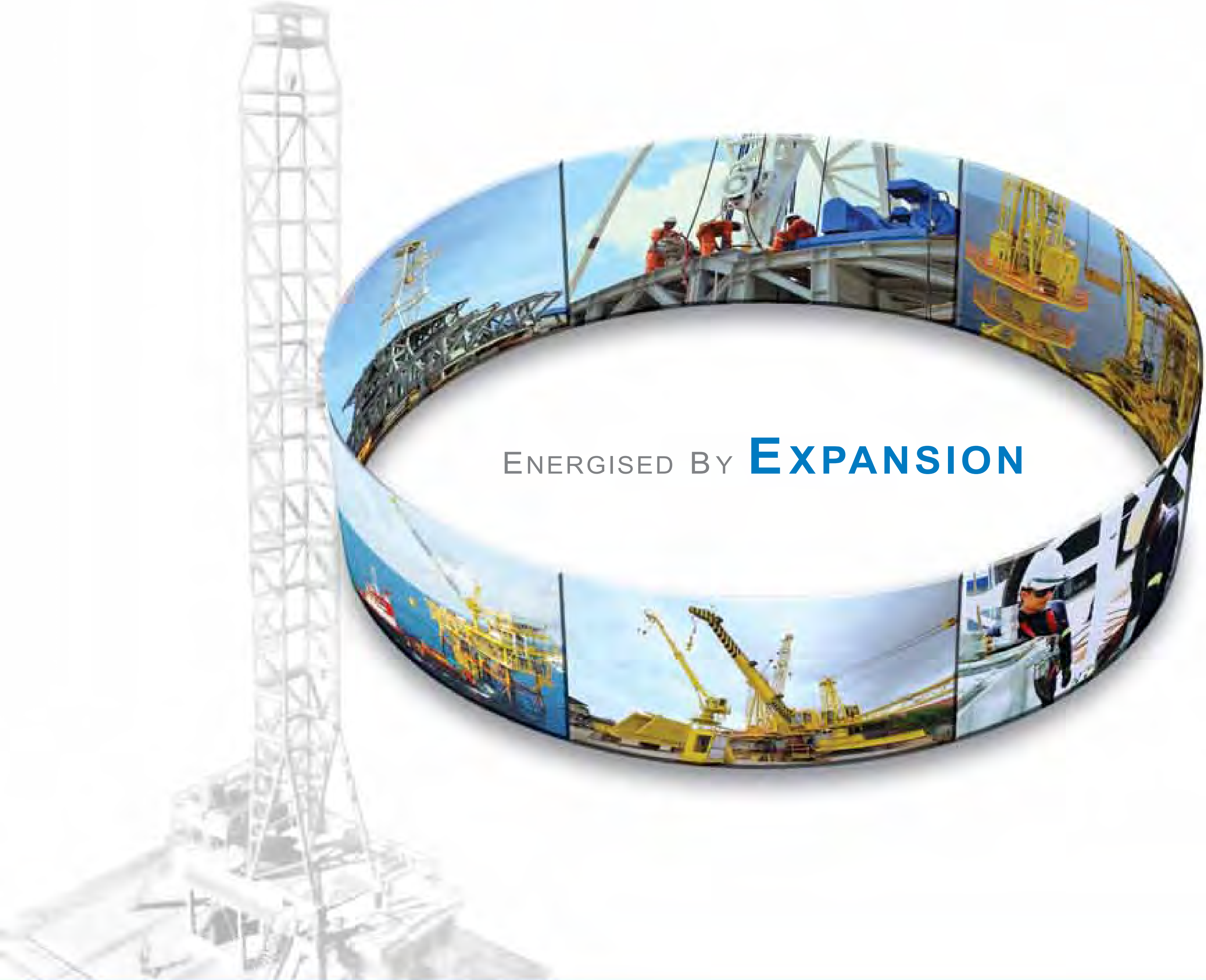
2011 ANNUAL REPORT



ENERGISED BY EXPANSION

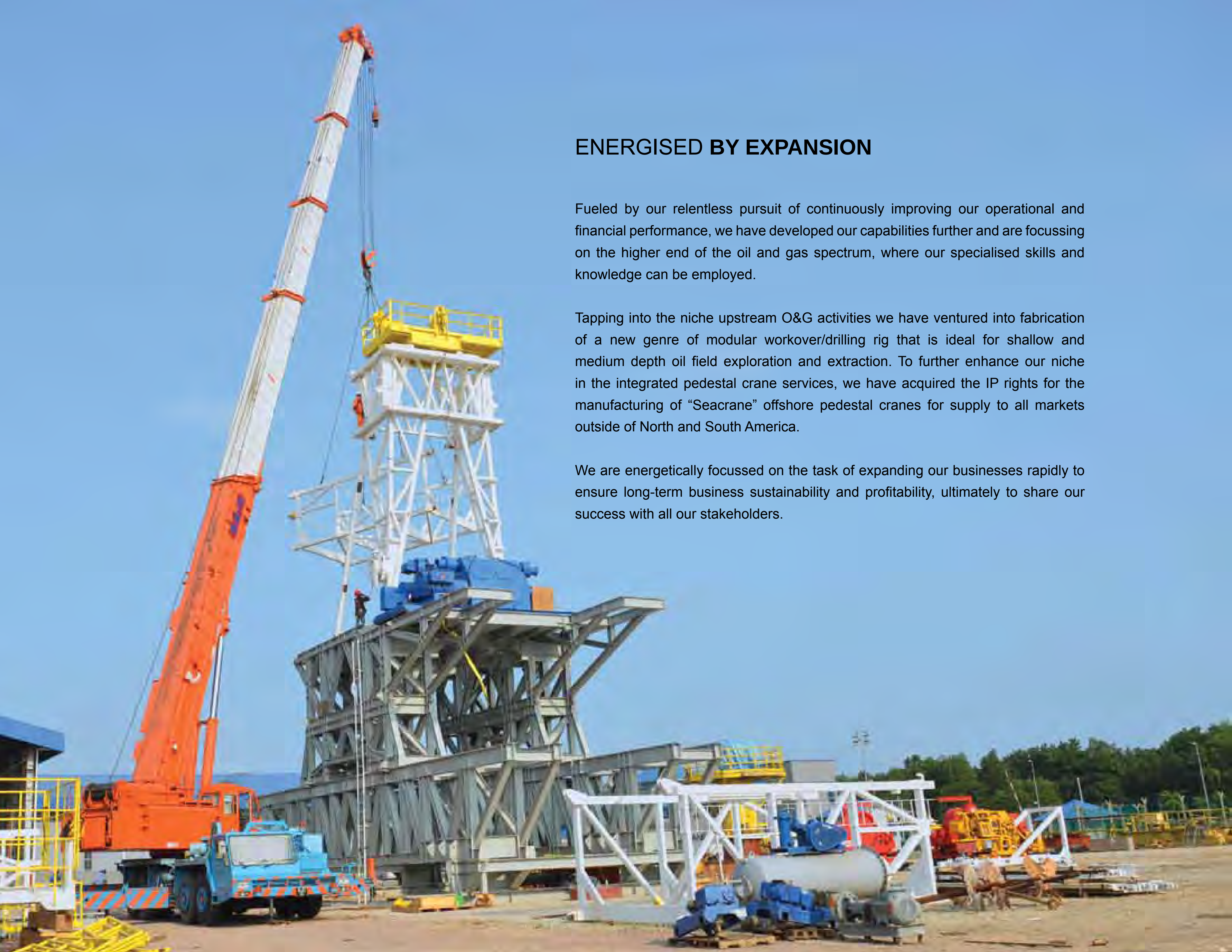
HANDAL

ENERGISED **BY EXPANSION**

Fueled by our relentless pursuit of continuously improving our operational and financial performance, we have developed our capabilities further and are focussing on the higher end of the oil and gas spectrum, where our specialised skills and knowledge can be employed.

Tapping into the niche upstream O&G activities we have ventured into fabrication of a new genre of modular workover/drilling rig that is ideal for shallow and medium depth oil field exploration and extraction. To further enhance our niche in the integrated pedestal crane services, we have acquired the IP rights for the manufacturing of “Seacrane” offshore pedestal cranes for supply to all markets outside of North and South America.

We are energetically focussed on the task of expanding our businesses rapidly to ensure long-term business sustainability and profitability, ultimately to share our success with all our stakeholders.



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4th

Annual General Meeting

Thursday, 31 May 2012

10.00 a.m.

Awana Grand Ballroom,
Awana Kijal Golf,
Beach & Spa Resort, KM 28,
Jalan Kemaman-Dungun,
24100 Kijal, Kemaman,
Terengganu Darul Iman.

Corporate Structure

Handal Resources Berhad
(816839-X)

- 100% — **Handal Offshore Services Sdn Bhd** (556861-H)
  - 100% — **Handal Offshore East Malaysia Sdn Bhd** (960671-U)
- 100% — **Handal Engineering Sdn Bhd** (134854-K)
- 90% — **Handrill Sdn Bhd** (802490-W)
- 100% — **HandsComms Sdn Bhd** (902193-P)
- 100% — **Handal E&P Sdn Bhd** (935611-U)

Corporate Information

BOARD OF DIRECTORS

DATO' MOHSIN ABDUL HALIM
Executive Chairman

MALLEK RIZAL BIN MOHSIN
Group Managing Director and Chief Executive Officer

JOEL EMANUEL HEANEY
Group Advisor and Deputy Managing Director

ZAHARI BIN HAMZAH
Chief Operating Officer and Executive Director

MUHAMMAD 'ASRI BIN MOHD RAFA'I
Senior Independent Non-Executive Director

CHAU SIK CHEONG
Independent Non-Executive Director

LOKMAN RAZANI BIN ABDUL RAZAK
Independent Non-Executive Director

AUDIT COMMITTEE

CHAU SIK CHEONG
Chairman

LOKMAN RAZANI BIN ABDUL RAZAK

MUHAMMAD 'ASRI BIN MOHD RAFA'I

NOMINATION COMMITTEE

LOKMAN RAZANI BIN ABDUL RAZAK
Chairman

CHAU SIK CHEONG

MUHAMMAD 'ASRI BIN MOHD RAFA'I

RISK MANAGEMENT COMMITTEE

DATO' MOHSIN ABDUL HALIM
Chairman

MALLEK RIZAL BIN MOHSIN

JOEL EMANUEL HEANEY

ZAHARI BIN HAMZAH

MUHAMMAD 'ASRI BIN MOHD RAFA'I

REMUNERATION COMMITTEE

CHAU SIK CHEONG
Chairman

MUHAMMAD 'ASRI BIN MOHD RAFA'I

LOKMAN RAZANI BIN ABDUL RAZAK

MALLEK RIZAL BIN MOHSIN

JOEL EMANUEL HEANEY

COMPANY SECRETARIES

LEONG OI WAH
(MAICSA No. 7023802)

WANG SHEAU WEI
(MAICSA No. 7033274)

REGISTERED OFFICE

25-6, Jalan PJU 1/42A
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7803 8216/ 8185
Fax : 03-7803 6309

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 8000
Fax : 03-7841 8008

CORPORATE OFFICE

No. 16C, Jalan 51A/225
46100 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7875 0139/ 0150
Fax : 03-7876 6394

AUDITORS

MESSRS GEP ASSOCIATES
(Firm No. AF 1030)
Block F2, Dataran Prima
25-4 Jalan PJU 1/42A
47301 Petaling Jaya
Selangor Darul Ehsan

ADVOCATES & SOLICITORS

Tay & Partners
Ainul Azam & Co

PRINCIPAL BANKERS

AmBank (M) Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market

Board of Directors

Left to Right:

DATO' MOHSIN ABDUL HALIM
Executive Chairman

MALLEK RIZAL BIN MOHSIN
Group Managing Director and Chief Executive Officer

Left to Right:

JOEL EMANUEL HEANEY
Group Advisor and Deputy Managing Director

ZAHARI BIN HAMZAH
Executive Director and Chief Operating Officer

LOKMAN RAZANI BIN ABDUL RAZAK
Independent Non-Executive Director

Left to Right:

CHAU SIK CHEONG
Independent Non-Executive Director

MUHAMMAD 'ASRI BIN MOHD RAFA'I
Senior Independent Non-Executive Director

Directors' Profile

DATO' MOHSIN ABDUL HALIM
Executive Chairman, aged 69, Malaysian

Dato' Mohsin Abdul Halim is the founder and Executive Chairman of the Group. He was appointed to the Board on 7 May 2009.

He holds a Teaching Diploma and started his career as a teacher before joining the Kelantan Civil Service in 1966. During his tenure as a civil servant, he had assumed several positions; as an Assistant District Officer, Assistant State Secretary and finally as Private Secretary to Duli Yang Maha Mulia the Sultan of Kelantan cum Comptroller of the Kelantan Royal Household. Subsequently, he was seconded to the Malaysian Civil Service and served as the Personal Secretary to the sixth Duli Yang Maha Mulia Seri Paduka Baginda Yang Dipertuan Agong.

MALLEK RIZAL BIN MOHSIN
Group Managing Director and Chief Executive Officer, aged 46, Malaysian

Encik Mallek Rizal bin Mohsin is the Managing Director and Chief Executive Officer of the Group. He is also the Executive Director of Handal Offshore Services Sdn Bhd, Handal Engineering Sdn Bhd and Handrill Sdn Bhd. He was appointed to the Board on 7 May 2009.

An astute Chartered Accountant, he is a member of the Malaysian Institute of Accountants (MIA) and the Institute of Chartered Accountants New Zealand (ICANZ). Also, he holds a Bachelor of Management Studies degree from the University of Waikato, New Zealand. His working experience is extensive, too. Prior to joining Handal in 2002, he had worked at major corporations in positions such as Auditor for Price Waterhouse (currently known as PricewaterhouseCoopers), Assistant Manager of Corporate Finance at Amanah Merchant Bank Berhad, Corporate Services Manager for ACP Industries Berhad, Special Assistant Corporate Finance of the President's Office for Malaysian Resources Corporation Berhad and Chief Financial Officer for Putera Capital Berhad.

Directors' Profile

JOEL EMANUEL HEANEY
Group Advisor and Deputy Managing Director, aged 49, American

Mr Joel Emanuel Heaney was appointed to the Board on 7 May 2009. He is the Deputy Managing Director and advisor to the Handal Group.

He completed his education in Marrero, Louisiana in 1981. In 1984, he created Kennedy Services, a business related to synthetic materials. At the same time, he completed his courses and obtained certification in live design and Dale Carnegie's Business Dynamics. In 1986, he sold Kennedy services and moved into offshore cranes in the oil and gas industry. Subsequently, he joined Applied Hydraulic Systems Inc, the manufacturer of Nautilus Offshore Crane product line. In 1994, he joined Weatherford International Ltd, the manufacturer of American Aero Crane product line, spearheading the international operations. Later in 1995, he joined Handal Engineering and successfully guided the company into the offshore crane manufacturing and service industry.

To date, he has more than 20 years of experience in the offshore crane industry and a successful track record in company building. With a strong entrepreneurial background, he plays an important role in spearheading Handal Group's operations and performance.

ZAHARI BIN HAMZAH
Executive Director and Chief Operating Officer, aged 50, Malaysian

Encik Zahari bin Hamzah was appointed to the Board on 7 May 2009. He is the Executive Director and Chief Operating Officer of Handal.

He graduated with a Mechanical Engineering Diploma from Universiti Teknologi Mara in 1984. Prior to joining Handal, he began his career at Matsushita Electric Company (M) Sdn Bhd as the pioneer batch of Technical Management Executives. Subsequently, he moved to George Kent (M) Bhd, as a Technical/Sales Executive where his responsibilities amongst others include tendering, executing and managing, commissioning and servicing of various oil and gas, petrochemical, oleo and water supply projects. In 1988, he joined Handal as a Sales Manager and was later, promoted to General Sales Manager for the Oil and Gas Division, managing projects/tenders of offshore cranes, watermakers, heaters, pigging system, tankage system, heat exchangers, flares, process systems and material handling activities of Handal Engineering Sdn Bhd. In 2001, he was promoted to the General Manager and was responsible for restructuring of the crane division to Handal Offshore Services Sdn Bhd, as well as managed the overall business and operations of the Company towards a one stop crane manufacturing and service center.

LOKMAN RAZANI BIN ABDUL RAZAK
Independent Non-Executive Director, aged 46, Malaysian

Encik Lokman Razani bin Abdul Razak was appointed to the Board on 11 May 2009.

He graduated in Law (LL.B (Hons)) from the University of Sheffield, United Kingdom in 1990 and started his career in the financial industry serving as a Legal Counsel to Arab-Malaysian Merchant Bank Berhad. He has more than twenty (20) years experience in the area of management, strategic planning and mergers & acquisitions.

He is currently the Executive Chairman of E-Gal Corporation Sdn Bhd, which is the subsidiary of E-Gal Group Inc, listed in Xetra, Frankfurt, Germany in December 2007. The company's core business is in the field of Information & Communications Technology (ICT). The company is presently a Service and Technology Provider of Public Switch Telephone Network (PSTN) and Voice Over Internet Protocol (VOIP) to Telekom Malaysia Berhad (TM).

CHAU SIK CHEONG
Independent Non-Executive Director, aged 59, Malaysian

Mr Chau Sik Cheong was appointed to our Board on 11 May 2009.

He is a Chartered Accountant and member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants (MIA). He began his career with Coopers & Lybrand (now known as Pricewaterhouse Coopers) on April 1974 and subsequently joined SCM Perunding Sdn Bhd as Finance Manager on October 1980. In June 1982, he joined Cycle and Carriage Bintang Bhd as Senior Accountant and subsequently promoted to Finance Director. He retired from Cycle and Carriage Bintang Bhd in 2004.

MUHAMMAD 'ASRI BIN MOHD RAFA'I
Senior Independent Non-Executive Director, aged 46, Malaysian

Encik Muhammad 'Asri bin Mohd Rafa'i was appointed to the Board on 24 August 2010.

He is a Chartered Accountant from the Malaysian Institute of Accountants (MIA) and the Chartered Institute of Management Accountants (CIMA) UK. He holds a BSc (Hons) degree in Finance and Accounting from University of Salford in the UK. His working experience is in various industries including hospitality, IT, defence, manufacturing and pharmaceuticals. He was previously the Accountant at Sapura IT, Finance Manager at Uniphoenix Technology Sdn Bhd, General Manager of PSE Group and Deputy General Manager of Usra Tampi (M) Sdn Bhd. He is currently the General Manager (Finance and Business Development) at Averroes Pharmaceuticals.

Notes:

(i) Dato' Mohsin Abdul Halim is the father of Encik Mallek Rizal bin Mohsin. Other than the above, none of the Directors has any family relationship with each other and with any substantial shareholders of the Company.
(ii) None of the Directors has any conviction for offences, other than traffic offences, within the past 10 years.
(iii) Other than the related party transactions disclosed in Note 34 of the Financial Statements and the Circular to Shareholders dated 7 May 2012, none of the Directors has conflict of interest with the Company.
(iv) The Directors' holdings in shares of the Company are disclosed in the Analysis of Shareholdings section of the Annual Report

Since its listing, Handal Resources Berhad has remained dedicated to the **TARGETED APPROACH** *on which it was founded. This includes serving the needs of local and international companies involved in oil, gas, refinery and petrochemical activities by providing them with a single-point-contact approach.*

Over the years, we have developed a **PROVEN BUSINESS MODEL**, *incorporating seasoned specialised consultancy and support services for engineering projects both upstream and downstream that deliver solid results and an unwavering dedication to provide integrated offshore crane services specialising on offshore pedestal mounted cranes.*

This **SOUND EXECUTION** *has enabled Handal Resources Berhad to emerge as one of the Top Malaysian Small Cap Companies.*

FINANCIAL HIGHLIGHTS

	2009 RM	2010 RM	2011 RM
Revenue	48,958,223	98,782,691	**83,521,433**
Net profit for the year	10,019,112	15,614,243	**3,037,967**
Basic earnings per share (sen)	18.20	17.36	**2.17**
Total equity	56,565,078	70,386,321	**98,927,226**
Total assets	101,874,776	125,745,776	**171,205,686**

Executive Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I hereby present to you the Annual Report and the audited financial statements of Handal Resources Berhad (Handal or the Group) for the financial year ended 31 December 2011 (FY2011).

