



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

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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FOURTH (4<sup>th</sup>) QUARTER ENDED 31 DECEMBER 2020**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4<sup>th</sup>) QUARTER ENDED 31 DECEMBER 2020**

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 31-12-2020 RM'000	(Unaudited) Preceding Year Quarter Ended 31-12-2019 RM'000	(Unaudited) Current Year To Date 31-12-2020 RM'000	(Unaudited) Preceding Year To Date 31-12-2019 RM'000
<b>Revenue</b>	<b>55,447</b>	-	<b>161,058</b>	-
Cost of sales	(45,181)	-	(172,568)	-
<b>Gross profit</b>	<b>10,266</b>	-	<b>(11,510)</b>	-
Other operating income	(893)	-	6,568	-
Administrative and other expenses	(24,910)	-	(41,098)	-
<b>Profit from operations</b>	<b>(15,537)</b>	-	<b>(46,040)</b>	-
Finance costs	(2,640)	-	(27,773)	-
<b>(Loss)/Profit before tax ("PBT")</b>	<b>(18,177)</b>	-	<b>(73,813)</b>	-
Tax income/(expense)	3,739	-	4,183	-
<b>(Loss)/Profit for the financial period</b>	<b>(14,438)</b>	-	<b>(69,630)</b>	-
<b>Other comprehensive income, net of tax:-</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Foreign currency translations	(2,435)	-	(1,115)	-
<b>Total comprehensive income</b>	<b>(16,873)</b>	-	<b>(70,745)</b>	-
<b>Profit/Loss attributable to:-</b>				
• Owners of the parent	(12,719)	-	(67,767)	-
• Non-controlling interests	(1,719)	-	(1,863)	-
	<b>(14,438)</b>	-	<b>(69,630)</b>	-
<b>Total comprehensive income attributable to:-</b>				
• Owners of the parent	(158,907)	-	(68,882)	-
• Non-controlling interests	142,034	-	(1,863)	-
	<b>(16,873)</b>	-	<b>(70,745)</b>	-
<b>Earnings per ordinary share attributable to equity holders of the Company (sen)</b>				
• Basic	<b>(1.50)</b>	-	<b>(7.98)</b>	-
• Diluted	<b>(1.50)</b>	-	<b>(7.98)</b>	-

As announced on 19<sup>th</sup> August 2019, the financial year end of the Group has been changed from 30 June to 31 December. 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 period from 1 July 2018 to 31 December 2019 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	<b>Unaudited As at 31-12-2020 RM'000</b>	<b>Audited As at 31-12-2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	88,997	103,420
Other investments	50	50
Deferred tax assets	27,664	24,450
Right-of-use asset	8,484	-
	<b>125,195</b>	<b>127,920</b>
<b>Current assets</b>		
Inventories	553,453	627,562
Trade and other receivables	48,411	25,896
Contract Asset	45,765	51,034
Current tax assets	4,460	4,247
Deposit with licensed bank	24,413	29,338
Short term funds	152	149
Cash and bank balances	712	585
	<b>677,366</b>	<b>738,811</b>
<b>TOTAL ASSETS</b>	<b>802,561</b>	<b>866,731</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the parent		
Share capital	371,489	371,489
Non-distributable reserves	(121,297)	(94,602)
Distributable reserve	233,023	275,229
<b>Total equity attributable to owners of the parent</b>	<b>483,215</b>	<b>552,116</b>
Non-controlling interests	1,257	3,120
<b>TOTAL EQUITY</b>	<b>484,472</b>	<b>555,236</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	65,859	13,328
Contract liabilities	84,092	72,115
Trade and other payables	63,199	59,922
Deferred tax liabilities	-	754
Lease Liability	6,568	-
	<b>219,718</b>	<b>146,119</b>
<b>Current liabilities</b>		
Trade and other payables	68,376	83,192
Borrowings	27,656	30,052
Lease Liability	2,297	-
Contract Liabilities	42	42
Redeemable convertible secured bonds	-	51,657
Current tax liabilities	-	433
	<b>98,371</b>	<b>165,376</b>
<b>TOTAL LIABILITIES</b>	<b>318,089</b>	<b>311,495</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>802,561</b>	<b>866,731</b>
<b>Net assets per share attributable to ordinary equity holders of the company (RM)</b>	<b>0.57</b>	<b>0.65</b>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period from 1 July 2018 to 31 December 2019 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4<sup>th</sup>) QUARTER ENDED 31 DECEMBER 2020**

