") which in turn is proposed to be acquired by Benalec Holdings Berhad to facilitate Benalec Holdings Berhad's Proposed Listing.

We have been instructed by OCSB to ascertain the Market Value of the subject vessels which are owned by OCSB on an "as is where is basis" for the purpose of facilitating the Internal Restructuring.

We have conducted our inspection of the vessels on 15th July 2010. However, for the purpose of this proposed disposal exercise, material date of valuation shall be as at 28th September 2010.

The Basis of Valuation is the "Market Value" which is defined under the Malaysia Valuation Standards, is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In arriving at the Market Value of the vessel, we have adopted the Comparison Method of Valuation as the main approach. This method of valuation seeks to determine the value of the vessel being valued by comparing and adopting as a yardstick recent transactions and sale evidence involving other similar vessel with compatible certification, facilities, size of vessel and engine capacity, deck and electronic equipment on board and etc.

In addition to the foregoing approach, we have also considered the Depreciated Replacement Cost Method of valuation. Under this method, the value is arrived at by estimating the current new replacement costs of the vessel and there from less the accrued depreciation for age and obsolescence.

However, the Comparison Method is adopted to arrive the market value.

Others factors as stated below are taken into consideration:

- i) The intensity of use these plants and machinery items;
- ii) Their present physical condition;
- iii) Availability of spares/replacement and adaptability to modifications;
- iv) Demand and supply' and
- v) Regulation of industry.

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15. VALUATION CERTIFICATE (Cont'd)

The subject of valuation comprises 43 units of vessels is categorized as follows:

a) **Barge (15 units)**

The Barges comprise of 15 units which operate mainly in Malaysian Waters, they are mostly used in marine transportation, including construction material, oversize cargo, heavy construction equipment, coal, logs, livestock, bulk cargo, shipment, towage, salvage, heavy lifting, hydrographic, topographic survey off-shore standby duties, ship-building/refurbishing steel fabrication at own shipyard. All the barges are *Flat Top Steel Dumb Barge* which was built in year 1990s with the length of 150 feet (1 unit), 180 feet (4 units), 210 feet (1 unit), 220 feet (2 units), 230 feet (6 units) and 250 feet (1 units).

The best comparable is chosen based on similar type, size, deck loading, year build and country of origin for the vessel. In deriving at the value of the barges, we adopt and adjust the similar comparable vessels available in the local and international market as follows:

i) **Barge 150' x 50' x 10'**

Comparables/ Principal Particulars	Deck/Crane/ Construction Barge	Flat Top Deck Barge	Flat Top Deck Barge	Flat Top Barge c/w Side Board & Ramp Door
Year of Built	2008	2010	2007	1991
Country of Origin	West India	Malaysia	Malaysia	Malaysia
Dimension (LxBxD)	118'x39.3'x8.2'	130'x48'x10'	120'x40'x8'	150'x50'x10'
GRT/NRT	1408/423	Not Available	261/78	512/154
Deck loading (mt/sq.m)	7.5	5	Not Available	Not Available
Price (RM)	2,000,000	2,590,000	980,521	484,954

ii) **Barge 180' x 50' x 10'**

Comparables/ Principal Particulars	Deck Barge	Flat Top Barge c/w Side Board & Ramp Door	Flat Top Barge c/w Side Board & Ramp Door	Flat Top Barge c/w Side Board & Ramp Door
Year of Built	2001	2008	1991	2007
Country of Origin	Netherlands	Malaysia	Malaysia	Malaysia
Dimension (LxBxD)	180'x25'x7'	180' x 50' x 10'	180' x 50' x 12'	180' x 50' x 10'
GRT/NRT	1408/423	638/191	729/319	633/190
Deck loading (mt/sq.m)	15	Not Available	Not Available	Not Available
Price (RM)	3,831,731	1,853,628	950,000	3,540,000

iii) **Barge 210' x 60' x 14'**

Comparables/ Principal Particulars	Aggregate Barge	Flat Top Barge c/w Side Board & Ramp Door	Flat Top Barge c/w Side Board & Ramp Door
Year of Built	1996	1991	1992
Country of Origin	Singapore	Malaysia	Malaysia
Dimension (LxBxD)	210' x 60' x 10'	210' x 56' x 12'	210' x 60' x 10'
GRT/NRT	1053	1002/300	1070/323
Deck loading (mt/sq.m)	15	Not Available	Not Available
Price (RM)	1,440,000	1,550,000	1,520,000

15. VALUATION CERTIFICATE (Cont'd)

iv) Barge 220' x 60' x 14'

Comparables/ Principal Particulars	Deck Barge	Deck Barge
Year of Built	1993	2007
Country of Origin	Not Available	Not Available
Dimension (LxBxD)	220'x60'x14'	220'x66'x14'
GRT/NRT	Not Available	1664/500
Deck loading (mt/sq.m)	Not Available	Not Available
Market Asking Price	RM2,232,790	RM3,840,000

v) Barge 230' x 60' x 14' to 230' x 80' x 18'

Comparables/ Principal Particulars	Deck Barge	Deck Barge with Ramp	Flat Top Barge c/w Side Board & Ramp Door	Flat Top Barge c/w Side Board & Ramp Door
Year of Built	2008	2008	2001	2008
Country of Origin	Singapore	Not Available	Panama	Malaysia
Dimension (LxBxD)	230'x 64'x14'	230'x 70'x16'	230' x 80' x 18'	230' x 64' x 14'
GRT/NRT	1368/410	1800/540	3117/935	1413/423
Deck loading (mt/sq.m)	10	10	Not Available	Not Available
Price (RM)	7,580,800	3,360,000	3,540,000	3,707,926

vi) Barge 250' x 70' x 16'

Comparables/ Principal Particulars	Flat Top Barge c/w Side Board & Ramp Door	Flat Top Barge c/w Side Board & Ramp Door	Flat Top Barge c/w Side Board & Ramp Door
Year of Built	2007	2007	2007
Country of Origin	Malaysia	Malaysia	Malaysia
Dimension (LxBxD)	250'x80'x16'	250' x 80' x 16'	250' x 80' x 16'
GRT/NRT	2308/693	2308/693	2307/692
Deck loading (mt/sq.m)	Not Available	Not Available	Not Available
Price (RM)	3,540,000	3,540,000	6,026,624

For details explanation on the adjustments, please refer to Schedule 2 attached.

b) Dredger (4 units)

The dredgers comprise of 4 units which operate mainly in Malaysian waters, they are mostly used in marine construction or costal reclamation activity. All the dredgers are *Clamshell Dredger* which was built in year 1980s to 1990s with the buckets of 3m3 Clamshell Dredger (1 unit), 8m3 Clamshell Dredger (1 unit) and 4m3 Clamshell Dredger (2 units).

The best comparable is chosen based on similar type, size, lifting capacity, year build and country of origin for the vessel. In deriving at the value of the dredger, we adopt and adjust the similar comparable vessels available in the local and international market as follows:-

15. VALUATION CERTIFICATE (Cont'd)

Comparables/ Principal Particulars	7.5m ³ Clamshell Dredger - Dumb	5m ³ Clamshell Dredger - Dumb	120-Ton Floating Crane
Year of Built	(1965/1997)/2001	(1960/1975)/2006	1960
Country of Origin	Greece	Greece	Japan
Dimension (LxBxD)	29.85mx19.65mx2.81m	36mx17.7mx2.35m	39.38mx17mx3m
GRT/NRT	537.96	507	448
Crane	LIMA 2400B, 75tons	LIMA 2400A, 100tons	120tons
Lifting Capacity	75 tons	100 tons	150 tons
Price (RM)	3,104,802	3,104,602	3,625,600

For details explanation on the adjustments, please refer to Schedule 2 attached.

c) Sand Pump Barge (2 units)

The sand pump barges comprise 2 units which mainly operate in Malaysian waters, they are mostly used in marine construction or costal reclamation activity. All the sand pump barges was build in year 1990s with the hopper capacity (m³/hr) of 1,000m³/hr (1 unit) and 1,800m³/hr (1 unit).

The best comparable is chosen based on similar type, size, hopper capacity, year build and country of origin for the vessel. In deriving at the value of the sand pump barge, we adopt and adjust the similar comparable vessels available in the local and international market as follows:-

Comparables/ Principal Particulars	TSHD Dredger	Sand Pump Barge (1000m ³ /hr)
Year of Built	1981	1993
Country of Origin	China	Belize
Dimension (LxBxD)	80mx15.1mx5.6m	52.67mx15.24mx3.02m
GRT/NRT	718	639/192
Hopper Capacity	3,500 m ³ /hr	1,000 m ³ /hr
Price (RM)	8,160,000	1,402,424

For details explanation on the adjustments, please refer to Schedule 2 attached.

d) Split Hopper Barge (4 units)

The split hopper barges comprise 4 units which operate mainly in Malaysian waters, they are mostly used in marine construction or costal reclamation activity. All the split hopper barges was build in year 1990s with the cargo capacity (m³) of 1,000m³ (4 unit).

The best comparable is chosen based on similar type, size, cargo capacity, year build and country of origin for the vessel. In deriving at the value of the split hopper barge, we adopt and adjust the similar comparable vessels available in the local and international market as follows:-

Comparables/ Principal Particulars	1000m ³ Hopper Barge	1000m ³ Hopper Barge	1000m ³ Hopper Barge
Year of Built	1993	1993	1994
Country of Origin	Honduras	Honduras	Malaysia
Dimension (LxBxD)	47.92mx12.4mx4.7m	47.54mx12.8mx4.5m	47.81mx12.4mx4.7m
GRT/NRT	683/223	820/262	691/254
Cargo Capacity	1,000 m ³	1,000 m ³	1,000 m ³
Price (RM)	1,950,000	1,950,000	1,950,000

For details explanation on the adjustments, please refer to Schedule 2 attached.

15. VALUATION CERTIFICATE (Cont'd)**e) Tugboat (18 units)**

The tugboats comprise 18 units which operate mainly in Malaysian waters, they are mostly used in Marine Transportation includes construction material, oversize cargo, heavy construction equipment, coal, logs, livestock and bulk cargo. All the tugboats was build in year 1980s to 2000s with the main engine capacity of 500HP (2 units), 700HP (1 unit), 800HP (7 units), 840HP (1 unit), 940HP (1 unit), 960HP (2 units), 1200HP (2 units) and 1400HP (2 units).