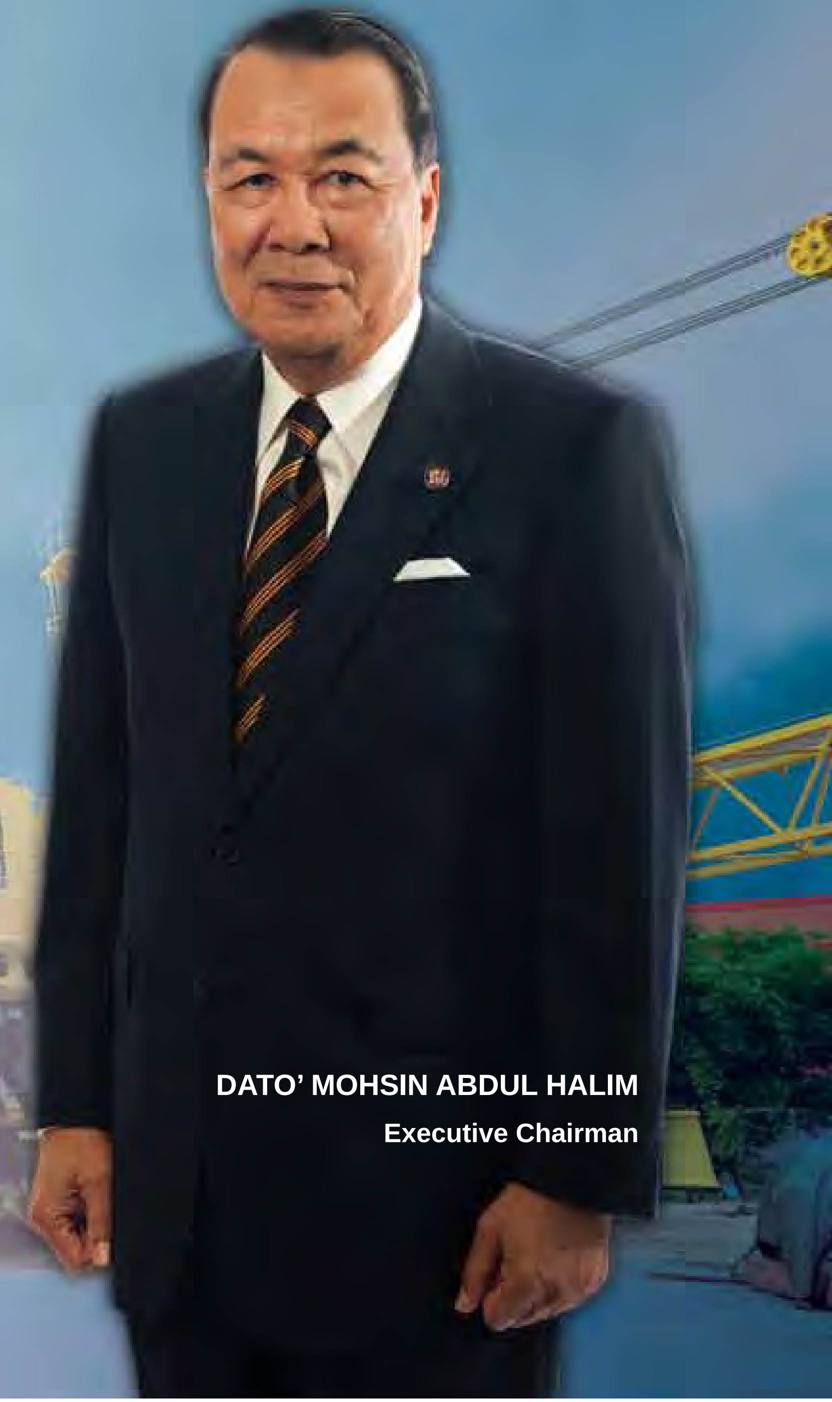
FINANCIAL PERFORMANCE

In FY2011, Handal posted group revenue of RM83.52 million, 15.5% lower than FY2010's RM98.78 million. This was due to lower contribution from crane services, workover projects, and engineering services.

Group net profit for the year was RM3.07 million, 80.3% lower than RM15.62 million of FY2010. Coupled with lower revenue for the year, the net profit was affected by lower-margin sales mix, increase in operating expenses due to higher administration costs and wages, as well as non-cash expenses amounting to RM1.42 million for inventory write-down and provision for losses in projects.

Basic earnings per share (EPS) for FY2011 was 2.17 sen, based on weighted average number of shares of 141.4 million. By comparison, FY2010's EPS stood at 17.36 sen. It has to be noted, however, that this figure was based on smaller weighted average number of shares of 90 million.

Yet, given that our results were not as impressive as the previous year's, Handal's balance sheet remained strong.



DATO' MOHSIN ABDUL HALIM
Executive Chairman

Our shareholders' equity improved by 40.5% to RM98.93 million from RM70.39 million previously, due mainly to the Rights Issue undertaken in June 2011 that raised about RM31.2 million in proceeds.

And, while Handal's total borrowings increased by 33.8% to RM48.33 million from RM36.13 million in FY2010 for working capital needs, rest assured that we are still in a net cash position.

The Group ended the year with total cash and cash equivalents, including short-term investment, of RM32.96 million versus RM20.57 million previously. This provides us with a strong platform for expansion opportunities.

REVIEW OF OPERATIONS

Handal Offshore Services Sdn. Bhd. (HOSSB)

HOSSB is primarily involved in the fabrication, maintenance and overhaul of American Petroleum Institute (API) 2C certified offshore pedestal cranes. The highlight of FY2011 was the successful acquisition of the intellectual property (IP) rights to the "Seacrane" offshore pedestal crane product line in Asia, Europe, Australia, New Zealand and other countries except North and South America.

This exercise was part of Handal's strategy to position itself as an Original Equipment Manufacturer (OEM) of offshore pedestal cranes. The purchase consideration amounted to US$3.75 million in cash.

Last year, HOSSB also successfully bid for 5 new crane fabrication contracts. It successfully fabricated and delivered 2 of them, with the remaining 3 cranes slated for delivery by the end of second quarter 2012. The contracts for these cranes were outright build-and-sell products for our clients.

HOSSB also has a large fleet of rental cranes, which now stands at 18 units, or 2 more than in FY2010. These rental cranes provided the Group with a stable, recurring revenue base.

In FY2011, HOSSB also benefited from 2 major contract extensions: one from Alam Maritim to supply rental cranes for Petronas Carigali Sdn. Bhd.'s domestic workover programme for over a period of 21 months; and the other from ExxonMobil to provide crane services to ExxonMobil Exploration and Production Malaysia Inc.'s (EMEPMI's) fleet of rigs in Malaysian waters. These contract extensions are testament to Handal's capabilities as well as expertise in providing such services. We believe it strengthens our existing track record, which will allow us to secure more contracts in the future.

HOSSB went into the new financial year 2012 promisingly. In January 2012, it secured contracts worth of RM6.6 million from Kencana Petroleum to supply 2 offshore pedestal cranes.

Besides that, we also managed to land our first crane fabrication contract from Indonesia to supply 3 cranes worth USD945,000. These cranes will be installed in the West Madura Offshore Block, which is co-owned by PT Pertamina and Korea-based Kodeco Energy Co. Ltd. This Indonesian project has effectively opened the doors to the new market for our cranes.

In 2011, HOSSB has also participated in the tender for the 5 years Integrated Crane Contract maintenance for PCSB and EMEPMI. Whilst the result will only be made known sometimes is second quarter 2012, HOSSB is deemed to be in a good position to win this contract.

Handal Engineering Sdn. Bhd. (HESB)

HESB is involved in the selling and servicing of plant-associated equipment, and the fabrication and servicing of industrial equipment in the downstream oil and gas sector.

It also supplies mooring systems for upstream activities and offers specialised consultancy and support services for engineering projects in both upstream and downstream sectors.

Throughout the year, HESB worked on the RM17.5 million Petronas Lubricant project, which we secured back in 2010, to construct 22 tanks with automated transfer and piggable capabilities. This project is slated for completion by end of April 2012.

The wholly-owned subsidiary also managed to secure a contract to perform prefabrication works for EMEPMI in FY2011 at a rate of 2 to 3 jobs per month, giving us a comfortable recurring income. Other noteworthy highlights include the delivery of a system of mooring chain, anchor and buoy for Petrofac at Berantai, Terengganu.

HESB has had a good head start to FY2012 by undertaking a project to provide Q2-101A condensate storage tank complete bottom plate replacement and foundation repair works at Petronas Gas Processing Plant 2 (GPP 2) in Kertih, Terengganu. The value of the project is RM2.2 million.

In addition, it has also managed to receive works from Petronas Penapisan Melaka Sdn. Bhd. for maintenance and modification works in parallel with the setting up of its own workshop in Krubong, Melaka in early 2012.

Handrill Sdn. Bhd. (Handrill)

Handrill is involved in upstream oil and gas related activities, primarily in drilling, workover and drilling management. It has the competency to design, fabricate, certify and operate drilling rigs both for land and offshore rigs.

In FY2011, Handrill undertook a new business of fabrication of drilling rig, which is lightweight and modular, ideal for shallow and medium depth oil field exploration and extraction.

Such rigs are not full-facility rigs and are, therefore, ideal for marginal oil field exploration and extraction due to their cost-effectiveness and deployment versatility.

The key strengths of these rigs are their top drive, iron roughneck and side-track drilling capabilities of up to 12,000 feet, which should be well-received by our prospective clients due to such rigs' tremendous enhancement in efficiency, productivity and safety.

The first rig, which is being assembled at our Telok Kalong yard, is expected to be completed by the second quarter of 2012. Our business model for this rig would be on long-term lease to our potential clients.

HandsComms Sdn. Bhd. (HandsComms)

HandsComms is a diversified communications company that provides a full range of video, voice and contact centre/multimedia solutions to its clients.

Its activities include providing system and network design consultation, and system integration and implementation.

Revenue contribution from it reduced by 86% to RM0.49 million from RM3.5 million previously, due to a reduction in work scope and activities from one of our key customers. After a slow FY2011, HandsComms started 2012 on a positive note.

It landed a voice conference call maintenance contract from Telekom Malaysia and an IP PABX (Voice over internet protocol) system contract from Lembaga Getah Malaysia.

Other than that, it also has intensified its sales and marketing efforts and is currently bidding for voice conference upgrading and maintenance contracts, mainly from Telekom Malaysia, worth in excess of RM3.8 million.

CORPORATE DEVELOPMENTS

During FY2011, Handal undertook a renounceable rights issue on the basis of 2 Rights Shares of RM0.52 each and 2 free 5-year Warrants for every 3 existing ordinary shares. At the same time, the Group also had a bonus issue of 10,000,000 new Handal shares on the basis of 1 Bonus Share for every 6 Rights Shares subscribed.

The Rights Issue was oversubscribed by 1.76 times and successfully raised RM31.2 million for the Group. The proceeds were allocated to working capital and capital expenditure (CAPEX) for Handrill's new workover rig, as well as funds for the acquisition of the IP of "Seacrane".

This corporate exercise was completed on 8 April 2011, following the listing and quotation of the 70 million new shares arising from the Rights Issue and Bonus Issue, as well as the 60 million warrants on Bursa Malaysia.

The exercise, in effect, increased Handal's share capital to RM80 million, comprising 160 million shares of RM0.50 par, from a share capital of RM45 million comprising 90 million shares.

BUSINESS OUTLOOK

The prospect in 2012 is bright with our order book amounting to RM 26.7 million, while our potential order book now stands at RM468.1 million.

The oil and gas sector remains a pivotal segment of the Malaysian economy, contributing about 20% to gross domestic product (GDP) in 2011. It is expected to continue in its role in driving the country's economic growth.

Investments in the oil and gas sector and its ancillary support services amounted to some RM132 billion recently. These investments include Shell-Petronas' RM35 billion Enhanced Oil and Recovery project, and Petronas' RM60 billion Refinery and Petrochemicals Integrated Development (RAPID) project in Johor.

Thus we are optimistic on the sector's prospects and believe that as an integrated offshore pedestal crane fabricator and provider, we are poised to benefit much from the industry's potential growth opportunities.

Handal has identified a few strategies to ensure that it will be ready for the oil and gas sector's next round of growth.

Increasing Sales Volume of New OffshoreCranes

The acquisition of the "Seacrane" IP rights has allowed the Group to market offshore pedestal cranes under its own in-house brand.

With this acquisition, HOSSB is now able to position itself as an Original Equipment Manufacturer (OEM) for offshore pedestal cranes and tap the market potential in Asia, Australia, Europe and Africa.

Executive Chairman's Statement

This enhanced profile has positioned us as a serious contender in the offshore crane market, both locally and internationally.

With our new 10-acre Teluk Kalong fabrication yard, which has a potential annual fabrication capacity of 30 cranes, we aim to quickly obtain API certification so as to hone our competitive edge and cater to the potential demand of crane fabrications and services both at home and overseas.

Vertical Expansion

Handal will tap into the new business opportunities within the oil and gas upstream arena. Handrill's drilling and workover rig will be the Group's stepping stone into rig fabrication business, which will allow us to supply the strong demand for rigs in Malaysia, in light of growing calls for marginal field rejuvenation. Malaysia has 106 marginal oil fields containing 580 million barrels of oil.

The national oil company, Petronas, is planning to boost oil and gas production from such fields via a massive enhanced oil recovery (EOR) programme. A big portion of the EOR will involve drilling and workover activities. We are very optimistic that the value proposition of our platform rig will be most welcomed by prospective clients.

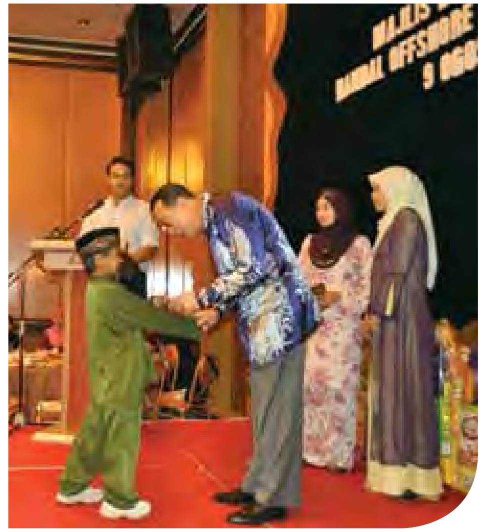
At the time of writing, the components for the first rig have been shipped from the USA and are being assembled in Telok Kalong yard. We expect to commission the rig by third quarter of 2012. Meanwhile, we are in an advanced stage of negotiations with a prospective client for the rig.

And, while the rig is being assembled, we hope to showcase it to other prospective clients for similar off-take in the future.

Geographical Expansion

In view of Handal's strong presence in West Malaysia, it is a natural progression for us to expand our business further to East Malaysia such as Sabah and Sarawak, where there are tremendous opportunities for upstream oil and gas services.

Not only that, Handal is eager to move into the regional market. Our immediate target is Indonesia, which is an important oil and gas market in the region with proven oil reserves of 4.2 billion barrels and produces approximately 1.2% of the world total oil production.



We aim to be more active in our regional marketing with intention of providing our full suite of services which include crane fabrication, maintenance, and overhaul, as well as project engineering. With such progress and the strategies highlighted earlier in place, we are buoyant on Handal's prospects going forward.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Handal recognises and is highly committed on its corporate social responsibility towards its employees, community and the environment. The impact of our activities on them is a primary concern to us as a good corporate citizen.

During FY2011, our CSR activities have benefited the underprivileged, including orphans, single mothers as well as the needy. In fact, plans are in place for our Tabung Kebajikan Handal to distribute its contributions to the deserving and needy at our AGM on 31 May 2012.

Health, Safety and Environment issues are also vital to the organisation. We insist that all our customers comply with all the guidelines that exist within our heavily regulated industry. And, in spite of the risks involved in the nature of the work undertaken by Handal, our success in this field is clear. Since 1995 to date, we have experienced only one reported Loss Time Accident (LTA) / Loss Time Injury (LTI) case.

Furthermore, in FY2011, the Group invested quite generously in human capital development by providing various training programmes and learning skills as well as ample career advancement opportunities to our employees.

CORPORATE GOVERNANCE

We are committed towards maintaining high levels of corporate governance in the overall business direction and management of Handal with the aim of maximising shareholders' value and cultivating business prosperity for the Group. The implementation methods are highlighted in the Corporate Governance Statement in the Annual Report.

APPRECIATION

At this juncture, I wish to show my deepest appreciation to the key management and all our team members in Handal for their endeavour and hard work in the year just past.

I would like to express my gratitude to our clients, business partners, bankers, shareholders and other stakeholders for their unwavering support.

Let us work together and look forward to a better 2012.

DATO' MOHSIN ABDUL HALIM
Executive Chairman

Calendar of Events 2011

1. **30 May 2011**
   Annual General Meeting and Extraordinary General Meeting held at Awana Kijal Golf, Beach and Spa Resort, Kijal, Terengganu.

2. **1 July 2011**
   Handal Bowling Tournament held at U-Bowl, Mesra Mall, Kerteh, Terengganu.

3. **7 – 12 July 2011**
   Handal Netball Team participated in the Epic Super Series Championship 2011 held at Kemaman Supply Base, Kemaman, Terengganu.

4. **9 August 2011**
   Majlis Berbuka Puasa with the orphans of Sekolah Rendah Meraga Beris, Kijal. Terengganu.

5. **6 September 2011**
   Hari Raya Open House at Telok Kalong Office, Kemaman, Terengganu.

6. **24 – 25 September 2011**
   Family Day of Handal Group of Companies held at Swiss Garden Resort, Kuantan.

7. **3 December 2011**
   Handal Bowling Team participated in Epic Super Series Championship 2011, held at U-Bowl, Mesra Mall, Kerteh, Terengganu.

8. **8 – 9 December 2011**
   Annual Business Summit of Handal Group of Companies held at Armada Hotel, Petaling Jaya.

9. **21 December 2011**
   Safety Stand Down programme and Safety Award Presentation to the employees of Handal Group of Companies.

10. **31 December 2011**
    The Gold Award - 2011 Safety Recognition for Hurt-Free Operations Exceeding 100,000 Manhours awarded to Handal Resources Berhad by ExxonMobil Exploration and Production Malaysia Inc.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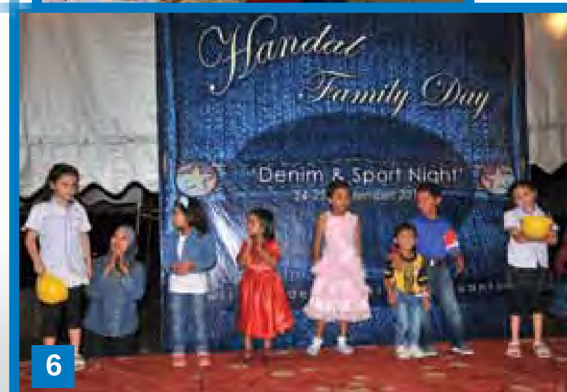

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The Board of Directors ("the Board") recognises the importance of good corporate governance and is committed to the establishment and implementation of a proper framework and controls that are in line with the principles and best practices as recommended by the Malaysian Code of Corporate Governance ("the Code").

