



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022**

TABLE OF CONTENTS	PAGE
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4 TH) QUARTER ENDED 31 DECEMBER 2022	1
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022	2
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4 TH) QUARTER ENDED 31 DECEMBER 2022	3
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH (4 TH) QUARTER ENDED 31 DECEMBER 2022	5
NOTES TO THE INTERIM FINANCIAL REPORT	7

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 31-12-2022 RM'000	(Audited) Preceding Year Quarter Ended 31-12-2021 RM'000	(Unaudited) Current Year To Date 31-12-2022 RM'000	(Audited) Preceding Year To Date 31-12-2021 RM'000
Revenue	17,315	4,943	76,661	69,900
Cost of sales	(28,908)	(6,978)	(74,458)	(65,911)
Gross profit/(loss)	(11,593)	(2,035)	2,203	3,989
Other operating income	2,572	6,934	4,930	8,913
Administrative and other expenses	(20,430)	(12,760)	(43,718)	(38,064)
Profit/(Loss) from operations	(29,451)	(7,861)	(36,585)	(25,162)
Finance costs	(1,524)	(1,799)	(7,651)	(8,115)
Profit/(Loss) before Tax ("PBT"/"LBT")	(30,975)	(9,660)	(44,236)	(33,277)
Tax income/(expense)	(3,292)	154	(6,922)	(618)
Profit/(Loss) for the financial period	(34,267)	(9,506)	(51,158)	(33,895)
Other comprehensive income, net of tax:-				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Foreign currency translations	(4,441)	(2,839)	1,560	(122)
Total comprehensive income	(38,708)	(12,345)	(49,598)	(34,017)
Profit/Loss attributable to:-				
• Owners of the parent	(34,163)	(9,489)	(49,598)	(32,880)
• Non-controlling interests	(104)	(17)	(1,560)	(1,015)
	(34,267)	(9,506)	(51,158)	(33,895)
Total comprehensive income attributable to:-				
• Owners of the parent	(38,604)	(12,026)	(48,038)	(32,701)
• Non-controlling interests	(104)	(319)	(1,560)	(1,316)
	(38,708)	(12,345)	(49,598)	(34,017)
Earnings per ordinary share attributable to equity holders of the Company (sen)				
• Basic	(3.36)	(1.10)	(4.88)	(3.82)
• Diluted	(3.36)	(1.10)	(4.88)	(3.82)

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 31 December 2021 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Unaudited As at 31-12-2022 RM'000	Audited As at 31-12-2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	46,787	64,615
Other investments	42	43
Deferred tax assets	24,380	27,664
Right-of-use asset	9,598	11,523
	80,807	103,845
Current assets		
Inventories	508,563	555,098
Trade and other receivables	23,263	21,555
Contract Asset	51,032	46,839
Current tax assets	289	2,904
Deposit with licensed bank	25,132	24,763
Short term funds	158	155
Cash and bank balances	569	737
	609,006	652,051
TOTAL ASSETS	689,813	755,896
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	391,936	391,936
Non-distributable reserves	(122,223)	(123,783)
Distributable reserve	153,212	202,810
Total equity attributable to owners of the parent	422,925	470,963
Non-controlling interests	(1,619)	(59)
TOTAL EQUITY	421,306	470,904
LIABILITIES		
Non-current liabilities		
Borrowings	31,247	63,834
Contract liabilities	70,405	83,973
Trade and other payables	66,523	58,187
Deferred tax liabilities	-	-
Lease Liability	8,218	10,131
	176,393	216,125
Current liabilities		
Trade and other payables	54,091	38,633
Borrowings	34,778	28,132
Lease Liability	2,219	2,060
Contract Liabilities	42	42
Redeemable convertible secured bonds	-	-
Current tax liabilities	984	-
	92,114	68,867
TOTAL LIABILITIES	268,507	284,992
TOTAL EQUITY AND LIABILITIES	689,813	755,896
Net assets per share attributable to ordinary equity holders of the company (RM)	0.41	0.46

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial reports.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