The best comparable is chosen based on similar type, size, main engine capacity, year build and country of origin for the vessel, flag/location and others. In deriving at the value of the tugboat, we adopt and adjust the similar comparable vessels available in the local and international market as follows:

i) 500 HP Tugboat

Comparables/ Principal Particulars	400 hp Twin Screw Tug	500 HP Single Screw Tugboat	500 HP Single Screw Tugboat
Year of Built	1967/2007	1983	1983
Flag/Location	Not Available	Not Available	Not Available
Dimension (LxBxD)	14.2 mx4.79mx2.01m	13.14mx4.29mx2.5m	15.15mx4.91mx2.5m
GRT/NRT	Not Available	40/12	38/12
Main Engine	2 x 200 HP Detroit	Not Available	Not Available
Price (RM)	736,000	550,000	550,000

ii) 700 HP to 800 HP Tugboat

Comparables/ Principal Particulars	600 HP Model Bow Tug	800 HP Steel Tugboat	600 HP Harbor/Coastal Tugboat	Internal Combustion Engine - 800 HP	700HP Multicat
Year of Built	2009(rebuilt)	2006	2009(rebuilt)	2000	2009
Flag/Location	USA	Not Available	USA	Malaysia	Egypt
Dimension (LxBxD)	18.30mx5.26mx1.53m	28mx8.1mx4m	15.80mx5.5mx1.5m	22.1mx6.1mx2.7m	23.9mx8mx1.8m
GRT/NRT	49/33	212/64	Not Available	96.54/7.09	Not Available
Main Engine	2 x GM-8V71 600 HP Detroit	Not Available	2 x Caterpillar D343 800 HP Detroit	4-Stroke Caterpillar Diesel- 800hp	2 x Caterpillar 3406
Bollard Pull	Not Available	Not Available	Not Available	10 tons	15 tons
Price (RM)	1,200,000	3,983,117	672,000	2,741,002	5,920,000

iii) 900 HP to 1,000 HP Tugboat

Comparables/ Principal Particulars	900 hp Model Bow Tug	900 hp Model Bow Tug	1000 hp Lugger Tug	1070HP Tug
Year of Built	1966/2000	1950	2009	2001
Flag/Location	Trinidad	London	USA	USA
Dimension (LxBxD)	21.33mx6.7mx1.83m	27mx6.9mx3.5m	19.8mx7.9mx2.6m	24.58mx7.5m
GRT/NRT	Not Available	128/38	Not Available	173/52
Main Engine	2 x GM-2711 900 HP Detroit	2 x Bolnes 6DL 900 HP Detroit	2 x 500HP Cummins K-19	2 x 500HP Cummins K-19
Bollard Pull	Not Available	Not Available	Not Available	Not Available
Price (RM)	1,360,000	1,159,002	1,575,000	1,646,090

15. VALUATION CERTIFICATE (Cont'd)

iv) 1,100 HP to 1,500 HP Tugboat

Comparables/ Principal Particulars	1200 HP Harbor Tug	1248 HP Twin Screw Tug	1200 HP Harbor Tug	1300 HP Triple Screw Tug Boat	1500 BHP Twin Screw Harbor Tug
Year of Built	1971/2009	2002	1967	2008	1983
Flag/Location	Romania	Not Available	Canadian	USA	Jordan
Dimension (LxBxD)	29.26mx8.32mx3.29m	28.67mx10mx3m	29.26mx8.32mx3.29m	21.03mx7.92mx2.43m	22mx6.8mx3.25m
GRT/NRT	194/61	194/61	120	96/76	91.25
Main Engine	2 x 600HP Rusku 6D30/50	2 x 624HP Caterpillar	2 x 650HP GM 12V71	3 x 429HP Mitsubishi	2 x 750HP Man
Bollard Pull	18 tons	Not Available	13 tons	Not Available	20 tons
Price (RM)	1,429,750	2,595,002	1,440,000	1,890,000	1,120,000

Comparables/ Principal Particulars	1200HP Twin Screw Tugboat	1200HP Twin Screw Tugboat
Year of Built	2008	2008
Flag/Location	Singapore	Singapore
Dimension (LxBxD)	22.5mx7.3mx3.5m	22.5mx7.3mx3.5m
GRT/NRT	Not Available	Not Available
Main Engine	Not Available	Not Available
GRT/NRT	163/49	163/49
Price (RM)	1,125,000	1,180,000

For details explanation on the adjustments, please refer to Schedule 2 attached.

Our Reports and Valuation are prepared on the basis that all the vessels were in good operational conditions and issued with all the relevant certificates and licenses as required are valid at the date of our valuation, and all that expired certificates and licenses will be renewed accordingly.

The Valuation Reports have been prepared in accordance with the "Guidelines on Asset Valuation" issued by the Securities Commission and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisals and Estate Agents Malaysia. We have relied upon the information provided to us by the client in arriving at the Market Value of the Subject Vessels.

Based on all the above, we certify that in our opinion the total Market Value for the existing use of the above mentioned Vessels using the valuation method stated amount to Ringgit Malaysia Sixty Five Million Only (RM65,000,000.00).

15. VALUATION CERTIFICATE (Cont'd)

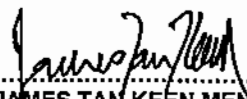


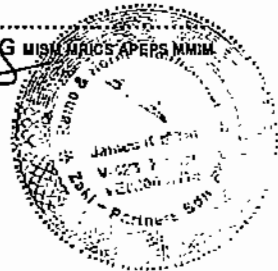
The above value can be summarized as follows:-

Type of Vessel	Number of Vessel	Market Value (RM)
Barge	15	27,820,000
Dredger	4	4,100,000
Sand Pump Barge	2	4,600,000
Split Hopper Barge	4	5,730,000
Tugboat	18	22,750,000
Total	43	65,000,000

The detail of the vessel and Market Value are shown in Schedule 1 attached.

Yours faithfully,
 For & on behalf of
**RAINE & HORNE INTERNATIONAL
 ZAKI + PARTNERS SDN BHD**


 JAMES TAN KEEN MENG Wakil Agensi APERS MMMA
 Registered Valuer
 Reg No: V423
 B. AppSc PRM CDipAF



15. VALUATION CERTIFICATE (Cont'd)

SCHEDULE 1 : MARKET VALUE OF EACH VESSEL

NO.	NAME	Official No.	Type	Detailed Specification	Builder	Built	Length (M)	Breadth (M)	Depth (M)	Bollard Pull (Tons)	Flag	Port of Registry	Gross Tonnage	Net Tonnage	Market Value (RM)
1	OCEANLINE 153	27501093	Barge Working	150' x 50' x 10' Steel Work Barge c/w Four Point Mooring Winches	Universal Dockyard Ltd, China	1993	48.70	15.20	3.00	-	Mongolia	Ulaanbaatar	593	167	580,000
2	CATHAY 1813 (ex-AREPO 318)	27541092	Barge	180' x 50' x 10' Steel Deck Cargo Barge c/w Side Board & Ramp Door	Jiangxi Shipyard, China	1993	51.46	15.24	3.00	-	Mongolia	Ulaanbaatar	634	180	870,000
3	CATHAY 188	328910	Barge	180' x 50' x 10' Steel Deck Cargo Barge	Uni-France Shipbuilding & Engineering Pte Ltd, Singapore	1989	52.67	15.24	3.05	-	Malaysia	Labuan	625	188	1,000,000
4	CATHAY 187	330479	Barge	180' x 50' x 10' Steel Deck Cargo Barge c/w Side Board & Ramp Door	Chun Hong Shipbuilding Pte Ltd, Singapore	1994	52.67	15.24	3.05	-	Malaysia	Port Klang	618	185	1,000,000
5	CATHAY 1811 (ex-AREPO 118)	27531095	Barge	180' x 50' x 10' Steel Deck Cargo Barge c/w Side Board & Ramp Door	Lon Yi Shipbuilding Construction Pte Ltd, Singapore	1995	52.87	15.24	3.05	-	Mongolia	Ulaanbaatar	630	180	1,000,000
6	CATHAY 212	328918	Barge	210' x 60' x 14' Steel Deck Cargo Barge c/w Side Board & Ramp Door	Lingco Shipbuilding Pte Ltd, Singapore	1988	61.45	18.28	4.27	-	Malaysia	Labuan	1277	368	1,570,000
7	CATHAY 223	330460	Barge	230' x 60' x 14' Steel Deck Cargo Barge c/w Side Board & Ramp Door	Taoxing Shipyard, China	1996	64.37	18.28	4.27	-	Malaysia	Port Klang	1273	361	1,670,000
8	CERGAS 222	328468	Barge	220' x 60' x 14' Flat Steel Deck Cargo c/w Side Board & Ramp Door	Jiangsu Shipyard, China	1997	64.37	18.28	4.27	-	Malaysia	Port Klang	1273	382	1,700,000
9	CERGAS 231	328462	Barge	230' x 60' x 14' Steel Deck Cargo Barge c/w Side Board & Ramp Door	Jiangsu Wujiang Qujiang Shipyard, China	1996	67.30	18.30	4.27	-	Malaysia	Port Klang	1388	410	2,490,000
10	OCEANLINK 2301 (ex-SMS 2301)	334292	Barge	230' x 60' x 14' Steel Deck Cargo Barge c/w Side Board & Ramp Door	Jing Jiang Shipping Engineering Corp, China	1996	67.30	18.28	4.27	-	Malaysia	Port Klang	1382	409	2,760,000
11	OCEANLINK 2308 (ex-AREPO 230)	334281	Barge	230' x 64' x 14' Steel Deck Cargo Barge c/w Side Board & Ramp Door	Comfort Marine Pte Ltd, Singapore	1998	67.30	19.51	4.27	-	Malaysia	Port Klang	1425	428	2,590,000
12	CERGAS 232	328532	Barge	230' x 64' x 14' Steel Deck Cargo Barge c/w Side Board & Ramp Door	Jiangsu Yangziliang Shipyard, China	1990	67.30	19.51	4.27	-	Malaysia	Port Klang	1413	424	2,640,000
13	OCEANLINK 2302 (ex-ELINK 1)	334280	Barge	230' x 64' x 14' Steel Deck Cargo Barge	PT Nansedah Mutiara Shipyard, Indonesia	1998	67.3	19.51	4.27	-	Malaysia	Port Klang	1408	423	2,870,000
14	Oceanline 2322 (ex-AREPO 322)	27571095	Barge	230' x 60' x 12' Steel Deck Cargo Barge c/w Side Board & Ramp Door	Chun Hong Shipbuilding Pte Ltd, Singapore	1995	67.50	18.29	3.66	-	Mongolia	Ulaanbaatar	1171	352	1,630,000
15	CATHAY 251	328516	Barge	250' x 70' x 16' Steel Deck Cargo Barge c/w Side Board & Ramp Door	Xinghua Industry Co, China	1997	73.15	21.40	4.90	-	Malaysia	Port Klang	1972	591	3,450,000
														Subtotal :	27,820,000