	Non-Distributable Reserve					Distributable Reserve				
	Share Capital RM'000	Treasury Share RM'000	Foreign Exchange Reserve RM'000	Reverse Acquisition Reserve RM'000	Share Options 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	Total RM'000
<b>Quarter ended 30 June 2019</b>										
As at 1 January 2018	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	-	-
As at 31 December 2019	-	-	-	-	-	-	-	-	-	-
<b>Quarter ended 31 Dec 2020</b>										
As at 1 January 2020	371,489	(12,703)	35,924	(146,070)	3,021	25,226	275,229	552,116	3,120	555,236
Adjustment on initial application of MFRS 16							(19)	(19)		(19)
Profit for the financial year	-	-	-	-	-	-	(67,767)	(67,767)	(1,863)	(69,630)
Foreign currency translation, net of tax	-	-	(1,115)	-	-	-	-	(1,115)	-	(1,115)
<b>Total comprehensive income</b>	-	-	(1,115)	-	-	-	(67,767)	(68,882)	(1,863)	(70,745)
<b>Transactions with owners:-</b>										
• Option forfeited under the Share Issuance Scheme	-	-	-	-	(354)	-	354	-	-	-
• Reversal equity component of Convertible Bonds	-	-	-	-	-	(25,226)	25,226	-	-	-
<b>As at 31 December 2020</b>	<b>371,489</b>	<b>(12,703)</b>	<b>34,809</b>	<b>(146,070)</b>	<b>2,667</b>	<b>-</b>	<b>233,023</b>	<b>483,215</b>	<b>1,257</b>	<b>484,472</b>

As announced on 19<sup>th</sup> August 2019, the financial year end of the Group has been changed from 30 June to 31 December. 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 for the financial period from 1 July 2018 to 31 December 2019 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH (4<sup>th</sup>) QUARTER ENDED 31 DECEMBER 2020**

	Current Year Unaudited 31-12-2020 RM'000	Preceding Year Corresponding Period 31-12-2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>(Loss)/Profit before tax</b>	<b>(73,813)</b>	-
Adjustments for:-		
Depreciation of property, plant and equipment	8,114	-
(Gain)/loss on disposal of Subsidiary	(244)	-
(Gain)/loss on disposal of property, plant and equipment	(1,745)	-
Impairment losses on:-		
- Property, plant and equipment	973	-
- Land reclamation Work-in-progress	2,593	-
- Contract asset	6,125	-
Reversal of Impairment losses on:-		
- Deposit	(2)	-
Written-off on:-		
- Property, plant and equipment	632	-
Interest expense	27,773	-
Non-cash and operating items	(411)	-
<b>Operating profit before changes in working capital</b>	<b>(30,005)</b>	-
<b>Changes in working capital:-</b>		
Inventories	71,965	-
Land reclamation work in progress	(69)	-
Trade and other receivables	(21,226)	-
Trade and other payables	1,157	-
Contract Asset	(841)	-
Contract Liability	11,977	-
<b>Cash generated from operations</b>	<b>32,958</b>	-
Interest received	-	-
Tax paid - net	(432)	-
<b>Net cash generated from operating activities</b>	<b>32,526</b>	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest and dividend received	814	-
Placement of short term fund	(4)	-
Placement of fixed deposits pledged with licensed financial institution	(616)	-
(Placement)/Withdrawal of deposits charged in favour of the Security Trustee pursuant to RCSB	5,548	-
Advance/ (Repayment) to related party	(4,197)	-
Purchase of property, plant and equipment	(142)	-
Proceeds from disposal of PPE	6	-
Proceeds from disposal of shares in subsidiary	(11)	-
<b>Net cash used in investing activities</b>	<b>1,398</b>	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	75,760	-
Repayment of borrowings	(19,408)	-
Partial redemption of RCSB	(71,000)	-
Interest paid	(10,915)	-
Repayment of lease liability	(5,693)	-
<b>Net cash used in financing activities</b>	<b>(31,256)</b>	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>2,668</b>	-
Cash and cash equivalents at beginning of period	(13,915)	-
Effects of exchange rate changes	(4)	-
<b>Cash and cash equivalents at the end of period</b>	<b>(11,251)</b>	-

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FOURTH (4<sup>th</sup>) QUARTER ENDED 31 DECEMBER 2020 (CONT'D)**

	<b>Unaudited 31-12-2020 RM'000</b>	<b>Corresponding Period 31-12-2019 RM'000</b>
<b>Cash and cash equivalents comprise the following:-</b>		
Cash and bank balances	712	-
Deposit with licensed bank	24,413	-
Bank overdraft	(11,964)	-
	<hr/> 13,161	<hr/> -
Less: Deposits pledged as collateral	(24,412)	-
Less: Deposits charged in favour of the Security Trustee pursuant to Redeemable Convertible Secured Bonds	-	-
	<hr/> <b>(11,251)</b> <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 to 31 December. 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 FOURTH (4<sup>th</sup>) QUARTER ENDED  
31 DECEMBER 2020**

**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 period from 1 July 2018 to 31 December 2019. 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 period from 1 July 2018 to 31 December 2019.

