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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
Lingkarān 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, Lingkarān 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)
22nd 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.

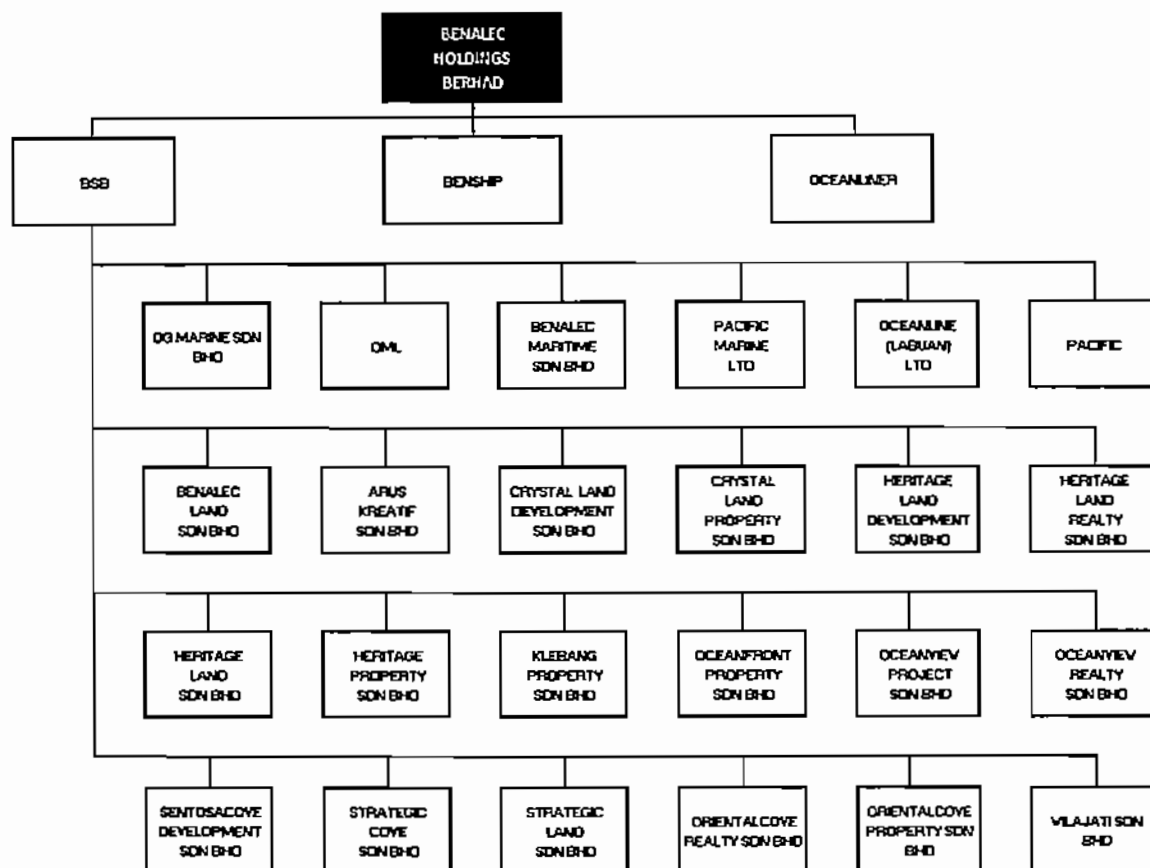
We also established a number of subsidiaries to serve as registered owners for our charter vessels in Malaysia and Singapore for better risk and fleet management. In addition, Benalec has also established a number of subsidiaries to serve as registered owners for the Land Portion. Such an arrangement 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
<u>Promoters and Substantial Shareholders</u>	
Oceancove	Promoter and substantial shareholder
Leaw Seng Hai	Group Managing Director
Datuk Leaw Tua Choon	Non-Independent Executive Director
Leaw Ah Chye	Non-Independent Executive Director
Foo Polin	Promoter and substantial shareholder
Oceanview	Substantial shareholder
<u>Directors</u>	
Aznam Bin Mansor	Independent Non-Executive Chairman
Leaw Seng Hai	Group Managing Director
Datuk Leaw Tua Choon	Non-Independent Executive Director
Leaw Ah Chye	Non-Independent Executive Director
Wong Yoke Nyen	Independent Non-Executive Director
Koo Hoong Kwan	Independent Non-Executive Director
<u>Key Management</u>	
Kenneth Chin Kah Kiong	Chief Financial Officer
Bernard Boey Weng Onn	Chief Operating Officer
Swee Ching Lai	General Manager, Projects & Contracts
Norazira Binti Saidun	Senior Quantity Surveyor
Koid Heng Hua	Senior Project Manager
Mohd Jailani Bin Nayan	Senior Site Surveyor
Cheong Yew Huat	Shipyard Manager
Saman @ Sulaiman Bin Awang Jaafar	Group Dredge Master

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)

2.3.2 Offer for Sale

Concurrent with the Public Issue, the Offerors will offer for sale 130,000,000 Shares, representing approximately 17.81% of our enlarged issued and paid-up share capital at the offer price of RM1.00 per Share, payable in full on application upon such terms and conditions as set out in this Prospectus. A total of 73,000,000 Offer Shares and 57,000,000 Offer Shares will be allocated for Bumiputera investors approved by MITI and by way of private placement to selected investors respectively.

Details of the Offerors are set out below:-

Offerors	Address	Relationship with Our Group	Shareholdings before the IPO ⁽¹⁾		Offer Shares		Shareholdings after the IPO ⁽²⁾						
			Direct		Indirect		No. of Shares	% Before IPO ⁽¹⁾	No. of Shares	% Direct	Indirect		
			No. of Shares	%	No. of Shares	%					No. of Shares	%	
Leaw Seng Hai	No. 2458K, Taman Lumba Kuda 05250 Alor Setar Kedah Darul Aman	Promoter, substantial shareholder and Director	69,519,124	11.03	⁽⁴⁾ 420,000,000	66.67	43,035,649	6.83	5.90	26,483,475	3.63	⁽⁴⁾ 420,000,000	57.53
Leaw Chye	No. 2405, Lebuhraya Darulaman 05100 Alor Setar Kedah Darul Aman	Promoter, substantial shareholder and Director	56,108,193	8.90	⁽³⁾⁽⁴⁾ 420,000,000	66.67	34,733,643	5.51	4.76	21,374,550	2.93	⁽³⁾⁽⁴⁾ 420,000,000	57.53
Daluk Leaw Tua Choon	52, Jalan AP 5 Alai Perdana 75460 Alai Melaka	Promoter, substantial shareholder and Director	55,350,947	8.79	⁽³⁾⁽⁴⁾ 420,000,000	66.67	34,264,872	5.44	4.69	21,086,075	2.89	⁽³⁾⁽⁴⁾ 420,000,000	57.53
Foo Polin	Flat L, 24 Redan Place London W2 4SA United Kingdom	Promoter and substantial shareholder	29,021,736	4.61	⁽³⁾ 420,000,000	66.67	17,965,836	2.85	2.46	11,055,900	1.51	⁽³⁾ 420,000,000	57.53
Ocean Cove ⁽⁴⁾	502A, Jalan Pindu Sepuluh 05100 Alor Setar Kedah Darul Aman	Promoter and substantial shareholder	420,000,000	66.67	-	-	-	-	-	420,000,000	57.53	-	-
TOTAL			630,000,000	100.00			130,000,000	20.63	17.81	500,000,000	68.49		

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.

