



**BENALEC HOLDINGS BERHAD**  
(702653-V)  
(Incorporated in Malaysia)

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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 31-12-2019 RM'000	(Unaudited) Preceding Year Quarter Ended 31-12-2018 RM'000	(Unaudited) Current Year To Date 31-12-2019 RM'000	(Unaudited) Preceding Year To Date 31-12-2018 RM'000
<b>Revenue</b>	<b>38,416</b>	-	<b>135,916</b>	-
Cost of sales	(26,188)	-	(105,523)	-
<b>Gross profit</b>	<b>12,228</b>	-	<b>30,393</b>	-
Other operating income	7,499	-	43,524	-
Administrative and other expenses	(51,064)	-	(109,568)	-
<b>Profit from operations</b>	<b>(31,337)</b>	-	<b>(35,651)</b>	-
Finance costs	(4,242)	-	(29,721)	-
<b>(Loss)/Profit before tax ("PBT")</b>	<b>(35,579)</b>	-	<b>(65,372)</b>	-
Tax income/(expense)	5,865	-	8,699	-
<b>(Loss)/Profit for the financial period</b>	<b>(29,714)</b>	-	<b>(56,673)</b>	-
<b>Other comprehensive income, net of tax:-</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Fair value gain/(loss) on available-for-sale financial assets	16	-	-	-
• Foreign currency translations	(2,195)	-	1,479	-
<b>Total comprehensive income</b>	<b>(31,893)</b>	-	<b>(55,194)</b>	-
<b>Profit attributable to:-</b>				
• Owners of the parent	(28,117)	-	(51,472)	-
• Non-controlling interests	(1,597)	-	(5,201)	-
	<b>(29,714)</b>	-	<b>(56,673)</b>	-
<b>Total comprehensive income attributable to:-</b>				
• Owners of the parent	(30,267)	-	(50,188)	-
• Non-controlling interests	(1,626)	-	(5,006)	-
	<b>(31,893)</b>	-	<b>(55,194)</b>	-
<b>Earnings per ordinary share attributable to equity holders of the Company (sen)</b>				
• Basic	<b>(3.34)</b>	-	<b>(6.11)</b>	-
• Diluted	<b>(3.34)</b>	-	<b>(6.11)</b>	-

As announced on 19<sup>th</sup> August 2019, the financial year end of the Group has been changed from 30 June 2019 to 31 December 2019. As such, there will be no comparative financial information available for the preceding year corresponding periods.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	<b>Unaudited As at 31-12-2019 RM'000</b>	<b>Audited As at 30-06-2018 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	103,420	169,003
Other investments	50	46
Deferred tax assets	25,048	17,620
	<b>128,518</b>	<b>186,669</b>
<b>Current assets</b>		
Inventories	199,509	249,536
Land reclamation work in progress	428,053	405,735
Trade and other receivables	25,945	245,764
Contract Asset	51,034	-
Current tax assets	3,460	7,101
Deposit with licensed bank	29,344	143,408
Short term funds	149	141
Cash and bank balances	579	13,360
	<b>738,073</b>	<b>1,065,045</b>
Non-current assets held for sale	-	11,279
<b>TOTAL ASSETS</b>	<b>866,591</b>	<b>1,262,993</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the parent		
Share capital	371,489	365,489
Non-distributable reserves	(94,607)	(95,851)
Distributable reserve	271,244	351,404
<b>Total equity attributable to owners of the parent</b>	<b>548,126</b>	<b>621,042</b>
Non-controlling interests	8,753	13,759
<b>TOTAL EQUITY</b>	<b>556,879</b>	<b>634,801</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Redeemable convertible secured bonds	-	164,973
Borrowings	13,328	13,989
Contract liabilities	72,115	-
Trade and other payables	54,517	-
Deferred tax liabilities	2,736	7,337
	<b>142,696</b>	<b>186,299</b>
<b>Current liabilities</b>		
Trade and other payables	88,575	239,202
Borrowings	30,052	17,223
Contract Liabilities	42	185,388
Redeemable convertible secured bonds	47,928	-
Current tax liabilities	419	80
	<b>167,016</b>	<b>441,893</b>
<b>TOTAL LIABILITIES</b>	<b>309,712</b>	<b>628,192</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>866,591</b>	<b>1,262,993</b>
<b>Net assets per share attributable to ordinary equity holders of the company (RM)</b>	<b>0.66</b>	<b>0.76</b>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	Non-Distributable Reserve						Distributable Reserve					Total
	Share Capital RM'000	Treasury Share RM'000	Foreign Exchange Reserve RM'000	Reverse Acquisition Reserve RM'000	Share Options Reserve RM'000	Available-For-Sale Reserve RM'000	Equity Component Of Convertible Bonds RM'000	Distributable Retained Earnings RM'000	Total Attributable to Owners of Parent RM'000	Non-Controlling Interests Total RM'000	RM'000	
<b>Quarter ended 31 December 2018</b>												
As at 1 July 2017	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Quarter ended 31 December 2019</b>												
As at 1 July 2018	365,489	(12,703)	34,635	(146,070)	3,077	(16)	25,226	351,404	621,042	13,759	634,801	
Adjustment on adoption of MFRS 9	-	-	-	-	-	16	-	(4,059)	(4,043)	-	(4,043)	
Adjustment on adoption of MFRS 15	-	-	-	-	-	-	-	(25,241)	(25,241)	-	(25,241)	
Profit for the financial year	-	-	-	-	-	-	-	(51,472)	(51,472)	(5,201)	(56,673)	
Foreign currency translation, net of tax	-	-	1,284	-	-	-	-	-	1,284	195	1,479	
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51,472)</b>	<b>(50,188)</b>	<b>(5,006)</b>	<b>(55,194)</b>	
<b>Transactions with owners:-</b>												
• Option forfeited under the Share Issuance Scheme	-	-	-	-	(612)	-	-	612	-	-	-	
• Issuance of shares pursuant to Private Placement	6,000	-	-	-	-	-	-	-	6,000	-	6,000	
• Options granted under the Share Issuance Scheme	-	-	-	-	556	-	-	-	556	-	556	
<b>As at 31 December 2019</b>	<b>371,489</b>	<b>(12,703)</b>	<b>35,919</b>	<b>(146,070)</b>	<b>3,021</b>	<b>-</b>	<b>25,226</b>	<b>271,244</b>	<b>548,126</b>	<b>8,753</b>	<b>556,879</b>	