**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 period from 1 July 2018 to 31 December 2019, except for the adoption of the Standards, Amendments and Annual Improvement to Standards effective as of 1 January 2019 and 1 January 2020.

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*
- Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*
- Amendment to MFRS 16 *Covid-19-Related Rent Concessions*
- Amendments to MFRS 4 *Insurance Contract – Extension of the Temporary Exemption from Applying MFRS 9*

The adoption of the above new and amendments standards did not have any material effect on the financial performance or position of the Group, except for MFRS 16.

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

### MFRS 16 Leases

MFRS 16 supersedes MFRS 117 “Leases” (“MFRS 117”) and related interpretation. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 - Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the income statements. For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group has adopted the modified retrospective approach as permitted by MFRS 16 and has not restated the comparatives. The reclassifications and adjustments arising from the adoption of MFRS 16 are therefore recognised in the opening balance of statement of financial position as at the date of initial application, 1 January 2020.

The expected impact upon initial application of the MFRS 16 on the financial position of the Group as at 1 January 2020 is as follows:

	<b>Audited As at 31/12/2019 RM'000</b>	<b>Effect of MFRS 16 RM'000</b>	<b>Restated RM'000</b>
<b><u>Non Current Assets</u></b>			
Property, plant and equipment	103,420	(12,558)	90,862
Right-of-use assets	-	22,344	22,344
<b><u>Current Assets</u></b>			
Inventories	627,562	380	627,942
Contract Assets	51,034	1	51,035
<b><u>Equity</u></b>			
Distributable Reserve	-	19	19
<b><u>Non Current Liability</u></b>			
Long Term Borrowings	(13,328)	(601)	(13,929)
Long Term Lease Liability	-	(8,730)	(8,730)
<b><u>Current Liability</u></b>			
Short Term Borrowings	(30,052)	(3,084)	(33,136)
Short Term Lease Liability	-	(5,146)	(5,146)

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## 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:-

<b>Title</b>	<b>Effective Date</b>
<i>Interest Rate Benchmark Reform – Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment- Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contracts</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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 2020.

## 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 2020.



**7. DIVIDENDS PAID**

No dividend was paid during the current quarter ended 31 December 2020.

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## 8. SEGMENTAL REPORTING

The Group's segmental report for the current financial period ended 31 December 2020 as follows:-

	Marine Construction					Elimination RM'000	Total RM'000
	Land Reclamation RM'000	Land Disposal RM'000	Vessel Chartering RM'000	Ship Building RM'000	Others RM'000		
Revenue							
External-Sales	28,359	58,175	74,524	-	-	-	161,058
Inter-segment sales	18,236	-	-	-	-	(18,236)	-
Total revenue	46,595	58,175	74,524	-	-	(18,236)	161,058
Results							
Segment results	(16,739)	(15,350)	(8,757)	(42)	(5,960)	-	(46,848)
Interest and dividend income	617	-	-	-	191	-	808
Finance costs	(27,771)	-	(2)	-	-	-	(27,773)
<b>(Loss)/Profit before tax</b>	<b>(43,893)</b>	<b>(15,350)</b>	<b>(8,759)</b>	<b>(42)</b>	<b>(5,769)</b>	-	<b>(73,813)</b>
Income tax expense	1,584	3,924	(2,067)	(1)	743	-	4,183
<b>(Loss)/Profit for the period</b>	<b>(42,309)</b>	<b>(11,426)</b>	<b>(10,826)</b>	<b>(43)</b>	<b>(5,026)</b>	-	<b>(69,630)</b>
<b>Other information</b>							
• Depreciation	(5,004)		(3,107)	(3)			(8,114)

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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 2020, the Group has made an assessment on the carrying amount of the vessels and an impairment loss of RM972,803 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 2020 and up to 26 March 2021, 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 2020, the Company holds 12,715,400 shares as treasury shares at an average price of RM1.00 per share.