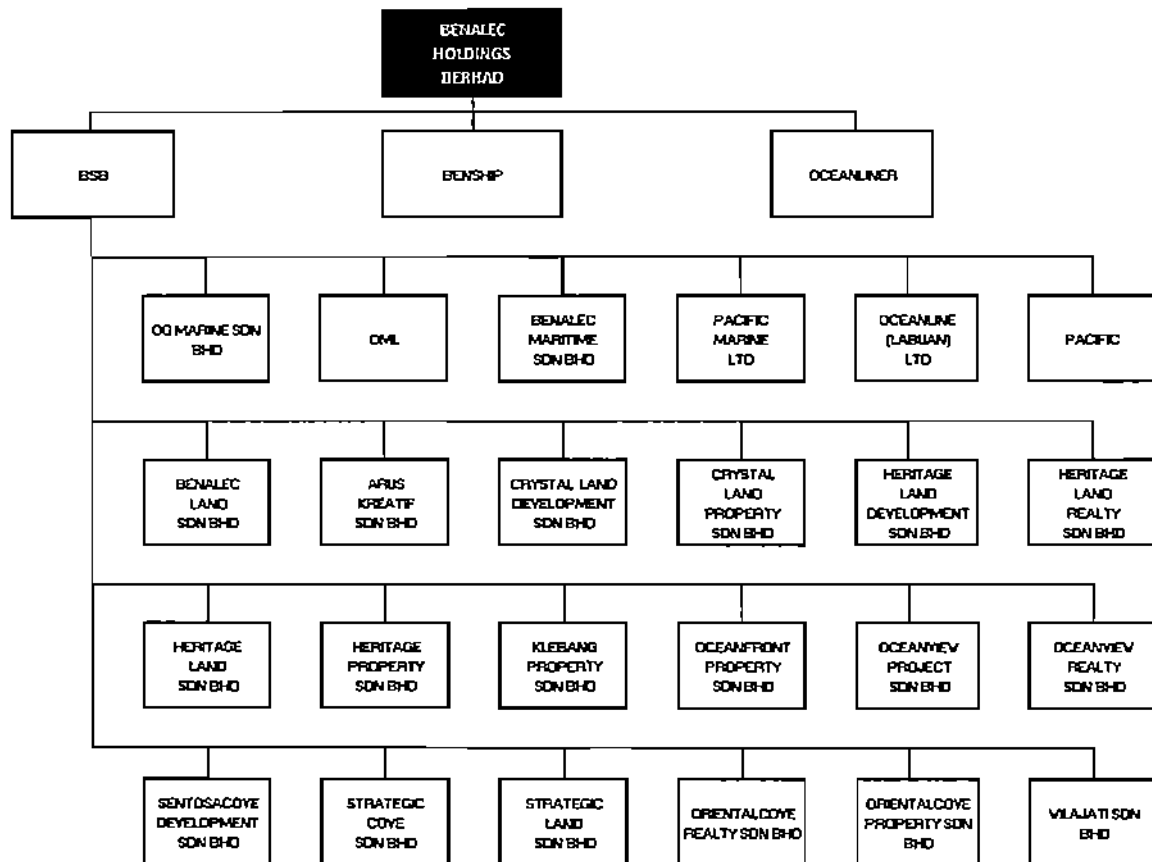
4. INFORMATION ON OUR GROUP (Cont'd)

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
Wilajali 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.

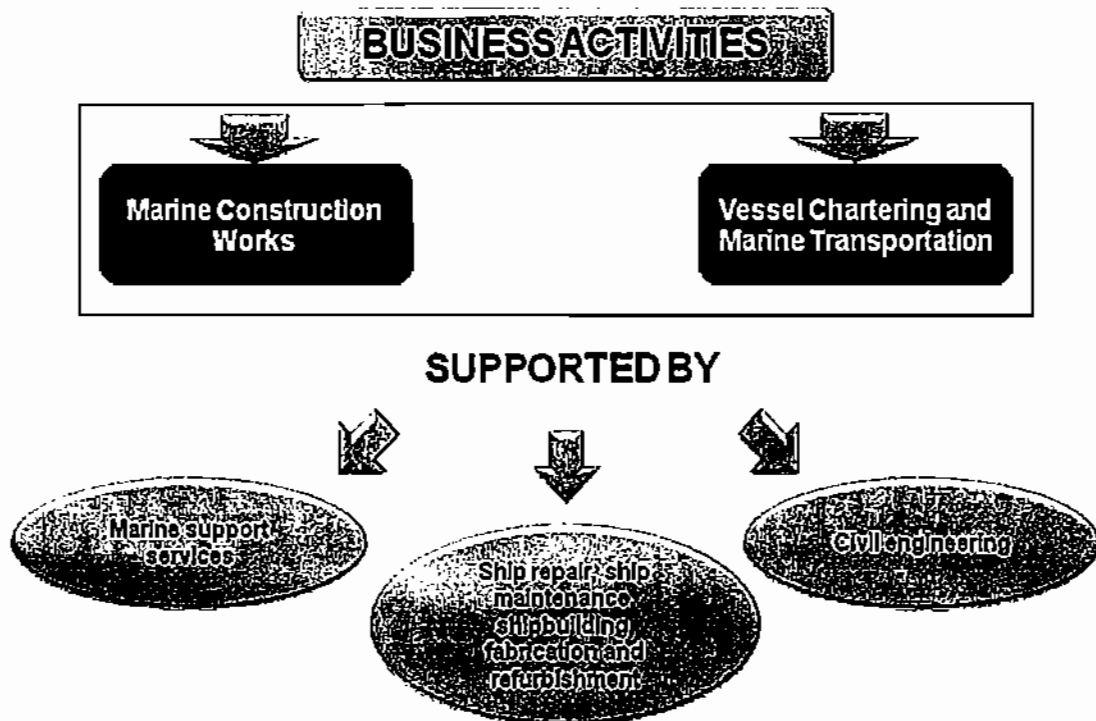
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4. INFORMATION ON OUR GROUP (Cont'd)