As announced on 19<sup>th</sup> August 2019, the financial year end of the Group has been changed from 30 June 2019 to 31 December 2019. As such, there will be no comparative financial information available for the preceding year corresponding periods.

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements financial year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	<b>Current Year Unaudited 31-12-2019 RM'000</b>	<b>Preceding Year Corresponding Period 31-12-2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>(Loss)/Profit before tax</b>	<b>(65,372)</b>	-
Adjustments for:-		
Depreciation of property, plant and equipment	18,469	-
(Gain)/loss on disposal of property, plant and equipment	(16,592)	-
Impairment losses on:-		
- Property, plant and equipment	16,621	-
- Trade and other receivables	60	-
- Work-in-progress	2,541	-
- Contract asset	25,610	-
(Reversal)/ additional expected credit losses on receivables	(6)	-
Written-off on:-		
- Property, plant and equipment	1,129	-
- Trade and other receivables	2,884	-
Reversal of impairment losses on trade receivable	(397)	-
Non-cash and operating items	23,242	-
<b>Operating profit before changes in working capital</b>	<b>8,189</b>	-
<b>Changes in working capital:-</b>		
Inventories	50,324	-
Land reclamation work in progress	(24,860)	-
Trade and other receivables	30,130	-
Trade and other payables	(70,575)	-
Contract Asset	(967)	-
Deferred revenue	(13,058)	-
<b>Cash generated from operations</b>	<b>(20,817)</b>	-
Interest received	-	-
Tax paid - net	1,921	-
<b>Net cash generated from operating activities</b>	<b>(18,896)</b>	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest and dividend received	6,138	-
Proceed from disposal of property, plant and equipment	30,097	-
(Placement)/Withdrawal of deposits charged in favour of the Security Trustee pursuant to RCSB	124,851	-
Repayment to related party	(16,339)	-
Purchase of property, plant and equipment	(1,595)	-
<b>Net cash used in investing activities</b>	<b>143,152</b>	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings and hire purchase	30,026	-
Repayment of borrowings and hire purchase	(32,781)	-
Redemption of RCSB	(129,000)	-
Interest paid	(13,993)	-
Issuance of share capital pursuant to Private Placement	6,000	-
<b>Net cash used in financing activities</b>	<b>(139,748)</b>	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(15,492)</b>	-
Cash and cash equivalents at beginning of period	1,566	-
Effects of exchange rate changes	11	-
<b>Cash and cash equivalents at the end of period</b>	<b>(13,915)</b>	-

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)**

	<b>Unaudited 31-12-2019 RM'000</b>	<b>Corresponding Period 31-12-2018 RM'000</b>
<b>Cash and cash equivalents comprise the following:-</b>		
Cash and bank balances	579	-
Deposit with licensed bank	29,344	-
Bank overdraft	(14,494)	-
	<hr/>	<hr/>
	15,429	-
Less: Deposits pledged as collateral	(23,796)	-
Less: Deposits charged in favour of the Security Trustee pursuant to Redeemable Convertible Secured Bonds	(5,548)	-
	<hr/>	<hr/>
	<b>(13,915)</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

As announced on 19<sup>th</sup> August 2019, the financial year end of the Group has been changed from 30 June 2019 to 31 December 2019. As such, there will be no comparative financial information available for the preceding year corresponding periods.