### 11.2 End of financial period 31 December 2020 and up to LPD

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 Strike-off of Atlantic Pacific Ltd

On 11 May 2020, the Company has struck-off Atlantic Pacific Ltd, a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary by the Company pursuant to Section 151(4) of the Labuan Companies Act 1990.

### 12.2 Disposal of Benalec Shipyard Sdn Bhd

On 1 July 2020, the Company has disposed off Benalec Shipyard Sdn Bhd, for a nominal cash consideration of RM2.00.

### 12.3 Strike-off of Pacific Link Ltd and Pacific Shipping Ltd

On 24 September 2020, the Company has struck off Pacific Link Ltd and Pacific Shipping Ltd, both are wholly-owned subsidiaries of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary by the Company pursuant to Section 151(4) of the Labuan Companies Act 1990.

### 12.4 Strike-off of Pacific Marine Ltd

On 17 December 2020, the Company has struck off Pacific Marine Ltd, a wholly-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary by the Company pursuant to Section 151(4) of the Labuan Companies Act 1990.

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

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	41,846

**14. CAPITAL COMMITMENTS**

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

**15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

<b>Nature of transactions<sup>(1)</sup></b>	<b>Transaction value based on billings RM'000</b>	<b>Balance outstanding as at 31-12-2020 RM'000</b>
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest <sup>(2)</sup>	199	45,765 <sup>(3)</sup>
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(44,280)
Provision of marine construction work from a company in which certain directors of the company have substantial financial interest	-	(19)
Rental of office building from personnel in which certain directors of the company have substantial financial interest	(103)	(189)

**Notes:-**

- (1) The related party transactions reflect transactions of all the subsidiaries with the respective group of companies; 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.  
 (3) The balance is after impairment loss of RM31.74million

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## 16. REVIEW OF PERFORMANCE OF THE GROUP

### 16.1 CURRENT YEAR-TO-DATE VERSUS PREVIOUS YEAR-TO-DATE

The Company has changed its financial year from 30 June to 31 December on 19 August 2019. The current financial year covers a period of 12 months from 1 January 2020 to 31 December 2020 with comparatives covering a period of 18 months from 1 July 2018 to 31 December 2019. Consequently, the comparative cumulative amount for current financial-year-end are not of comparable period.

### 16.2 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER

	Current Quarter	Previous Corresponding Quarter	Variance	
	31-Dec-20 RM'000	31-Dec-19 RM'000	RM'000	%
Revenue	55,447	38,417	17,030	44.33
(LBT)/PBT	(18,177)	(34,317)	16,140	(47.03)

For the current quarter under review, the Group has recorded an increase in revenue by RM17.03 million against the corresponding period for last year. The increase in revenue was mainly arising from contract of affreightment for shipment of coal in the current period (FPE Q4'2020: RM23.28 million, FPE Q6'2019: RM8.3 million).

The current quarter recorded a LBT of RM18.18 million, representing a decrease of loss approximately RM16.14 million against the corresponding period for last year, mainly attributable by:-

Description	RM'000	Note
Decrease gross profit	(1,972)	1
Decrease in other operating income	(13,579)	2
Decrease in administrative and other expenses	26,360	2
Decrease in finance costs	5,331	
<b>Net increase in LBT</b>	<b>16,140</b>	

#### Notes:-

- (1) *The decrease in gross profit was mainly due to the loss arising from disposals of lands transactions of which were deemed necessary by the Board of Directors of the Company in sustaining the operations of the Company amidst the depressed and uncertain market condition caused by the Covid-19 pandemic.*
- (2) *The movements in other income as well as administrative and other expenses were mainly due to:*

	Current Quarter	Corresponding Quarter	Variance
	RM '000	RM '000	RM '000
Gain on exchange rate - realised	46	(472)	518
PPE written-off	(632)	(1,117)	485
Impairment loss on PPE	(973)	(12,874)	11,901
	<b>(1,559)</b>	<b>(14,463)</b>	<b>12,904</b>

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

	Current Fourth (4th) Quarter 31-Dec-20 RM'000	Previous Third (3rd) Quarter 30-Sep-20 RM'000	Variance	
			RM'000	%
Revenue (LBT)/PBT	55,447 (18,177)	35,210 (10,812)	20,237 (7,365)	57.48 68.12

For the current quarter under review, in comparison with the preceding quarter, the Group registered an increase in revenue of approximately RM20.23 million due to increase in land disposal revenue in current quarter.