The Board will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code wherever applicable in the best interests of the shareholders of the Company.

The Board has generally applied the Principles and Best Practices of the Code. The Board is pleased to report herein the manner in which the Company has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

DIRECTORS

1. Board Responsibilities

The Board is fully aware of its role and has adopted the specific responsibilities that are listed in the Code, which facilitates the discharge of the Board's stewardship responsibilities.

a. Board Balance

The Board of Directors consists of seven (7) members comprising four (4) executive directors, and three (3) non-executive directors. Three of the seven directors are independent directors. The Board has complied with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that at least two or one-third of the Board, whichever is the higher is to comprise of independent directors. The Board considers its current size adequate given the existing scope and nature of the Group's business operations.

The Board is responsible for implementing the policies and decisions of the Board, overseeing the operations and developing the business and corporate strategies of the Group. The Board also monitors the performance of the Group and ensures that a proper internal control system is in place. The presence of independent non-executive directors is to provide independent and unbiased views on financial and business matters for the interest of the Group.

b. Board Committees

The Board has established Board committees to assist the Board in discharging their duties. These committees are as follow:-

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

Audit Committee

The composition of the Audit Committee is in compliance with relevant regulatory requirements. The report of the Audit Committee is on pages 23 to 25.

Nomination Committee

The Nomination Committee meets at least once a year and as and when required. The Nomination Committee is responsible for reviewing the Board composition and balance as well as considering the Board's succession planning and recommending new nominees for appointment to the Board. The decision on new appointments shall be the responsibility of the Board after considering the recommendation of the Nomination Committee. The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors.

The Nomination Committee met once during the financial year ended 31 December 2011.

The members of the Nomination Committee are as follows:-

Member	Designation
LOKMAN RAZANI BIN ABDUL RAZAK	Independent Non-Executive Director
MUHAMMAD 'ASRI BIN MOHD RAFA'I	Senior Independent Non-Executive Director
CHAU SIK CHEONG	Independent Non-Executive Director

The Board considers that the the overall performance of the Board and the Board Committees, current mix of skills, relevant qualities and experience of its members are sufficient for the discharge of its duties and responsibilities effectively.

Remuneration Committee

The Remuneration Committee meets at least once a year and as and when required. The Remuneration Committee recommends to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director and any performance related pay schemes for Executive Directors and reviews Executive Directors' scope of service contracts. The Board as a whole determines the fees and allowances of the Non-Executive Directors after considering the recommendation of Remuneration Committee.

The Remuneration Committee met once during the financial year ended 31 December 2011.

The members of Remuneration Committee are as follows:-

Member	Designation
CHAU SIK CHEONG	Independent Non-Executive Director
LOKMAN RAZANI BIN ABDUL RAZAK	Independent Non-Executive Director
MUHAMMAD 'ASRI BIN MOHD RAFA'I	Senior Independent Non-Executive Director
MALLEK RIZAL BIN MOHSIN	Group Managing Director and Chief Executive Officer
JOEL EMANUEL HEANEY	Group Advisor and Deputy Managing Director

Risk Management Committee

The Risk Management Committee has been established and the members are:-

Member	Designation
DATO' MOHSIN ABDUL HALIM	Executive Chairman
MALLEK RIZAL BIN MOHSIN	Group Managing Director and Chief Executive Officer
JOEL EMANUEL HEANEY	Group Adviser and Deputy Managing Director
ZAHARI BIN HAMZAH	Chief Operating Officer and Executive Director
MUHAMMAD 'ASRI BIN MOHD RAFA'I	Senior Independent Non-Executive Director

The Risk Management Committee assists in identifying principal risks and ensuring implementation of a risk management system to ensure the adequacy, integrity and implementation of Risk Management Policy for risk management and internal controls. The Committee will optimise the use of resources to inculcate an effective risk management culture throughout the Group.

The Risk Management Committee met once during the financial year ended 31 December 2011.

2. Board Meetings

During the financial year under review, nine (9) Board Meetings were held and the Directors' attendances at the Board Meetings were as follows:-

	Attendance
DATO' MOHSIN ABDUL HALIM	9/9
MALLEK RIZAL BIN MOHSIN	9/9
JOEL EMANUEL HEANEY	7/9
ZAHARI BIN HAMZAH	8/9
LOKMAN RAZANI BIN ABDUL RAZAK	9/9
CHAU SIK CHEONG	9/9
MUHAMMAD 'ASRI BIN MOHD RAFA'I	9/9

3. Supply of information

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, the Board members have full and unrestricted access to all information concerning the Group's affairs. Prior to the Board meetings, all Board members are provided with the agenda and Board papers containing information relevant to the business of the meeting to enable them to obtain further explanations, where necessary, in order to be properly briefed before the meetings. The Board papers include information on major financial, operational and corporate matters of the Group. The Board members also have access to the advice and services of the Company Secretary, senior management and independent professional advisers including the external auditors.

4. Appointment and Re-election

In accordance with Article 63(2) of the Company's Articles of Association, at least one-third of the Directors for the time being shall retire from office and be subject to retirement by rotation at each Annual General Meeting ("AGM"). The Article 64(1) also provides that all Directors shall retire once in every three (3) years in compliance with the Code. Directors who are appointed before the next AGM will retire and subject to re-election by shareholders at the next AGM.

5. Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by Bursatra Sdn Bhd within the stipulated timeframe required in the Listing Requirements of Bursa Securities. During the financial year, the Directors and Senior Management attended in the Corporate Governance Week 2011 programmes developed by Bursa Malaysia Securities Berhad in collaboration with Securities Commission on areas relating to Corporate Governance.

The Board of Directors is mindful that they should receive appropriate continuous training and they will continue to undergo other relevant training programmes and seminars to ensure that they remain well equipped with the relevant knowledge as well as emergent strategic directions and ideas to discharge their duties effectively in order to keep abreast with developments in the industry, market place and with new statutory and regulatory requirements.

DIRECTORS' REMUNERATION

The determination of remuneration packages of the Directors are matters for the Board as a whole. The remuneration of the Directors is structured to attract, retain and motivate them in order to run the Group successfully.

The Board reviews the remuneration of the Directors annually whereby the respective Executive Directors abstained from discussions and decisions on their own remuneration.

The aggregate remuneration of the Directors for the financial year ended ("FYE") 31December 2011 is as follows:-

	Executive Directors	Non-Executive Directors	Total (RM)
Directors' Emoluments	5,404,350	85,000	5,489,350
Benefit-in-kind	276,000	-	276,000
Fees	-	162,000	162,000
Total	5,680,350	247,000	5,927,350

Remuneration Band (RM)	Executive Directors	Non-Executive Directors
50,000 and below	-	-
50,001-100,000	-	3
400,001-450,000	-	-
450,001-500,000	-	-
1,300,001-1,350,00	2	-
1,350,001-1400,000	1	-
1,650,001-1,700,000	1	-

RELATIONSHIP WITH SHAREHOLDERS

The Group recognises the importance of effective communication with its shareholders and investors to keep them informed of the major development of the Group. Such information is disseminated through the following channels:-

- Annual Report;
- Circulars to shareholders;
- Various disclosures and announcement to Bursa Securities; and
- Company's website at www.handalresources.com.my

The main forum for dialogue with shareholders remains at the Annual General Meeting which encourages the shareholders to raise questions pertaining to the operations and financials of the Group.

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial performance and prospects through the quarterly and annual financial statements to shareholders. The Board and the Audit Committee have to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Board has reviewed and ensuring that appropriate accounting policies have been used, consistently applied and supported by reasonable judgments and estimates.

2. Internal Control

The Board has overall responsibility for maintaining a sound and effective system of internal control of the Group, covering not only financial controls but also controls relating to operations, compliance and risk management to safeguard shareholders investments and the Group's assets. The Board also recognises that the system of internal control has inherent limitations and is aware that such a system can only provide reasonable and not absolute assurance against material misstatements, loss or fraud.

The internal control system of the Group is supported by an established organisational structure with well-defined authority and responsibility lines, and which comprises of appropriate financial, operational and compliance controls.

3. Relationship with Auditors

The Board, via the Audit Committee, has established a formal and transparent arrangement for maintaining an appropriate relationship with its auditors, both external and internal.

4. Statement of Directors' Responsibility

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year, which gave a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year then ended.

In preparing the financial statements for the FYE 2011, the Directors have:-

- adopted the appropriate accounting policies and applied them consistently;
- made judgments and estimates that areb reasonable and prudent;
- ensure applicable approved accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements; and
- ensure the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records of the Group and Company, which disclose with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure the financial statements have complied with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

5. Corporate Social Responsibility ("CSR")

In 2011, the Group organised events for employees and several orphanages through Majlis Berbuka Puasa and Family Day. The Group also participated in various charity and health programmes for young children, single mothers and the needy ones through donations made to the organisers.

The Group is committed to integrate CSR practice into its day to day operations and is duly committed to protect the environment through the following principles:-

(i) Compliance to relevant environmental legislation
(ii) Ensure a safe and healthy working environment
(iii) Promote environmental awareness to our suppliers, sub-contractors and employees.

COMPOSITION OF MEMBERS

Chau Sik Cheong	–	Chairman, Independent Non-Executive Director
Lokman Razani Bin Abdul Razak	–	Member, Independent Non-Executive Director
Muhammad 'Asri Bin Mohd Rafa'i	–	Member, Senior Independent Non-Executive Director

Duties

The duties of the Committee should include the following:

- To consider the appointment of the External Auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- To review the quarterly and year-end financial statements of the Company, focusing particularly on:-
  - Any changes in accounting policies and practices;
  - Significant adjustments arising from the audit;
  - The going concern assumption;
  - Compliance with accounting standards and other legal requirements;
- To discuss problems and reservations arising from the interim and final audits, and any matter the Auditor may wish to discuss (in the absence of management), where necessary;
  - To review the External Auditor's management letter and management's response.
  - To consider any related party transactions that may arise within the Company or group.
  - To consider the major findings of internal investigations and management's response.
  - Review the adequacy of the scope, functions, competency and resources of the internal audit function, and the necessary authority to carry out its work;

To do the following in relation to the internal audit function:

- Review the results of the internal audit process and where necessary ensure that appropriate actions taken on the commendations of the internal audit function;
- Review any appraisal or assessment of the performance of members of the internal audit functions;
- To consider other topics as defined by the Board.

AUDIT COMMITTEE ACTIVITIES

Audit Committee Meetings and Attendance

During the financial year ended 31 December 2011, six (6) Audit Committee Meetings were held and the details of attendance of each member are as follows:-

Members	No. of meetings Attended
Chau Sik Cheong	6/6
Lokman Razani Bin Abdul Razak	6/6
Muhammad ‘Asri Bin Mohd Rafa’i	6/6

Activities of the Audit Committee

During the financial year ended 31 December 2011, the activities of the Audit Committee included the following:-

a) Reviewed with the external auditors’ scope of work and their audit plan.

b) Reviewed with the external auditors on the results of their audit, the audit report and internal control recommendations in respect of improvements in internal control procedures noted in the course of their audit.

c) Reviewed and approved the internal audit and controls plan presented by the internal auditors.

d) Reviewed the annual report and the audited financial statements of the Company and the Group prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board (“MASB”).

e) Reviewed the reports of the Internal Auditors on the state of internal controls of the Group;

f) Reviewed the Company's compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the applicable approved accounting standards issued by MASB.

g) Reviewed the quarterly unaudited financial statements and its explanatory notes thereon and recommending to the Board of Directors for approval.

h) Reviewed the Company's status of compliance with the Malaysian Code on Corporate Governance for the purpose of issuing of a Corporate Governance Statement pursuant to the requirement of paragraph 15.26 of the Listing Requirements of Bursa Securities.

i) Reviewed the Group's key operational and business risks area and the policies in place to address and minimise such risks.

j) Reviewed all recurrent related party transactions entered into by the Group.

Internal Audit Function

The Audit Committee is aware of the importance of independent and adequately resourced internal audit function for the effectiveness of internal control system. The Company has outsourced its internal audit function to an independent professional firm entrusted with the role of providing independent and systematic review on the systems of internal control of the Group.

The principal responsibilities of the internal audit function are as follows:

- To evaluate the effectiveness of the internal control systems so as to provide reasonable assurance that such systems continue to operate in compliance with the existing control and risk assurance systems effectively.

- To review the recurrent related party transactions of the Company and its subsidiaries.

- To review, appraise and to ensure compliance with the Group's established policies and procedures as well as the relevant statutory requirements.

- To highlight major weakness in control procedures and make recommendation for improvements to the Audit Committee. The internal audit function of the Group adopts a risk based approach to monitor and implement an effective internal control system for the Group. The monitoring process forms the basis for continuous improvement to the risk management process of the Group in meeting its overall objectives.

Statement of Internal Control
13 March 2012

Introduction

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board of Directors of a listed entity are required to include in its annual report a statement about the state of internal control of the listed entity as a group. In addition, the Malaysian Code on Corporate Governance ("Code") requires a listed entity to maintain a sound system of internal control to safeguard shareholders' investments and assets of the group. Set out below is the internal control statement prepared by the Board in accordance with the "Statement on Internal Control: Guidance to Directors of Public Listed Companies" (the "Guidance").

Board Responsibility

The Board of Directors acknowledges the responsibility for maintaining a sound system of internal control to safeguard the shareholders' investment and the Group's assets. This entails the establishment of an appropriate control environment and framework as well as processes for reviewing the adequacy and integrity of the Group's internal control. Due to the limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage rather than to eliminate the risk of failure to achieve the policies and business objectives of the Group. Accordingly, the system can only provide reasonable but not conclusive assurance against material misstatement, operational failures, loss or fraud.

Risk Management

The Board of Directors and Management are responsible for the on-going identification, evaluation and management of the significant risk faced by the Group in achieving the Group's business objectives.

The Group has during the year, formulated and developed the Risk Management Framework, with the assistance of a professional firm of consultants, which aims at identifying, analyzing and evaluating risks with a view to ensure the effective management of potential opportunities while reducing or avoiding adverse effects. The Group Senior Manager-Contract & commercial Manager of the Group has also been appointed as the Risk Management Officer to operate the risk management processes and together with the Managing Director will review and update the Group's risk profile periodically and thereafter, report to the Audit Committee of any changes and updates thereon.

Internal Audit Function

The Board of Directors had outsourced the Internal Audit function to a professional firm of consultants, which is independent of the activities it reviews. The Internal Audit function reviews the auditable areas based on the risk-based internal audit plan approved by the Audit Committee and Board of Directors; and provides an independent assessment of the adequacy and effectiveness of the Group's internal control system. The Internal Audit function reports directly to the Audit Committee, which receives reports of audit findings and recommendations arising from each audit review. The Management is responsible for ensuring that corrective actions are taken on reported weaknesses.

During the financial year ended 31 December 2011, the Internal Audit function had performed the following internal audit review:-

(i) Handal Offshore Services Sdn Bhd – Contract and Project Management Function; and

(ii) Handal Engineering Sdn Bhd – Contract and Project Management Function

In addition, the Internal Audit function had assisted the Audit Committee to review the recurrent related party transactions of the Group for the period from January 2011 to December 2011. The review was carried out and the result was presented to the Audit Committee in February 2012.

The Group had incurred RM35,832 during the financial year for its outsourced Internal Audit function.

Other Key Elements of Internal Control

Apart from the above, the other key elements of internal control are described below:

- Organisation chart defined clear management structure and lines of responsibility and reporting was established by the Group;
- Management authority limits for the board, board committees, directors and management team are in place;
- Statements of Policy and Procedures are established by the Group as control guidelines for the staff to follow in discharging their jobs responsibly;
- Regular visits to business operating units by key members of the Board and Management teams;
- Appropriate trainings are provided to the employees on a need-to basis to ensure that the employees acquire the necessary knowledge and competency to meet their performance and job expectations;
- Management meetings are conducted on a regular basis to review financial and operational performance, business development and other necessary areas;
- Adoption of the American Petroleum Institute's Monogram, which is to maintain and continuously control the quality requirements of the Company's products and services.
- A new management information software system i.e. SAP has been implemented to ensure that a more comprehensive information in daily operation on sales, procurement, warehousing, accounts, budgetary control costing and management reports can be generated for management review and decision.

Several internal control weaknesses and improvement areas were identified during the period, all of which have been reported to the Audit Committee and are being addressed by the Management. None of these weaknesses have resulted in any material errors and losses that would require disclosure in the Group's annual report.

Other Compliance Information

a) Utilisation Of Proceeds

As of 16 April 2012 (the latest practicable date), the status of utilisation of the proceeds from the Rights Issue of 60,000,000 new ordinary shares:-

	Purposes	Proposed Utilisation per Abridged Prospectus RM'000	Actual utilisation RM'000	Time frame for Utilisation	Balances unutilised RM'000	Remarks
(i)	Construction of a workover rig	13,000	13,000	5 April 2012	-	Fully utilised
(ii)	Purchase of new product line	12,000	9,318	5 April 2012	2,682	* Available for use
(iii)	Working capital	5,350	177	5 April 2012	-	Fully utilised
(iv)	Estimated expenses for Corporate Exercise	850	850	5 July 2011	-	Fully utilised
	Total	**31,200**	**23,345**		**7,855**	

* *The balance of the proceeds are expected to be fully utilised in July 2012 when the final payment milestone is made as stipulated in the Sharing of IP Rights Agreeement.*

b) Share Buy Back

During the financial year ended 31 December 2011, there were no share buybacks by the Company.

c) Options, Warrant Or Convertible Securities

During the financial year ended 31 December 2011, 60,000,000 new warrants were issued as a consequence of the Rights Issue undertaken by the Company during the financial year. The Company did not issue any convertible securities during the financial year ended 31 December 2011.

d) American Depository Receipt (ADR) Or Global Depository Receipt (GDR) Programme

The company did not sponsor any ADR or GDR programme.

e) Imposition of Sanctions/Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any regulatory bodies during the financial year ended 31 December 2011.

f) Non-Audit Fees

The amount of non-audit fees incurred for services rendered by the external auditors to the Group for the financial year ended 31 December 2011 amounted to RM3,000.00.

g) Variation in Results

There was no material variances between the results of the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

h) Material Contracts with related parties

The Company's subsidiary, Handal Offshore Services Sdn Bhd ("HOSSB") had on 14 February 2011 entered into a sharing of intellectual property rights agreement with the related party Excell Crane & Hydraulics Inc ("ECHI") for the proposed acquisition of the use of the intellectual property rights of the "Seacrane" offshore pedestal crane product line for a total cash consideration of USD 3,75 million. All conditions precedent has been fulfilled and in accordance with the payment schedule. HOSSB has at 16 April 2012 paid up to USD 3.375 million and the balance is expected to be paid by 10 July 2012.

i) Profit guarantees

During the financial year ended 31 December 2011, there were no profit guarantees received by the Company

j) Recurrent Related Party Transactions ("RRPT")

The breakdown of the aggregate value of transactions conducted during the financial year ended 31 December 2011 is as follows:

Subsidiary Company of HRB	Name of Related Party	Relationship	Nature of Transaction	Amount of Transaction (RM'000)	Amount of Transactions refered to circular to shareholders in relation to Proposed Shareholders ratification for RRPT(RM) From 30 May 2011 to 30 June 2012 (RM'000)
Handal Offshore Sdn Services Bhd ("HOSSB")	Excell Crane & Hydraulics Inc ("ECHI")	Joel Emanuel Heaney is a director and shareholder of ECHI	Material and spare parts supply	7,324 (Note)	20,000

Note: Actual Value from 30 May 2011 (the date on which the Existing Mandate was obtained) up to 16 April 2012 (the last practicable date before the printing of the circular)

Financial Statements

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 18 to the Financial Statements. There have been no significant changes in the principal activities of the Company and its subsidiary companies during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year	3,037,967	10,833,868
Attributable to:		
Owners of the Company	3,065,718	10,833,868
Non-controlling interests	(27,751)	-
	3,037,967	10,833,868

In the opinion of the directors, the results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the Company paid a single tier first and final dividend of 6% or RM0.03 per ordinary share of RM0.50 amounting to RM4,800,000 in respect of the financial year ended 31 December 2010 on 15 July 2011.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2011.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its :

(a) authorised ordinary share capital from RM50,000,000 to RM250,000,000 through the creation of 400,000,000 ordinary shares of RM0.50 each; and

(b) issued and paid-up share capital through the renounceable rights issue of 60,000,000 new ordinary shares of RM0.50 each in the Company ("Rights Share(s)") at an issue price of RM0.52 per Rights Share together with 60,000,000 new free detachable warrants ("Warrant(s)") on the basis of two (2) Rights Shares and two (2) free Warrants for every three (3) existing ordinary shares of RM0.50 each held in the Company; and

(c) issued and paid-up share capital through the bonus issue of 10,000,000 Company's shares on the basis of one (1) bonus issue for every six (6) Rights Shares subscribed by the existing shareholders of the Company and/or their renouncees pursuant to the Rights Issue.