15. VALUATION CERTIFICATE (Cont'd)

NO.	NAME	Official No.	Type	Detailed Specification	Builder	Built	Length (M)	Breadth (M)	Depth (M)	Boilard Pull (Tons)	Flag	Port of Registry	Gross Tonnage	Net Tonnage	Market Value (RM)
16	CATHAY GO 1	27711088	Dredger	3m3 Clamshell Dredger	Aria Pacific Shipyard, Singapore	1989	27.50	12.00	3.05	-	Mongolia	Ulaanbaatar	195	57	200,000
17	CATHAY CD 5	27551008	Dredger	8m3 Clamshell Dredger	Tomoko Company Limited, Japan	1988	35.80	18.00	3.00	-	Mongolia	Ulaanbaatar	475	172	1,900,000
18	CATHAY CD 3	328533	Dredger	4m3 Clamshell Dredger	PT. Sentosa Mulia Shipyard, Batam, Indonesia	1906	35.11	13.72	3.05	-	Malaysia	Port Klang	447	135	1,000,000
19	CATHAY CD 6	K-13081010	Dredger	4m3 Clamshell Dredger	Lagco Shipbuilding Pte Ltd	1906	35.11	13.71	3.05	-	Kiribati	Tarawa	437	132	1,000,000
														Subtotal :	4,100,000
20	CATHAY SP 7 (ex. CATHAY 189)	860920003	Sand Pump Barge	Sand Pump Barge (1000m3/hr)	Kay Hui Trading Co Pte Ltd, Singapore	1993	52.87	15.24	3.02	-	Beize	Dodge	839	191	1,200,000
21	HIKARIGO	19050695	Sand Pump Barge	Sand Pump Barge (1800m3/hr)	Hokodate Dock Co Ltd, Japan	1995	74.40	27.00	3.50	-	Mongolia	Ulaanbaatar	2112	833	3,400,000
														Subtotal :	4,800,000
22	CATHAY SHB 1005	327207	Spill Hopper Barge	1000m3 Spill Hopper Barge	Shuzhou Shipbuilding Corporation, China	1993	47.82	12.80	4.50	-	Malaysia	Port Klang	835	285	1,250,000
23	CATHAY SHB 1006	327200	Spill Hopper Barge	1000m3 Spill Hopper Barge	Shuzhou Shipbuilding Corporation, China	1993	47.82	12.80	4.50	-	Malaysia	Port Klang	835	285	970,000
24	CATHAY SHB 1010 (ex. CATHAY SHB 1003)	334285	Spill Hopper Barge	1000m3 Spill Hopper Barge	Jiangqi Jianghai Shipyard, China	1993	47.82	12.40	4.70	-	Malaysia	Port Klang	741	257	1,750,000
25	CATHAY SHB 1019 (ex. CATHAY SHB 1008)	334253	Spill Hopper Barge	1000m3 Spill Hopper Barge	Jiangqi Jianghai Shipyard, China	1993	47.97	12.40	4.70	-	Malaysia	Port Klang	741	257	1,750,000
														Subtotal :	6,730,000

15. VALUATION CERTIFICATE (Cont'd)

NO.	NAME	Official No.	Type	Detailed Specification	Builder	Built	Length (M)	Breadth (M)	Depth (M)	Boiler Pull (Tons)	Flag	Port of Registry	Gross Tonnage	Net Tonnage	Market Value (RM)
26	CATHAY 58	328325	Tugboat	500HP Twin Screw Steel Tugboat	Vesper Pte Ltd, Singapore	1987	16.18	4.11	2.13	5	Malaysia	Port Klang	38.11	7.88	600,000
27	CATHAY 68	328332	Tugboat	700HP Steel Tugboat	Troong Hai Shipbuilding Co, Singapore	1982	16.25	5.71	2.38	8	Malaysia	Port Klang	48.99	7.23	900,000
28	CATHAY 17	329906	Tugboat	940HP Steel Tugboat	Kiang Nguong Shipbuilding Contractor, Malaysia	1981	18.68	6.10	2.44	10	Malaysia	Port Klang	89.78	13.08	1,300,000
28	OCEANLINE 11 (o.k. JUMEIRAH)	332423	Tugboat	840HP Twin Screw Steel Tugboat	PT Mahkam Raja Konstruksi Nasional, Indonesia	1981	18.32	6.00	3.00	10	Malaysia	Port Klang	89	27	1,280,000
30	CATHAY 28	329461	Tugboat	980HP Steel Tugboat	Berjaya Dockyard S/B, Malaysia	1986	17.06	5.49	2.44	10	Malaysia	Port Klang	88.39	8.26	1,450,000
31	CATHAY 35	329463	Tugboat	660HP Steel Tugboat	Berjaya Dockyard S/B, Malaysia	1983	17.86	5.40	2.44	10	Malaysia	Port Klang	68.38	8.28	1,470,000
32	PIONEER 8	27731003	Tugboat	1420HP Steel Tugboat	Japan/Singapore	1963/1963	22.40	8.70	2.65	10	Mongolia	Ulaanbaatar	96.65	32	1,100,000
33	CATHAY 88	327001	Tugboat	1200HP Steel Tugboat	Borneo Shipping & Timber Agencies S/B, Malaysia	1984	21.71	7.10	2.61	15	Malaysia	Port Klang	111.11	9.85	1,880,000
34	OCEANLINE 21 (o.k. ELINE 4)	332424	Tugboat	1400HP Steel Tugboat	Tuang Ak (Sarawak) S/B, Malaysia	1988	23.39	7.3	3.5	19	Malaysia	Port Klang	191	58	2,280,000
35	CATHAY 6	329467	Tugboat	800HP Anchor Handling Tugboat	Far East Lavington Shipbuilders, Singapore	1981	16.00	7.62	2.44	10	Malaysia	Port Klang	80.44	8.42	1,100,000
36	CATHAY 10	329465	Tugboat	800HP Anchor Handling Tugboat	Asia Pacific Shipyard, Singapore	1988	17.50	7.70	2.49	10	Malaysia	Port Klang	93.18	12.78	1,100,000
37	CATHAY 28	327193	Tugboat	800HP Anchor Handling Tugboat	Sin Seng Huat Marine Services, Malaysia	1995	16.38	4.88	1.63	10	Malaysia	Port Klang	43.18	10.71	1,150,000
38	CATHAY 8	327370	Tugboat	800HP Anchor Handling Tugboat	Benalet S/B, Malaysia	1987	19.82	4.88	2.29	10	Malaysia	Port Klang	59.81	12.97	1,160,000
39	CATHAY 38	328282	Tugboat	800HP Anchor Handling Tugboat	Benalet S/B, Malaysia	1989	19.62	4.88	2.26	10	Malaysia	Port Klang	58.81	12.87	1,160,000
40	CATHAY 78	328395	Tugboat	800HP Anchor Handling Tugboat	Benalet S/B, Malaysia	2000	17.87	4.88	1.82	8	Malaysia	Port Klang	40.57	8.11	1,260,000
41	CATHAY 58	328512	Tugboat	1200HP Anchor Handling Tugboat	Benalet S/B, Malaysia	2002	18.73	7.32	2.44	15	Malaysia	Port Klang	145.07	14.43	1,940,000
42	CATHAY 98	327240	Tugboat	500HP Multi-Cat Twin Screw Tugboat	Rehland Jozwik, Germany	1978	17.28	8.00	2.00	8	Malaysia	Port Klang	88.83	49.33	600,000
43	CATHAY 78	328922	Tugboat	800HP Multi-Cat Twin Screw Tugboat	Delta Shipyard Sierdrogh, Holland	1992	17.31	6.00	2.40	10	Malaysia	Port Klang	78.49	22.51	1,100,000
														Subtotal :	22,750,000
														Total	65,000,000

15. VALUATION CERTIFICATE (Cont'd)**Schedule 2 : Explanatory notes on Valuation Adjustments****i) % Adjustment for Year Made**

The year made determine the age of the vessel, equipments, engines and others. Generally, the total lifespan is 30 years with good maintenance or periodically recondition of the vessel. However, the best available or closest market value is applied in arriving the market value after allowing for the market trend. As for the new replacement cost, we have adopt straight line depreciation over 30 years and also we assume that every year estimated 5 to 15 percent increase on the new replacement cost subject to the demand and supply of the market.

ii) % Adjustment on Size

Size of the vessel is one of the factor that determine the physical worth in terms of material used and also the design of the ship for different utilization (deep water or shallow water). Generally on all vessels, an adjustment of plus/minus 5% is provided for every 10 metres difference in length of the subject vessel as compared to the comparable chosen. However, we have adopted the best or closest to the subject vessel.

iii) % Adjustment on Engine Capacity

The no. of main engine, capacity and make of the engines are important considerations for tugboat. It determine the capability of mobility, speed, down times, replacement factor and etc. Based on the current or new design, twin engines are recommended. However, we have adopted the best or closest to the subject vessel for comparison purposes and estimated plus/minus 2% different adjustment is applied for every 100BHP difference.

iv) % Adjustment on Deck Loading

This apply to the barges only, the deck loading depends on the thickness of steel sheels on the structure, and also the usage of the barges. However, we have adopted the best or closest to the subject vessel for comparison purposes and estimated plus/minus 5% different adjustment is applied for every 10m²/sq.m difference.

v) % Adjustment on Deck Equipments

As technology improves over time, the newer subject vessel compared to the chosen comparable the higher the rates adopted and vice versa. Generally on all vessels, an adjustment of minus or positive 5% is provided for every 10 years difference in age of the subject vessels as compared to the comparables chosen. However, we have adopted the best or closest to the subject vessel.

vi) % Adjustment For Physical Condition

This is subject to the physical condition of the vessel as at the date of valuation. Generally, all vessels are in operation condition with routine maintenance program. However, there are few vessels were under their routine refurbishment program. Hence, the adjustment of the value is based on the physical condition of the valuation.

15. VALUATION CERTIFICATE (Cont'd)

Raine & Horne 

VALUATION CERTIFICATE

Our Ref. : VPJ 10.756(i-xi).SC
Date : 5th November 2010

The Board of Directors,
Benalec Holdings Berhad
3B, Jalan Pengacara U1/4B,
Temasya Industrial Park
Glenmarie Subang Jaya
Selangor 40150
Malaysia

Raine & Horne International
Zaki + Partners Sdn. Bhd.

(Company No. 99440-T)

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Telephone : 03-7880 6542
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Dear Sirs,

RE: VALUATION OF 11 UNITS OF VESSELS IN CONJUNCTION WITH THE DISPOSAL OF THE SAID VESSELS BY OCEANLEC PTE LTD ("OCEANLEC") TO OCEANLINER PTE LTD ("OCEANLINER") ("VALUATION") WHICH IN TURN IS PROPOSED TO BE ACQUIRED BY BENALEC HOLDINGS BERHAD ("COMPANY" OR "BENALEC HOLDINGS BERHAD") PURSUANT TO ITS PROPOSED LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") ("PROPOSED LISTING")

This letter has been prepared for inclusion in the Prospectus of BENALEC HOLDINGS BERHAD in conjunction with its listing on The Main Market of Bursa Malaysia Securities Berhad.

The Valuation was undertaken as part of an internal restructuring exercise involving the disposal of the 11 units of vessels by Oceanlec to Oceanliner ("Internal Restructuring") which in turn is proposed to be acquired by Benalec Holdings Berhad to facilitate Benalec Holdings Berhad's Proposed Listing.

We have been instructed by Oceanlec to ascertain the Market Value of the subject vessels which are owned by Oceanlec on an "as is where is basis" for the purpose of facilitating the Internal Restructuring.

We have conducted our inspection of the vessels on 14th July 2010. However, for the purpose of this proposed disposal exercise, material date of valuation shall be as at 15th September 2010.