4.2 OUR BUSINESS

4.2.1 Overview of business activities

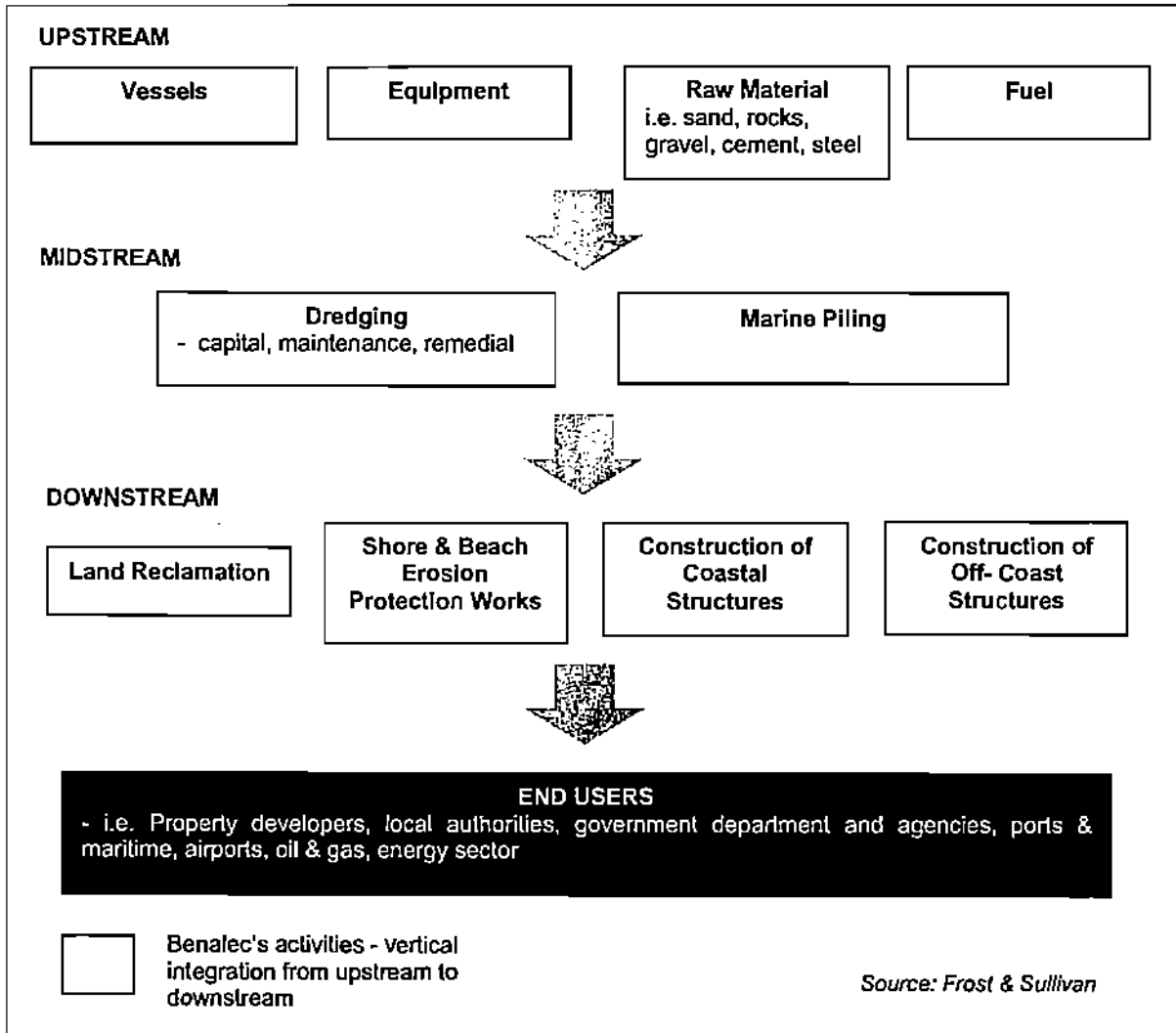
Our business activities are depicted as follows:-



Principal Activities	Description
Marine Construction services	Our marine construction services include the following: - <ul style="list-style-type: none"> 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)

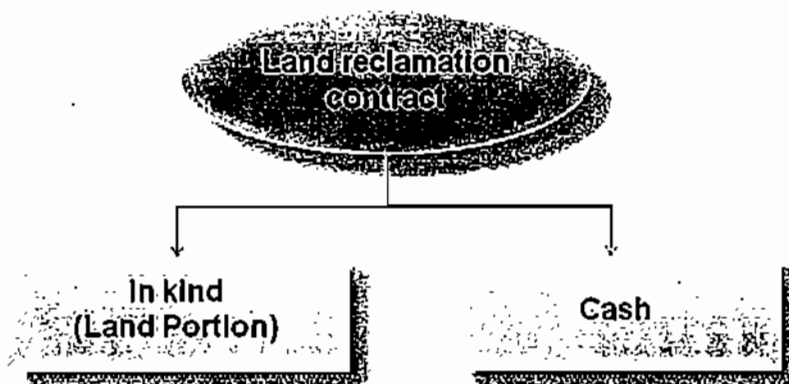
As a result of our Group's expansion over the years, it is now one of the few local companies capable of providing integrated one-stop marine construction and civil engineering services, as depicted in the chart below: -



(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

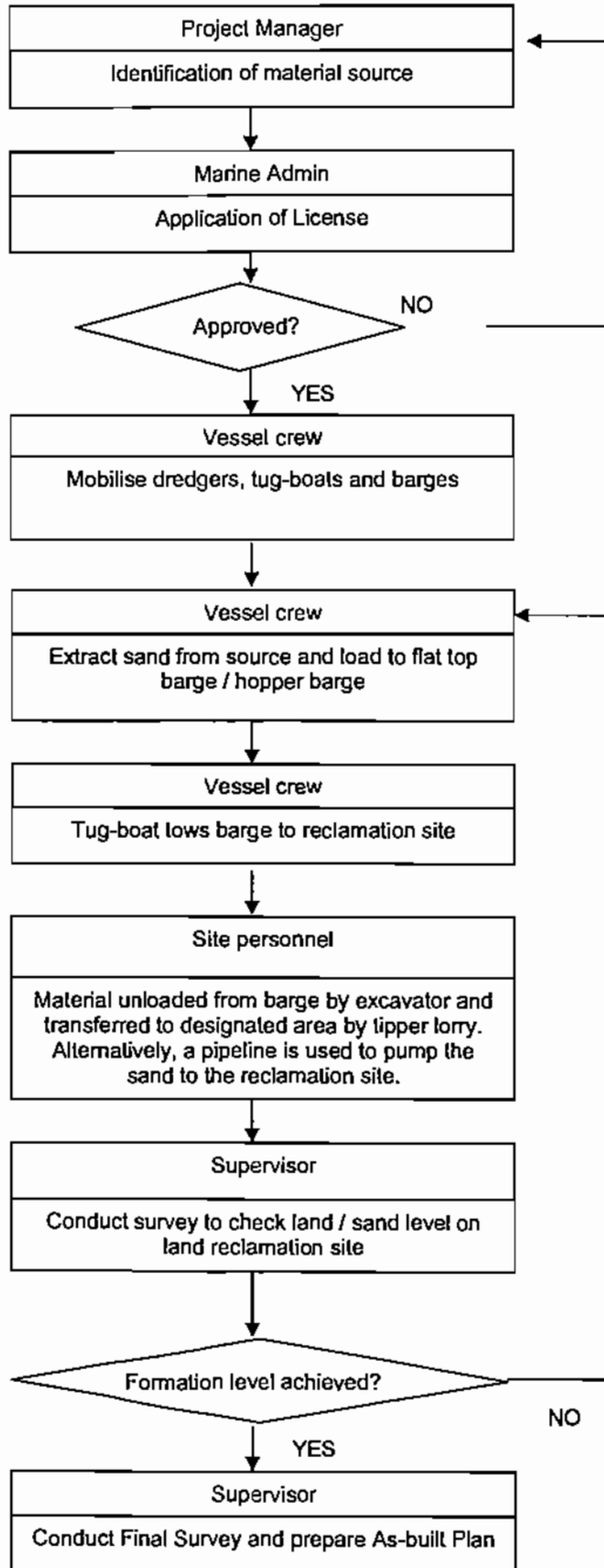
Our land reclamation activities mainly comprise the following key elements: -

- 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



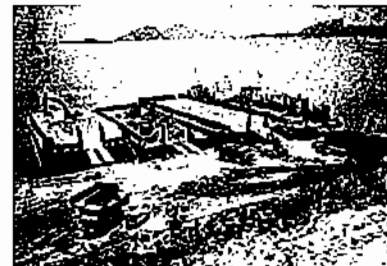
In respect of reclamation works, sand needs to be dredged and transported to the reclamation site. Please refer to **Dredging Process** below for some of the dredging methods employed by the Group.