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019****NOTES TO THE INTERIM FINANCIAL REPORT****1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“**MFRS**”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for financial year ended 30 June 2018. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2018.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and presentation for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2018, except for the adoption of the Standards, Amendments and Annual Improvement to Standards effective as of 1 January 2018.

**Effective for annual periods commencing on or after 1 January 2018**

- Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)*
- MFRS 15 *Revenue from Contracts with Customers*
- Clarifications to MFRS 15 *Revenue from Contracts with Customers*
- MFRS 9 *Financial Instruments (2014)*
- Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 128 *Annual Improvements to MFRSs 2014 - 2016 Cycle*
- IC Interpretations 22 *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 140 *Transfers of Investment Property*
- Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group, except for MFRS 9 and MFRS 15.

**MFRS 9 Financial Instruments**

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of MFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (ECL) model. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group assesses on a forward-looking basis the ECLs associated with its financial assets classified at amortised cost under MFRS 15 Revenue from Contracts with Customers. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In accordance with the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and has performed assessment on the impact on accounting to its financial assets as at 1 July 2018, of which the effects will be adjusted in the opening balances of the current year.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods and services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods and services.

The following reconciliations provide an estimate of the expected impact upon initial application of the MFRS 9 and MFRS 15 on the financial position of the Group as at 1 July 2018.

	Previously Reported RM'000	Effect of MFRS 9 RM'000	Effect of MFRS 15 RM'000	Restated RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	169,003	-	-	169,003
Other investments	46	-	-	46
Deferred tax assets	17,620	-	-	17,620
<b>Total non-current assets</b>	<b>186,669</b>	<b>-</b>	<b>-</b>	<b>186,669</b>
<b>Current assets</b>				
Inventories	249,536	-	297	249,833
Land reclamation WIP	405,735	-	-	405,735
Trade & other receivables	245,764	(56)	(185,573)	60,135
Contract Asset	-	(3,987)	79,664	75,677
Current tax asset	7,101	-	-	7,101
Fixed deposit	143,408	-	-	143,408
Short term fund	141	-	-	141
Cash and bank balance	13,360	-	-	13,360
<b>Total current assets</b>	<b>1,065,045</b>	<b>(4,043)</b>	<b>(105,612)</b>	<b>955,390</b>
Non-current assets held for sale	11,279	-	-	11,279
<b>Total assets</b>	<b>1,262,993</b>	<b>(4,043)</b>	<b>(105,612)</b>	<b>1,153,338</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	365,489	-	-	365,489
Non-distributable reserve	(95,851)	16	-	(95,835)
Distributable reserve	351,404	(4,059)	(25,241)	322,104
	621,042	(4,043)	(25,241)	591,758
Non-Controlling Interest (NCI)	13,759	-	-	13,759
<b>Total equity</b>	<b>634,801</b>	<b>(4,043)</b>	<b>(25,241)</b>	<b>605,517</b>
<b>Non-current liabilities</b>				
Redeemable convertible secured bonds (RCSB)	164,973	-	-	164,973
Contract Liabilities	-	-	65,799	65,799
Deferred tax liabilities	7,337	-	-	7,337
Borrowings	13,989	-	-	13,989
<b>Total non-current liabilities</b>	<b>186,299</b>	<b>-</b>	<b>65,799</b>	<b>252,098</b>
<b>Current liabilities</b>				
Trade & other payables	239,202	-	19,802	259,004
Contract Liabilities	185,388	-	(165,972)	19,416
Borrowing	17,223	-	-	17,223
Tax liabilities	80	-	-	80
<b>Total current liabilities</b>	<b>441,893</b>	<b>-</b>	<b>(146,170)</b>	<b>295,723</b>
<b>TOTAL LIABILITIES</b>	<b>628,192</b>	<b>-</b>	<b>(80,371)</b>	<b>547,821</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,262,993</b>	<b>(4,043)</b>	<b>(105,612)</b>	<b>1,153,338</b>
<b>Net asset per share (sen)</b>	<b>0.76</b>			<b>0.73</b>



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:-

### Effective for annual periods commencing on or after 1 January 2019

- MFRS 16 *Leases*
- Amendments to MFRS 9 *Prepayments Features with Negative Compensation*
- Amendments to MFRS 128 *Long - term Interests in Associates and Joint Ventures*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3 *Annual Improvements to MFRSs Standards 2015 - 2017 Cycle*
- Amendments to MFRS 11 *Annual Improvements to MFRSs Standards 2015 - 2017 Cycle*
- Amendments to MFRS 112 *Annual Improvements to MFRSs Standards 2015 - 2017 Cycle*
- Amendments to MFRS 123 *Annual Improvements to MFRSs Standards 2015 - 2017 Cycle*
- Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*

### Effective for annual periods commencing on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108 *Definition of Material*

### Effective for annual periods commencing on or after 1 January 2021

- MFRS 17 *Insurance Contracts*

### Issued but not yet effective

Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

## 3. QUALIFICATION OF AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report for the preceding annual financial statements was not subject to any qualification.