The Basis of Valuation is the "Market Value" which is defined under the Malaysia Valuation Standards, is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In arriving at the Market Value the vessel, we have adopted the Comparison Method of Valuation as the main approach. This method of valuation seeks to determine the value of the vessel being valued by comparing and adopting as a yardstick recent transactions and sale evidence involving other similar vessel with compatible certification, facilities, size of vessel and engine capacity, deck and electronic equipment on board and etc.

In addition to the foregoing approach, we have also considered the Depreciated Replacement Cost Method of valuation. Under this method, the value is arrived at by estimating the current new replacement costs of the vessel and there from less the accrued depreciation for age and obsolescence.

However, the Comparison Method is adopted to arrive the market value.

Others factors as stated below are taken into consideration:

- i) The intensity of use these plants and machinery items;
- ii) Their present physical condition;
- iii) Availability of spares/replacement and adaptability to modifications;
- iv) Demand and supply; and
- v) Regulation of industry.

Perunding Harta Tanah Antarabangsa • International Property Consultants

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Raine & Horne 

www.raineandhorne.com.my

15. VALUATION CERTIFICATE (Cont'd)

The subject of valuation comprises 11 units of vessels is categorized as follows:

a) Barge (8 units)

The Barges comprise of 8 units which operate mainly in Singapore and Malaysian Waters, they are mostly used in Marine Transportation includes construction material, oversize cargo, heavy construction equipment, coal, logs, livestock and bulk cargo. All the barges are *Flat Top Steel Dumb Barge* which was built in year 2008 with the length of 300 feet (6 units) and 330 feet (2 units).

The best comparable is chosen based on similar type, size, deck loading, year build and country of origin for the vessel. In deriving at the value of the barges, we adopt and adjust the similar comparable vessels available in the local and international market as follows:

Comparables/Principal Particulars	300' Deck Cargo Barge	300' Deck Cargo Barge	300' Deck Cargo Barge
Year Build	New 2010	New 2010	New 2010
Country of Origin	China	China	China
Dimension (LxBxD)	300'x90'x18'	300'x80'x18'	300'x80'x18'
Deck Loading (m/sq.m)	15	5	5
Price (RM)	8,000,000	4,800,000	7,308,000

Comparables/Principal Particulars	330' Deck Cargo Barge	350' Deck Cargo Barge
Year Build	Not available	2006
Country of Origin	China	China
Dimension	330'x90'x21'	350'x90'x21'
Deck Loading (m/sq.m)	15	15
Price (RM)	7,200,000	7,200,000

For details explanation on the adjustments, please refer to Schedule 2 attached.

b) Tugboat (3 units)

The Tugboat comprise of 3 units which operate mainly in Singapore and Malaysian Waters, they are mostly used in Marine Transportation includes construction material, oversize cargo, heavy construction equipment, coal, logs, livestock and bulk cargo. All the tugboat are *Steel Twin Screw Tugboat* which was built in year 2007/08 with the main engine capacity of 2400HP (2 units) and 3200HP (1 unit).

The best comparable is chosen based on similar type, size, main engine capacity, year build and country of origin for the vessel. In deriving at the value of the tugboat, we adopt and adjust the similar comparable vessels available in the local and international market as follows:

Comparables/ Principal Particulars	2400HP Twin Screw Tugboat	2400HP Twin Screw Tugboat	2400HP Twin Screw Tugboat	2400HP Twin Screw Tugboat
Year Build	2008	2004	2008	2007
Class	RINA	BKI	GL	GL
Dimension (LxBxD)m	29.85x9.1x4.2	26x9.1x4	28.19x9.1x4.2	28.79x9.15x4.3
Main Engine Capacity (HP)	2 x Cummins KTA38 1200HP	2 x Watsila 920 kW@1650 rpm	2 x Cummins KTA38 1200HP	Not Available
Price (RM)	6,240,000	8,640,000	9,744,000	3,157,150

15. VALUATION CERTIFICATE (Cont'd)

Raine & Horne[®]
Raine & Horne International Zaki + Partners Sdn. Bhd.

Comparables/ Principal Particulars	3200HP Twin Screw Tugboat	3200HP Ocean Tugboat	3200HP Ocean Tugboat	3200HP Ocean Tugboat
Year Build	1999	2009	2009	2010
Class	Panama	NKK	NKK	NKK
Dimension (LxBxD)m	29x9x4.25	29.39x9x4.2	29.39x9x4.2	29.39x9x4.2
Main Engine Capacity (HP)	Not Available	2 x Cummins KTA20M2-1600HP	Not Available	Not Available
Price (RM)	6,507,960	8,800,000	9,280,000	9,600,000

For details explanation on the adjustments, please refer to Schedule 2 attached.

Our Reports and Valuation are prepared on the basis that all the vessels were in good operational conditions and issued with all the relevant certificates and licenses as required are valid at the date of our valuation, and all that expired certificates and licenses will be renewed accordingly.

The Valuation Reports have been prepared in accordance with the "Guidelines on Asset Valuation" issued by the Securities Commission and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisals and Estate Agents Malaysia. We have relied upon the information provided to us by the client in arriving at the Market Value of the Subject Vessels.

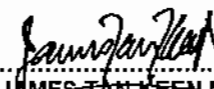
Based on all the above, we certify that in our opinion the total Market Value for the existing use of the above mentioned Vessels using the valuation method stated amount to Ringgit Malaysia Sixty Five Million And Two Hundred And Twelve Thousand Only (RM65,212,000.00).

The above value can be summarized as follows:-

Type of Vessel	Number of Vessels	Market Value (RM)
Barge	8	43,662,000
Tugboat	3	21,550,000
Total	11	65,212,000

The detail of the vessel and Market Value are shown in Schedule 1 attached.

Yours faithfully,
For & on behalf of
RAINE & HORNE INTERNATIONAL
ZAKI + PARTNERS SDN BHD


JAMES TAN KEEN MENG MISM MRICS APEPS MMIM
Registered Valuer
Reg No. V423
B. AppSc PRM CDipAF



15. VALUATION CERTIFICATE (Cont'd)

SCHEDULE 1 : MARKET VALUE OF EACH VESSEL

NO.	NAME	Official No.	Type	Specification	Builder	Year Built	Length (M)	Breadth (M)	Depth (M)	Class	Port of Registry	Gross Tonnage	Net Tonnage	Ballast Tonnage	Market Value (RM)
1	OCEANLEC 303	394351	Barge	300' x 80' x 18' Deck Cargo Barge	Nanjing Sandangli Ship Industry Co Ltd	2008	87.88	24.40	5.50	ABS	Singapore	3231	869	-	5,200,000
2	OCEANLEC 305	394352	Barge	300' x 80' x 18' Deck Cargo Barge	Nanjing Sandangli Ship Industry Co Ltd	2008	87.88	24.40	5.50	ABS	Singapore	3231	969	-	5,200,000
3	OCEANLINE 301	384273	Barge	300' x 80' x 18' Deck Cargo Barge	Nanjing Yonghua Shipbuilding Co Ltd	2008	87.88	24.40	5.50	ABS	Singapore	3231	869	-	5,200,000
4	OCEANLINE 302	384287	Barge	300' x 80' x 18' Deck Cargo Barge	Nanjing Yonghua Shipbuilding Co Ltd	2008	87.88	24.40	5.50	ABS	Singapore	3231	989	-	5,200,000
5	OCEANLEC 306	384542	Barge	300' x 80' x 18' Deck Cargo Barge	Nanjing Asapride Shipping Making Co Ltd	2008	87.88	24.40	5.50	ABS	Singapore	3231	969	-	5,200,000
6	OCEANLEC 307	394543	Barge	300' x 80' x 18' Deck Cargo Barge	Nanjing Asapride Shipping Making Co Ltd	2008	87.88	24.40	5.50	ABS	Singapore	3231	969	-	5,200,000
7	OCEANLINK 331	394595	Barge	330' x 90' x 20' Deck Cargo Barge	Yangzhou Changrun Yunhao Shipbuilding Co Ltd	2008	96.39	27.43	6.10	ABS	Singapore	4149	1244	-	6,231,000
8	OCEANLINK 332	394696	Barge	330' x 90' x 20' Deck Cargo Barge	Yangzhou Changrun Yunhao Shipbuilding Co Ltd	2008	96.39	27.43	6.10	ABS	Singapore	4149	1244	-	6,231,000
												Sub total :			43,882,000
9	OCEANLINE 262	9506116	Tugboat	2400HP Twin Screw Tug Boat (31M)	Kabook Shipyard (M) S/B Sibn	2007	28.51	9.00	4.00	GL	Singapore	295	89	12	6,200,000
10	OCEANLEC 263	9506978	Tugboat	2400HP Twin Screw Tug Boat (30M)	Sapor Shipbuilding Industries S/B, Malaysia	2008	28.45	9.00	4.60	GL	Singapore	272	82	15	6,350,000
11	OCEANLEC 322	9506954	Tugboat	3200HP Twin Screw Tug Boat (31M)	Sapor Shipbuilding Industries S/B, Malaysia	2008	28.93	9.50	4.20	GL	Singapore	317	96	30	9,000,000
												Sub total :			21,650,000
												Total			65,532,000

15. VALUATION CERTIFICATE (Cont'd)**Schedule 2 : Explanatory notes on Valuation Adjustments****i) % Adjustment for Year Made**

The year made determine the age of the vessel, equipments, engines and others. Generally, the total lifespan is 30 years with good maintenance or periodically recondition of the vessel. However, the best available or closest market value is applied in arriving the market value after allowing for the market trend. As for the new replacement cost, we have adopt straight line depreciation over 30 years and also we assume that every year estimated 5 to 15 percent increase on the new replacement cost subject to the demand and supply of the market.

ii) % Adjustment on Size

Size of the vessel is one of the factor that determine the physical worth in terms of material used and also the design of the ship for different utilization (deep water or shallow water). Generally on all vessels, an adjustment of plus/minus 5% is provided for every 10 metres difference in length of the subject vessel as compared to the comparable chosen. However, we have adopted the best or closest to the subject vessel.

iii) % Adjustment on Engine Capacity

The no. of main engine, capacity and make of the engines are important considerations for tugboat. It determine the capability of mobility, speed, down times, replacement factor and etc. Based on the current or new design, twin engines are recommended. However, we have adopted the best or closest to the subject vessel for comparison purposes and estimated plus/minus 2% different adjustment is applied for every 100BHP difference.

iv) % Adjustment on Deck Loading

This apply to the barges only, the deck loading depends on the thickness of steel sheets on the structure, and also the usage of the barges. However, we have adopted the best or closest to the subject vessel for comparison purposes and estimated plus/minus 5% different adjustment is applied for every 10m²/sq.m difference.

v) % Adjustment on Deck Equipments

As technology improves over time, the newer subject vessel compared to the chosen comparable the higher the rates adopted and vice versa. Generally on all vessels, an adjustment of minus or positive 5% is provided for every 10 years difference in age of the subject vessels as compared to the comparable chosen. However, we have adopted the best or closest to the subject vessel.

vi) % Adjustment For Physical Condition

This is subject to the physical condition of the vessel as at the date of valuation. Generally, all vessels are in operation condition with routine maintenance program. However, there are few vessels were under their routine refurbishment program. Hence, the adjustment of the value is based on the physical condition of the valuation.