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

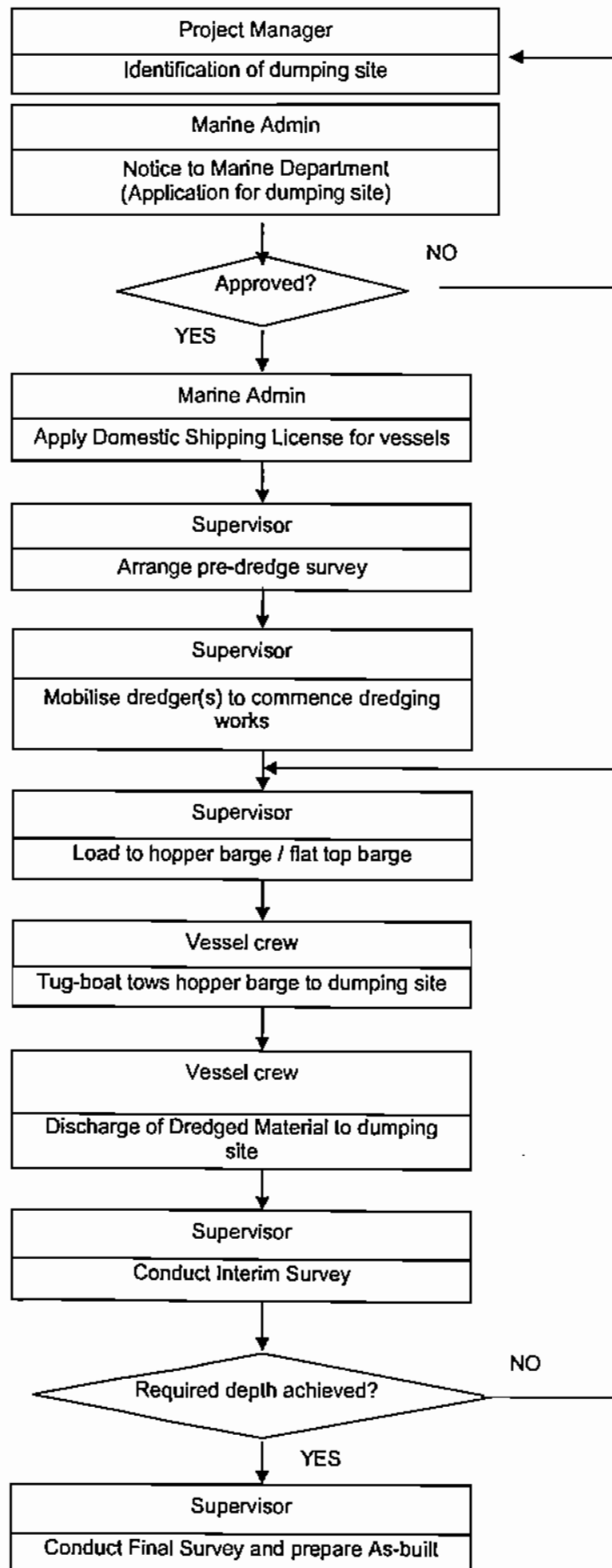
Our dredging activities can be broadly categorised into dredging works for: -

- 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.

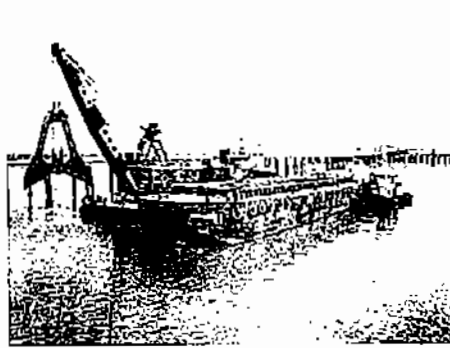
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4. INFORMATION ON OUR GROUP (Cont'd)

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.