	Non-Distributable Reserve					Distributable Reserve		Non-Controlling Interests Total RM'000	Total RM'000
	Share Capital RM'000	Treasury Share RM'000	Foreign Exchange Reserve RM'000	Reverse Acquisition Reserve RM'000	Share Options Reserve RM'000	Distributable Retained Earnings RM'000	Total Attributable to Owners of Parent RM'000		
Quarter ended 30 Dec 2021									
As at 1 Jan 2021	371,489	(12,703)	34,810	(146,070)	2,667	233,023	483,216	1,257	484,473
Profit for the financial year	-	-	-	-	-	(32,880)	(32,880)	(1,015)	(33,895)
Reversal of share option reserve	-	-	-	-	(2,667)	2,667	-	-	-
Foreign currency translation, net of tax	-	-	180	-	-	-	180	(302)	(122)
Total comprehensive income	-	-	180	-	(2,667)	(30,213)	(32,700)	(1,317)	(34,017)
Transactions with owners:-									
• Option forfeited under the Share Issuance Scheme	-	-	-	-	-	-	-	-	-
• Issuance of share pursuant to private placement	20,447	-	-	-	-	-	20,447	-	20,447
As at 31 Dec 2021	391,936	(12,703)	34,990	(146,070)	-	202,810	470,963	(59)	470,904

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

	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	Distributable Retained Earnings RM'000	Total RM'000	Non-Controlling Interests Total RM'000	Total RM'000
Quarter ended 31 Dec 2022									
As at 1 Jan 2022	391,936	(12,703)	34,990	(146,070)	-	202,810	470,963	(59)	470,904
Profit for the financial year	-	-	-	-	-	(49,598)	(49,598)	(1,560)	(51,158)
Foreign currency translation, net of tax	-	-	1,560	-	-	-	1,560	-	1,560
Total comprehensive income	-	-	1,560	-	-	(49,598)	(48,038)	(1,560)	(49,598)
As at 31 Dec 2022	391,936	(12,703)	36,550	(146,070)	-	153,212	422,925	(1,619)	421,306

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022**

	Current Year Unaudited 31-12-2022 RM'000	Preceding Year Audited 31-12-2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(44,236)	(33,277)
Adjustments for:-		
Depreciation of property, plant and equipment	5,248	2,344
Amortisation of right-of-use assets	2,278	6,869
(Gain)/loss on disposal of property, plant and equipment	(1,966)	(3,601)
Written-off on:-		
- Property, plant and equipment	269	3
Interest expense	7,651	8,115
Non-cash and operating items	20,853	11,442
Operating profit before changes in working capital	(9,903)	(8,105)
Changes in working capital:-		
Inventories	46,525	(1,645)
Land reclamation work in progress	(4,334)	-
Trade and other receivables	(1,718)	31,076
Trade and other payables	23,133	(33,411)
Contract Asset	(5,154)	(1,303)
Contract Liability	(13,568)	(119)
Cash generated from operations	34,981	(13,507)
Tax refund / (paid) - net	(1,120)	938
Net cash generated from operating activities	33,861	(12,569)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	375	356
Proceed from disposal of property, plant and equipment	3,778	43
Placement of short term fund	(3)	(3)
Placement of fixed deposits pledged with licensed financial institution	(370)	(350)
Advance from/(Repayment) to related party	-	(1,185)
Purchase of property, plant and equipment	(54)	(33)
Net cash used in investing activities	3,726	(1,172)
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of borrowings	24,497	16,907
Repayment of borrowings	(59,769)	(14,201)
Loan from Director	10,000	-
Interest paid	(6,992)	(4,499)
Issuance of share capital pursuant to Private Placement	-	20,448
Repayment of lease liability	(4,224)	(642)
Net cash used in financing activities	(36,488)	18,013
Net (decrease)/increase in cash and cash equivalents	1,099	4,272
Cash and cash equivalents at beginning of period	(6,971)	(11,251)
Effects of exchange rate changes	(2,193)	8
Cash and cash equivalents at the end of period	(8,065)	(6,971)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022 (CONT'D)**

	Current Year Unaudited 31-12-2022 RM'000	Preceding Year Audited 31-12-2021 RM'000
Cash and cash equivalents comprise the following:-		
Cash and bank balances	568	737
Deposit with licensed bank	25,132	24,763
Bank overdraft	(8,633)	(7,708)
	<hr/> 17,067	<hr/> 17,792
Less: Deposits pledged as collateral	(25,132)	(24,763)
	<hr/> (8,065)	<hr/> (6,971)

The rest of this page has been intentionally left blank

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED
31 DECEMBER 2022**

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 31 December 2021. 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 31 December 2021.

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 31 December 2021, except for the adoption of the Standards, Amendments and Annual Improvement to Standards effective as of 1 January 2022.

Effective for annual periods commencing on or after 1 January 2022

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

The adoption of the above new and amendment standard did not have any material effect on the financial performance or position of the Group.

The rest of this page has been intentionally left blank

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:-

Title	Effective Date
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 17 <i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
Disclosure of <i>Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
Definition of <i>Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</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 2022.

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 2022.

7. DIVIDENDS PAID

No dividend was paid during the current quarter ended 31 December 2022.