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

16.1 SHARE CAPITAL

- (i) Save for the ESOS Options as disclosed in Section 2.3.4 and 14.0 of this Prospectus, no shares will be allocated or issued on the basis of this Prospectus later than twelve (12) months after the date of issue of this Prospectus.
- (ii) Save for the ESOS Options as disclosed in Section 2.3.4 and 14.0 of this Prospectus, neither our Company nor our subsidiaries has any capital that is under option, or agreed conditionally or unconditionally to be put under option.
- (iii) As at the date of this Prospectus there is one (1) class of shares in our Company, being ordinary shares of RM0.25 each, the details of which are outlined in Section 2.2.1 of this Prospectus.
- (iv) Save as disclosed in Sections 2.3, 4.1.4 and 4.16 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years preceding from the date thereof.
- (v) Save for the IPO Shares reserved for our eligible Directors, employees and business associates as disclosed in Section 2.3.1(ii) of this Prospectus and the ESOS as set out in Sections 2.3.4 and 14.0 of this Prospectus, there is currently no other scheme for or involving our Directors or employees of our Company or our subsidiaries.
- (vi) Save for the ESOS Options as disclosed in Section 2.3.4 and 14.0 of this Prospectus, neither our Company nor our subsidiaries have any outstanding convertible debt securities, options, warrants or uncalled capital as at the date of this Prospectus.

16.2 ARTICLES OF ASSOCIATION

The following provisions are extracted from our Company's Articles of Association. The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Articles of Association.

- (i) Transfer of securities

Article 33

The transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities.

Article 34

The instrument of transfer lodged with the Company shall be executed by or on behalf of the transferor and the transferee and the transferor shall be deemed to remain the holder of the share until the transferee's name is entered in the Register as the holder of that share and/or the Record of Depositors, as the case may be.

Article 35

No share shall in any circumstance be knowingly transferred to any partnership or unincorporated association or body or infant, bankrupt or person of unsound mind.

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Article 36

The Directors may decline to register any instrument of transfer of shares which are not fully paid (whether these are quoted or otherwise) to a person of whom they do not approve. Subject to the Act, the Listing Requirements, the Central Depositories Act and the Rules, if the Directors refuse to register a transfer they shall send to the transferee written notice of the refusal and reasons therefore.

Article 37

The Depository may, in its absolute discretion, refuse to register any transfer that does not comply with the Central Depositories Act and the Rules.

Article 38

Subject to the Act, the Company may charge a fee not exceeding RM3.00 or such other amount as the law may allow the Company to charge (excluding any stamp duty and other charges payable) on the registration of each probate or letter of administration, certificate of death, stop notice, power of attorney or other document relating to or affecting the title to any shares or other securities, or otherwise for making any entry in the Register or any other register affecting the title to any shares or other securities.

Article 39

Subject to the Central Depositories Act and the Rules, any Member may transfer all or any of its securities by instrument in writing in the form prescribed and approved by the Exchange and the Registrar (as the case may be). Subject to these Articles, there shall be no restriction on the transfer of fully paid-up shares except where required by law. The instruments shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the Register and/or Record of Depositors as the case may be, in respect thereof. All transfer of deposited securities shall be effected in accordance with the Act, the Central Depositories Act and the Rules.

Article 40

Subject to the Rules, the Register may be closed for such periods as the Directors may from time to time determine provided that such register shall not be closed for more than thirty (30) days in any year. The Company shall before it closes such register:

- (a) give notice of such intended book closure (in the case of the Register) in accordance with Section 160 of the Act;
- (b) give notice of such intended closure to the Exchange at least ten (10) Market Days (or such other period as prescribed by the Exchange or any relevant governing laws and/or guidelines) before the intended date of such closure including in such notice, such date, the reason for such closure and the address of the share registry at which documents will be accepted for registration.

The Company shall give notice in accordance with the Rules to enable the Depository to prepare the appropriate Record of Depositors.

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Article 42

Subject to the Act, every entry in the Register, purporting to have been made on the basis of an instrument of transfer or other document in good faith by the Company shall be conclusively deemed to have been duly and properly made including (without limitation) where:

- (a) the instrument of transfer or other document is obtained or created fraudulently or is otherwise void, voidable or otherwise unenforceable; or
- (b) the Company or any of its Directors or officers may have notice that such instrument of transfer was signed, executed and/or delivered by the transferor or other authorised person in blank as to the name of the transferee or the particulars of the shares transferred or otherwise made defectively,

and any person who becomes the registered holder of any shares by reason of any such entry shall be entitled to be recognised as the registered holder of such shares, and the Company, its Directors and/or other officers shall not be liable to any person by reason of any such entry being made.

Article 43

Neither the Company nor any of its Directors shall be liable for any transfer of shares effected by the Depository.

Transmission of Securities

Article 45

Subject to the provisions of the Act, the Central Depositories Act, and the Rules, in the case of the death of a member, the executors or administrators of the deceased, shall be the only persons recognised by the Company as having any title to interest in his shares; but nothing herein contained shall release the estate of the deceased share holder from any liability in respect of any share which had been held by him.

Article 46

Any person becoming entitled to a share in consequence of the death or bankruptcy or insolvency or winding up or mental disorder of a member may, upon such evidence being produced and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, provided always that where the share is a Deposited Security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person so becoming entitled.

Article 47

Where the registered holder of any share dies, becomes bankrupt or suffers from mental disorder, his personal representative or the official assignee of his estate or the committee of his estate, as the case may be, shall upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to the same dividends but he shall not be entitled to receive notices of or to attend or vote at meetings of the Company, or save as aforesaid, to any of the rights or privileges of a member, unless and until he shall have become a member in respect of the prescribed security.

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Article 48

Where:

- a) the securities of the Company are listed on another stock exchange; and
- b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the Registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

(ii) Remuneration of Directors

Article 104

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office provided always that:-

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;
- (c) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 105

The salary of any executive Director for his services shall be determined by the Directors and may be of any description but such salary may not include a commission on or percentage of turnover.

Article 106

The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committees established by the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors. The Directors shall also be entitled to receive any meeting allowances or fees for attending any Board's or committees' meetings, and such meeting allowances or fees shall be determined by the Directors and be by way of a fixed sum.

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**Article 107**

If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

(iii) Voting and Borrowing Powers of Directors**Article 122**

Except as provided by Article 123, the Directors may exercise all the powers of the Company to borrow money of any sum or sums from any person, bank, firm or company and to mortgage or charge its undertaking, property and uncalled capital, and any part thereof and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of the Company and its Subsidiaries. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its Subsidiaries.

Article 123

Subject to the Act and Listing Requirements, the Directors shall not borrow any money or mortgage or charge any of the Company's or its Subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 124

The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being.

Article 131

Subject to these Articles, questions arising at any meeting of the Directors shall be decided by a majority of votes. Where two (2) Directors form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a second or casting vote.

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Article 135

- (1) No Director may deliberate and vote in regard to any contract or proposed contract or arrangement in which he is interested, directly or indirectly, nor any contract or proposed contract or arrangement with any other company in which he is interested, directly or indirectly, either as an officer of that other company or as a holder of shares or other securities in that other company. A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act and the Listing Requirements.
- (2) A general notice that a Director, alternate Director or Managing Director is a member of or interested in any specified firm or corporation with whom any contract is proposed to be entered into in relation to the affairs of the Company and is to be regarded as interested in all transactions with such firm or corporation shall be deemed to be a sufficient disclosure under this clause as regards such Director and the said transaction and after such general notice it shall not be necessary for such Director to give any special notice relating to any particular transaction with such firm or corporation.

Article 136

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinabove mentioned are considered or where any decision is taken upon any contract or arrangement in which he is in any way interested provided always that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles.

Article 137

A Director of the Company may be or become Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Director may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them Directors or other officers of such corporation) and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such appointment is or may become interested in the exercise of such voting rights in manner aforesaid provided always that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles.

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)Article 138

Where proposals are under consideration concerning or relating to the terms of employment, consultancy or other services of or to be provided by Directors to or with the Company or any body corporate in which the Company is interested or other related matters, the proposals may be divided and considered in relation to each Director separately and (provided he is not for another reason precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own.

Article 139

If a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the Chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive.

(iv) Changes In Capital and Variation of Class Rights

Article 10

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.

Article 63

Without prejudice to the rights attached to any existing shares or class of shares, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 64

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company. All new shares shall be subject to the provisions herein contained with reference to allotments, the payment of calls and instalments, transmissions, forfeiture, lien or otherwise.

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Article 65

Subject to the Act and any applicable law or regulation, the Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Act) and so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived; or
- (c) cancel any shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 66

Subject to any direction by the Company in general meeting, if any consolidation and/or subdivision of shares results in Members being entitled to any issued shares of the Company in fractions, the Directors may deal with such fractions as they may determine including (without limitation), selling the shares to which Members are so entitled for such price as the Directors may determine and paying and distributing to the Members entitled to such shares in due proportions the net proceeds of such sale.

Article 68

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner authorised by the Act and subject to any consent required by law.

Article 69

Notwithstanding Article 70 hereof, the repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths (¾) of the preference capital concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**Article 70**

If at any time the share capital is divided into different classes of shares, the right attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths ($\frac{3}{4}$) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third ($\frac{1}{3}$) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

Article 71

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

16.3 LIMITATION OF RIGHTS

There are no limitations on the right to own securities including limitations on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

16.4 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any contract which is not in the ordinary course of business of our Group within two (2) years preceding the date of this Prospectus:-

- (i) Agreement dated 17 September 2010 between Oceanliner and Oceanlec for the acquisition by Oceanliner of 11 vessels held by Oceanlec for a total consideration of SGD28,000,000 to be settled by Oceanliner via the assumption of Oceanlec's bank borrowings amounting to approximately SGD8,546,601 and the balance of approximately SGD19,453,399 via creation of indebtedness by Oceanliner to Oceanlec. The acquisition was completed on 17 September 2010;
- (ii) Share Sale Agreement dated 30 September 2010 between BSB and OGSB for the acquisition by BSB of OGSB's wholly owned subsidiaries, OML and Pacific for a total purchase consideration of RM65 million (RM7.5 million for OML and RM57.5 million for Pacific), to be settled by the creation of indebtedness of RM65 million owing by BSB to OGSB. This indebtedness shall be settled by cash proceeds received from the sale of reclaimed land or units/buildings developed on reclaimed lands, beneficially owned by BSB, from time to time in the proportion of 30:70 whereby 30% from each cash proceeds will be paid to OGSB until full repayment of the purchase consideration of RM65 million. The acquisition was completed on 30 September 2010;
- (iii) Share Sale Agreement dated 5 October 2010 between the Leaw Brothers, Foo Polin and Benalec in relation to the acquisition by Benalec of 730,000 ordinary shares of RM10.00 each comprising the entire issued and paid-up share capital of BSB from the Leaw Brothers and Foo Polin for a purchase consideration of RM153,369,559.00, to be satisfied via the issuance of 613,478,236 new Shares in Benalec at an issue price of RM0.25 per Share;

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (iv) Share Sale Agreement dated 5 October 2010 and a Supplemental Share Sale Agreement dated 1 December 2010 between the Leaw Brothers and Benalec in relation to the acquisition of 1,000,000 ordinary shares of RM1.00 each comprising the entire issued and paid-up share capital of BenShip from the Leaw Brothers for a purchase consideration of RM3,678,253, to be satisfied via the issuance of 14,713,012 new Shares in Benalec at an issue price of RM0.25 per Share;
- (v) Share Sale Agreement dated 5 October 2010 between the Leaw Brothers and Benalec in relation to the acquisition of 200,000 ordinary shares of SGD1.00 each comprising the entire issued and paid-up share capital of Oceanliner for a purchase consideration of RM452,186.00, to be satisfied via the issuance of 1,808,744 new Shares in Benalec at an issue price of RM0.25 per Share; and
- (vi) Underwriting Agreement dated 6 December 2010 between the Company and AmlInvestment Bank as the Sole Underwriter for the underwriting of 43,000,000 Public Issue Shares ("Underwritten Shares") at an underwriting commission of 2% of the value of the total Underwritten Shares and upon the terms and conditions contained therein.