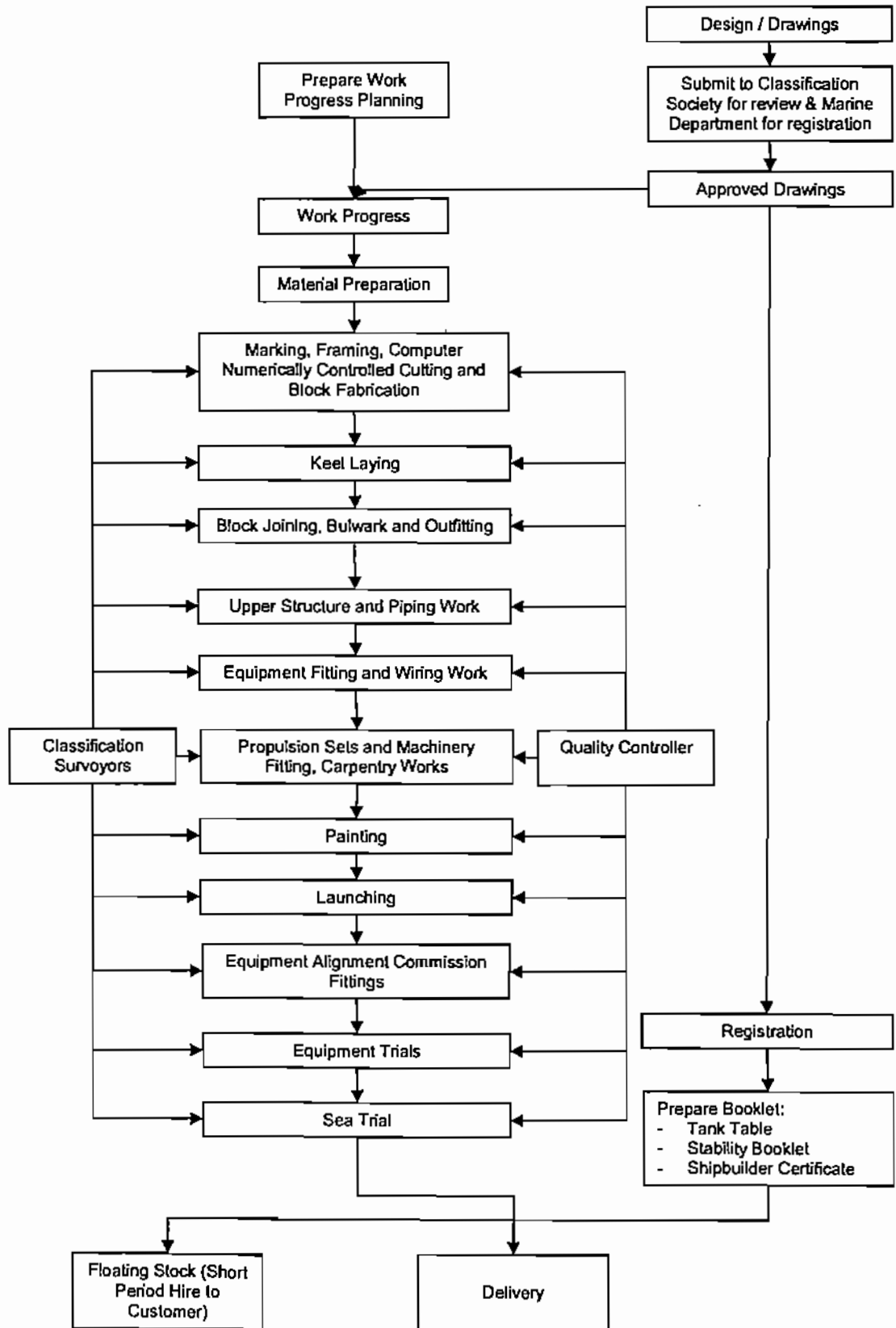
Ship building

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: -



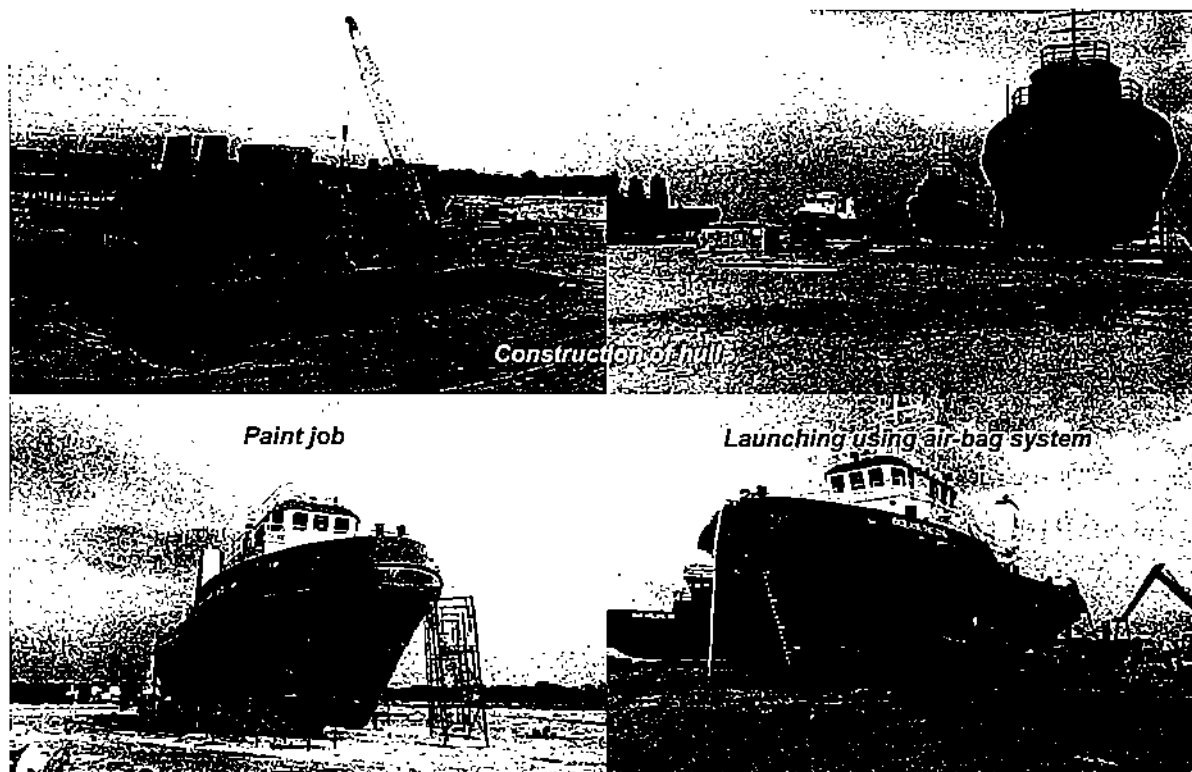
4. INFORMATION ON OUR GROUP (Cont'd)

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
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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-kerja "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	Ultra 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.

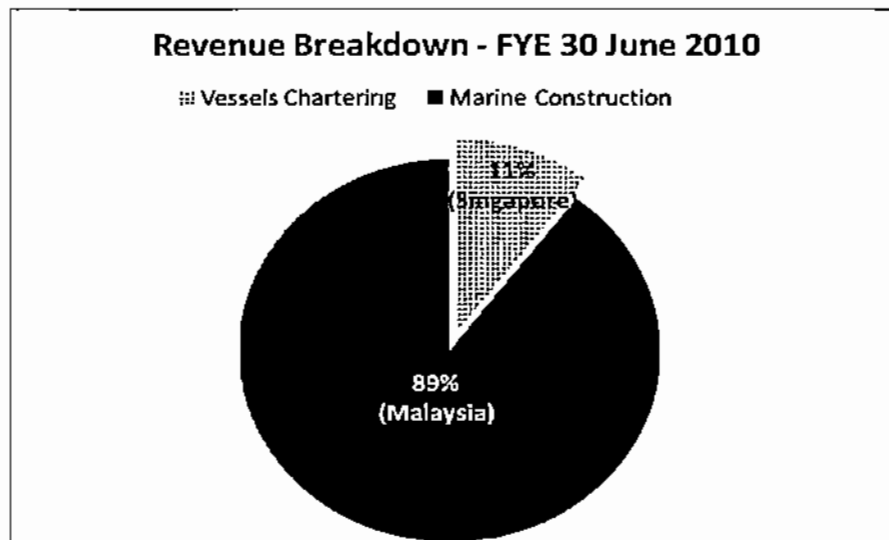
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4. INFORMATION ON OUR GROUP (Cont'd)

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
BSB	Confirmation of Registration No. 19610125-KD006937 as Grada 7 contractor under the approved category of B04, CE06, CE03 and CE 21	A125491	<u>Issue Date:</u> 13 August 2008 <u>Validity Period:</u> 27 September 2008 – 26 September 2011	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>	<p>BSB had on 10 December 2010 informed PKK of the changes to the information submitted by BSB.</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. 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	LFAU/190	<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.	LFA	1. OML is required to: - (a) make payment of licence fee of RM40,000 by way of bank draft / cheque drawn in favour of LFA; (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 LFA 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.	LFA	1. Pacific is required to: - (a) make payment of licence fee of RM40,000 by way of bank draft / cheque drawn in favour of LFA; (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, LFA 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.