The new ordinary shares issued during the financial year ranked pari-passu in all respects with the existing ordinary shares of the Company.

There were no issue of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

Warrants

The Company had issued 60,000,000 Warrants which were listed on Bursa Malaysia Securities Berhad on 8 April 2011 pursuant to the rights issue on the basis of two Warrants for every two Rights Shares subscribed.

The Warrants are constituted by a Deed Poll dated 23 February 2011 executed by the Company. Each Warrant entitles the registered holder during the exercise period to subscribe for one new ordinary share at the exercise price of RM0.86 per Warrant, subject to adjustment in accordance with the provisions of the Deed Poll. The warrants not exercised at the date of maturity will thereafter lapse and cease to be valid for any purpose.

The summary of the movements of warrants is as follows :

		Number of Warrants			
Issue date	**Expiry date**	**Balance at 1.1.2011**	**Granted**	**Exercised**	**Balance at 31.12.2011**
6.4.2011	5.4.2016	-	60,000,000	-	60,000,000

The ordinary shares issued from the exercise of Warrants shall rank pari-passu in all respects with existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares arising from the exercise of warrants.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report :

Dato' Mohsin Abdul Halim
Zahari Bin Hamzah
Joel Emanuel Heaney
Mallek Rizal Bin Mohsin
Chau Sik Cheong
Lokman Razani Bin Abdul Razak
Muhammad 'Asri Bin Mohd Rafa'I

In accordance with Article 63 of the Company's Articles of Association, Encik Zahari Bin Hamzah and Encik Lokman Razani Bin Abdul Razak shall retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTEREST

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows :

	Number of ordinary shares of RM0.50 each			
Shares in the Company	**Balance at 1.1.2011**	**Issued/ Bought**	**Sold**	**Balance at 31.12.2011**
Direct Interests				
Dato' Mohsin Abdul Halim	14,733,000	11,288,887	(733,000)	25,288,887
Zahari Bin Hamzah	9,352,000	7,045,166	(600,000)	15,797,166
Joel Emanuel Heaney	8,669,800	6,038,900	(3,199,000)	11,509,700
Mallek Rizal Bin Mohsin	8,534,400	5,985,596	(2,202,400)	12,317,596
Lokman Razani Bin Abdul Razak	93,800	30,566	(55,000)	69,366
Indirect Interests				
Dato' Mohsin Abdul Halim	8,534,400	5,985,596	(2,202,400)	12,317,596
Mallek Rizal Bin Mohsin	14,733,000	11,288,887	(733,000)	25,288,887

DIRECTORS' INTEREST (continued)

	Number of warrants			
Warrants in the Company	**Balance at 1.1.2011**	**Granted/ Bought**	**Sold**	**Balance at 31.12.2011**
Direct Interests				
Dato' Mohsin Abdul Halim	-	9,333,332	-	9,333,332
Zahari Bin Hamzah	-	5,882,200	-	5,882,200
Joel Emanuel Heaney	-	5,176,200	(35,000)	5,141,200
Mallek Rizal Bin Mohsin	-	4,701,530	-	4,701,530
Lokman Razani Bin Abdul Razak	-	26,200	-	26,200
Indirect Interests				
Dato' Mohsin Abdul Halim	-	4,701,530	-	4,701,530
Mallek Rizal Bin Mohsin	-	9,333,332	-	9,333,332

By virtue of their interests in shares in the Company, Dato' Mohsin Abdul Halim and Encik Mallek Rizal Bin Mohsin are deemed to have interests in the shares of the subsidiary companies to the extent that the Company has an interest, in accordance with Section 6A of the Companies Act, 1965.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than as disclosed in Note 22 and Note 36 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 34 to the Financial Statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE REPORTING PERIOD

Significant event subsequent to the reporting period is disclosed in Note 35 to the Financial Statements.

OTHER FINANCIAL INFORMATION

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps :

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that there were no known bad debts and no provision for doubtful debts is required; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances :

(a) which would require any amount to be written off as bad debts or provided for as doubtful debts in the financial statements of the Group and of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than as disclosed in Note 33 to the Financial Statements.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the Group and of the Company for the succeeding financial year.

Directors' Report
31 December 2011

REGISTERED OFFICE

The registered office of the Company is located at :

25-6, Jalan PJU 1/42A
Block F2, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

PRINCIPAL PLACE OF BUSINESS

The principal place of business of the Company is located at :

Lot PT 7358, Kawasan Perindustrian Telok Kalong
24007 Kemaman
Terengganu Darul Iman
Malaysia

AUDITORS

The auditors, Messrs GEP Associates have indicated that they will not be seeking re-appointment for the ensuing year.

Signed in accordance with
a resolution of the Directors
dated 29 March 2012

JOEL EMANUEL HEANEY

ZAHARI BIN HAMZAH

Kemaman

Statement by Directors

The directors of **HANDAL RESOURCES BERHAD**, state that, in their opinion, the accompanying financial statements set out on pages 40 to 111 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011, and of their financial performance and cash flows for the year ended on that date.

The supplementary information set out in Note 41 to the Financial Statements has been compiled in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed in accordance with
a resolution of the Directors
dated 29 March 2012

JOEL EMANUEL HEANEY **ZAHARI BIN HAMZAH**

Kemaman

Statutory Declaration

I, **MALLEK RIZAL BIN MOHSIN**, being the Director primarily responsible for the accounting records and financial management of **HANDAL RESOURCES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 40 to 111 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
MALLEK RIZAL BIN MOHSIN,)
at Petaling Jaya, Selangor Darul Ehsan)
on 29 March 2012) **MALLEK RIZAL BIN MOHSIN**

Before me,

K. Cherian Abraham (B299)
COMMISSIONER FOR OATHS

Independent Auditors' Report
To the Members of Handal Resources Berhad (Company Number: 816839-X)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Handal Resources Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 111.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following :

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

Report on Other Legal and Regulatory Requirements (continued)

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 41 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

GEP ASSOCIATES
AF 1030
Chartered Accountants

GONG WOOI TEIK
741/04/12 (J)
Chartered Accountant

Petaling Jaya
29 March 2012

Handal Resources Berhad (Incorporated in Malaysia) And Its Subsidiaries

Consolidated Statement of Financial Position

as at 31 December 2011

	Note	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	**51,402,190**	31,701,862
Intangible asset	5	**11,958,567**	-
Goodwill on consolidation	6	**373,969**	373,969
		63,734,726	32,075,831
Current assets			
Inventories		**5,703,219**	5,194,630
Work-in-progress		**6,467,736**	14,111,619
Trade receivables	7	**25,614,275**	28,631,416
Retention sum	7	**323,950**	323,950
Amount due by customers for contract works	8	**9,626,114**	2,212,226
Other receivables, deposits and prepayments		**4,420,731**	3,932,520
Financial assets held for trading	9	**17,580,655**	-
Short term investment	10	**7,975,341**	20,123,435
Fixed deposits with licensed banks	11	**12,511,893**	11,806,980
Cash on hand and at banks		**12,247,046**	7,333,169
		102,470,960	93,669,945
Non-current asset held for sale	12	**5,000,000**	-
		107,470,960	93,669,945
TOTAL ASSETS		**171,205,686**	125,745,776

Consolidated Statement of Financial Position
as at 31 December 2011

	Note	2011 RM	2010 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	**80,000,000**	45,000,000
Reserves	14	**18,921,691**	25,386,036
		98,921,691	70,386,036
Non-controlling interests		**5,535**	3,285
Total Equity		**98,927,226**	70,389,321
Non-current liabilities			
Borrowings	15	**32,549,754**	19,092,211
Deferred taxation	16	**1,723,900**	1,978,600
		34,273,654	21,070,811
Current liabilities			
Trade payables	17	**12,374,591**	10,593,372
Amount due to customers for contract works	8	**151,000**	3,256,989
Other payables and accruals		**9,694,539**	3,024,790
Borrowings	15	**15,784,676**	17,043,757
Current tax payable		**-**	366,736
		38,004,806	34,285,644
TOTAL LIABILITIES		**72,278,460**	55,356,455
TOTAL EQUITY AND LIABILITIES		**171,205,686**	125,745,776

The accompanying Notes form an integral part of the Financial Statements.

Handal Resources Berhad (Incorporated in Malaysia)

Statement of Financial Position
as at 31 December 2011

	Note	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	**113,985**	124,835
Investment in subsidiary companies	18	**37,238,000**	36,967,998
		37,351,985	37,092,833
Current assets			
Deposit and prepayments		**2,500**	229,940
Amount due by subsidiary companies	19	**20,455,572**	7,099
Financial assets held for trading	9	**17,580,655**	-
Short term investment	10	**7,975,341**	20,123,435
Cash on hand and at banks		**4,426,541**	477,799
		50,440,609	20,838,273
TOTAL ASSETS		**87,792,594**	57,931,106
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	**80,000,000**	45,000,000
Reserves	14	**7,529,025**	6,225,220
Total equity		**87,529,025**	51,225,220
Non-current liability			
Deferred taxation	16	**25,700**	20,500
Current liabilities			
Other payable and accruals		**237,869**	180,435
Amount due to subsidiary companies	19	**-**	6,504,951
		237,869	6,685,386
TOTAL LIABILITIES		**263,569**	6,705,886
TOTAL EQUITY AND LIABILITIES		**87,792,594**	57,931,106

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Statement of Comprehensive Income
for the financial year ended 31 December 2011

	Note	2011 RM	2010 RM
Revenue	20	**83,521,433**	98,782,691
Cost of sales	21	**(56,204,756)**	(59,486,080)
Gross profit		**27,316,677**	39,296,611
Other income		**1,255,008**	2,035,413
Administrative expenses		**(18,596,698)**	(16,054,233)
Selling and distribution expenses		**(152,871)**	(481,746)
Other expenses		**(3,000,236)**	(2,183,942)
Profit from operations	22	**6,821,880**	22,612,103
Finance costs	23	**(2,003,117)**	(2,199,755)
Profit before taxation		**4,818,763**	20,412,348
Income tax expense	24	**(1,780,796)**	(4,798,105)
Profit for the year		**3,037,967**	15,614,243
Other comprehensive income		**-**	-
Total comprehensive income for the year		**3,037,967**	15,614,243
Attributable to:			
- Owners of the Company		**3,065,718**	15,620,958
- Non-controlling interests		**(27,751)**	(6,715)
		3,037,967	15,614,243
Earnings per share			
- basic (sen)	25	**2.17**	17.36
- diluted (sen)	25	**N/A**	N/A

The accompanying Notes form an integral part of the Financial Statements.

Statement of Comprehensive Income
for the financial year ended 31 December 2011

	Note	2011 RM	2010 RM
Revenue	20	**11,800,000**	7,400,000
Other income		**602,561**	235,377
Administrative expenses		**(748,570)**	(511,705)
Other expenses		**(814,923)**	(406,686)
Profit before taxation	22	**10,839,068**	6,716,986
Income tax expense	24	**(5,200)**	(20,500)
Net profit for the year		**10,833,868**	6,696,486
Other comprehensive income		**-**	-
Total comprehensive income for the year		**10,833,868**	6,696,486
Attributable to :			
Owners of the Company		**10,833,868**	6,696,486

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Statement of Changes In Equity
for the financial year ended 31 December 2011

	← Attributable to Owners of the Company				→		
	Non-Distributable			Distributable			
	Share Capital RM	Share Premium RM	Warrant Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Balance at 1 January 2010	45,000,000	1,549,576	-	10,015,502	56,565,078	-	56,565,078
Total comprehensive income for the year	-	-	-	15,620,958	15,620,958	(6,715)	15,614,243
Issue of shares by subsidiary to non-controlling interests	-	-	-	-	-	10,000	10,000
Dividend paid (Note 26)	-	-	-	(1,800,000)	(1,800,000)	-	(1,800,000)
Balance at 31 December 2010	45,000,000	1,549,576	-	23,836,460	70,386,036	3,285	70,389,321
Total comprehensive income for the year	-	-	-	3,065,718	3,065,718	(27,751)	3,037,967
Issue of shares by subsidiary to non-controlling interests	-	-	-	-	-	30,001	30,001
Dividend paid (Note 26)	-	-	-	(4,800,000)	(4,800,000)	-	(4,800,000)
Issue of shares (Note 13)							
- Rights issue	30,000,000	1,200,000	-	-	31,200,000	-	31,200,000
- Bonus issue	5,000,000	(1,819,513)	-	(3,180,487)	-	-	-
Issue of warrants	-	-	6,600,000	(6,600,000)	-	-	-
Shares and warrants issuance expenses	-	(930,063)	-	-	(930,063)	-	(930,063)
Balance at 31 December 2011	**80,000,000**	**-**	**6,600,000**	**12,321,691**	**98,921,691**	**5,535**	**98,927,226**

The accompanying Notes form an integral part of the Financial Statements.

Statement of Changes In Equity
for the financial year ended 31 December 2011

	Share Capital RM	Non-Distributable Share Premium RM	Non-Distributable Warrant Reserve RM	Distributable Retained Earnings RM	Total RM
Balance at 1 January 2010	45,000,000	1,549,576	-	(220,842)	46,328,734
Total comprehensive income for the year	-	-	-	6,696,486	6,696,486
Dividend paid (Note 26)	-	-	-	(1,800,000)	(1,800,000)
Balance at 31 December 2010	45,000,000	1,549,576	-	4,675,644	51,225,220
Total comprehensive income for the year	-	-	-	10,833,868	10,833,868
Dividend paid (Note 26)	-	-	-	(4,800,000)	(4,800,000)
Issue of shares (Note 13)					
- Rights issue	30,000,000	1,200,000	-	-	31,200,000
- Bonus issue	5,000,000	(1,819,513)	-	(3,180,487)	-
Issue of warrants	-	-	6,600,000	(6,600,000)	-
Shares and warrants issuance expenses	-	(930,063)	-	-	(930,063)
Balance at 31 December 2011	**80,000,000**	**-**	**6,600,000**	**929,025**	**87,529,025**

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Statement of Cash Flows
for the financial year ended 31 December 2011

	Note	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		4,818,763	20,412,348
Adjustments for :			
Depreciation of property, plant and equipment		3,174,394	3,780,715
Interest expense		2,003,117	2,199,755
Impairment loss on property, plant and equipment		243,920	-
Unrealised loss/(gain) on foreign exchange		153,638	(165,834)
Dividend income from financial assets held for trading		(14,500)	-
Interest income		(354,913)	(492,349)
Income from short term investment		(401,906)	(235,377)
Operating profit before working capital changes		9,622,513	25,499,258
Increase)/Decrease in inventories		(508,589)	357,720
Decrease in work-in-progress		6,509,820	2,130,913
Decrease/(Increase) in trade receivables and retention sum		3,377,727	(12,618,905)
Increase in amount due by customers for contract works		(7,413,888)	(1,242,880)
Decrease/(Increase) in other receivables, deposits and prepayments		701,349	(3,258,191)
Increase in trade payables		1,266,995	2,369,668
(Decrease)/Increase in amount due to customers for contract works		(3,105,989)	3,256,989
Increase in other payables and accruals		3,074,874	59,727
Cash generated from operations		13,524,812	16,554,299
Tax refunded		48,392	-
Bank overdrafts interest paid		(308,783)	(331,499)
Tax paid		(3,640,184)	(4,845,947)
Net cash generated from operating activities		9,624,237	11,376,853

Consolidated Statement of Cash Flows
for the financial year ended 31 December 2011

	Note	2011 RM	2010 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Short term investment income received		**401,906**	235,377
Interest received		**354,913**	486,014
Dividend income from financial assets held for trading		**14,500**	-
Placement of fixed deposits		**(704,913)**	(3,111,311)
Purchase of property, plant and equipment	27	**(8,328,593)**	(5,532,845)
Acquisition of intellectual property		**(8,359,692)**	-
Net cash used in investing activities		**(16,621,879)**	(7,922,765)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		**31,200,000**	-
Net increase in bills payable		**430,773**	205,283
Issue of shares by subsidiary companies to non-controlling interests		**30,001**	10,000
Payment of hire purchase interest		**(16,978)**	(21,302)
Repayment of hire purchase creditors		**(100,292)**	(127,863)
Payment of shares and warrants issuance expenses		**(930,063)**	-
Payment of term loan interest		**(1,321,129)**	(303,219)
Dividend paid		**(4,800,000)**	(1,800,000)
Repayment of term loan		**(5,104,340)**	-
Net drawdown of term loan		**-**	21,656,764
Payment of interest on medium term notes		**-**	(1,303,018)
Repayment of medium term notes		**-**	(20,000,000)
Net cash generated from/(used in) financing activities		**19,387,972**	(1,683,355)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**12,390,330**	1,770,733
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**20,570,722**	18,799,989
CASH AND CASH EQUIVALENTS AT END OF YEAR	28	**32,961,052**	20,570,722

The accompanying Notes form an integral part of the Financial Statements.

Statement of Cash Flows
for the financial year ended 31 December 2011

	Note	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**10,839,068**	6,716,986
Adjustments for :			
Depreciation of property, plant and equipment		**20,059**	13,341
Dividend income from financial assets held for trading		**(14,500)**	-
Income from short term investment		**(401,906)**	(235,377)
Operating profit before working capital changes		**10,442,721**	6,494,950
Decrease/(Increase) in deposit and prepayments		**227,440**	(228,440)
Increase in other payable and accruals		**61,434**	19,840
Net cash generated from operating activities		**10,731,595**	6,286,350
CASH FLOWS FROM INVESTING ACTIVITIES			
Short term investment income received		**401,906**	235,377
Dividend income from financial assets held for trading		**14,500**	-
Purchase of property, plant and equipment	27	**(13,209)**	(138,176)
Acquisition of subsidiary companies		**(270,002)**	(290,000)
(Increase)/Decrease in amount due by subsidiary companies		**(20,448,473)**	31,376
Net cash used in investing activities		**(20,315,278)**	(161,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		**31,200,000**	-
Payment of shares and warrants issuance expenses		**(930,063)**	-
Dividend paid		**(4,800,000)**	(1,800,000)
(Decrease)/Increase in amount due to subsidiary companies		**(6,504,951)**	6,504,951
Net cash generated from financing activities		**18,964,986**	4,704,951
NET INCREASE IN CASH AND CASH EQUIVALENTS		**9,381,303**	10,829,878
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**20,601,234**	9,771,356
CASH AND CASH EQUIVALENTS AT END OF YEAR	28	**29,982,537**	20,601,234

The accompanying Notes form an integral part of the Financial Statements.