16.5 MATERIAL LITIGATION OR ARBITRATION

We have not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of our Group and the Directors do not know of proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of our Group.

16.6 REPATRIATION OF CAPITAL AND PROFITS

To the best knowledge of our Directors, there are no governmental laws, decrees, regulations or other legislation that may affect the repatriation of capital and the remittance of profit by or to our Group.

16.7 GENERAL INFORMATION

During the last financial year and the current financial year to date, there were no:-

- (i) public take-over offers by third parties in respect of our Company's shares; and
- (ii) public take-over offers by our Company in respect of other companies' shares.

16.8 CONSENTS

The written consent of the Principal Adviser, Sole Underwriter, Sole Placement Agent, Company Secretaries, Solicitors for the IPO, Principal Bankers, Share Registrars, Issuing House and Syariah Adviser to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

The written consent of the Reporting Accountants and Auditors to the inclusion in this Prospectus of their name, Accountants' Report, letters relating to the Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Independent Registered Valuers to the inclusion in this Prospectus of their names and the Valuation Certificate in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Market Research Consultants to the inclusion in this Prospectus of their name and the Independent Market Research Report in the form and context in which they are contained in this Prospectus, has been given before the issuance of this Prospectus and has not been subsequently withdrawn.

16.9 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of our Company during normal business hours for a period of twelve (12) months from the date of this Prospectus:-

- (i) The Memorandum and Articles of Association of our Company;
- (ii) The Directors' Report referred to in Section 13 of this Prospectus;
- (iii) The Accountants' Report as included in Section 11 of this Prospectus;
- (iv) The Reporting Accountants' letters relating to the Proforma Consolidated Financial Information as set out in Section 10.3 of this Prospectus;
- (v) The audited financial statements of our Company and our subsidiaries for the past three (3) financial years ended 30 June 2010;
- (vi) The Executive Summary of the Independent Market Research report as set out in Section 12 of this Prospectus and the full Independent Market Research report, both prepared by Frost & Sullivan;
- (vii) The ESOS By-Laws set out in Section 14 of this Prospectus;
- (viii) The material contracts referred to in Section 4.9(b) and 16.4 of this Prospectus;
- (ix) Valuation Reports prepared by Raine & Horne and its Valuation Certificate thereof as set out in Section 15; and
- (x) The letters of consent referred to in Section 16.8 of this Prospectus.

For information purposes, the agreements between the State Government of Melaka ("State Government") and HUSB and SOSB (the "Concessionaires") respectively ("State Agreements") as annexed in the agreements between BSB and the Concessionaires respectively which are set out in Section 4.9(b)(iii) and (v) have been excluded for inspection purposes pursuant to a waiver granted by the SC via its letter dated 24 November 2010 ("Waiver Letter").

16. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

The State Agreements contain a confidentiality clause which prohibits the Concessionaires to divulge to any other person any provision of the State Agreements or any documents referred to in the State Agreements, or any proprietary or confidential information required from each of the parties, unless such disclosure is required by law or any other regulatory authority to whom such information might normally be supplied or to enable any of the parties to perform its obligations under the State Agreements.

In this respect, the Concessionaires had on 24 September 2010 written to the State Government to explain that BSB, which the Concessionaires had engaged as contractor for the reclamation projects via sub-contracting agreements is proposing to list via its proposed holding company, Benalec, on the Main Market of Bursa Securities (the "Listing Exercise").

Pursuant to the Listing Exercise, the Company may be required to disclose information on inter-alia the reclamation projects and hence consent is required from the State Government. It was also mentioned in the letter that Benalec will seek a waiver to the requirement for making the State Agreements available for public inspection.

The State Government had reverted via its letter dated 5 October 2010 that the disclosure of the State Agreements is only restricted to the SC and not for public inspection.

The Concessionaires (on behalf of the Company) subsequently had a follow up meeting with the State Government to inform the State Government that certain information within the State Agreements will be included in the Prospectus and had explained the rationale of such appropriate disclosures in the Prospectus.

Subsequent thereto, the State Government had granted their consent on 7 October 2010 for certain information from the State Agreements to be included in the Prospectus.

Further, the Company had on 29 October 2010 written to the Concessionaires requesting them to write to the State Government to consider making available the State Agreements for public inspection and identifying the confidential and commercially sensitive information to be redacted. Subsequent thereto, the Concessionaires had on 2 November 2010 forwarded a reply from the State Government dated 1 November 2010 stating that the State Government considers all provisions in the State Agreements to be confidential and no provisions of the State Agreements are to be disclosed to any party without the consent of the State Government. Hence, the request for the consent of the State Government to making available the State Agreements for public inspection by the respective Concessionaires was rejected.

As such, any person who wishes to inspect the abovementioned State Agreements will have to, on their own, obtain prior written consent from the State Government of Melaka.

16.10 RESPONSIBILITY STATEMENTS

This Prospectus has been seen and approved by our Directors and Promoters and the Offerors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

AmInvestment Bank acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

17.1 OPENING AND CLOSING OF APPLICATIONS

Applications will be accepted from 10.00 a.m. on 28 December 2010 to 5.00 p.m. on 6 January 2011 or for such further period or periods as the Directors, Promoters and Offerors of our Company together with the Sole Underwriter in their absolute discretion may mutually decide. In the event that the closing date of the IPO is extended, the dates for the balloting, allotment of the IPO Shares and the Listing will be extended accordingly. Any extension of the abovementioned dates will be announced by way of advertisement in a widely circulated daily Bahasa Malaysia and English newspapers. Late applications will not be accepted.

17.2 METHODS OF APPLICATION

Application Form, Electronic Share Application and Internet Share Application.

17.3 PROCEDURES FOR APPLICATIONS

THE FOLLOWING RELEVANT APPLICATION FORMS ISSUED WITH THE NOTES AND INSTRUCTIONS PRINTED THEREIN ARE ENCLOSED WITH THIS PROSPECTUS AND ARE DEEMED TO FORM PART THEREOF:-

- (i) White Application Forms for the application of Malaysian public;
- (ii) Pink Application Forms for the application by eligible Directors, employees and business associates of our Group;

You can obtain White Application Forms together with copies of this Prospectus, subject to availability, from AmInvestment Bank, participating organizations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIH.

Pink Application Forms together with copies of this Prospectus will be sent out to eligible Directors, employees and business associates of our Group.

17.4 GENERAL CONDITIONS FOR APPLICATIONS

Applications shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.

(i) Application by Malaysian Public for Allocations via Balloting

Applications for the 36,500,000 Shares made available for applications by the Malaysian public must be made on the White Application Forms provided or by way of Electronic Share Application through a Participating Financial Institution's ATM or Internet Share Application through the Internet financial services website of the Internet Participating Financial Institutions. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

(ii) Application by Eligible Directors, Employees and Business Associates

Applications for the 6,500,000 Shares reserved for eligible Directors, employees and business associates of our Group must be made on the Pink Application Forms provided. The application must not be made on any other Application Form or by way of Electronic Share Application through a Participating Financial Institution's ATM or Internet Share Application through the Internet financial services website of the Internet Participating Financial Institutions.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(iii) Application by Selected Investors via Placement

Selected investors being allocated the 187,000,000 Shares under this category will be contacted directly by the Sole Placement Agent and are to follow the instructions as communicated by the Sole Placement Agent.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from AmInvestment Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIH.

The submission of an Application Form does not necessarily mean that the application will be successful.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the IPO Shares.

Only 1 Application Form from each applicant will be considered and applications must be for 100 ordinary shares or multiples thereof. Multiple applications will not be accepted. A person who submit multiple applications in his own name or by using the name of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 182 of the CMSA.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications must have a CDS account.

The amount payable in full upon application is RM1.00 per Share. Persons submitting applications by way of Applications Forms may not submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND NATIONAL REGISTRATION IDENTITY CARD (NRIC) NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

- (i) (a) THE APPLICANT'S NRIC;
 - (b) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR
 - (c) THE APPLICANT'S RESIT PENGENALAN SEMENTARA (JPN KP 09) ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (ii) THE RECORDS OF BURSA DEPOSITORY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS / HER AUTHORITY CARD.

IN THE CASE OF A CORPORATE / INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

No acknowledgement of the receipt of the Application Form or Application monies will be made by our Company and / or MIH.

17.5 APPLICATIONS USING APPLICATION FORMS**17.5.1 Terms and Conditions for Applications using the White and Pink Application Forms**

Applications by way of White and Pink Application Forms shall be made on, and subject to, the terms and conditions set out below:-

- (i) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (White Application Forms only).

Applicant who is an individual must have a correspondence address in Malaysia with CDS account (Pink Application Forms only).

- (ii) Applicants which are corporations / institutions incorporated in Malaysia must have a CDS account and be subject to the following:-

- a. If the corporation / institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
- b. There is majority of Malaysian citizens on the board of directors / trustee.

Applicants which are corporations / institutions incorporated outside Malaysia must have a CDS account and provide a correspondence address in Malaysia (Pink Application Forms only).

- (iii) Applicant which is a superannuation, co-operative, foundation, provident or pension fund must be established or operating in Malaysia and has a CDS account.

- (iv) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations / institutions referred to in Sections 17.5.1(ii) and (iii) above or the trustees thereof.

- (v) Application for the Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein is accompanied by this Prospectus. Applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible will not be accepted.