## 4. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The Group's interim operations and performance were not materially affected by any seasonal or cyclical factors for the current quarter under review.

## 5. NATURE AND AMOUNT OF ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS THAT ARE UNUSUAL BECAUSE OF THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period ended 31 December 2019.



**6. CHANGES IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR INTERIM PERIODS OF THE CURRENT FINANCIAL YEAR OR IN PRIOR FINANCIAL YEARS**

There were no changes in estimates that had any material effect on the current financial period ended 31 December 2019.

**7. DIVIDENDS PAID**

No dividend was paid during the current quarter ended 31 December 2019.

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## 8. SEGMENTAL REPORTING

The Group's segmental report for the current financial year ended 31 December 2019 as follows:-

	Marine Construction						
	Land Reclamation RM'000	Land Disposal RM'000	Vessel Chartering RM'000	Ship Building RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue							
External-Sales	30,680	95,659	9,565	-	12	-	135,916
Inter-segment sales	22,144	-	553	-	-	(22,697)	-
Total revenue	52,824	95,659	10,118	-	12	(22,697)	135,916
Results							
Segment results	(45,219)	44,318	(38,891)	(693)	(1,304)	-	(41,789)
Interest and dividend income	999	-	-	4	5,135	-	6,138
Finance costs	(17,232)	-	-	(6)	(12,483)	-	(29,721)
<b>(Loss)/Profit before tax</b>	<b>(61,452)</b>	<b>44,318</b>	<b>(38,891)</b>	<b>(695)</b>	<b>(8,652)</b>	-	<b>(65,372)</b>
Income tax expense	10,467	(4,513)	476	(1,273)	3,542	-	8,699
<b>(Loss)/Profit for the period</b>	<b>(50,985)</b>	<b>39,805</b>	<b>(38,415)</b>	<b>(1,968)</b>	<b>(5,110)</b>	-	<b>(56,673)</b>
<b>Other information</b>							
• Depreciation	(11,311)		(7,140)	(18)			(18,469)

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## 9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation, amortisation and impairment loss.

In the current year ended 31 December 2019, the Group has made an assessment on the carrying amount of the vessels and an impairment loss of RM16.62 million is recognised as other operating expenses.

## 10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 31 December 2019 and up to 24 February 2020, being the latest practicable date (“**LPD**”) which is not earlier than seven (7) days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report, except as disclosed in Note 22 and Note 24.

## 11. DEBT AND EQUITY SECURITIES

### 11.1 Current financial period

#### 11.1.1 Share buyback

During the current financial period, there is no share buyback by the Company. As at 31 December 2019, the Company holds 12,715,400 shares as treasury shares at an average price of RM1.00 per share.

#### 11.1.2 Private Placement

Other than the issuance of Private Placement as disclosed in Note 22.2 below, the Company did not undertake any issuance and/ or repayment of debt and equity securities, share buy-back, share cancellations and/or resale of treasury shares subsequent to the end of current financial period ended and up to LPD which is not earlier than seven (7) days from the date of issuance of this quarterly report.

## 12. CHANGES IN THE COMPOSITION OF THE GROUP

### 12.1 Disposal of subsidiaries

#### 12.1.1 Disposal of Integrasi Mekar Sdn Bhd

On 10 July 2019, the Company has disposed-off Integrasi Mekar Sdn Bhd, a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary by the Company, for a nominal cash consideration of RM2.00.

#### 12.1.2 Disposal of Crystal Land Property Sdn Bhd

On 20 October 2019, the Company has disposed-off Crystal Land Property Sdn Bhd, a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary by the Company, for a nominal cash consideration of RM2.00.

#### 12.1.3 Disposal of Indera Tenggara Sdn Bhd

On 24 October 2019, the Company has disposed-off Indera Tenggara Sdn Bhd, a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary by the Company, for a nominal cash consideration of RM2.00.

## 12. CHANGES IN THE COMPOSITION OF THE GROUP (CONT'D)

### 12.1.4 Disposal Neptune Paradise Sdn Bhd

On 17 November 2019, the Company has disposed-off Neptune Paradise Sdn Bhd, a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary by the Company, for a nominal cash consideration of RM2.00.