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as disclosed in Note 2.1 to the Financial Statements.

The financial statements are presented in Ringgit Malaysia ("RM").

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

(b) Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiary companies as listed in Note 18 to the Financial Statements, made up to the end of the financial year. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating activities so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date, on which control is transferred to the Group and are no longer consolidated from the date that control ceases. In preparing the consolidated financial statements, all intercompany transactions, balances and unrealised gains or losses on transactions between group companies are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between :

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

Business combinations from 1 January 2011 onwards

Acquisitions of business are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business combinations before 1 January 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree at the date of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Goodwill Arising on Consolidation

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 January 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the later amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 January 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for capital work-in-progress and building under construction are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, Plant and Equipment and Depreciation (continued)

Depreciation of other property, plant and equipment is computed on the straight line method to write off the cost of each asset to its residual value at the following rates based on the estimated useful lives of the various property, plant and equipment :

	Rate per annum (%)
Long leasehold land	1.67
Building	2
Crane and machineries	20
Motor vehicles	20
Furniture,fittings and office equipment	10 - 25
Workshop equipment	10
Renovation	15

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss in the year the asset is derecognised.

(e) Intangible Assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated impairment losses.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amounts is recognised in the profit or loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(g) Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the category includes financial assets at fair value through profit or loss and loans and receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Assets (continued)

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(i) Investments in Subsidiary Companies

Investments in subsidiary companies are stated at cost and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is the estimated selling price in ordinary course of business less the estimated costs of completion and selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Non-current Assets Held for Sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

(l) Work-in-Progress

Work-in-progress is valued at cost. Cost represents material, labours and other direct cost incurred on incompleted service and maintenance works up to the financial year end.

(m) Amount Due From/(To) Contract Customers

Amount due from/(to) contract customers is stated at aggregate amount of costs incurred on incomplete projects and recognised profits (less recognised losses) todate less progress billings rendered todate. Cost includes all direct contract costs and other related costs. Where progress billings in respect of individual project exceeds the amount included in amount due from customers, the excess amount is classified under current liabilities.

(n) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company classified its financial liabilities as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include borrowings, trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measure at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Financial Liabilities (continued)

Other financial liabilities (continued)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange of modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(o) Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(p) Equity Instruments

Ordinary shares are classified as equity. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends on ordinary shares are recognised in the statements of changes in equity in the period in which they are declared.

(q) Revenue Recognition

(i) Goods sold and services rendered

Revenue from goods sold and services rendered are recognised when the goods are delivered and services are rendered and upon customers' acceptance.

Revenue from contract for the sales of goods subject to installation and inspection is recognised upon acceptance by customers of the individual contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue Recognition (continued)

(ii) Contracts

Revenue from contracts is taken up in the financial statements on percentage of completion method. When the outcome of a contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. The stage of completion of a contract is measured by the value of work certified as a proportion of total contract value where the outcome of the contract can be foreseen with reasonable certainty.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is only included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

(iii) Rental income

Rental income from cranes is recognised on an accrual basis.

(iv) Interest income

Interest income from fixed deposits and short term investment is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity.

(v) Dividend income

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

(vi) Commission received

Commission received is recognised on receipt basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Employee Benefits

(i) Short term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and social security contribution are recognised as an expense in the year which the associated services are rendered by employees.

(ii) Defined contribution plans

The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(s) Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency.

(ii) Foreign currency transactions and balances

Transactions in foreign currencies are measured and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(u) Income Tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Income Tax (continued)

(ii) Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(v) Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, fixed deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.1 Changes in Accounting Policies

During the financial year, the Group and the Company adopted the following new FRSs, revised FRSs, Issues Committee Interpretations ("IC Int."), amendments to FRSs and IC Int. issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to its operations :

	Effective for financial periods beginning on or after
Amendments to FRS 132 : Financial Instruments : Presentation	1 March 2010
FRS 3 : Business Combinations (Revised)	1 July 2010
FRS 127 : Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendments to FRS 2 : Share-based Payment	1 July 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138 : Intangible Assets	1 July 2010
IC Int. 12 : Service Concession Arrangements	1 July 2010
IC Int. 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int. 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments IC Int. 9: Reassessment of Embedded Derivatives	1 July 2010

2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.1 **Changes in Accounting Policies** (continued)

	Effective for financial periods beginning on or after
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First- time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
IC Int. 4: Determining Whether an Arrangement contains a Lease	1 January 2011
IC Int. 18: Transfers of Assets from Customers	1 January 2011
Amendments to FRSs contained in the documents entitled “Improvements to FRSs (2010)”	1 January 2011

The adoption of the above new FRSs, revised FRSs, IC Int., amendments to FRSs and IC Int. did not have any affect on the financial performance or position of the Group and the Company except for those disclosed below :

<u>FRS 3 Business Combinations (Revised) and Amendments to FRS 127 Consolidated and Separate Financial Statements (Revised)</u>

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 January 2011. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

<u>Amendments to FRS 7: Improving Disclosures about Financial Instruments</u>

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy(Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 37 to the Financial Statements. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 37 to the Financial Statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Standards Issued But Not Yet Effective

New Malaysian Accounting Standards Board ("MASB") Approved Accounting Framework

To converge with International Financial Reporting Standards ("IFRS") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Int. 15 Agreements for Construction of Real Estate, including its parent significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer the adoption of the new MFRSs for an additional one year. Consequently, adoption of MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. However, the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012.

MFRSs effective on 1 January 2012

MFRS	1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS	2	Share-based Payment
MFRS	3	Business Combinations
MFRS	4	Insurance Contracts
MFRS	5	Non-current Assets Held for Sale and Discontinued Operations
MFRS	6	Exploration for and Evaluation of Mineral Resources
MFRS	7	Financial Instruments: Disclosures
MFRS	8	Operating Segments
MFRS	101	Presentation of Financial Statements
MFRS	102	Inventories
MFRS	107	Statement of Cash Flows
MFRS	108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS	110	Events After the Reporting Period
MFRS	111	Construction Contracts
MFRS	112	Income Taxes
MFRS	116	Property, Plant and Equipment
MFRS	117	Leases
MFRS	118	Revenue
MFRS	119	Employee Benefits
MFRS	120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS	121	The Effects of Changes in Foreign Exchange Rates

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Standards Issued But Not Yet Effective (continued)

MFRSs effective on 1 January 2012 (continued)

MFRS	123	Borrowing Costs
MFRS	124	Related Party Disclosures
MFRS	126	Accounting and Reporting by Retirement Benefit Plans
MFRS	127	Consolidated and Separate Financial Statements
MFRS	128	Investments in Associates
MFRS	129	Financial Reporting in Hyperinflationary Economies
MFRS	131	Interests in Joint Ventures
MFRS	132	Financial Instruments : Presentation
MFRS	133	Earnings Per Share
MFRS	134	Interim Financial Reporting
MFRS	136	Impairment of Assets
MFRS	137	Provisions, Contingent Liabilities and Contingent Assets
MFRS	138	Intangible Assets
MFRS	139	Financial Instruments : Recognition and Measurement
MFRS	140	Investment Property
MFRS	141	Agriculture (for transitioning entities)
IC Int.	1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int.	2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int.	4	Determining whether an Arrangement contains a Lease
IC Int.	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int.	6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Int.	7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int.	9	Reassessment of Embedded Derivatives
IC Int.	10	Interim Financial Reporting and Impairment
IC Int.	12	Service Concession Arrangements
IC Int.	13	Customer Loyalty Programmes
IC Int.	14	MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int.	15	Agreements for the Construction of Real Estate
IC Int.	16	Hedges of a Net Investment in a Foreign Operation
IC Int.	17	Distributions of Non-cash Assets to Owners
IC Int.	18	Transfers of Assets from Customers
IC Int.	19	Extinguishing Financial Liabilities with Equity Instruments

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Standards Issued But Not Yet Effective (continued)

MFRSs effective on 1 January 2012 (continued)

IC Int.	107	Introduction of the Euro
IC Int.	110	Government Assistance - No Specific Relation to Operating Activities
IC Int.	112	Consolidation - Special Purpose Entities
IC Int.	113	Jointly Controlled Entities - Non-Monetary Contributions by Venturers
IC Int.	115	Operating Leases - Incentives
IC Int.	125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
IC Int.	127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int.	129	Service Concession Arrangements: Disclosures
IC Int.	131	Revenue - Barter Transactions Involving Advertising Services
IC Int.	132	Intangible Assets - Web Site Costs

MFRSs effective on 1 July 2012

MFRS	101	Presentation of Financial Statements Amendments in relation to Presentation of Items of Other Comprehensive Income

MFRSs effective on 1 January 2013

MFRS	9	Financial Instruments (International Financial Reporting Standards ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in November 2009)
MFRS	9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS	10	Consolidated Financial Statements
MFRS	11	Joint Arrangements
MFRS	12	Disclosure of Interests in Other Entities
MFRS	13	Fair Value Measurement
MFRS	119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS	127	Consolidated and Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS	128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int.	20	Stripping Costs in the Production Phase of a Surface Mine

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Standards Issued But Not Yet Effective (continued)

			Effective for financial periods beginning on or after
New FRSs			
FRS	9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2013
FRS	9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2013
FRS	10	Consolidated Financial Statements	1 January 2013
FRS	11	Joint Arrangements	1 January 2013
FRS	12	Disclosure of Interests in Other Entities	1 January 2013
FRS	13	Fair Value Measurement	1 January 2013
Revised FRSs			
FRS	119	Employee Benefits (as amended in November 2011)	1 January 2013
FRS	124	Related Party Disclosures	1 January 2012
FRS	127	Separate Financial Statements (as amended in November 2011)	1 January 2013
FRS	128	Investment in Associates and Joint Ventures (as amended in November 2011)	1 January 2013
Amendments/Improvements to FRSs			
FRS	1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
FRS	7	Disclosures-Transfer of Financial Assets	1 January 2012
FRS	101	Presentation of Items of Other Comprehensive Income	1 July 2012
FRS	112	Deferred Tax : Recovery of Underlying Assets	1 January 2012
IC Int.	19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Int.	20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int.			
IC Int.	14	Prepayments of a Minimum Funding Requirement	1 July 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Standards Issued But Not Yet Effective (continued)

Withdrawal of FRSs and IC Int.

The following FRSs and IC Int. will be withdrawn upon the adoption of the new/revised standards as disclosed above :

FRSs

FRS	119	Employee Benefits (2007)
FRS	127	Consolidated and Separate Financial Statements (2010)
FRS	128	Investments in Associates (2005)
FRS	131	Interests in Joint Ventures (2005)

IC Int.

IC Int.	9	Reassessment of Embedded Derivatives (2008)
IC Int.	112	Consolidation - Special Purpose Entities (2005)
IC Int.	113	Jointly Controlled Entities - Non-Monetary Contributions by Ventures (2005)
IC Int.	121	Income Taxes - Recovery of Revalued Non-depreciable Assets (2005)

The Company plan to adopt the abovementioned FRSs, revised FRSs, IC Int., amendments to FRSs and IC Int. which are relevant to the Company's operations when they become effective.

The Directors of the Company anticipate that the application of the above FRSs, revised FRSs, IC Int., amendments to FRSs and IC Int. will have no material impact on the financial statements of the Company.

The financial statements were approved and authorised for issue by the Board of Directors on 29 March 2012.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Income Taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(b) Construction Contracts

The Group recognised contract profits based on the stage of completion method. The stage of completion of a contract is measured by the value of work certified as a proportion of total contract value where the outcome of the contract can be foreseen with reasonable certainty. When it is probable that the estimated total contract costs of a contract will exceed the total contract revenue of the contract, the expected loss on the contract is recognised as an expense immediately.

Significant judgement is required in the estimation of total contract costs. Where the actual total contract costs is different from the estimated total contract costs, such difference will impact the contract profits/(losses) recognised.

(c) Impairment of Loans and Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(d) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. PROPERTY, PLANT AND EQUIPMENT

2011 GROUP COST	Long leasehold land RM	Building RM	Crane and machineries RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Workshop equipment RM	Renovation RM	Capital work-in-progress RM	Building under construction RM	Total RM
Balance at 1.1.2011	2,659,290	15,723,261	21,255,212	1,113,865	2,240,851	220,247	140,834	567,242	-	43,920,802
Addition	-	26,500	1,758,629	199,300	239,348	380,555	144,205	24,240,042	-	26,988,579
Transferred from work-in-progress	-	-	808,521	-	-	-	-	325,542	-	1,134,063
Disposal	-	-	-	-	-	-	(4,000)	-	-	(4,000)
Reclassified as held for sale (Note 12)	-	-	(6,788,185)	-	-	-	-	-	-	(6,788,185)
Balance at 31.12.2011	2,659,290	15,749,761	17,034,177	1,313,165	2,480,199	600,802	281,039	25,132,826	-	65,251,259
ACCUMULATED DEPRECIATION/ ACCUMULATED IMPAIRMENT LOSS										
Balance at 1.1.2011										
- Accumulated depreciation	186,489	131,028	10,344,761	643,849	762,862	81,301	68,650	-	-	12,218,940
- Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-
	186,489	131,028	10,344,761	643,849	762,862	81,301	68,650	-	-	12,218,940
Current depreciation	44,321	314,995	2,313,188	163,663	287,926	30,071	20,230	-	-	3,174,394
Disposal	-	-	-	-	-	-	-	-	-	-
Impairment loss for the year	-	-	243,920	-	-	-	-	-	-	243,920
Reclassified as held for sale (Note 12)	-	-	(1,788,185)	-	-	-	-	-	-	(1,788,185)
Balance at 31.12.2011										
- Accumulated depreciation	230,810	446,023	11,113,684	807,512	1,050,788	111,372	88,880	-	-	13,849,069
- Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-
	230,810	446,023	11,113,684	807,512	1,050,788	111,372	88,880	-	-	13,849,069

4. PROPERTY, PLANT AND EQUIPMENT (continued)

2011 GROUP COST	Long leasehold land RM	Building RM	Crane and machineries RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Workshop equipment RM	Renovation RM	Capital work-in-progress RM	Building under construction RM	Total RM
NET CARRYING AMOUNT										
Balance at 1.1.2011	2,472,801	15,592,233	10,910,451	470,016	1,477,989	138,946	72,184	567,242	-	31,701,862
Balance at 31.12.2011	2,428,480	15,303,738	5,920,493	505,653	1,429,411	489,430	192,159	25,132,826	-	51,402,190

4. PROPERTY, PLANT AND EQUIPMENT (continued)

2010 GROUP COST	Long leasehold land RM	Building RM	Crane and machineries RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Workshop equipment RM	Renovation RM	Capital work-in-progress RM	Building under construction RM	Total RM
Balance at 1.1.2010	2,659,290	-	17,967,118	1,113,865	1,763,729	155,864	105,286	851,215	13,851,731	38,468,098
Addition	-	-	2,672,488	-	557,263	64,383	35,548	331,633	1,871,530	5,532,845
Written off	-	-	-	-	(80,141)	-	-	-	-	(80,141)
Reclassification	-	15,723,261	615,606	-	-	-	-	(615,606)	(15,723,261)	-
Balance at 31.12.2010	2,659,290	15,723,261	21,255,212	1,113,865	2,240,851	220,247	140,834	567,242	-	43,920,802
ACCUMULATED DEPRECIATION										
Balance at 1.1.2010										
- Accumulated depreciation	142,167	-	7,226,511	450,796	586,590	60,886	51,416	-	-	8,518,366
- Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-
	142,167	-	7,226,511	450,796	586,590	60,886	51,416	-	-	8,518,366
Current depreciation	44,322	131,028	3,118,250	193,053	256,413	20,415	17,234	-	-	3,780,715
Written off	-	-	-	-	(80,141)	-	-	-	-	(80,141)
Balance at 31.12.2010										
- Accumulated depreciation	186,489	131,028	10,344,761	643,849	762,862	81,301	68,650	-	-	12,218,940
- Accumulated impairment loss	-	-	-	-	-	-	-	-	-	-
	186,489	131,028	10,344,761	643,849	762,862	81,301	68,650	-	-	12,218,940
NET CARRYING AMOUNT										
Balance at 1.1.2010	2,517,123	-	10,740,607	663,069	1,177,139	94,978	53,870	851,215	13,851,731	29,949,732
Balance at 31.12.2010	2,472,801	15,592,233	10,910,451	470,016	1,477,989	138,946	72,184	567,242	-	31,701,862

4. **PROPERTY, PLANT AND EQUIPMENT** (continued)

2011 COMPANY COST	Balance at 1.1.2011 RM	Addition RM	Disposal RM	Balance at 31.12.2011 RM
Furniture, fittings and office equipment	102,628	13,209	-	115,837
Renovation	35,548	-	(4,000)	31,548
	138,176	13,209	(4,000)	147,385

ACCUMULATED DEPRECIATION	Balance at 1.1.2011 RM	Current Depreciation RM	Disposal RM	Balance at 31.12.2011 RM
Furniture, fittings and office equipment	10,217	15,227	-	25,444
Renovation	3,124	4,832	-	7,956
	13,341	20,059	-	33,400

	NET CARRYING AMOUNT		Depreciation charge for
	2011 RM	2010 RM	2010 RM
Furniture, fittings and office equipment	90,393	92,411	10,217
Renovation	23,592	32,424	3,124
	113,985	124,835	13,341

4. PROPERTY, PLANT AND EQUIPMENT (continued)

2010 **COMPANY** **COST**	**Balance at 1.1.2010 RM**	**Addition RM**	**Disposal RM**	**Balance at 31.12.2010 RM**
Furniture, fittings and office equipment	-	102,628	-	102,628
Renovation	-	35,548	-	35,548
	-	138,176	-	138,176

ACCUMULATED **DEPRECIATION**	**Balance at 1.1.2010 RM**	**Current Depreciation RM**	**Disposal RM**	**Balance at 31.12.2010 RM**
Furniture, fittings and office equipment	-	10,217	-	10,217
Renovation	-	3,124	-	3,124
	-	13,341	-	13,341

	NET CARRYING AMOUNT 2010 RM
Furniture, fittings and office equipment	92,411
Renovation	32,424
	124,835

Included in building under construction and capital work-in-progress are interest expense capitalised during the financial year amounting to RMNil and RM329,980 (2010 : RM442,770 and RMNil) respectively as mentioned in Note 23 to the Financial Statements.

The long leasehold land and building of the Group have been pledged to a licensed financial institution for banking facilities granted to the Group as mentioned in Notes 29 and 31 to the Financial Statements.

Included in capital work-in-progress of the Group is an amount of RM20,363,346 (2010 : RMNil) has been pledged to a licensed financial institution for banking facility granted to the Group as mentioned in Note 31 to the Financial Statements.

Included in the Group's property, plant and equipment are assets acquired under hire purchase financing with a total net book value of RM396,403 (2010 : RM470,016).