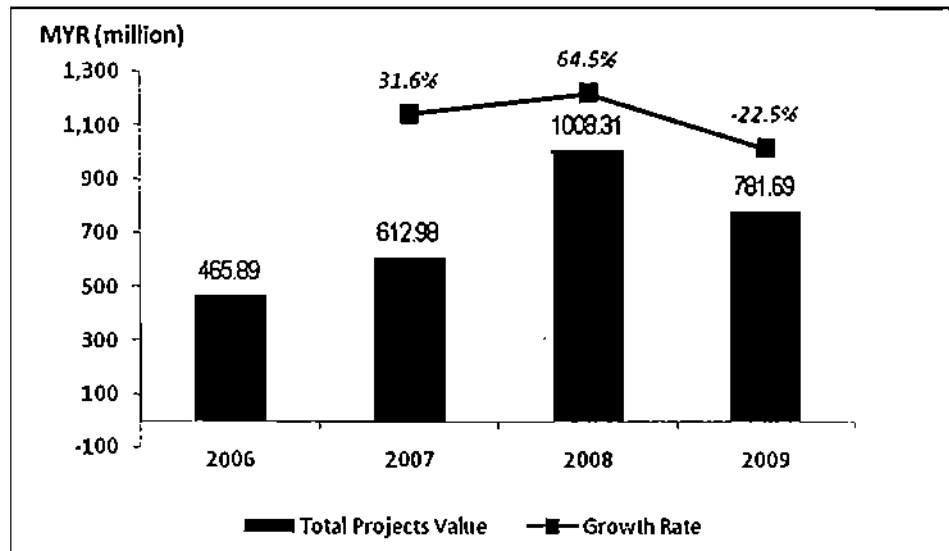
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4. INFORMATION ON OUR GROUP (Cont'd)

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.

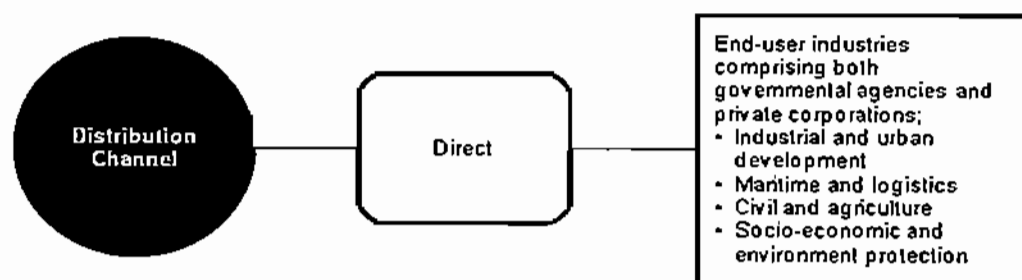
Apart from that, we also undertake the following strategies in identifying business opportunities: -

- 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.

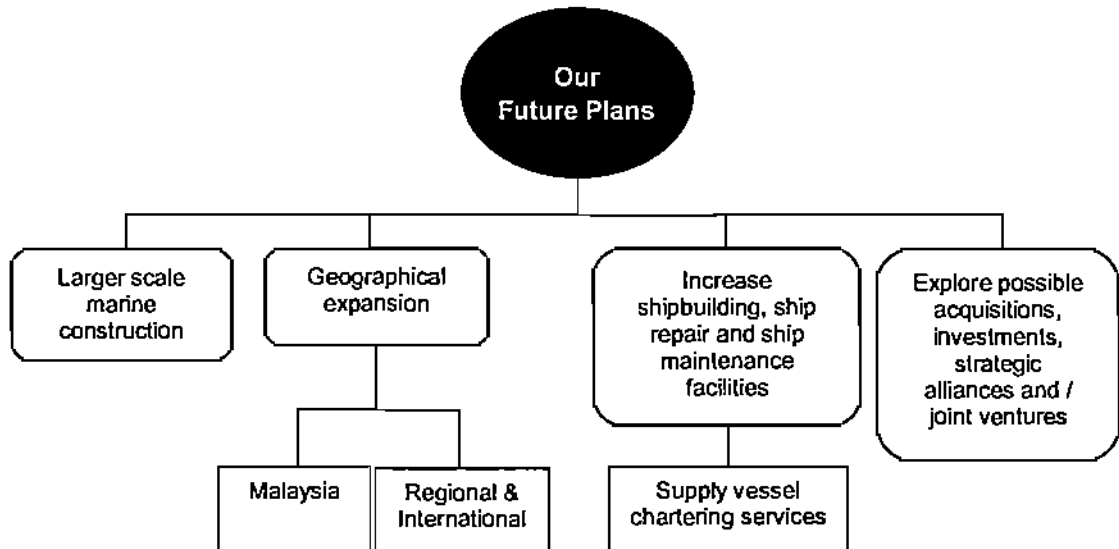
Our Board is of the opinion that we are not dependent on any single supplier or sub-contractor.

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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.

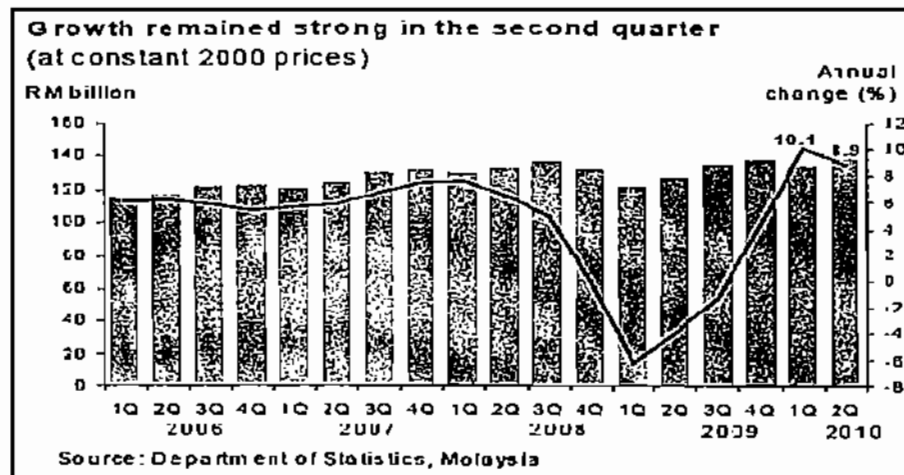
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5. INDUSTRY OVERVIEW