### 12.1.5 Strike-off of Oceanfront Property Sdn Bhd

On 24 December 2019, the Company has struck-off Oceanfront Property Sdn Bhd, a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary by the Company pursuant to S308 of the Companies Act.

Other than stated above, there were no changes in the composition of the Group during the current financial period ended and up to LPD, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

## 13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	<b>RM'000</b>
Corporate guarantees given to licensed financial institutions	
For credit facilities granted to subsidiaries	42,900

## 14. CAPITAL COMMITMENTS

	<b>RM'000</b>
Capital expenditure in respect of purchase of property, plant & equipment:	
Contracted but not provided for	-

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## 15. SIGNIFICANT RELATED PARTY TRANSACTIONS

The related party transactions during the financial period under review in which certain directors of the Company have substantial financial interest as presented below:-

Nature of transactions <sup>(1)</sup>	Transaction value based on billings RM'000	Balance outstanding as at 31-12-2019 RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest <sup>(2)</sup>	(1,310)	69,874
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(46,660)
Provision of marine construction work from a company in which certain directors of the company have substantial financial interest	-	(19)
Disposal of property to a personnel in which certain directors of the company have substantial financial interest	2,056	-
Disposal of vessel to a company in which certain directors of the company have substantial financial interest	15,741	-
Rental of office building from personnel in which certain directors of the company have substantial financial interest	(86)	(86)

**Notes:-**

- (1) The related party transactions reflect transactions of all the subsidiaries within the Benalec Group with the respective related parties; and
- (2) This amount represents the value of the land portion pending land alienation process which the Group is entitled to receive as settlement for the marine construction contracts undertaken. It would subsequently be reclassified as "land held for sale" following the alienation process.

## 16. REVIEW OF PERFORMANCE OF THE GROUP

The Company has changed its financial year end from 30 June to 31 December, as such there is no comparative figure for the current cumulative quarter. However, the company provide hereunder the comparative and analysis of the current quarter versus previous corresponding quarter for reference purposes.

### 16.1 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER

	Current Quarter	Previous Corresponding Quarter	Variance	
	31-Dec-19 RM'000	31-Dec-18 RM'000	RM'000	%
Revenue	38,416	4,801	33,615	700.17
(LBT)/PBT	(35,579)	(4,522)	(31,057)	686.80

**16. REVIEW OF PERFORMANCE OF THE GROUP (CONT'D)**
**16.1 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER (CONT'D)**

For the current quarter under review, the Group recorded an increase of revenue by RM33.6 million against corresponding quarter from last year. The increase in revenue was mainly due to land reclamation works (FPE Q6'19: RM10.3 million; FPE Q2'19: nil) and revenue from disposal of lands (FPE Q6'19: 19.7 million; FPE Q2'19: nil).

The current quarter recorded a LBT of RM35.6 million, representing a decrease of RM31.1 million against the corresponding quarter from last year, mainly attributable to:-

Description	RM'000	Note
Increase in gross profit	18,892	1
Decrease in other operating income	(7,492)	2
Increase in administrative and other expenses	(43,272)	2
Decrease in finance costs	815	
<b>Net increase in LBT</b>	<b>(31,057)</b>	

**Notes:-**

- (1) Increase in gross profit was mainly due to factor stated above.  
 (2) The movements in other income as well as admin and other expenses were mainly due to:

	Current Quarter RM'mil	Corresponding Quarter RMmil	Variance RM'mil
Impairment loss on PPE	(12.9)	-	(12.9)
Impairment loss on Contract Asset	(25.6)	-	(25.6)
Impairment loss on Work-in-progress	(2.5)	-	(2.5)
Write-off of debts from receivables	(2.3)	-	(2.3)
	<u>(43.3)</u>	<u>-</u>	<u>(43.3)</u>

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**17. VARIATION IN RESULTS AGAINST PRECEDING QUARTER**

	Current Sixth (6th) Quarter 31-Dec-19 RM'000	Previous Fifth (5th) Quarter 30-Sep-19 RM'000	Variance	
			RM'000	%
Revenue	38,416	51,187	(12,771)	(24.95)
(LBT)/PBT	(35,579)	(4,710)	(30,869)	655.39

For the current quarter under review, in comparison with the preceding quarter, the Group registered a decrease in revenue of approximately RM12.8 million. The decrease in revenue was mainly due to lesser land disposal recognition (FPE Q6'2019: RM19.68 million, FPE Q5'2019: RM46.7 million) against revenue from land reclamation works (FPEQ6'19: RM10.4 million, FYE Q5'19: nil)

The Group registered a LBT of RM35.6million, mainly attributable by:-

Description	RM'000	Note
Increase in gross profit	2,049	1
Increase in other operating income	6,227	2
Increase in administrative and other expenses	(40,024)	2
Decrease in finance costs	879	
<b>Net decrease in PBT</b>	<b>(30,869)</b>	