The Group registered a increase of LBT by RM7.37 million, mainly attributable by:-

Description	RM'000	Note
Increase in gross profit	18,677	1
Decrease in other operating income	(5,297)	2
Increase in administrative and other expenses	(23,064)	2
Decrease in finance costs	2,319	
<b>Net Increase in LBT</b>	<b>(7,365)</b>	

**Notes:-**

- (1) *The increase in gross profit is due to the factor as stated above.*
- (2) *The movement in other income as well as administrative and other expenses were mainly due to:*

	Current Quarter RM '000	Preceding Quarter RM '000	Variance RM '000
<i>Amortisation ROU</i>	(2,740)	(73)	(2,667)
<i>Loss on forex - unrealised</i>	623	2,869	(2,246)
<i>impairment loss in Contract Asset</i>	(6,125)	-	(6,125)
<i>Impairment loss on land reclamation WIP</i>	(2,593)	-	(2,593)
<i>Impairment loss on PPE</i>	(973)	-	(973)
<i>PPE written-off</i>	(632)	-	(632)
<i>Deemed interest expenses from related parties fair value</i>	(1,306)	-	(1,306)
<i>Depreciation</i>	(4,062)	2,101	(6,163)
	<b>(17,808)</b>	<b>4,897</b>	<b>(22,705)</b>

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## 18. PROSPECTS

Despite the prevailing challenges faced by the Group within its economic and operating environment, the Board and Management remain cautiously optimistic in assessing the outlook of the Group.

The health and economic crisis caused by the Covid-19 pandemic is unprecedented. Lives and livelihoods have been lost and almost all businesses have been disrupted in some ways amidst the fight against the deadly virus, and this includes the business and operations of the Group. We have seen significant changes in the overall pattern of production, consumption and trade, as well as contractions on income, spending and employment of the country.

While uncertainties in the market have caused serious ripple effects across all economic sectors and sentiments have turned cautious and conservative within the investment fraternity, we continue to believe in the resiliency of our business model as well as the underlying value of the reclaimed land bank of the Group.

This outlook is in sync with the progressive reopening and recovery of the economy and is based on the fact that 58.67 acres of land, forming the subject matter of Sale & Purchase Agreements (“Land Sale SPAs”) already signed, is expected to generate sales revenue of approximately RM42.04 million for the Group. In addition, the revenue yet to be recognised arising from several land reclamation contracts secured by the Group, amounting to approximately RM82.78million, will ensure that the Group has a stable stream of revenue of approximately RM124.82 million to be recognised in the near term.

To date, the Group also has in excess of 95 acres of land bank in Melaka already reclaimed, issued with land titles and are available for immediate sale. Several large parcels of river-fronting land reclaimed by the Group in Pulau Indah, Port Klang, measuring approximately 90 acres have also continued to garner strong interest due to their strategic location, being adjacent to the Pulau Indah Highway, and in close proximity to Westport, one of Malaysia’s busiest ports. The Management is prepared to adapt to the requirements of the circumstances where necessary to ensure that some of these land banks can continue to be monetised in the near to medium term.

While the global demand for oil has been significantly affected as a direct near-term consequence of the Covid-19 pandemic and the worldwide lockdowns, we believe the oil market has started to see encouraging signs of rebalancing and recovery. The Group remains confident in the strong fundamentals of its two (2) main flagship projects in Johor, namely TPMIP and PMIP, which contribute towards both industrial parks being strategic locations within the region for the development of heavy industrial activities, particularly downstream activities within the oil & gas sector.

To further stimulate the economy by attracting foreign companies to relocate their businesses into Malaysia, the Government has also introduced aggressive tax incentives for the manufacturing sectors with capital investments of RM300 million and above as part of the post-pandemic PENJANA short-term economic recovery plan. This will greatly benefit prospective investors of TPMIP and PMIP, and help put Johor, as well as Malaysia, on a level-playing field with other countries within the region in terms of attracting large Foreign Direct Investments (FDI). The Group expects this incentive to further reinforce the value propositions it can offer to prospective investors in respect of its Johor projects, and the Group will be in an advantageous position to gain from the spill over effects of such demand.