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

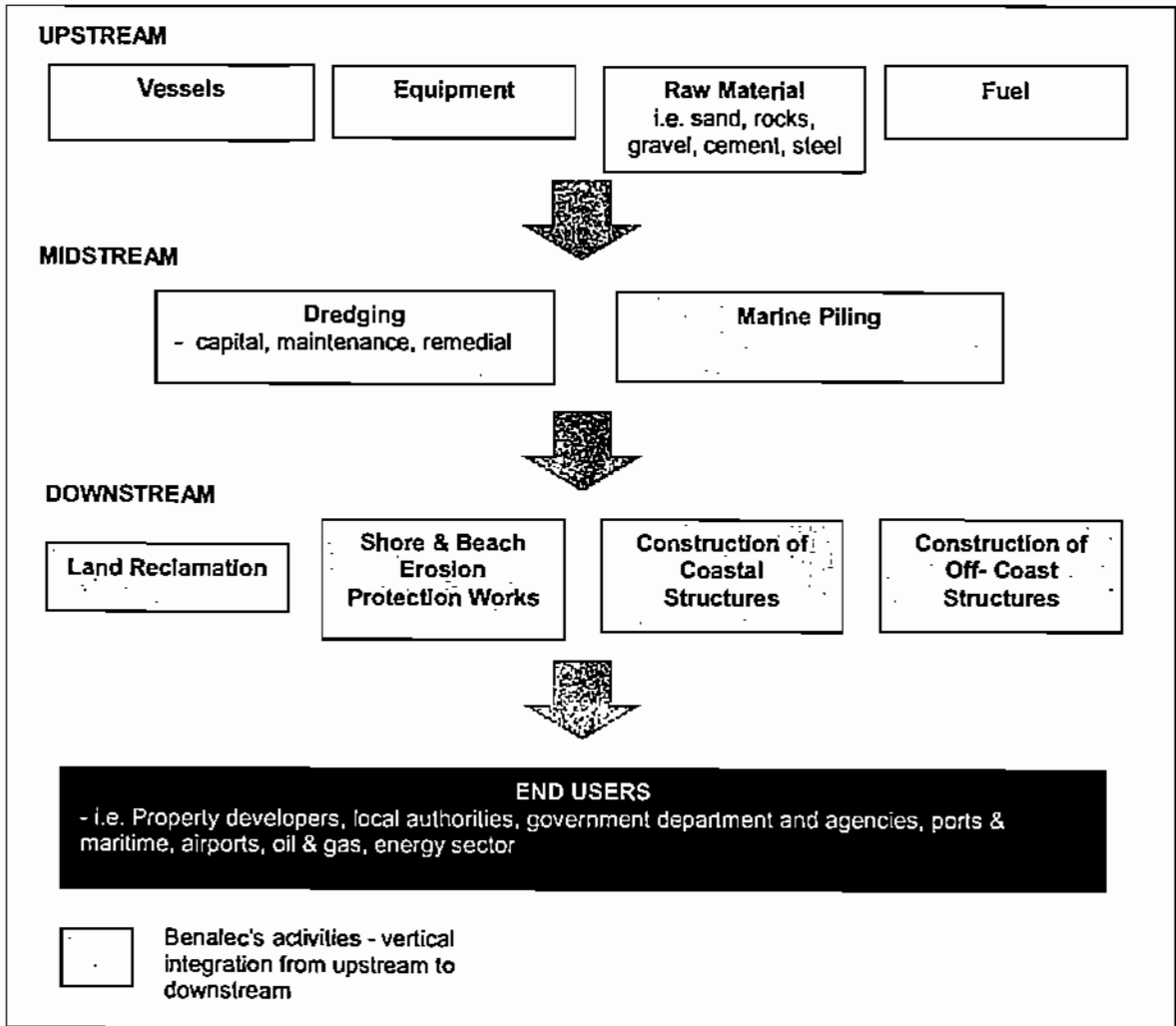
The marine construction value chain can be segmented into upstream, midstream and downstream activities. The upstream segment refers to the supply of vessels (i.e. tugboats and barges), equipment (i.e. dredgers, piling systems), raw materials (i.e. sand, rocks, gravel, cement and steel), and fuel (i.e. 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

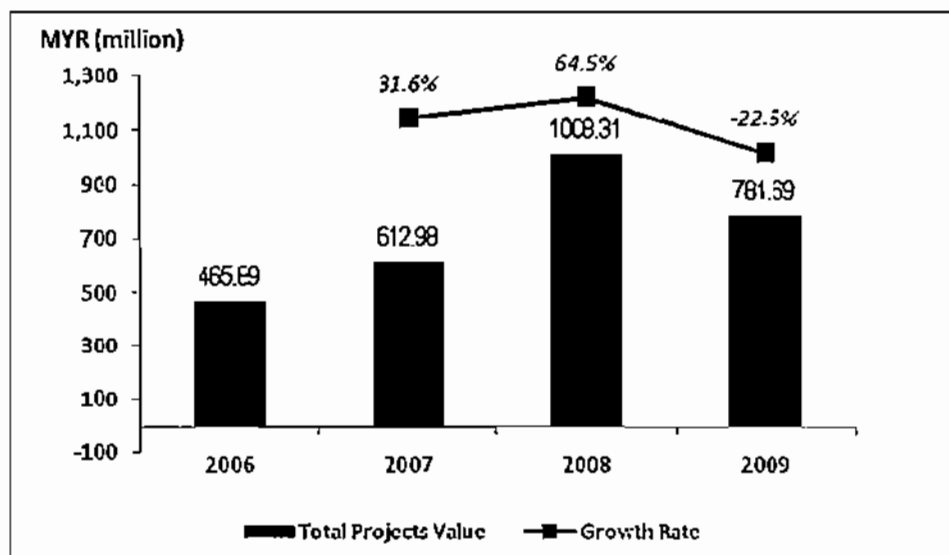
(i) Past Performance of the Marine Construction Industry in Malaysia

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.

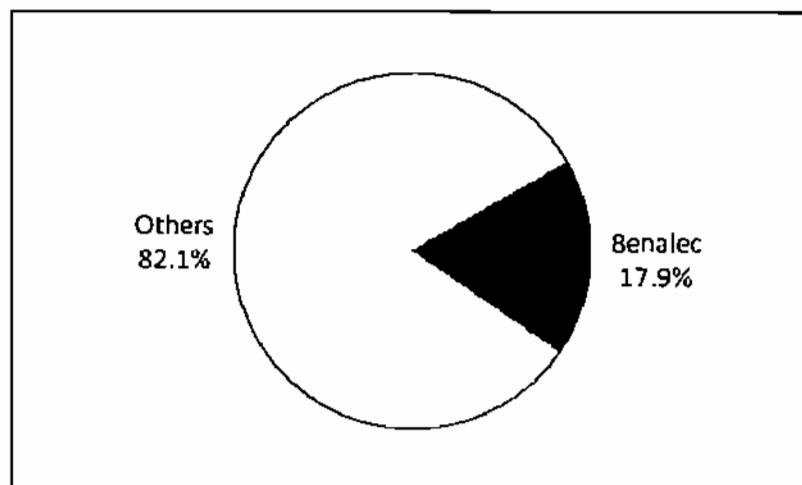
5. INDUSTRY OVERVIEW (Cont'd)

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	Indirect
Promoters and Substantial Shareholders					
Oceancove ⁽³⁾	Malaysia	420,000,000	-	420,000,000	-
Leaw Seng Hai	Malaysian ⁽³⁾	69,519,124	⁽⁶⁾ 420,000,000	26,483,475	⁽⁶⁾ 420,000,000
Leaw Ah Chye	Malaysian	56,108,193	⁽⁴⁾⁽⁶⁾ 420,000,000	21,374,550	⁽⁴⁾⁽⁶⁾ 420,000,000
Datuk Leaw Tua Choon	Malaysian	55,350,947	⁽⁴⁾⁽⁶⁾ 420,000,000	21,086,075	⁽⁴⁾⁽⁶⁾ 420,000,000
Foo Polln	Malaysian	29,021,736	⁽⁴⁾ 420,000,000	11,055,900	⁽⁴⁾ 420,000,000
Oceanview	Malaysia	-	⁽⁴⁾ 420,000,000	-	⁽⁴⁾ 420,000,000

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) 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	neg
Bernard Boey Weng Onn	Chief Operating Officer	39	-	-	⁽³⁾ 10,000	neg
Swee Ching Lai	General Manager, Projects & Contracts	35	-	-	⁽³⁾ 10,000	neg
Norazira Binti Saidun	Senior Quantity Surveyor	30	-	-	⁽³⁾ 10,000	neg
Koid Heng Hua	Senior Project Manager	45	-	-	⁽³⁾ 10,000	neg
Mohd Jallani Bin Nayan	Senior Site Surveyor	46	-	-	⁽³⁾ 10,000	neg
Cheong Yew Hual	Shipyard Manager	38	-	-	⁽³⁾ 10,000	neg
Samam Sulaiman Awang Jaafar	Group Dredge Master	60	-	-	⁽³⁾ 10,000	neg

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 Pendang 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, BRSB, 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	

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 Cilbank 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 (Tonne)	Proforma NBV as at 30 June 2010 (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)
(CIVIL & MARINE ENGINEERING SPECIALIST)

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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

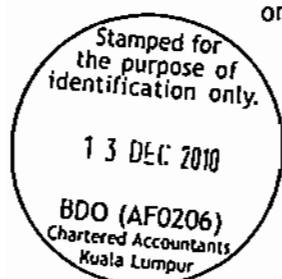
The Company undertake a subdivision of every one (1) ordinary share of RM1.00 each into four (4) subdivided shares of RM0.25 each in the Company.