**Notes:-**

- (1) *The increase in gross profit was mainly due to higher profit margin recognised for the current quarter land sales.*
- (2) *The increase in other income and increase in administrative and other expenses were mainly due to:*

	Current Quarter RM'mil	Corresponding Quarter RMmil	Variance RM'mil
<i>Impairment loss on PPE</i>	(12.9)	-	(12.9)
<i>Impairment loss on Contract Asset</i>	(25.6)	-	(25.6)
<i>Impairment loss on Work-in-progress</i>	(2.5)	-	(2.5)
	<u>(38.5)</u>	<u>-</u>	<u>(38.5)</u>

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## 18. PROSPECTS

Despite the prevailing challenges faced by the Group within its operating environment, the Board and Management remain optimistic in assessing the outlook for the Group. The positive outlook is in sync with the continued and sustained recovery of the overall economy and is based on the fact that 118.79 acres of land, forming the subject matter of Sale & Purchase Agreements (“Land Sale SPAs”) already signed, will generate sales revenue of approximately RM144.43 million. In addition, the revenue yet to be recognised arising from several contracts secured by the Group land reclamation contracts secured by the Group, amounting approximately RM103.50 million, will ensure that the Group has a stable stream of revenue of approximately RM247.93 million to be recognised.

To date, the Group also has in excess of 100 acres of land bank in Melaka already reclaimed, issued with land titles and available for sale, and more than 228 acres which have yet to be reclaimed under its own concession agreements. The continued resilience in demand for the Group’s reclaimed land bank in Melaka arising from surrounding upcoming developments is an added source of optimism for the Group.

Several large parcels of river-fronting land reclaimed by the Group in Pulau Indah, Port Klang, measuring approximately 90 acres have also garnered strong interest and demand due to their strategic location, located directly along the Pulau Indah Highway; and being in close proximity to Westports, one of Malaysia’s busiest ports. Management is confident that some of these land banks can be monetised in the near to medium term.

Further to that, the Group’s Tanjung Piai Maritime Industrial Park (“TPMIP”) project, has commenced since the DOE’s approval on its DEIA was secured. The Management is currently in discussions with a number of interested parties to sell and/or jointly develop its land at TPMIP.

In relation to the Group’s reclamation and development works for its Pengerang Maritime Industrial Park (“PMIP”) project at Teluk Ramunia, Johor, measuring 1,672 acres, the Group has secured approval from the DOE and reclamation works are currently underway. The Management is bullish on PMIP’s potential due to its close proximity to Petronas’ RAPID project, whereby it will be well placed to capture the spill-over demand for downstream support services which are necessitated by such a catalytic development like RAPID.

With energy deals picking up pace more broadly in recent months and as the oil and gas industry is gradually becoming more optimistic on a global scale, the Group’s two (2) main flagship projects in Johor, namely TPMIP and PMIP, are expected to propel the Group to the next level of growth, enabling the Group to capitalise on the abundant opportunities stemming from downstream activities within the Oil and Gas sector.

## 19. PROFIT FORECAST AND PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee in any public document.

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**20. PROFIT / (LOSS) FOR THE PERIOD**

Included in the LBT for the period are as presented below:-

	<b>Current Quarter</b>	<b>Year-To-Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	637	6,126
Other income including investment income	14	3,090
Interest expenses	(4,242)	(29,721)
Depreciation	(2,500)	(18,469)
Impairment & write-off on other receivable	(2,341)	(2,944)
Reversal / (addition) expected credit loss on receivables	6	6
Reversal of impairment losses of receivables	(72)	403
Impairment on contract asset	(25,610)	(25,610)
Impairment on work-in-progress	(2,541)	(2,541)
Impairment on property, plant and equipment	(12,874)	(16,621)
Write-off of property, plant and equipment	(1,117)	(1,129)
Gain or loss on disposal of quoted or unquoted investments or properties	N/A	N/A
Unrealised exchange Loss - net	1,827	(4,336)
Realised exchange Gain - net	(3,359)	(108)
Gain on disposal of property, plant and equipment	(75)	16,592
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

**Note:**

N/A = Not applicable.