5. INTANGIBLE ASSET

	Group	
	2011	2010
	RM	RM
Intellectual property, at cost	**11,958,567**	-

Intellectual property represents the costs of acquiring the ownership of the intellectual property rights of the "SEACRANE" offshore pedestal crane product line (which includes the "SEACRANE" Trademark) in Asia, Africa, Australia, Europe and other countries (apart from those located in North America and South America) for indefinite period.

6. GOODWILL ON CONSOLIDATION

	Group	
	2011	2010
	RM	RM
At cost :		
At end of financial year	**373,969**	373,969

Impairment tests for cash-generating unit ("CGU") containing goodwill

The Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiary companies.

The recoverable amount of a CGU is determined based on value-in-use calculation. The value-in-use calculation is determined using cash flows projections, based on financial budgets approved by management, discounted at rates which reflects risks relating to the relevant CGU.

The discount rate applied to the cash flow projections is based on the cost of borrowings of the Group throughout the calculation period. The growth rate used is consistent with the projected growth rate of the CGU's industry and economy.

7. TRADE RECEIVABLES

	Group 2011 RM	Group 2010 RM
Trade receivables	**25,614,275**	28,631,416
Retention sum	**323,950**	323,950
	25,938,225	28,955,366
The currency exposure profile of trade receivables is as follows :		
- Ringgit Malaysia	**25,938,225**	26,280,902
- United States Dollar	**-**	2,669,709
- Singapore Dollar	**-**	4,755
	25,938,225	28,955,366

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days to 60 days (2010 : 30 days to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows :

	Group 2011 RM	Group 2010 RM
Neither past due nor impaired	**15,919,556**	14,712,196
1 to 30 days past due not impaired	**3,591,927**	3,286,289
31 to 120 days past due not impaired	**3,890,233**	10,647,747
More than 120 days past due not impaired	**2,536,509**	309,134
	25,938,225	28,955,366

7. TRADE RECEIVABLES (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM10,018,669 (2010 : RM14,243,170) that are past due at the reporting date but not impaired.

The receivables that are past due but not impaired are unsecured in nature. The management is confident that these receivables are recoverable as their accounts are still active.

(b) Retention sum

The retention sum is unsecured, non-interest bearing and expected to be collected within one year (2010 : two years).

8. AMOUNT DUE BY/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group	
	2011 RM	**2010 RM**
Aggregate cost incurred to date	**35,527,401**	13,072,470
Attributable profit	**3,644,748**	2,717,395
	39,172,149	15,789,865
Less : Progress billings	**(29,697,035)**	(16,834,628)
	9,475,114	(1,044,763)
The amount due by/(to) customers for contract works is presented as follows :		
Amount due by customers for contract works	**9,626,114**	2,212,226
Amount due to customers for contract works	**(151,000)**	(3,256,989)
	9,475,114	(1,044,763)

9. FINANCIAL ASSETS HELD FOR TRADING

	Group and Company	
	2011	2010
	RM	RM
Quoted non-equity investments	17,580,655	-

The Group's and Company's non-equity investments comprise investment funds which are quoted in Malaysia. They are short to medium-term money market funds that aims to provide investors with a stream of income, high level of liquidity and are subject to insignificant risk of changes in value.

10. SHORT TERM INVESTMENT

	Group and Company	
	2011	2010
	RM	RM
At cost (Note 28)	7,975,341	20,123,435

Short term investment represents deposit placement with an investment fund management company for investment in fixed income instruments.

The short term investment bears dividend yield at rate of 2.95% (2010 : 2.70%) per annum and is readily convertible to cash with insignificant risk of changes in value.

11. FIXED DEPOSITS WITH LICENSED BANKS

The deposits of the Group have been pledged to licensed banks as continuing security for banking facilities granted to the Group as mentioned in Notes 29 and 31 to the Financial Statements.

The fixed deposits of the Group have maturity periods ranging from one month to 12 months (2010 : 1 month to 12 months). The effective interest rates of the deposits range from 2.85% to 3.30% (2010 : 1.90% to 3.10%) per annum.

12. NON-CURRENT ASSET HELD FOR SALE

Non-current asset held for sale which comprises crane and machinery is as follows :

	Group 2011 RM	Group 2010 RM
At beginning of year	**-**	-
Reclassification from property, plant and equipment (Note 4)	**5,000,000**	-
At end of year	**5,000,000**	-

13. SHARE CAPITAL

Share capital is represented by :	Group and Company 2011 RM	Group and Company 2010 RM
Authorised		
500,000,000 ordinary shares of RM0.50 each		
At beginning of financial year	**50,000,000**	50,000,000
Created during the financial year	**200,000,000**	-
At end of financial year	**250,000,000**	50,000,000
Issued and fully paid		
160,000,000 ordinary shares of RM0.50 each		
At beginning of financial year	**45,000,000**	45,000,000
Issued during the financial year		
- Renounceable rights issue	**30,000,000**	-
- Bonus issue	**5,000,000**	-
At end of financial year	**80,000,000**	45,000,000

13. SHARE CAPITAL (continued)

During the financial year, the Company increased its :

(a) authorised ordinary share capital from RM50,000,000 to RM250,000,000 through the creation of 400,000,000 ordinary shares of RM0.50 each; and

(b) issued and paid-up share capital through the renounceable rights issue of 60,000,000 new ordinary shares of RM0.50 each in the Company ("Rights Share(s)") at an issue price of RM0.52 per Rights Share together with 60,000,000 new free detachable warrants ("Warrant(s)") on the basis of two (2) Rights Shares and two (2) free Warrants for every three (3) existing ordinary shares of RM0.50 each held in the Company; and

(c) issued and paid-up share capital through the bonus issue of 10,000,000 Company's shares on the basis of one (1) bonus issue for every six (6) Rights Shares subscribed by the existing shareholders of the Company and/or their renouncees pursuant to the Rights Issue.

The resulting share premium of RM1,200,000 arising from the Rights Shares was credited to the share premium account. The new ordinary shares issued during the financial year ranked pari-passu in all respects with the existing ordinary shares of the Company.

14. RESERVES

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Non-distributable reserve :				
Share premium	**-**	1,549,576	**-**	1,549,576
Warrant reserve	**6,600,000**	-	**6,600,000**	-
Distributable reserve :				
Retained earnings	**12,321,691**	23,836,460	**929,025**	4,675,644
	18,921,691	25,386,036	**7,529,025**	6,225,220

14. RESERVES (continued)

Share Premium

	Group and Company	
	2011	**2010**
	RM	**RM**
At beginning of financial year	**1,549,576**	1,549,576
Rights issue of 60,000,000 new ordinary shares at a premium of RM0.02 per ordinary share, net of shares and warrants issuance expenses of RM930,063	**269,937**	-
Amount capitalised for bonus issue	**(1,819,513)**	-
At end of financial year	**-**	1,549,576

Included in the shares and warrants issuance expenses is auditors' remuneration of RM40,000 (2010 : RMNil).

Warrant Reserve

Warrant reserve arising from 60,000,000 free new warrants from the rights issue as disclosed in Note 13 to the Financial Statements.

The said warrants were admitted, listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 8 April 2011.

The number of outstanding warrants as at 31 December 2011 is 60,000,000.

Retained Earnings

Malaysian companies presently adopt the full imputation tax system. The Government has introduced the single tier tax system under the Finance Act 2007 for companies effective from the year of assessment 2008. Under the single tier tax system, tax on a company's profit is a final tax, and the dividends distributed to shareholders will be exempted from tax.

15. BORROWINGS

	Group	
	2011	2010
Secured :	RM	RM
Current		
Hire purchase payables (Note 30)	**94,999**	97,188
Bank overdrafts (Note 28)	**4,841,990**	6,885,882
Bills payable	**6,027,000**	5,240,000
Term loans (Note 31)	**4,820,687**	4,820,687
	15,784,676	17,043,757
Non-Current		
Hire purchase payables (Note 30)	**200,498**	248,601
Term loans (Note 31)	**32,349,256**	18,843,610
	32,549,754	19,092,211
Total borrowings	**48,334,430**	36,135,968

16. DEFERRED TAXATION

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
At beginning of year	**1,978,600**	1,143,700	**20,500**	-
Recognised in profit or loss (Note 24)	**(254,700)**	834,900	**5,200**	20,500
At end of year	**1,723,900**	1,978,600	**25,700**	20,500

16. DEFERRED TAXATION (continued)

Presented after appropriate offsetting as follows :

Group	2011 RM	2010 RM
Deferred tax assets	**(47,500)**	-
Deferred tax liabilities	**1,771,400**	1,978,600
	1,723,900	1,978,600

The component and movement of deferred tax liabilities/assets of the Group during the financial year prior to offsetting are as follows :

Group Deferred tax liabilities	Accelerated Capital Allowances RM	Others RM	Total RM
At beginning of year	1,937,200	41,400	1,978,600
Recognised in profit or loss (Note 24)	(166,000)	(41,200)	(207,200)
At end of year	1,771,200	200	1,771,400

Deferred tax assets	Unabsorbed Tax Losses RM	Unutilised Capital Allowances RM	Others RM	Total RM
At beginning of year	-	-	-	-
Recognised in profit or loss (Note 24)	2,100	6,800	38,600	47,500
At end of year	2,100	6,800	38,600	47,500

16. DEFERRED TAXATION (continued)

Company Deferred tax liabilities	Accelerated Capital Allowances RM
At beginning of year	20,500
Recognised in profit or loss (Note 24)	5,200
At end of year	25,700

17. TRADE PAYABLES

	Group 2011 RM	Group 2010 RM
The currency exposure profile of trade payables is as follows :		
- Ringgit Malaysia	**8,934,357**	6,444,179
- United States Dollar	**3,188,312**	4,104,619
- Euro	**96,135**	40,756
- Singapore Dollar	**155,787**	3,818
	12,374,591	10,593,372

These amounts are non-interest bearing. The normal credit terms granted by trade payables range from 30 days to 90 days (2010 : 30 days to 90 days).

18. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2011 RM	Company 2010 RM
Unquoted shares, at cost	**37,238,000**	36,967,998

18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Details of the subsidiary companies are as follows :

	Place of Incorporation	Effective Ownership Interest 2011 (%)	2010 (%)	Principal Activities
Handal Offshore Services Sdn. Bhd.	Malaysia	**100**	100	Overhaul and maintenance, manufacturing or fabrication of new offshore pedestal cranes, offshore crane rental business, workover projects and other services such as supply of manpower and parts
Handal Engineering Sdn. Bhd.	Malaysia	**100**	100	Selling of industrial plant and equipment and telecommunication equipment
Handrill Sdn. Bhd.	Malaysia	**90**	90	Consultants in engineering project support services
Handscomms Sdn. Bhd.	Malaysia	**100**	100	Providing all kinds of telecommunication hardwares and softwares in relation to video conferencing systems, broadcasting systems and system maintaining for call centres.
Handal E&P Sdn. Bhd.	Malaysia	**100**	-	Exploration and production in oil and gas fields and farm in activities in small field developments for oil and gas industry; however, it has not commenced operations.
Subsidiary of Handal Offshore Services Sdn. Bhd. :				
Handal Offshore East Malaysia Sdn. Bhd.	Malaysia	**50**	-	Consultant in engineering project support services relating to the manufacturing, construction and oil and gas industries; however, it has not commenced operations.

18. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

(a) Acquisition of subsidiary companies

In the previous financial year, the Company had,

(i) On 25 May 2010, 14 June 2010 and 13 August 2010, subscribed and acquired for 99,999 new ordinary shares of RM1 each and one ordinary share of RM1 respectively which represents 100% of the issued and fully paid-up share capital of Handscomms Sdn. Bhd., a newly incorporated company in Malaysia for a total purchase consideration of RM100,000. Following the acquisition and subscription, Handscomms Sdn. Bhd. became a wholly-owned subsidiary company of the Company.

During the financial year, the Company had,

(i) On 9 March 2011 and 5 April 2011, subscribed and acquired for one new ordinary share of RM1 each and one ordinary share of RM1 respectively which represents 100% of the issued and fully paid-up share capital of Handal E&P Sdn. Bhd., a newly incorporated company in Malaysia for a total purchase consideration of RM2. Following the acquisition and subscription, Handal E&P Sdn. Bhd. became a wholly-owned subsidiary company of the Company.

(ii) On 19 September 2011, through its subsidiary company, Handal Offshore Services Sdn. Bhd. (“HOSSB”), subscribed one new ordinary share of RM1 each which represents 50% of the issued and fully paid-up share capital of Handal Offshore East Malaysia Sdn. Bhd. (“HOEMSB”), a newly incorporated company in Malaysia. Although the Group holds 50% of the effective ownership interest in HOEMSB, the Group exercises significant influence by virtue of its representation on the Board of HOEMSB and participation in the policy making processes of HOEMSB.

Thus following the subscription, HOSSB is regarded as the immediate holding company and accordingly the Company became the ultimate holding company.

(b) Additional investment in a subsidiary company

On 23 September 2011, the Company subscribed an additional 270,000 ordinary shares of RM1 each of Handrill Sdn. Bhd. for a total consideration of RM270,000. Following the subscription, the Company remains its 90% shareholding of the issued and fully paid-up share capital of Handrill Sdn. Bhd.

19. AMOUNT DUE BY/(TO) SUBSIDIARY COMPANIES

	Company	
	2011 RM	2010 RM
Non-trade	20,455,572	(6,497,852)
Amount due by subsidiary companies	20,455,572	7,099
Amount due to subsidiary companies	-	(6,504,951)
	20,455,572	(6,497,852)

The amount due by/(to) subsidiary companies is unsecured, non-interest bearing and is repayable on demand.

20. REVENUE

Revenue of the Group consist of the following :	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Integrated crane services	43,081,188	56,153,177	-	-
Fabrication of cranes	15,531,629	4,878,662	-	-
Workover projects lifting solutions	10,111,741	15,194,550	-	-
Trading and projects services	14,796,875	22,556,302	-	-
Dividend income	-	-	11,800,000	7,400,000
	83,521,433	98,782,691	11,800,000	7,400,000

21. COST OF SALES

Cost of sales of the Group consist of the following :	Group	
	2011 RM	2010 RM
Integrated crane services rendered	23,417,750	32,326,587
Cost of fabrication of cranes	15,818,210	4,501,170
Cost of workover projects lifting solutions	3,828,449	4,091,973
Cost of trading and projects services rendered	13,140,347	18,566,350
	56,204,756	59,486,080

22. PROFIT FROM OPERATIONS/PROFIT BEFORE TAXATION

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
(a) The profit from operations/profit before taxation is arrived at after charging :				
Employee benefits expense [Note 22(c)]	**15,540,583**	13,672,662	**242,450**	134,747
Depreciation of property,plant and equipment	**3,174,394**	3,780,715	**20,059**	13,341
Rental of land	**379,680**	379,680	**-**	-
Rental of premises	**251,270**	225,395	**-**	555
Impairment loss on property, plant and equipment	**243,920**	-	**-**	-
Non-Executive Directors' remuneration :				
- Fee	**162,000**	108,000	**162,000**	108,000
- Emoluments and allowance	**85,000**	-	**85,000**	3,000
Loss on foreign exchange	**110,046**	-	**-**	-
Auditors' remuneration :				
- Statutory audit	**80,600**	76,200	**25,000**	25,000
- Other services	**3,000**	3,000	**3,000**	-
Rental of equipment	**57,350**	57,000	**-**	-
Rental of motor vehicles	**15,512**	11,400	**-**	-
And crediting :				
Income from short term investment	**401,906**	235,377	**401,906**	235,377
Interest income	**354,913**	492,349	**-**	-
Commission received	**289,425**	567,015	**-**	-
Net fair value gain on financial assets held for trading	**186,155**	-	**186,155**	-
Dividend income from financial assets held for trading	**14,500**	-	**14,500**	-
Gain on foreign exchange	**651**	740,672	**-**	-
Dividend income	**-**	-	**11,800,000**	7,400,000
(b) Directors' Remuneration				
<u>Executive :</u>				
Emoluments and allowance	**5,404,350**	5,238,993	**4,500**	3,000
Benefit-in-kind	**276,000**	252,480	**-**	-
	5,680,350	5,491,473	**4,500**	3,000

22. PROFIT FROM OPERATIONS/PROFIT BEFORE TAXATION (continued)

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
(b) Directors' Remuneration (continued)				
Non-Executive :				
Fee	**162,000**	108,000	162,000	108,000
Emoluments and allowance	**85,000**	-	85,000	-
	247,000	108,000	247,000	108,000

Remuneration paid and payable to directors of the Company analysed into bands of RM50,000 :

	Number of directors 2011	Number of directors 2010
Executive directors		
RM1,250,001 - RM1,300,000	**-**	1
RM1,300,001 - RM1,350,000	**2**	2
RM1,350,001 - RM1,400,000	**1**	-
RM1,600,001 - RM1,650,000	**-**	1
RM1,650,001 - RM1,700,000	**1**	-
Non-Executive directors		
RM50,000 and below	**-**	3
RM50,001 - RM100,000	**3**	-

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
(c) Employee benefits expense				
Salaries, wages, bonuses and allowances	**13,229,644**	12,121,446	**221,634**	99,151
EPF and SOCSO	**1,033,262**	785,585	**11,743**	3,581
Other staff related expenses	**1,277,677**	765,631	**9,073**	32,015
	15,540,583	13,672,662	**242,450**	134,747

Included in employee benefits expense of the Group and Company is executive directors' remuneration amounting to RM5,680,350 and RM4,500 (2010 : RM5,491,473 and RM3,000).

23. FINANCE COSTS

	Group 2011 RM	Group 2010 RM
Term loans interest	**1,651,109**	303,219
Bankers' acceptance interest and charges	**356,227**	240,717
Bank overdrafts interest	**308,783**	331,499
Hire purchase interest	**16,978**	21,302
Interest on medium term notes	**-**	1,745,788
	2,333,097	2,642,525
Less : Amount capitalised in building under construction and capital work-in-progress (Note 4)	**(329,980)**	(442,770)
	2,003,117	2,199,755

24. INCOME TAX EXPENSE

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Tax expense for the year	**1,660,500**	3,923,900	**-**	-
Deferred tax expense relating to origination and reversal of temporary differences (Note 16)	**(254,700)**	834,900	**5,200**	20,500
	1,405,800	4,758,800	**5,200**	20,500
Under provision in prior years	**374,996**	39,305	**-**	-
	1,780,796	4,798,105	**5,200**	20,500

24. INCOME TAX EXPENSE (continued)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense of the Group and of the Company is as follows :

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Profit before taxation	**4,818,763**	20,412,348	**10,839,068**	6,716,986
Taxation at Malaysian statutory rate @ 25%	**1,204,600**	5,103,100	**2,709,800**	1,679,200
Expenses not deductible for tax purposes	**715,700**	483,600	**385,600**	250,100
Under provision of taxation in prior years	**374,996**	39,305	**-**	-
Over provision of deferred taxation in prior years	**(18,600)**	(784,300)	**-**	-
Income not subject to taxation	**(140,200)**	(58,800)	**(3,090,200)**	(1,908,800)
Non-recognition of deferred tax benefit	**242,200**	15,200	**-**	-
Special tax deduction	**(597,900)**	-	**-**	-
Income tax expense recognised in profit or loss	**1,780,796**	4,798,105	**5,200**	20,500

Subject to the agreement by the Inland Revenue Board, the Group's unutilised capital allowances and unabsorbed tax losses available for utilisation against future taxable profit are approximated to be as follows :

	Group	
	2011 RM	**2010 RM**
Unutilised capital allowances	**108,300**	-
Unabsorbed tax losses	**1,132,600**	-
	1,240,900	-

24. INCOME TAX EXPENSE (continued)

As at the end of the financial year, the Group's deferred tax assets not recognised in the financial statements are as follows :

	Assets/(Liabilities) 2011 RM	2010 RM
Property, plant and equipment	**(21,300)**	-
Unabsorbed tax losses*	**281,000**	-
Unutilised capital allowances*	**20,300**	-
	280,000	-

* Subject to the agreement by the Inland Revenue Board

The unutilised capital allowances and unabsorbed tax losses are available indefinitely to offset against future taxable profit in which those items arose. Deferred tax assets have not been recognised in respect of these items because it is not probable that the future taxable profit will be available against which the Group can utilise the benefits.

25. EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is calculated by dividing the consolidated profit for the year by the weighted average number of ordinary shares in issue during the financial year as follows :

	Group 2011 RM	2010 RM
Net profit attributable to ordinary equity holders of the Company	**3,065,718**	15,620,958

25. EARNINGS PER ORDINARY SHARE (continued)

	Group 2011 Units	Group 2010 Units
Number of shares in issue as of 1 January	**90,000,000**	90,000,000
Effects of :		
Bonus issue	**7,342,466**	-
Rights issue	**44,054,795**	-
Weighted average number of ordinary shares for basic earnings per share computation	**141,397,261**	90,000,000
Effects of dilution – warrants	**-**	-
Weighted average number of ordinary shares for diluted earnings per share computation	**141,397,261**	90,000,000
Basic and diluted earnings per ordinary share attributable to equity holders of the Company (sen)	**2.17**	17.36

The issue of warrants does not have a dilutive effect to the earnings per ordinary share as the average market price of ordinary shares for the period does not exceed the exercise price of the warrants.

26. DIVIDEND

	Group and Company 2011 RM	Group and Company 2010 RM
Recognised during the financial year :		
Dividend on ordinary shares :		
- Single tier first and final dividend of RM0.03 per share for the financial year ended 31 December 2010	**4,800,000**	-
- Single tier final dividend of RM0.02 per share for the financial year ended 31 December 2009	**-**	1,800,000
	4,800,000	1,800,000

27. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Aggregate cost	**26,988,579**	5,532,845	**13,209**	138,176
Financed by				
- hire purchase	**(50,000)**	-	**-**	-
- term loan	**(18,609,986)**	-	**-**	-
Cash consideration	**8,328,593**	5,532,845	**13,209**	138,176

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term investment (Note 10)	**7,975,341**	20,123,435	**7,975,341**	20,123,435
Fixed deposits with licensed banks	**12,511,893**	11,806,980	**-**	-
Cash on hand and at banks	**12,247,046**	7,333,169	**4,426,541**	477,799
Quoted non-equity investments (Note 9)	**17,580,655**	-	**17,580,655**	-
Bank overdrafts (Note 15)	**(4,841,990)**	(6,885,882)	**-**	-
	45,472,945	32,377,702	**29,982,537**	20,601,234
Less : Fixed deposits pledged to licensed banks (Note 11)	**(12,511,893)**	(11,806,980)	**-**	-
	32,961,052	20,570,722	**29,982,537**	20,601,234

29. BANK OVERDRAFTS AND BILLS PAYABLE

The bank overdrafts and bills payable of the Group are secured by the following :

(i) Facilities agreement;

(ii) Pledge of fixed deposits of a subsidiary company as mentioned in Note 11 to the Financial Statements;

(iii) Irrevocable payment instruction to designated Paymaster(s) to remit proceeds from certain contracts of a subsidiary company into a designated Escrow Account;

(iv) A first legal charge over the designated Escrow Account of a subsidiary company and all monies standing to the credit of the said amount;

(v) A first party first fixed charge over the leasehold land and building of a subsidiary company held under HSD 3872, PT 7358, Mukim of Teluk Kalong, Kemaman, Terengganu as mentioned in Note 4 to the Financial Statements;

(vi) Corporate Guarantee by the Company; and

(vii) Jointly and severally guaranteed by certain directors of the Company.

The bank overdrafts bear interest charged ranging from 7.85% to 8.60% (2010 : 7.55% to 8.30%) per annum and are held on call by the licensed bank.

Bills payable have maturity periods ranging from 126 days to 159 days (2010 : 120 days to 165 days) and bear interest ranging from 4.63% to 4.94% (2010 : 4.43% to 5.54%) per annum.

30. HIRE PURCHASE PAYABLES

	Group	
	2011	**2010**
Total hire purchase instalments due :	**RM**	**RM**
Within one year	**111,550**	114,166
Between two to five years	**236,578**	295,382
	348,128	409,548
Unexpired term charges	**(52,631)**	(63,759)
Outstanding principal amount due	**295,497**	345,789
Within one year (Note 15)	**(94,999)**	(97,188)
Between two to five years (Note 15)	**200,498**	248,601

Hire purchase liabilities are subject to interest rates ranging from 2.51% to 3.90% (2010 : 2.51% to 3.80%) per annum.

31. TERM LOANS

	Group 2011 RM	2010 RM
Total repayable	**37,169,943**	23,664,297
Amount repayable within one year (Note 15)	**(4,820,687)**	(4,820,687)
	32,349,256	18,843,610
Amount repayable between two to five years (Note 15)	**(27,614,270)**	(18,843,610)
Amount repayable after five years	**4,734,986**	-

During the financial year, an additional term loan facility of RM18.5 million was granted to a subsidiary company for the purpose of constructing a workover rig.

The term loans are secured by the following :

(i) Facilities agreement;

(ii) Pledge of fixed deposits of a subsidiary company on lien as mentioned in Note 11 to the Financial Statements;

(iii) Irrevocable payment instruction to designated Paymaster(s) to remit proceeds from certain contracts of a subsidiary company into a designated Escrow Account;

(iv) A first legal charge over the designated Escrow Account and all monies standing to the credit of the said amount of a subsidiary company;

(v) A first party first fixed charge over the leasehold land and building of a subsidiary company held under HSD 3872, PT 7358, Mukim of Teluk Kalong, Kemaman, Terengganu as mentioned in Note 4 to the Financial Statements;

(vi) Specific debenture incorporating a fixed charge over the workover rig of a subsidiary company as mentioned in Note 4 to the Financial Statements;

(vii) Legal assignment over the rights and interest to the future rental proceeds of the workover rig of a subsidiary company; and

(viii) Corporate Guarantee by the Company.

These loans are repayable over a period of five years and bear interest charged ranging from 6.30% to 7.60% (2010 : 6.30% to 7.30%) per annum.

32. CAPITAL COMMITMENT

	Group 2011 RM	2010 RM
Contracted but not provided for construction of workover rig	**5,055,250**	-

33. CONTINGENT LIABILITY

	Company 2011 RM	2010 RM
Unsecured		
Corporate guarantee issued for credit facilities granted to certain subsidiaries		
- Limit	**64,500,000**	37,400,000
- Utilised as at reporting date	**43,408,066**	29,972,454

34. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Other than as disclosed elsewhere in the financial statements, the significant event during the financial year is as follows :

(a) As mentioned in the previous year financial report, on 14 February 2011, the Company announced that the Company's proposed acquisition of the use of the Intellectual Property Rights of the "SEACRANE" offshore pedestal crane product line (which includes the "SEACRANE" trademark) by one of its wholly-owned subsidiary company, Handal Offshore Services Sdn. Bhd., for a cash consideration of USD3,750,000.

On 30 May 2011, an Extraordinary General Meeting ("EGM") was held to approve the proposals and all the proposals were approved by the shareholders at the EGM. The transaction was completed during the financial year.

35. SIGNIFICANT EVENT SUBSEQUENT TO THE REPORTING PERIOD

On 22 February 2012, the Company announced that the Company proposed to undertake a proposal for share buy-back. The proposal is subject to the approval of shareholders at the forthcoming Annual General Meeting.

36. RELATED PARTIES

The parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, of where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the directors of the Group.

(a) The significant related party transactions of the Group are as follows :

Companies where certain directors of of the Group have financial interests :	Transactions	Transaction value for the year ended 31 December		Balance at 31 December	
		2011 RM	2010 RM	2011 RM	2010 RM
Offshore Machine Services Sdn. Bhd. (formerly known as Handal Fabrications Sdn. Bhd.)*	Manpower and material supply for fabrication and machining job	**-**	3,492,920	**-**	-
Excell Crane & Hydraulic	Supply of raw material	**9,738,015**	7,191,514	**1,373,535**	2,749,601
Excell Crane & Hydraulic	Purchase of intellectual property rights	**11,958,567**	-	**3,598,875**	-

* ceased to be a related party on 7 July 2010.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

36. RELATED PARTIES (continued)

(b) Compensation of Key Management Personnel

The remuneration of directors and other members of key management during the year is as follows :

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Emoluments and allowance	**5,489,350**	5,238,993	**89,500**	3,000
Fee	**162,000**	108,000	**162,000**	108,000
Benefit-in-kind	**276,000**	252,480	**-**	-
	5,927,350	5,599,473	**251,500**	111,000

Included in the total key management personnel are :

	Group		Company	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Directors' remuneration (Note 22)	**5,927,350**	5,599,473	**251,500**	111,000

37. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The overall financial risk management objective of the Group and the Company is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

37. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's and Company's exposure to credit risk arises principally from trade receivables, advance to subsidiary companies and financial guarantees given.

(a) Trade receivables

The Group typically gives the existing customers credit terms that range between 30 days to 60 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. In addition, debt monitoring procedures are performed on an on-going basis with the result that Group's exposure to bad debts is not significant. The maximum exposure to credit risk for the Group was represented by the carrying amount of each financial asset.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows :

	2011 RM	**% of total**	**2010 RM**	**% of total**
By industry sector :				
Integrated crane services	**12,979,044**	**50**	19,003,527	66
Fabrication of cranes	**1,075,358**	**4**	2,029,964	7
Workover projects lifting solutions	**6,615,505**	**26**	5,487,077	19
Supply, fabrication and servicing industrial equipments and tank systems	**4,890,552**	**19**	1,994,785	7
Supply of telecommunication and broadcasting system	**377,766**	**1**	440,013	1
	25,938,225	**100**	28,955,366	100

(b) Inter-company balances

The Company provides unsecured advances to subsidiary companies and monitors the results of the subsidiary companies regularly.

As at the end of the reporting date, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. The Company does not specifically monitor the ageing of the advances to the subsidiary companies.

37. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk (continued)

(c) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiary companies.

The maximum exposure to credit risk is as disclosed in Note 33 representing the outstanding banking facilities of the companies as at the reporting date.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's and Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

2011 Group	**Total RM**	**Within one year RM**	**Between two to five years RM**
Financial liabilities			
Trade payables	12,374,591	12,374,591	-
Other payables	9,694,539	9,694,539	-
Hire purchase payables	295,497	94,999	200,498
Bank overdrafts	4,841,990	4,841,990	-
Amount due to customers for contract works	151,000	151,000	-
Bills payable	6,027,000	6,027,000	-
Term loans	37,169,943	4,820,687	32,349,256
	70,554,560	38,004,806	32,549,754

37. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

2010 Group	**Total RM**	**Within one year RM**	**Between two to five years RM**
Financial liabilities			
Trade payables	10,593,372	10,593,372	-
Other payables	3,024,790	3,024,790	-
Hire purchase payables	345,789	97,188	248,601
Bank overdrafts	6,885,882	6,885,882	-
Amount due to customers for contract works	3,256,989	3,256,989	-
Bills payable	5,240,000	5,240,000	-
Term loans	23,664,297	4,820,687	18,843,610
	53,011,119	33,918,908	19,092,211

2011 Company	**Total RM**	**Within one year RM**	**Between two to five years RM**
Financial liabilities			
Other payable	**237,869**	**237,869**	**-**

2010 Company	**Total RM**	**Within one year RM**	**Between two to five years RM**
Financial liabilities			
Other payable	180,435	180,435	-
Amount due to subsidiary companies	6,504,951	6,504,951	-
	6,685,386	6,685,386	-

37. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Group. The foreign currencies in which these transactions are denominated are mainly US Dollar ("USD"), Singapore Dollar ("SGD") and EURO.

Exposure to foreign currency risk

2011		**Denominated in**		
Group	**USD**	**SGD**	**EURO**	**Total**
In RM				
Trade payables	**(3,188,312)**	**(155,787)**	**(96,135)**	**(3,440,234)**

2010				
Group				
In RM				
Trade receivables	2,669,709	4,755	-	2,674,464
Trade payables	(4,104,619)	(3,818)	(40,756)	(4,149,193)
Net exposure	(1,434,910)	937	(40,756)	(1,474,729)

In the previous financial year, the Group enters into foreign currency forward contracts to help to reduce the risk of exposure to fluctuations on foreign currency trade payables. These foreign currency forward contracts are recognised in the financial statements as financial derivatives. There was no outstanding foreign currency forward contract as at the end of the current financial year.

37. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD and EURO exchange rates against the functional currency of the Group, with all other variables held constant.

		2011 RM	2010 RM
Impact on profit net of tax		**(117,935)**	(52,295)
USD	- strengthened by 5%	**117,935**	52,295
	- weakened by 5%		
SGD	- strengthened by 5%	**(5,835)**	35
	- weakened by 5%	**5,835**	(35)
EURO	- strengthened by 5%	**(3,572)**	(1,519)
	- weakened by 5%	**3,572**	1,519

Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their deposits and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

37. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on the carrying amount as at the reporting date is as follows :

Group	**Effective Interest rate %**	**2011 RM**	**2010 RM**
Fixed rate instruments			
Financial asset			
Fixed deposits with licensed banks	2.85 to 3.30	**12,511,893**	11,806,980
Financial liabilities			
Hire purchase payables	2.51 to 3.90	**295,497**	345,789
Bills payable	4.63 to 4.94	**6,027,000**	5,240,000
Term loans	6.30 to 7.00	**36,304,166**	22,178,848
		42,626,663	27,764,637
Floating rate instruments			
Financial liabilities			
Bank overdrafts	7.85 to 8.60	**4,841,990**	6,885,882
Term loans	7.60	**865,777**	1,485,449
		5,707,767	8,371,331

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis point lower/higher, with all other variables held constant, the impact is immaterial to the Group's and Company's profit net of tax.

37. FINANCIAL RISK MANAGEMENT (continued)

Market price risk

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

The Group and Company are exposed to equity price risk arising from its investment in quoted non-equity instruments. The quoted non-equity instruments in Malaysia are classified as financial assets held for trading.

Sensitivity analysis for market price risk

At the reporting date, if the market price had been 2% higher/lower, with all other variables held constant, the Group's and Company's profit net of tax would have been RM351,600 higher/lower, arising as a result of higher/lower fair value gains on held for trading non-equity investments.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value :

	Note
Trade receivables and retention sum	7
Other receivables	
Amount owing by / (to) subsidiary companies	19
Borrowings	15
Trade payables	17
Other payables	

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows :

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group and Company	**Level 1**	**Level 2**	**Level 3**	**Total**
2011	**RM**	**RM**	**RM**	**RM**
Financial assets				
Financial assets held for trading	**17,580,655**	**-**	**-**	**17,580,655**

Comparative figures have not been presented for 31 December 2010 by virtue of the exemption provided in paragraph 44G of FRS 7.

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue in operation as a going concern so as to provide fair returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity, non-controlling interests and total debt to be the key components in the Group's capital structure. The Group monitors capital on the basis of the net gearing ratio. The ratio is calculated as the total debt net of cash and cash equivalents to total equity. Total equity is the sum of total equity attributable to shareholders and non-controlling interests. The net gearing ratio as at 31 December 2011 and 31 December 2010, which are within the Group's objectives for capital management, are as follows :

		Group	
	Note	2011 RM	2010 RM
Cash and cash equivalents	28	**(45,472,945)**	(32,377,702)
Total borrowings	15	**48,334,430**	36,135,968
Net debt		**2,861,485**	3,758,266
Total equity		**98,927,226**	70,389,321
Debt to equity ratios		**0.029**	0.053

40. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment revenue, results, assets and liabilities include item directly attributable to a segment and those where a reasonable basis of allocation exist.

40. SEGMENTAL REPORTING (continued)

(a) Business segments

The main business segments of the Group comprise the following :

	Investment Holding RM	Integrated Crane Services RM	Fabrication of Cranes RM	Workover Projects Lifting Solutions RM	Supply, Fabrication and Servicing Industrial Equipments and Tank Systems RM	Supply of Telecommunication and Broadcasting System RM	Consultants in Engineering Project Support Services RM	Others RM	Eliminations RM	Consolidated RM
2011										
Revenue										
Revenue from external parties	-	43,081,188	15,531,629	10,111,741	14,308,648	488,227	-	-	-	83,521,433
Inter-segment revenue	11,800,000	-	-	-	-	-	112,896	-	(11,912,896)	-
Total revenue	11,800,000	43,081,188	15,531,629	10,111,741	14,308,648	488,227	112,896	-	(11,912,896)	83,521,433
Results										
Segment result	10,839,068	8,963,795	(4,144,016)	3,771,940	(145,585)	(749,059)	(258,218)	(10,958)	(11,800,000)	6,466,967
Interest income										354,913
Interest expenses										(2,003,117)
Profit before taxation										4,818,763
Income tax expense										(1,780,796)
Net profit after taxation										3,037,967
Non-controlling interests										27,751
Profit attributable to equity holders of the Company										3,065,718
2011										
Assets										
Segment assets	30,472,991	64,941,468	23,412,697	15,242,646	10,751,158	555,008	25,829,717	1		171,205,686
Liabilities										
Segment liabilities	263,569	30,395,530	10,958,196	7,134,244	4,540,963	356,727	18,627,631	1,600		72,278,460
Other information										
Depreciation										3,174,394

40. SEGMENTAL REPORTING (continued)

	Investment Holding RM	Integrated Crane Services RM	Fabrication of Cranes RM	Workover Projects Lifting Solutions RM	Supply, Fabrication and Servicing Industrial Equipments and Tank Systems RM	Supply of Telecommunication and Broadcasting System RM	Consultants in Engineering Project Support Services RM	Eliminations RM	Consolidated RM
2010									
Revenue									
Revenue from external parties	-	56,153,177	4,878,662	15,194,550	18,969,165	3,587,137	-	-	98,782,691
Inter-segment revenue	7,400,000	-	-	-	-	-	112,896	(7,512,896)	-
Total revenue	7,400,000	56,153,177	4,878,662	15,194,550	18,969,165	3,587,137	112,896	(7,512,896)	98,782,691
Results									
Segment result	6,716,986	12,875,732	(573,933)	8,139,372	1,626,797	797,024	(62,224)	(7,400,000)	22,119,754
Interest income									492,349
Interest expenses									(2,199,755)
Profit before taxation									20,412,348
Income tax expense									(4,798,105)
Net profit after taxation									15,614,243
Non-controlling interests									6,715
Profit attributable to equity holders of the Company									15,620,958
2010									
Assets									
Segment assets	21,329,978	70,599,717	6,133,796	19,103,655	7,165,085	1,373,832	39,713	-	125,745,776
Liabilities									
Segment liabilities	200,935	36,605,262	3,180,313	9,905,058	4,831,511	622,563	10,813	-	55,356,455
Other information									
Depreciation									3,780,715

(b) Geographical Segments

The Group operates principally in Malaysia. Accordingly, no geographical segment information is provided.

41. REALISED AND UNREALISED PROFITS

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group 2011 RM	Company 2011 RM
Total retained earnings of the Group and the Company :		
- realised	45,886,804	768,570
- unrealised	(1,525,550)	160,455
	44,361,254	929,025
Add : Consolidation adjustments	(32,039,563)	-
Total retained earnings as at 31 December	12,321,691	929,025

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

Particulars of Group Properties

The following property is held by HANDAL OFFSHORE SERVICES SDN. BHD.