- (vi) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:-

- BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- ATM STATEMENT OBTAINED ONLY FROM:-
 - AFFIN BANK BERHAD;
 - ALLIANCE BANK MALAYSIA BERHAD;
 - AMBANK (M) BERHAD;
 - CIMB BANK BERHAD;
 - EON BANK BERHAD;
 - HONG LEONG BANK BERHAD;
 - MALAYAN BANKING BERHAD;
 - PUBLIC BANK BERHAD; OR
 - RHB BANK BERHAD

AND MUST BE MADE OUT IN FAVOUR OF "MIH SHARE ISSUE ACCOUNT NO. 507" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS / CASHIER'S ORDERS / MONEY ORDERS OR POSTAL ORDER / ATM STATEMENT / GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (vii) AN APPLICANT MUST STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO MIH / COMPANY.
- (viii) THE NAME AND ADDRESS OF THE APPLICANT MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER OR POSTAL ORDER OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.
- (ix) The Board reserves the right to require any successful applicant to appear in person at the registered office of MIH within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (x) MIH, on the authority of the Board reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (xi) MIH, on the authority of the Board reserves the right not to accept any Application or accept any Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (xii) Where an Application is not accepted or accepted in part only, the full amount or the balance of the Application monies, as the case may be, without interest, will be returned and despatched to the applicant within 10 Market Days from the date of the final ballot of the Applications lists by ordinary post at the applicant's address last maintained with Bursa Depository or where the application is not accepted due to the applicant not having provided a CDS account, to the address per the National Registration Identity Card or "Resit Pengenaln Sementara (JPN KP 09)" or any valid temporary identity document as issued by the National Registration Department from time to time at the applicant's own risk.
- (xiii) The applicant shall ensure that his / her personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his / her registered or correspondence address last maintained with Bursa Depository.
- (xiv) MIH, on the authority of the Board reserves the right to bank in all Application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by registered post.
- (xv) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-
- Malaysian Issuing House Sdn Bhd**
 Level 6, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor Darul Ehsan
 P.O. Box 8269
 Pejabat Pos Kelana Jaya
 46785 Petaling Jaya
- or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5.00 p.m. on 6 January 2011 or for such further period or periods as the Board, Promoters and / or Offeror of our Company together with the Sole Underwriter in their absolute discretion may mutually decide.
- (xvi) Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Shares.
- (xvii) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIH.

17.6 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

- (i) **Steps for Electronic Share Application through a Participating Financial Institution's ATM**
- (a) Applicant must have an account with a Participating Financial Institution (as detailed in Section 17.6(ii) below) and an ATM card issued by that Participating Financial Institution to access the account.
- (b) Applicant must have a CDS account.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) Applicant is to apply for the Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 17.6(ii) below under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-
- Personal Identification Number (PIN);
 - MIH Share Issue Account No. 507;
 - CDS Account Number;
 - Number of Shares, applied for and / or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

(ii) Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "Steps"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 17.6(i) above. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

Only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

The applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institutions. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip (Transaction Record), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIH. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the offer for the Application for the Shares, on 6 January 2011, at 5.00 p.m. ("Closing Date and Time"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Shares to MIH as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one Application. An applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the applicant making only one Application.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING CONDITIONS.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions set out below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (b) The applicant is required to confirm the following statement (by depressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
 - I have attained 18 years of age as at the Closing Date of the application for the IPO Shares;
 - I am a Malaysian citizen residing in Malaysia;
 - I have read the relevant Prospectus and understood and agreed with the terms and conditions of this Application;
 - This is the only Application that I am submitting; and
 - I hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to myself and my account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

The Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institution. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of the applicant's particulars to MIH, or any relevant regulatory bodies.

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE SHARES WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS OR VIA INTERNET SHARE APPLICATION.
- (d) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (e) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of Shares applied for as stated on the Transaction Record or any lesser number of Shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that our Company decides to allot or allocate any lesser number of Shares or not to allot or allocate any Shares to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of Shares applied for shall signify, and shall be treated as, his acceptance of the number of Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of our Company.
- (f) MIH, on the authority of our Directors reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Application. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies without interest into the applicant's account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within 2 Market Days after the balloting date. The applicants may check their accounts on the fifth Market Day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIH. A number of Applications will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies without interest will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants not later than 10 Market Days from the day of the final ballot of the Application list. Should applicants encounter any problems in their Applications, they may refer to the Participating Financial Institutions.

- (h) The applicant requests and authorises our Company:-
- to credit the Shares allotted or allocated to the applicant into the CDS account of the applicant; and
 - to issue share certificate(s) representing such Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (i) The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, MIH or the Participating Financial Institution, irrevocably agrees that if:-
- our Company or MIH does not receive the applicant's Electronic Share Application; or
 - data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIH,
- the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against our Company, MIH or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.
- (j) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and our Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) The applicant shall ensure that his personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, the applicant agrees that:-
- (a) in consideration of our Company agreeing to allow and accept the making of any Application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
 - (b) our Company, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by the applicant to subscribe for and purchase Shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said shares;
 - (d) the applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and / or other documents required for the issue or transfer of the Shares allotted or allocated to the applicant; and

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (m) our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and / or the Electronic Share Application and / or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (n) The Board reserves the right to require any successful applicant to appear in person at the registered office of MIH within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (o) MIH, on the authority of the Board reserves the right to reject applications which do not conform to these instructions.
- (p) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-
 - AFFIN BANK BERHAD; OR
 - AMBANK (M) BERHAD; OR
 - BANK MUAMALAT MALAYSIA BERHAD; OR
 - CIMB BANK BERHAD; OR
 - EON BANK BERHAD; OR
 - HSBC BANK MALAYSIA BERHAD; OR
 - MALAYAN BANKING BERHAD; OR
 - OCBC BANK (MALAYSIA) BERHAD; OR
 - PUBLIC BANK BERHAD; OR
 - RHB BANK BERHAD; OR
 - STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only)
- (q) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

17.7 APPLICATIONS USING INTERNET SHARE APPLICATION

(I) Steps for Internet Share Application

The exact steps for Internet Share Application in respect of the IPO Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for the IPO Shares via Internet Share Application may be as set out below. The steps set out the actions that the applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

YOU MUST HAVE A CDS ACCOUNT BEFORE YOU CAN MAKE ANY APPLICATION FOR THE IPO SHARES. PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the applicant has an account.
- (b) Login to the Internet financial services facility by entering the applicant's user identification and PIN / password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) By confirming such information, the applicant also undertakes that the following information given are true and correct:-
 - (i) The applicant has attained 18 years of age as at the Closing Date of the application for the IPO Shares;
 - (ii) The applicant is a Malaysian citizen residing in Malaysia;
 - (iii) The applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of this Prospectus, the contents of which the applicant has read and understood;
 - (iv) The applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the IPO shares;
 - (v) The Internet Share Application is the only application that the applicant is submitting for the IPO Shares;
 - (vi) The applicant authorises the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from the applicant's account with the Authorised Financial Institution;

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (vii) The applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and / or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share Application made by the applicant or the applicant's account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority;
- (viii) The applicant is not applying for the IPO Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus;
- (ix) The applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the IPO, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (i) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the IPO.
- (j) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
- (k) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (l) The applicant is advised to print out the Confirmation Screen for reference and retention.

(II) TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION

Applications for the IPO Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR THE IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Internet Participating Financial Institution

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:-

- CIMB Investment Bank Berhad at www.eipocimb.com; or
- CIMB Bank Berhad at www.cimbclicks.com.my; or
- Malayan Banking Berhad at www.maybank2u.com.my; or
- Affin Bank Berhad at www.affinOnline.com; or
- RHB Bank Berhad at www.rhbbank.com.my; or
- Public Bank Berhad at www.pbebank.com

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF THE IPO SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out herein:-

- (i) An applicant making an Internet Share Application shall:-
 - (a) be an individual with a CDS Account;
 - (b) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification (User ID) and Personal Identification Numbers (PIN) / password for the relevant Internet financial services facilities; and
 - (c) be a Malaysian citizen and have a mailing address in Malaysia.

Applicants are advised to note that a User ID and PIN / password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An Internet Share Application shall be made on and shall be subject to the terms of this prospectus and our Company's Memorandum and Articles of Association.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) The applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:-
- (a) The applicant has attained 18 years of age as at the date of the application for the IPO Shares;
 - (b) The applicant is a Malaysian citizen residing in Malaysia;
 - (c) The applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of this Prospectus, the contents of which the applicant has read and understood;
 - (d) The applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the IPO;
 - (e) The Internet Share Application is the only application that the applicant is submitting for the IPO Shares;
 - (f) The applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (g) The applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and / or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share application made by the applicant or the applicant's account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - (h) The applicant is not applying for the IPO Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (i) The applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the IPO, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (iv) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.
- For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of the applicant's Internet Share Application, including the number of IPO Shares applied for which can be printed out by the applicant for his records.
- Upon the display of the Confirmation Screen, the applicant shall be deemed to have confirmed the truth of the statements set out in Section 17.7(II)(iii) herein.
- (v) The applicant must have sufficient funds in the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (vi) The applicant irrevocably agrees and undertakes to subscribe for and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted to the applicant in respect of the Internet Share Application. In the event that our Company decides to allot any lesser number of such IPO Shares or not to allot any IPO Shares to the applicant, the applicant agrees to accept any such decision of our Company as final.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the applicant of the number of IPO Shares applied for (by way of the applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- (a) acceptance by the applicant of the number of IPO Shares that may be allotted or allocated to the applicant in the event that the applicant's Internet Share Application is successful or successful in part, as the case may be; and
 - (b) The applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.
- (vii) The applicant is fully aware that multiple or suspected multiple Internet Share Applications for the IPO Shares of our Company will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (viii) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within 2 Market Days after receipt of written confirmation from MIH.

MIH shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within 2 Market Days from the balloting date.

Where the Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution within 2 Market Days after receipt of written confirmation from MIH. A number of applications will however be held in reserve to replace any successfully balloted applications that are subsequently rejected. In respect of such applications that are subsequently rejected, the application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants within 10 Market Days from the day of the final ballot of the Applications list.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within 10 Market Days from the day of the final ballot of the Applications list.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Except where MIH is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, applicants are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of an applicant's Internet Share Application in order to determine the status or exact number of IPO Shares allotted, if any, before trading the IPO Shares on Bursa Securities.