## 19. PROFIT FORECAST AND PROFIT GUARANTEE

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



**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	617	808
Other income including investment income	1,273	2,151
Interest expenses	(2,618)	(27,773)
Depreciation of property, plant and equipment	(5,413)	(8,114)
Depreciation of right-of-use assets	(2,756)	(2,829)
Impairment loss on contract asset	(6,125)	(6,125)
Impairment on property, plant and equipment	(973)	(973)
Impairment on Land Reclamation WIP	(2,593)	(2,593)
Write-off on property, plant and equipment	(1,511)	(632)
Gain or loss on disposal of quoted or unquoted investments or properties	N/A	N/A
Unrealised exchange gain/ (loss) - net	1,461	1,439
Realised exchange gain/(loss) - net	323	(646)
Gain on disposal of property, plant and equipment	-	1,745
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	331	371
- Deferred tax	(3,137)	(3,137)
Current year provision		
- Income tax	(157)	(157)
- Deferred tax	6,702	7,106
	<u>3,739</u>	<u>4,183</u>
Effective tax rate (%)	<u>-</u>	<u>-</u>
LBT	(18,177)	(73,813)

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**22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS****22.1 Redeemable Convertible Secured Bond issuance**

On 29 April 2015, the Company announced the completion of the RM200 million nominal value of 7-year Redeemable Convertible Secured Bond ("RCSB") issuance.

The proceeds arising from the issuance has been fully utilised as reported in the audited financial statements for the financial period from 1 July 2018 to 31 December 2019.

As of 29 July 2020, the Company has fully redeemed the total outstanding amount under the RCSB.

**23. BORROWINGS**

The Group's borrowings as at 31 December 2020 presented as follows:-

	<b>RM'000</b>
<b>Long Term Borrowings</b>	
Secured:-	
• Hire purchase and lease creditors	-
• Term loans	65,859
	<u>65,859</u>
	<b>RM'000</b>
<b>Short Term Borrowings</b>	
Secured:-	
• Term loans	1,855
• Revolving Credit	10,000
• Hire purchase and lease creditors	-
• Trust receipt	956
• Invoice financing	2,881
• Bank Overdraft	11,964
	<u>27,656</u>
(1) <b>Total</b>	<b><u>93,515</u></b>

**Note:-**

(1) *The borrowings are denominated in Ringgit Malaysia.*

**24. MATERIAL LITIGATION**

- (a) On 30 April 2015, Benalec Sdn Bhd ("BSB"), a wholly-owned subsidiary of Benalec Holdings Berhad, 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.

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

The Group is rigorously contesting the alleged claims and is of the view that the SSB's claims are without merit. In a Counter Claim Action, BSB had on 15 May 2015 filed a defence and counter claim in the High Court of Malaya at Kuala Lumpur against SSB, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye as 1st, 2nd and 3rd Defendants in the Counter Claim.

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:

- (i) BSB's counterclaim for specific performance of the Reclamation Agreement was allowed;
- (ii) The learned Judge ordered SSB to pay costs of RM30,000.00 to BSB with the interest of 5% per annum on costs to be calculated from the date of judgement until the date of settlement; and
- (iii) The learned Judge also found that the termination of the Reclamation Agreement by SSB was unlawful on the basis that SSB had failed to prove fundamental breach of the Reclamation Agreement on the part of BSB which can justify the termination by SSB.

Additionally, the learned Judge substantially dismissed SSB's claim against BSB for a declaration that the Reclamation Agreement was lawful, for damages and other related relief.

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.

#### 25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 December 2020.

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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: -

	<b>Three (3) Months</b>		<b>Year-to-date</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>31-12-2020</b>	<b>31-12-2019</b>	<b>31-12-2020</b>	<b>31-12-2019</b>
Net profit attributable to equity holders of the parent for the period (RM'000)	(12,719)	-	(67,767)	-
Weighted average number of ordinary shares ('000)	849,087	-	849,087	-
Basic EPS (sen)	<b>(1.50)</b>	-	<b>(7.98)</b>	-

**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:-

	<b>Three (3) Months</b>		<b>Year-to-date</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>31-12-2020</b>	<b>31-12-2019</b>	<b>31-12-2020</b>	<b>31-12-2019</b>
Net profit attributable to equity holders of the parent for the period (RM'000)	(12,719)	-	(67,767)	-
Weighted average number of ordinary shares as per basic EPS ('000)	849,087	-	849,087	-
Effect of dilution on shares under:				
- Share Issuance Scheme ('000)	- (1)	- (1)	- (1)	- (1)
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	<b>849,087</b>	-	<b>849,087</b>	-
Diluted EPS (sen)	<b>(1.50)</b>	-	<b>(7.98)</b>	-

**Note:-**

(1) *The Share Issuance Scheme 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.*