**21. TAXATION**

	<b>Current Quarter</b>	<b>Year-To-Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Over/ (Under) provision in prior year		
- Income tax	(1)	(128)
- Deferred tax	(415)	430
Current year provision		
- Income tax	(1,763)	(3,203)
- Deferred tax	8,044	11,600
	<u>5,865</u>	<u>8,699</u>
Effective tax rate (%)	-	-

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## 22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS

### 22.1 Utilisation of proceeds from Redeemable Convertible Secured Bond issuance

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

The status of utilisation of proceeds arising from the issuance, amounting to RM181.17 million as at LPD is as follows:-

Description	Proposed utilisation	Reallocate of utilisation	Actual utilisation	Deviation		Estimated timeframe for utilisation (iv)	Note
	RM'000	RM'000	RM'000	RM'000	%		
Land reclamation projects of the Benalec Group	146,500	(42,112)	(104,388)	-	-	Within 60 months	(i)
Working capital and reserve requirement for a debt service account	31,170	9	(31,179)	-	-	Within 12 months	(ii)
Defray expenses	3,500	(9)	(3,491)	-	-	Within 12 months	(iii)
Partial Early Redemption	-	42,112	(42,112)	-	-	-	(v)
<b>Total</b>	<b>181,170</b>	<b>-</b>	<b>(181,170)</b>	<b>-</b>	<b>-</b>		

**(i) Land reclamation projects of the Benalec Group**

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

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

The amount shall be utilised:

- (a) as additional working capital to finance the day-to-day operations of the Group including the payment of salaries, administrative and other operating expenses, such as tax payment and finance costs; and
- (b) to maintain an amount equivalent to 6 months' coupon payment of all the outstanding RCSB, which shall be maintained throughout the tenure of the RCSB in a debt service reserve account that may be utilised to pay coupon due under the RCSB in the event that the Company has insufficient operational funds.

**(iii) Defray expenses**

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

**(iv) Estimated timeframe for utilisation:-**

- (a) From the date of RCSB issuance i.e. 29 April 2015.
- (b) On 16 May 2017, the Company announced the extension of time for utilisation of the balance of proceeds arising from the RCSB for another twenty-four (24) months until 29 April 2019.
- (c) On 30 May 2019, the Company announced the extension of time for utilisation of the balance of proceeds arising from the RCSB for another twelve (12) months until 29 April 2020.

**(v) Partial Early Redemption**

On 29 October 2019, the Company has redeemed part of the RCSB with nominal value amounting to RM129 million. The outstanding nominal amount after the redemption is RM71 million.

**22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS (CONT'D)****22.2 Proposed Private Placement**

On 26 April 2019, the Company announced the completion of the Private Placement following the expiry of the approval from Bursa Securities for the listing of and quotation for up to 112,221,000 new ordinary shares of the Company.

Pursuant to the Private Placement, a total of 50,000,000 new ordinary shares were placed out via three (3) tranches raising gross proceeds of RM11,000,000.

The utilisation of the proceeds is as follows: -

Description	Proposed utilisation	Proposed utilisation of	Actual Utilisation	Deviation	
	(i)	actual Placement		RM'000	%
	RM'000	RM'000	RM'000	RM'000	
Land reclamation projects	12,074	4,616	(4,616)	-	-
Working capital requirement	10,000	6,260	(6,260)	-	-
Expenses in relation to Private Placement	300	124	(124)	-	-
<b>Total Gross Proceeds</b>	<b>22,374</b>	<b>11,000</b>	<b>(11,000)</b>	-	-

**Note: -**

- (i) *The proposed utilisation is as per the Minimum Scenario detailed in the Company's announcement to Bursa Securities dated 11 April 2018 for the issuance of up to 112,221,000 new ordinary shares.*
- (ii) *The proposed utilisation is as per the actual proceeds of RM11,000,000 raised from the three (3) tranches of placements.*

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## 23. BORROWINGS

The Group's borrowings as at 31 December 2019 presented as follows:-

	<b>RM'000</b>
<b>Long Term Borrowings</b>	
Secured:-	
• Hire purchase and lease creditors	602
• Term loans	12,726
	13,328
	<b>RM'000</b>
<b>Short Term Borrowings</b>	
Secured:-	
• Term loans	1,515
• Revolving Credit	10,000
• Hire purchase and lease creditors	3,084
• Trust receipt	832
• Invoice financing	127
• Bank Overdraft	14,494
	30,052
<b>(1) Total</b>	<b>43,380</b>

**Note:-**

(1) The borrowings are denominated in Ringgit Malaysia.

## 24. MATERIAL LITIGATION

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

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

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

The trial of this suit has been completed on 29 March 2018 and fixed for decision on 30 October 2018. During the Decision date, the learned Judge, substantially dismissed SSB claims against BSB in respect of the Reclamation Agreement as follows:

The learned Judge allowed BSB's counterclaim for specific performance of the Reclamation Agreement to specifically perform the Reclamation Agreement. The Judge ordered SSB to pay costs of RM30,000.00 to BSB. The Judge also allowed interest of 5% per annum on costs of RM30,000.00 to be calculated from the date of judgment until the date of settlement. The learned Judge did not allow all other prayers in BSB's Re-Re-Amended Defence and Counterclaim. Additionally, the learned Judge dismissed SSB's claims against BSB for a declaration that the Reclamation Agreement was lawful, for damages and other related relief.