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.

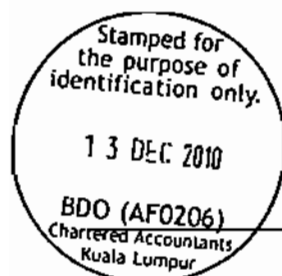
1.4.4 Offer for Sale

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

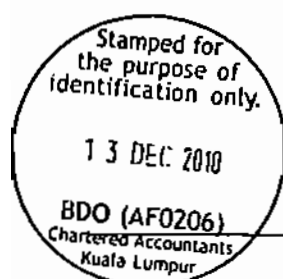
- (a) The number of shares of the Company assumed in issue is derived after Internal Restructuring, Subdivision, and Acquisitions of Subsidiaries.
- (b) The GP margin is computed by dividing the gross profit over revenue earned in the respective financial years.
- (c) The profit before tax margin is 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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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)

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				
Deferred tax liabilities	-	-	10,706	10,706
Borrowings	-	-	40,569	40,569
Amount owing to related parties	-	-	4,222	4,222
	-	-	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

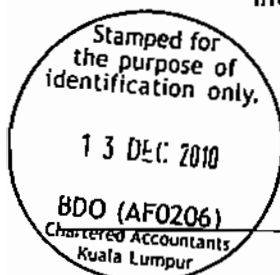
- (a) On 17 September 2010, Oceanliner Pte. Ltd. ("Oceanliner") entered into a Purchase Agreement with Oceanlec Pte. Ltd. ("Oceanlec") to acquire 11 vessels held by Oceanlec ("Oceanlec Vessels") for a total consideration of SGD28,000,000 (equivalent to approximately RM65,212,000 at the exchange rate 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 Information3. 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 Information****3. 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**

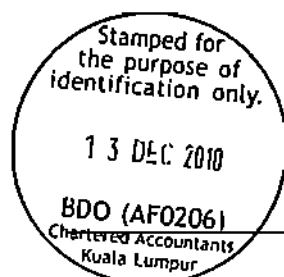
The movements of property, plant and equipment are as follows:

	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

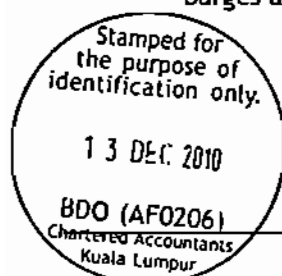
	As at 30 June 2010 RM'000
Net carrying amount	
Barges and dredger	205,203
Furniture and fittings	216
Freehold land and buildings	4,635
Prepaid land lease payments	4,959
Motor vehicles	2,565
Plant and machinery	3,723
Tools and office equipment	930
	222,231

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

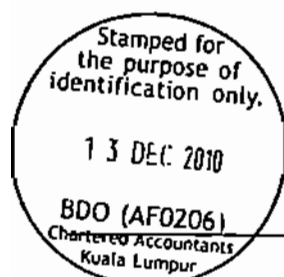
	As at 30 June 2010 RM'000
At cost	
Quoted shares in Malaysia	40
Unit trust quoted in Malaysia	109
Unquoted shares	22
	<hr/>
	171
	<hr/>
Market value of:	
- Quoted shares in Malaysia	42
- Unit trust quoted in Malaysia	109
	<hr/>

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)

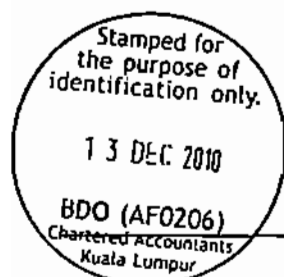
Benalec Holdings Berhad (Company No. 702653-V)
Proforma Consolidated Financial Information

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



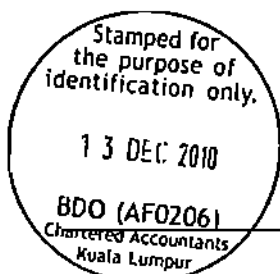
10. FINANCIAL INFORMATION (Cont'd)

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	<u>27,269</u>

The remaining useful life of the leasehold land ranges from 93 to 95 years.

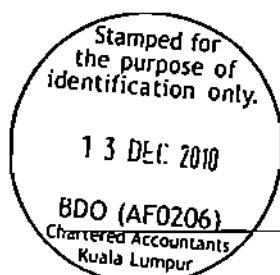
3.2.7 FIXED DEPOSITS AND BANK BALANCES

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'000
Ringgit Malaysia	97,041
Singapore Dollar	9,042
United States Dollar	<u>3,799</u>
	<u>109,882</u>



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

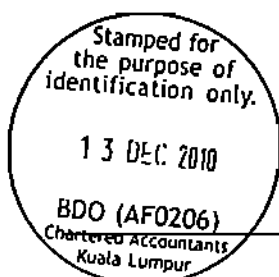
3.2.9 SHARE PREMIUM

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

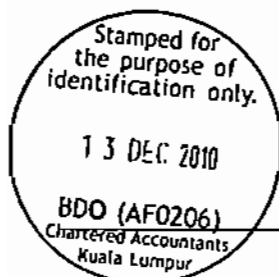
	As at 30 June 2010 RM'000
Issued capital of accounting acquirer, BSB	7,300
Cost of business combination	<u>(1) -</u>
BSB Group after incorporating Benalec	7,300
Share capital issued arising from shares issued by Benalec, legal acquirer	<u>(153,370)</u>
Balance in reserve arising from reverse acquisition	<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	<u>4,222</u>
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
	<u>106,083</u>
	<u>172,520</u>

- (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
	<u>176,742</u>



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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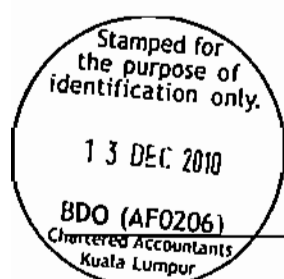
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BDO (AF0206)
Chartered Accountants
Kuala Lumpur

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

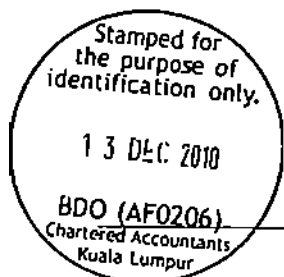
Approved and adopted by the Board of Directors in accordance with a resolution dated 13 December 2010.



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.