Location	**:**	PT 7358, Mukim Telok Kalong District of Kemaman Terengganu Darul Iman
Tenure	**:**	Leasehold for 60 Years expiring on 15.10.2066
Land/Built-Up Area	**:**	Land – 40,000 square metres/10 acres Building/Workshop – 5,955.75 square metres
Description/Existing Use	**:**	Industrial Lot/Fabrication yard/Workshop
Net Book Value at 31.12.2011	**:**	Land – RM2,428,481 Building – RM15,303,737 Total – RM17,732,218.

Analysis of Shareholdings
as at 16 April 2012

Authorised share capital	:	RM250,000,000
Issued and fully paid-up capital	:	RM80,000,000
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS
AS AT 16 APRIL 2012

CATEGORY	SHAREHOLDERS	%	SHAREHOLDINGS	%
Less than 100	107	4.61	4,195	0.00
100 to 1,000	145	6.25	88,822	0.06
1,001 to 10,000	1,007	43.41	6,059,303	3.79
10,001 to 100,000	919	39.61	28,396,516	17.75
100,001 to less than 5% of issued shares	138	5.95	71,647,161	44.78
5% and above of issued shares	4	0.17	53,804,003	33.62
TOTAL	**2,320**	**100.00**	**160,000,000**	**100.00**

DIRECTORS' SHAREHOLDINGS
AS AT 16 APRIL 2012

NO.	DIRECTORS	DIRECT INTEREST	%	INDIRECT INTEREST	%
1	DATO' MOHSIN ABDUL HALIM	25,288,887	15.81	*11,919,596	7.45
2	MALLEK RIZAL BIN MOHSIN	11,919,596	7.45	^25,288,887	15.81
3	HEANEY JOEL EMANUEL	11,509,700	7.19		
4	ZAHARI BIN HAMZAH	15,797,166	9.87		
5	LOKMAN RAZANI BIN ABDUL RAZAK	69,366	0.04		
6	CHAU SIK CHEONG	-	-		
7	MUHAMMAD 'ASRI BIN MOHD RAFA'I	-	-		

Notes : - * Deemed interested by virtue of his relationship with Mallek Rizal Bin Mohsin, his son .
-^ Deemed interest by virtue of his relationship with Dato' Mohsin Abdul Halim, his father.

Analysis of Shareholdings
as at 16 April 2012

DIRECTORS' SHAREHOLDINGS IN RELATED COMPANIES

By virtue of their interests in shares in the Company, Dato' Mohsin Abdul Halim, Zahari Bin Hamzah, Joel Emanuel Heaney and Mallek Rizal Bin Mohsin are deemed to have interests in shares in its subsidiary companies to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

LIST OF THIRTY LARGEST SHAREHOLDERS
AS AT 16 APRIL 2012

NO	NAME	NO OF SHARES	%
1	OSK NOMINEES (TEMPATAN) SDN BERHAD MOHSIN ABDUL HALIM	21,288,887	13.31
2	HEANEY JOEL EMANUEL	11,509,700	7.19
3	OSK CAPITAL PARTNERS SDN. BHD.	10,724,183	6.70
4	ZAHARI BIN HAMZAH	10,281,233	6.43
5	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR MALLEK RIZAL BIN MOHSIN	6,000,000	3.75
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAHARI BIN HAMZAH (001565267)	5,333,333	3.33
7	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	5,192,533	3.25
8	HOW CHENG KONG	4,981,600	3.11
9	OSK NOMINEES (TEMPATAN) SDN BERHAD MALLEK RIZAL BIN MOHSIN	4,919,596	3.07
10	LD REKA SDN. BHD.	4,132,800	2.58
11	MOHSIN ABDUL HALIM	4,000,000	2.50
12	J B PROPERTIES SDN BHD	2,989,650	1.87
13	SIVA KUMAR A/L M JEYAPALAN	2,770,000	1.73
14	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIEW BOOY (D18)	1,031,021	0.64
15	MALLEK RIZAL BIN MOHSIN	1,000,000	0.63
16	LOH ENG GIM	806,700	0.50
17	ENG GEL BERT	800,000	0.50
18	TAN GIM HOE	704,000	0.44
19	NOORAIHAN BINTI MOHD RADZUAN	625,683	0.39
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIONG YEU MING (KUCHING-CL)	611,555	0.38

LIST OF THIRTY LARGEST SHAREHOLDERS
AS AT 16 APRIL 2012

NO	NAME	NO OF SHARES	%
21	LIM SENG CHEE	600,500	0.38
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NANDHA KUMAR A/L M KRISHNASAMY (SRI GOMBAK-CL)	596,566	0.37
23	ISC TOPTANKS SDN BHD	550,000	0.34
24	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR MOHD AZLAN BIN MOHAMMED	543,477	0.34
25	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JULUNG PRESTASI SDN. BHD. (M0015)	533,333	0.33
26	MOHAMED IZANI BIN MOHAMED JAKEL	510,055	0.32
27	RHB NOMINEES (TEMPATAN) SDN BHD RHB INVESTMENT MANAGEMENT SDN BHD FOR LEE YUEN CHAK (EPF)	502,316	0.31
28	CHEN KIN YAU	464,666	0.29
29	MOHD RADZUAN BIN AB HALIM	446,816	0.28
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG TENG CHAI (E-TMR/BBM)	445,916	0.28

SUBSTANTIAL SHAREHOLDERS
AS AT 16 APRIL 2012

NO.	NAMES	DIRECT INTEREST	%	INDIRECT INTEREST	%
1	DATO' MOHSIN ABDUL HALIM	25,288,887	15.81	*11,919,596	7.45
2	ZAHARI BIN HAMZAH	15,797,166	9.87		
3	MALLEK RIZAL BIN MOHSIN	11,919,596	7.45	^25,288,887	15.81
4	HEANEY JOEL EMANUEL	11,509,700	7.19		
5	OSK CAPITAL PARTNERS SDN BHD	10,724,183	6.70		

Notes : - * Deemed interested by virtue of his relationship with Mallek Rizal Bin Mohsin, his son .
-^ Deemed interest by virtue of his relationship with Dato' Mohsin Abdul Halim, his father.

Analysis of Warrantholdings
as at 16 April 2012

No of Warrants in issue	:	60,000,000
Exercise Price of Warrants	:	RM0.86
Expiry Date of Warrants	:	2016
Voting rights	:	One vote for each warrant held for voting at the meeting of the warrant holders only.

CATEGORY	SHAREHOLDERS	%	SHAREHOLDINGS	%
Less than 100	33	2.97	1,470	0.00
100 to 1,000	98	8.81	52,134	0.09
1,001 to 10,000	568	51.08	2,695,749	4.49
10,001 to 100,000	352	31.65	10,842,687	18.07
100,001 to less than 5% of issued shares	56	5.04	19,300,398	32.17
5% and above of issued shares	5	0.45	27,107,562	45.18
TOTAL	**1,112**	**100.00**	**60,000,000**	**100.00**

DIRECTORS' WARRANT HOLDINGS
AS AT 16 APRIL 2012

NO.	DIRECTORS	DIRECT INTEREST	%	INDIRECT INTEREST	%
1	DATO' MOHSIN ABDUL HALIM	9,333,332	15.56	*4,701,530	7.84
2	MALLEK RIZAL BIN MOHSIN	4,701,530	7.84	^9,333,332	15.56
3	HEANEY JOEL EMANUEL	5,141,200	8.57		
4	ZAHARI BIN HAMZAH	5,882,200	9.80		
5	LOKMAN RAZANI BIN ABDUL RAZAK	26,200	0.04		
6	CHAU SIK CHEONG	-	-		
7	MUHAMMAD 'ASRI BIN MOHD RAFA'I	-	-		

Notes : - * Deemed interested by virtue of his relationship with Mallek Rizal Bin Mohsin, his son.
-^ Deemed interest by virtue of his relationship with Dato' Mohsin Abdul Halim, his father.

LIST OF THIRTY WARRANT HOLDERS
AS AT 16 APRIL 2012

NO	NAME	NO OF SHARES	%
1	OSK NOMINEES (TEMPATAN) SDN BERHAD MOHSIN ABDUL HALIM	9,333,332	15.56
2	HEANEY JOEL EMANUEL	5,141,200	8.57
3	OSK NOMINEES (TEMPATAN) SDN BERHAD MALLEK RIZAL BIN MOHSIN	4,701,530	7.84
4	OSK CAPITAL PARTNERS SDN. BHD.	4,049,300	6.75
5	ZAHARI BIN HAMZAH	3,882,200	6.47
6	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZAHARI BIN HAMZAH	2,000,000	3.33
7	J B PROPERTIES SDN BHD	1,687,500	2.81
8	HOW CHENG KONG	1,099,600	1.83
9	LD REKA SDN. BHD.	1,002,000	1.67
10	ECML NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR LEONG KAM CHEE (002)	1,000,400	1.67
11	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	691,400	1.15
12	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABDULLAH BIN HUSSAIN	656,000	1.09
13	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAHEDAN BIN DIN (REM 686-MARGIN)	587,166	0.98
14	THIN PENG CHEONG	576,600	0.96
15	SIVA KUMAR A/L M JEYAPALAN	556,800	0.93
16	LIEW MOI FAH	400,000	0.67
17	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR SIM CHIZE YIH	350,000	0.58
18	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR PANG KIM FAH	350,000	0.58
19	TAN LEE SIA	335,000	0.56
20	ECML NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR NG KIAM SONG (008)	327,000	0.55

Analysis Of Warrantholdings
as at 16 April 2012

LIST OF THIRTY WARRANT HOLDERS
AS AT 16 APRIL 2012 (continued)

NO	NAME	NO OF SHARES	%
21	TEO KIM CHENG	312,000	0.52
22	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VINCENT PHUA CHEE EE (REM 192)	300,000	0.50
23	TING HENG MEE	300,000	0.50
24	CHAANG KOK LEONG	300,000	0.50
25	LIM CHENG TEN	300,000	0.50
26	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR LIM SOON HEE	292,000	0.49
27	HOW ENG AN	281,000	0.47
28	TAN GIM HOE	264,000	0.44
29	LYNCHER WUNG WEI FONG	250,000	0.42
30	AIBB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIEW BOOY (D18)	238,000	0.40

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of the Company will be held at the Awana Grand Ballroom, Awana Kijal Golf, Beach & Spa Resort, KM 28, Jalan Kemaman-Dungun, 24100 Kijal, Kemaman, Terengganu Darul Iman on Thursday, 31 May 2012 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of Directors and Auditors thereon. **(Resolution 1)**

2. To re-elect Encik Zahari Bin Hamzah who is retiring by rotation pursuant to Article 63 of the Company's Articles of Association. **(Resolution 2)**

3. To re-elect Encik Lokman Razani Bin Abdul Razak who is retiring by rotation pursuant to Article 63 of the Company's Articles of Association. **(Resolution 3)**

4. To approve payment of Directors' Fees. **(Resolution 4)**

5. Messrs Sekhar & Tan be hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs GEP Associates and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors. **(Resolution 5)**

   Notice of Nomination pursuant to Section 172(11) of the Companies Act. 1965 (a copy of which is annexed and marked "Annexure I" as in the Annual Report 2011 has been received by the Company for the nomination of Messrs Sekhar & Tan, who have given their consent to act, for appointment as Auditors of the Company.

AS SPECIAL BUSINESS:-

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

Ordinary Resolution

6. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** **(Resolution 6) [Please refer Explanatory Note]**

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the nominal value of the total issued and paid-up share capital of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution

7. **PROPOSED PURCHASE OF OWN SHARES OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY ("Proposed Share Buy-Back")** **(Resolution 7) [Please refer Explanatory Note]**

"THAT subject always to the provisions of the Companies Act 1965 ("the Act"), the Company's Articles of Association, the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements and any other relevant authority, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company, as may be determined by the Directors from time to time through Bursa Malaysia, upon such terms and conditions as the Director may deem fit in the interest of the Company provided that:-

I. the aggregate number of ordinary shares to be purchased shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company provided that the Company continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;

II. the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the retained profits of the Company at the time of purchase;

III. the Directors of the Company may decide in their discretion to retain the shares purchased as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends;

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement and finalise to give full effect to the Proposed Share Buy-Back.

AND THAT such authority conferred by this resolution will commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting."

Special Resolution

8. **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY** **(Resolution 8)**

THAT Article 54(d) of the Articles of Association be amended in the following manner:

Existing Provisions in Articles of Association	Proposed Amended Provisions of the Articles of Association
Article 54 (d) Where a member of the Company is an authorised nominee as defined under the Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	**Article 54 (d)** (1) Where a member of the company is an exempt authorised nominee defined under the Depositories Act which is exempted from compliance with the provisions of subsection 25A (1) of the Depositories Act which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Ordinary Resolution

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed Renewal of Shareholders' Mandate")** **(Resolution 9)**

"THAT approval be and is hereby given to the Company's subsidiary, Handal Offshore Services Sdn Bhd ("HOSSB") to enter into recurrent related party transactions of a revenue and trading nature and to give effect to the specific recurrent related party transations with the related party Excell Crane & Hydraulics Inc, as set out in Section 2.2.2 of the Circular to Shareholders dated 7 May 2012, which are necessary for the day to day operations of HOSSB, provided that the transactions are undertaken in the ordinary course of business, on arms length basis, on normal commercial terms which were not more favorable to the related party than those generally available to the public and were not detrimental to the minority shareholders of the Company; and disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year;

AND THAT such approval shall continue to be in force until:

a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed; or

b) the expiration of the period within the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act 1965 ("the Act") but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or

c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier,

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate"

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

LEONG OI WAH (MAICSA 7023802)
WANG SHEAU WEI (MAICSA 7033274)
Secretaries

Kuala Lumpur
7 May 2012

Notes:

(1) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

(2) A proxy may but need not be a member of the Company and paragraphs (a) and (b) of Section 149(1) of the Act shall not apply.

(3) A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid.

(4) To be valid, the proxy form, duly completed must be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

(5) Depositors who appear in the Record of Depositors as at 24 May 2012 shall be regarded as Members of the Company entitled to attend the Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Explanatory Notes on Special Business :

Resolution 6
Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965
Ordinary Resolution No. 6 is proposed for the purpose of granting a general mandate (“General Mandate”) and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in General Meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for purpose of funding future investment, working capital and/or acquisitions.

The General Mandate is a renewal and was not utilised earlier.

Resolution 7
Proposed Share Buy-Back
The proposed ordinary resolution, if passed, will empower the Directors of the Company from the date of this Annual General Meeting, with authority to purchase up to ten percent (10%) of the total issued and paid-up share capital of the Company subject to the approvals of all the relevant governmental/regulatory authorities. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the next Annual General meeting of the Company.

Please refer to the Circular on the Proposed Share Buy-Back dated 7 May 2012 for further information.

Resolution 8
Proposed Amendment to the Articles of Association of the Company
The proposed Special Resolution is to amend the Company's Articles of Association in line with the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Resolution 9
Please refer to the Circular on the Proposed Renewal of Shareholders' Mandate dated 7 May 2012 for further information.

Appendix I

Mr Joel Emanuel Heaney
No D-2-3, Kiaraville
Conda, Changkat Duta Kiara
Off Jalan Duta Kiara
Mont Kiara
50480 Kuala Lumpur

Date: 9th April 2012

The Board of Directors
HANDAL RESOURCES BERHAD
25-6 Jalan PJU 1/42A
Dataran Prima
47301 Petaling Jaya
Selangor

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172 (11) of the Companies Act, 1965, I, being a shareholder of Handal Resources Berhad (the “Company”), hereby give notice of my intention to nominate Messrs Sekhar & Tan as Auditors of the Company in place of the retiring Auditors, Messrs GEP & Associates, and of my intention to propose the following resolution as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company:-

“THAT Messrs Sekhar & Tan be hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs GEP & Associates and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.”

Yours faithfully,

....
Mr Joel Emanuel Heaney

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HANDAL

HANDAL RESOURCES BERHAD
(816839-X)

Proxy Form

Number of shares held	
CDS account No.	

"A" I/We ____NRIC/Co. No. ____________________ of ____________________
____
Tel No.______________________ being a Member of HANDAL RESOURCES BERHAD, hereby appoint______________________
____ NRIC No.
____________________ of ____________________
____
or failing him,______________________________
NRIC No. ______________________ of ______________
____
or failing him, the CHAIRMAN OF THE MEETING as my/our "first proxy to attend and vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held at the Awana Grand Ballroom, Awana Kijal Golf, Beach & Spa Resort, KM 28, Jalan Kemaman-Dungun, 24100 Kijal, Kemaman, Terengganu Darul Iman], on Thursday, 31 May 2012 at 10.00 a.m. or any adjournment thereof.

Where it is desired to appoint a second proxy, this section must also be completed, otherwise it should be deleted.

"B" I/We ____NRIC/Co. No. ____________________ of ____________________
____
Tel No.______________________ being a Member of HANDAL RESOURCES BERHAD, hereby appoint______________________
____ NRIC No.
____________________ of ____________________
____
or failing him,______________________________
NRIC No. ______________________ of ______________
____
or failing him, the CHAIRMAN OF THE MEETING as my/our "second proxy to attend and vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held at the Awana Grand Ballroom Awana Kijal Golf, Beach & Spa Resort, KM 28, Jalan Kemaman-Dungun, 24100 Kijal, Kemaman, Terengganu Darul Iman, on Thursday, 31 May 2012 at 10.00 a.m. or any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:

First Proxy "A"	%
Second Proxy "B"	%
	100%

In case of a vote taken by a show of hands, "First Proxy "A"/*Second Proxy "B" shall vote on my/our behalf.

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you not do so, the proxy/proxies will vote, or abstain from voting on the resolutions as he/they may think fit.)

No.	Resolutions	For	Against
1.	Resolution 1		
2.	Resolution 2		
3.	Resolution 3		
4.	Resolution 4		
5.	Resolution 5		
6.	Resolution 6		
7.	Resolution 7		
8.	Resolution 8		
9.	Resolution 9		

Signed this ______________ day of ______________ 2012

____
Signature of Shareholder/Common Seal

* Delete if inapplicable

Notes:-

1. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
2. A proxy may but need not be a member of the Company and paragraphs (a) and (b) of Section 149(1) of the Act shall not apply.
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies. Where a member appoints two(2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment shall be invalid.
4. To be valid, this form, duly completed must be deposited at the Share Registrar of the Company at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours (24) before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
5. Depositors who appear in the Record of Depositors as at 24 May 2012 shall be regarded as Members of the Company entitled to attend the Annual General Meeting or appoint a proxy to attend and vote on his behalf.

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STAMP

SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House, Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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www.handalresources.com.my

HANDAL RESOURCES BERHAD (816839-X)

CORPORATE OFFICE

No. 16C, Jalan 51A/225, 46100 Petaling Jaya, Selangor, Malaysia.
Tel : +603-78750150 / 0139
Fax : +603-78766394
Email : info@handalresources.com

OPERATIONAL OFFICE

Yard 1:
Lot PT 7358, Kawasan Perindustrian Telok Kalong,
24007 Kemaman, Terengganu, Malaysia.
Tel : +609 - 860 2000
Fax : +609 - 860 2199

Yard 2:
4, Kawasan Lapang Fasa II, Kemaman Supply Base,
24007 Kemaman, Terengganu, Malaysia.
Tel : +609 - 863 2842
Fax : +609 - 863 2843