- (ix) Internet Share Applications will be closed at 5.00 p.m. on 6 January 2011 or for such further period or periods as the Directors, Promoters and / or Offeror of our Company together with the Sole Underwriter in their absolute discretion may mutually decide. An Internet Share Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. Applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (x) The applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, our Company, MIH and / or the Internet Participating Financial Institution and / or the Authorised Financial Institution do not receive the applicant's Internet Share Application and / or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the applicant shall be deemed not to have made an Internet Share Application and the applicant shall have no claim whatsoever against our Company, MIH or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (xi) All particulars of the applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, MIH and all other persons who, are entitled or allowed under the law to such information or where the applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The applicant shall ensure that the personal particulars of the applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the applicant's Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to the applicant's address last registered with Bursa Depository. It is the responsibility of the applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the applicant's personal particulars that may occur from time to time.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (xii) By making and completing an Internet Share Application, the applicant is deemed to have agreed that:-
- (a) In consideration of our Company making available the Internet Share Application facility to the applicant, through the Internet Participating Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
 - (b) The applicant has irrevocably requested and authorised our Company to register the IPO Shares allotted to the applicant for deposit into the applicant's CDS Account;
 - (c) Neither our Company nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to MIH or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 3 herein or to any cause beyond their control;
 - (d) The applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the applicant's Internet Share Application by MIH, our Company and / or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and / or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (e) The acceptance of the offer made by the applicant to subscribe for the IPO Shares for which the applicant's Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on behalf of our Company and not otherwise, notwithstanding the receipt of any payment by or on behalf of our Company;
 - (f) The applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the applicant's Internet Share Application by our Company;
 - (g) In making the Internet Share Application, the applicant has relied solely on the information contained in this Prospectus. Our Company, the Sole Underwriter, the Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by the applicant in making the Internet Share Application;
 - (h) The acceptance of an applicant's Internet Share Application by our Company and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (xiii) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- (a) CIMB Investment Bank Berhad - RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
 - (b) CIMB Bank Berhad - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
 - (c) Malayan Banking Berhad - RM1.00;
 - (d) No fee will be charged by Affin Bank Berhad for applications by their account holders;
 - (e) RHB Bank Berhad – RM2.50; and
 - (f) Public Bank Berhad – RM2.00

17.8 APPLICATION AND ACCEPTANCE

MIH, on the authority of the Board reserves the right not to accept any Application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefor.

The submission of an Application Form does not necessarily mean that the Application will be successful.

ALL APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an over-subscription, acceptance of Applications by Malaysian public shall be subject to ballot to be conducted in the manner approved by the Directors of our Company and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the Shares, to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the shares of our Company. Pursuant to the listing requirements of Bursa Securities, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 1000 public shareholders holding not less than 100 shares each upon completion of the IPO and at the point of Listing. In the event that the above requirement is not met pursuant to the IPO, our Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner to be determined by the Directors of our Company.

In the event of an under-subscription by the eligible Directors, employees and business associates of our Group, such shares will be made available for Application by the Malaysian public.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Shares.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS REGISTERED WITH THE BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

MIH RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS WHOSE MONIES HAVE BEEN BANKED-IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION BY REGISTERED POST AT THE ADDRESS REGISTERED WITH THE BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

17.9 CDS ACCOUNTS

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the securities of our Company as Prescribed Securities. In consequence thereof, the Shares issued through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

Only an applicant who has a CDS account can make an Application by way of an Application Form. An applicant should state his CDS account number in the space provided on the Application Form and he / she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIH / our Company. Where an applicant does not presently have a CDS account, he / she should open a CDS account at an ADA prior to making an Application for the Shares.

In the case of an Application by way of Electronic Share Application, only an applicant who has a CDS Account can make an Electronic Share Application. The applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his/her CDS account number, MIH on the authority of our Company will reject the Application. MIH on the authority of the Directors of our Company also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

17.10 NOTICE OF ALLOTMENT

The Shares allotted to all successful or partially successful applicants will be credited to their respective CDS accounts. A notice of allotment will be despatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to the Listing of our Company. For Electronic Share Application or Internet Share Application, the notice of allotment will be despatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to the Listing of our Company. This is the only acknowledgement of acceptance of the Application.

All applicants must inform Bursa Depository of his / her updated address promptly by adhering to certain rules and regulation of Bursa Depository, failing which, the notification letter on successful allotment shall be sent to the applicant's address last maintained with Bursa Depository.

Applicants may also check the status of their application by logging on to the MIH website at www.mih.com.my or by calling their respective ADAs at the telephone number as stated in Section 17.11 by calling MIH at (603) 7841 8000 or (603) 7841 8289, between 5 to 10 Market Days (during office hours only) after the balloting date.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**17.11 LIST OF AUTHORISED DEPOSITORY AGENTS**

The list of the ADAs and their respective Broker codes are as follows:-

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR</u>		
A.A. ANTHONY SECURITIES SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No: 03-6201 1155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground Mezzanine & 3rd Floor Chulan Tower No. 3 Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-26976333	076-001
AmINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2078 2788	086-001
BIMB SECURITIES SDN BHD	32nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2691 8887	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2084 9999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1133	052-009
ECM LIBRA INVESTMENT BANK BERHAD	8, Bangunan ECM Libra Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.:03-2089 1888	052-001
HONG LEONG INVESTMENT BANK BERHAD	Level 8, Menara HLA No.3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
HWANGDBS INVESTMENT BANK BERHAD	Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan Kaskas, 5th Mile Cheras 56100 Kuala Lumpur Tel No.: 03-9130 3399	068-012
HWANGDBS INVESTMENT BANK BERHAD	7th, 22nd, 23rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2711 6888	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entreprenuer Park 58200 Kuala Lumpur Tel No.: 03-7981 8811	054-005
JUPITER SECURITIES SDN BHD	7th-9th Floor, Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2164 9080	073-001

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th - 14th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No: 03-2168 8800	053-001
M & A SECURITIES SDN BHD	Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, MaybanLife Tower Dalaran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No.2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50400 Kuala Lumpur Tel No.: 03-2173 8888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288 Jalan Raja Laut 50350 Kuala Lumpur Tel No.: 03-2691 0200	061-001
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	056-001
OSK INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No.: 03-6257 5869	056-028
OSK INVESTMENT BANK BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No. 03-4280 4798	056-054
OSK INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No. 03-9058 7222	056-058

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2031 3011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One, No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
SELANGOR DARUL EHSAN		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	028-003
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003
CIMB INVESTMENT BANK BERHAD	Ground Floor Tropicana City Office Tower 3 Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03 7717 3319	065-009
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7724 6888	066-002

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010
INTER-PACIFIC SECURITIES SDN BHD	No. 77 & 79, Jalan 2/3A Pusat Bandar Utara KM12, Jalan Ipoh Selayang 68100 Batu Caves Selangor Darul Ehsan Tel No.: 03-6137 1888	054-006
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	13th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7956 2169	073-005
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma UEP Pusat Pemiagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1682	073-006
KENANGA INVESTMENT BANK BERHAD	Suite 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3005 7550	073-007

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mulia Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	056-048
OSK INVESTMENT BANK BERHAD	3rd Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8023 6518	056-063
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2 nd Floor, Wisma TA 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 5713	058-007
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-289 8800	065-006
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-288 1720	052-008
ECM LIBRA INVESTMENT BANK BERHAD	22A & 22A - 1 and 26 & 26 - 1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-337 2550	052-016
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No.: 06-337 1533	012-001
MERCURY SECURITIES SDN BHD	No. 81B & 83B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-292 1898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-282 5211	056-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No.: 06-286 6008	064-006
RHB INVESTMENT BANK BERHAD	Lot 7-13 & 15, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No.: 06-283 3622	087-002

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
PERAK DARUL RIDZUAN		
A.A. ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 2328	078-009
CIMB INVESTMENT BANK BERHAD	Ground, No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-208 2688	065-010
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-242 2828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-622 2828	052-006
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1, 2 & 3 No. 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-806 6688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-255 9988	068-015
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-253 0888	066-003
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-241 9800	057-001
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor) Level 1 & 2 No. 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-245 3400	098-002
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-241 5100	056-002

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 6498	056-014
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-692 1228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-808 8229	056-034
OSK INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651261	056-044
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-717 0888	056-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-253 1313	058-001
PULAU PINANG		
A.A. ANTHONY SECURITIES SDN BHD	1 st , 2nd & 3rd Floor Bangunan Heng Guan 171, Jalan Burmah 10050 Pulau Pinang Tel No.: 04-229 9318	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1st Floor No. 2, Jalan Pemiagaan 2 Pusat Pemiagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-554 1388	078-003
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebuhraya Light 10200 Penang Tel No.: 04-261 1688	076-015

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-226 1818	086-004
CIMB INVESTMENT BANK BERHAD	Ground Floor, Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2385900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No.: 04-228 1868	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-228 3355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang No. 60, Green Hall 10200 Pulau Pinang Tel No.: 04-263 6996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No.2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-537 2882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No.: 04-269 0888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP No. 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-210 6666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No.: 04-332 2123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No.: 04-263 9118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No.: 04-263 4222	056-004

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No.: 04-390 0022	056-005
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-540 2888	056-015
OSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-583 1888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-640 4888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-227 3000	064-004
PERLIS INDRA KAYANGAN		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No.: 04-976 5200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No.: 04-979 3888	056-061
KEDAH DARUL AMAN		
A.A. ANTHONY SECURITIES SDN BHD	Lot 4, 5 & 5A 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-732 2111	078-007
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-425 6666	068-011

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-731 7086	076-004
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-420 4888	056-017
OSK INVESTMENT BANK BERHAD	No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim, Kedah Darul Aman Tel No.: 04-496 4888	056-019
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-720 9888	056-021
NEGERI SEMBILAN DARUL KHUSUS		
ECM LIBRA INVESTMENT BANK BERHAD	1C-1 & 1D-1, 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-765 5998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-761 2288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-764 1641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-442 1000	056-037
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Pemiagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3011	056-040

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-646 1234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-762 3131	064-002
JOHOR DARUL TAKZIM		
A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7 Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-333 2000	078-001
A. A. ANTHONY SECURITIES SDN BHD	42-8, Main Road, Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-663 7398	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3218	078-006
A.A. ANTHONY SECURITIES SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-512 1633	078-008
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-771 7922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-434 2282	086-002
AMINVESTMENT BANK BERHAD	18th & 31st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-334 3855	086-006

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 2222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor, No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-467 8885	052-005
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-223 1211	054-004
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-222 2692	068-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-333 3600	073-004
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-557 7628	056-029
KENANGA INVESTMENT BANK BERHAD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No.: 06-954 2711	073-008
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-933 3515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-777 1161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 2292	073-011

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-331 6992	093-005
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-222 7388	061-002
OSK INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua No. 8, Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-278 8821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-438 0288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 8262	056-025
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-932 1543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No.: 07-776 9655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-662 6288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 7180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 & 4 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-925 6881	056-039

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 1 & 1-01, Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-352 2293	056-043
PM SECURITIES SDN BHD	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3232	064-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-433 3608	064-008
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-566 0800	076-002
CIMB INVESTMENT BANK BERHAD	Ground 1 st & 2 nd No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-505 7800	065-007
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-517 1698	052-007
OSK INVESTMENT BANK BERHAD	B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-517 3811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-223 4943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-491 4913	056-041

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KELANTAN DARUL NAIM		
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 0077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 2288	058-004
TERENGGANU DARUL IMAN		
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-623 8128	021-001
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jemeh 20300 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-631 7922	076-009
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor, 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-858 3109	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-626 1816	056-055
SARAWAK		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 606	065-004

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
CIMB INVESTMENT BANK BERHAD	No.6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-236 999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-012
OSK INVESTMENT BANK BERHAD	Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No.: 082-422 252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98008 Miri Sarawak Tel No.: 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor & 1st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No.: 084-654 100	056-050

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground Floor No. 177, Taman Sri Dagang 97000 Bintulu Sarawak Tel No.: 086-311 770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I, Jalan Kampung Datu 96000 Sibu Sarawak Tel No.: 084-319 998	056-002
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058-006
SABAH		
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-005
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	056-010
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No.: 089-229 286	056-057