#### 24. MATERIAL LITIGATION (CONT'D)

Application for clarification/ consequential order has been filed on 15 November 2018 in order to seek extension of time from the High Court to BSB to complete the reclamation works under the Reclamation Agreement. During the clarification hearing on 1 April 2019, the High Court Judge granted the Order for an extension of time of one year to BSB.

With regards the High Court Judgment on 30 October 2018, SSB has filed an appeal against the Judgment and also the clarification/consequences order. The date for both hearings in Court of Appeal has yet to be fixed as the Parties are still waiting for the written grounds of judgement from High Court.

- (b) Klebang Property Sdn Bhd (“Defendant”), a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is wholly-owned by Benalec, has been served with a Writ of Summons (“Writ”) and a Statement of Claim (“SOC”) dated 10 July 2018, filed by one individual named Mak Hoong Weng (“Plaintiff”) through his solicitors against the Defendant. The Writ and SOC was served and received by the Defendant’s Solicitor on 11 July 2018.

The Plaintiff’s claim is for a refund of the sum of RM100,000.00 allegedly paid by the Plaintiff pursuant to an Offer to Purchase five (5) plots of land known as Plot 25, 26, 27, 28 & 29 in Pekan Klebang, Sek II, Daerah Melaka, Melaka Tengah dated 19 August 2011.

The Plaintiff’s allegations in the SOC are that negotiations were initially in the works but subsequently the Defendant had failed, refused and/or neglected to follow through on the negotiation which otherwise would have led to a concluded Sale and Purchase Agreement and following that, had forfeited the Plaintiff’s Deposit.

Thus, the Plaintiff is claiming for, inter alia, a refund of the Deposit and for other consequential and ancillary reliefs.

The Group has filed a Statement of Defence and Counterclaim through its solicitors against the Plaintiff. In its Counterclaim, the Defendant is seeking costs, damages, interest and any other reliefs as the Court deems fit, amongst others.

During the mediation on 20 December 2018, both the Plaintiff and the Defendant (the “Parties”) had reached a settlement wherein the Defendant had agreed to pay a sum of RM70,000.00 as a full and final settlement between the Parties on a without prejudice and without admission of liability basis.

On 10 January 2019, the Plaintiff withdrew his claim without liberty to file a fresh and with no order as to costs. In return, the Defendant also withdrew its counterclaim against the Plaintiff without liberty to file afresh and with no orders as to costs.

On the same day, the Court struck out both the Plaintiff’s claim and the Defendant’s counterclaim without liberty to file afresh and with no orders as to costs.

#### 25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 December 2019.

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## 26. EARNINGS PER SHARE ("EPS")

### 26.1 Basic EPS

The basic earnings per share are calculated based on the net profit attributable to equity holders of the parent for the period divided by the weighted average number of ordinary shares and presented as below: -

	Three (3) Months		Year-to-date	
	Ended 31-12-2019	Ended 31-12-2018	Ended 31-12-2019	Ended 31-12-2018
Net profit attributable to equity holders of the parent for the period (RM'000)	<u>(28,117)</u>	<u>-</u>	<u>(51,472)</u>	<u>-</u>
Weighted average number of ordinary shares ('000)	<u>842,093</u>	<u>-</u>	<u>842,093</u>	<u>-</u>
Basic EPS (sen)	<u>(3.34)</u>	<u>-</u>	<u>(6.11)</u>	<u>-</u>

### 26.2 Diluted EPS

The diluted earnings per share has been calculated by dividing the Group's profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares as presented below: -

	Three (3) Months		Year-to-date	
	Ended 31-12-2019	Ended 31-12-2018	Ended 31-12-2019	Ended 31-12-2018
Net profit attributable to equity holders of the parent for the period (RM'000)	<u>(28,117)</u>	<u>-</u>	<u>(51,472)</u>	<u>-</u>
Weighted average number of ordinary shares as per basic EPS ('000)	<u>842,093</u>	<u>-</u>	<u>842,093</u>	<u>-</u>
Effect of dilution on shares under:				
- Share Issuance Scheme ('000)	- (1)	- (1)	- (1)	- (1)
- Redeemable Convertible Secured Bonds ("RCSB") ('000)	- (1)	- (1)	- (1)	- (1)
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	<u>842,093</u>	<u>-</u>	<u>842,093</u>	<u>-</u>
Diluted EPS (sen)	<u>(3.34)</u>	<u>-</u>	<u>(6.11)</u>	<u>-</u>

**Note:-**

- (1) The Share Issuance Scheme and RCSB which could potentially dilute the earnings per ordinary share were not included in the calculation of diluted earnings per ordinary share as it would have an anti-dilution effect thereon.