8. SEGMENTAL REPORTING

The Group's segmental report for the current financial period (12-month cumulative) ended 31 December 2022 as follows:-

	Marine Construction			Others RM'000	Elimination RM'000	Total RM'000
	Land Reclamation RM'000	Land Disposal RM'000	Vessel Chartering RM'000			
Revenue						
External-Sales	10,863	65,897	(99)	-	-	76,661
Inter-segment sales	24,907	-	-	-	(24,907)	-
Total revenue	35,770	65,897	(99)	-	(24,907)	76,661
Results						
Segment results	(28,434)	2,564	(9,317)	(1,773)	-	(36,960)
Interest and dividend income	375	-	-	-	-	375
Finance costs	(2,914)	-	-	(4,737)	-	(7,651)
(Loss)/Profit before tax	(30,973)	2,564	(9,317)	(6,510)	-	(44,236)
Income tax expense	(6,916)	(6)	-	-	-	(6,922)
(Loss)/Profit for the period	(37,889)	2,558	(9,317)	(6,510)	-	(51,158)
Other information						
• Depreciation	(3,282)		(1,966)			(5,248)

The rest of this page has been intentionally left blank

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 2022, the group has made an assessment on the carrying amount of the vessels and an impairment loss of RM10,202,145 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 2022 and up to 16 February 2023, 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 2022, the Company holds 12,715,400 shares as treasury shares at an average price of RM1.00 per share.

11.1.2 Private Placement

On 17 December 2021, the Company has completed the Private Placement via two (2) tranches, raising gross proceeds of RM20,447,400 from issuance of 169,800,000 new ordinary shares. The utilisation of the gross proceeds as disclosed in Note 22.1 below.

11.2 End of financial period 31 December 2022 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 Disposal of subsidiaries

12.1.1 Strike-off of Heritage Property Sdn Bhd

On 29 June 2022, the Company has struck-off Heritage 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.

12.1.1 Strike-off of Benalec Venture Sdn Bhd

On 29 June 2022, the Company has struck-off Benalec Venture 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
RM'000

Corporate guarantees given to licensed financial institutions	
For credit facilities granted to subsidiaries	41,090

14. CAPITAL COMMITMENTS
RM'000

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:-

Nature of transactions ⁽¹⁾	Transaction value based on billings RM'000	Balance outstanding as at 31-12-2022 RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	461	51,032 ⁽³⁾
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)	(396)

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 RM32.94million

The rest of this page has been intentionally left blank

16. REVIEW OF PERFORMANCE OF THE GROUP
16.1 CURRENT YEAR-TO-DATE VERSUS PREVIOUS YEAR-TO-DATE

	Cumulative Fourth (4th) Quarter 31-Dec-22 RM'000	Cumulative Fourth (4th) Quarter 31-Dec-21 RM'000	Variance	
			RM'000	%
Revenue	76,661	69,900	6,761	9.67
PBT/(LBT)	(44,236)	(33,277)	(10,959)	(32.93)

For the current 12-month financial period under review, the Group has recorded an increase in revenue by RM6.76 million against the corresponding period for last year. The increase in revenue mainly due to higher land disposal recognition in the current 12-month period (Q4'22: RM65.64million; Q4'21: RM19.71million).

The current 12-month financial period recorded a LBT of RM44.24 million, representing an increase in loss of approximately RM10.96 million against the corresponding period for last year, mainly attributable by:-

Description	RM'000	Note
Decrease in gross profit	(1,786)	1
Decrease in other operating income	(3,983)	2
Increase in administrative and other expenses	(5,654)	2
Decrease in finance costs	464	negligible
Net Increase in LBT	(10,959)	

Notes:-

- (1) The decrease in gross profit was mainly due to loss in disposal for certain land sales recognised in the current quarter, of which deemed necessary by the Board of Directors of the company in sustaining the operations at the company amidst the current uncertain market condition within its operating segment.
- (2) The movements in other income as well as administrative and other expenses were mainly due to:

	Current Quarter RM'000	Corresponding Quarter RM'000	Variance RM'000
Impairment loss on land held for sale	(6,461)	-	(6,461)
Impairment loss on property, plant & equipment	(10,202)	(11,251)	1,049
Unrealised Gain on forex reserve	92	2,339	(2,247)
Gain/(Loss) on disposal of non current assets	1,966	3,602	(1,636)
	(14,605)	(5,310)	(9,295)

The rest of this page has been intentionally left blank

16. REVIEW OF PERFORMANCE OF THE GROUP
16.2 CURRENT YEAR QUARTER VERSUS PREVIOUS YEAR QUARTER

	Current Quarter 31-Dec-22 RM'000	Previous Corresponding Quarter 31-Dec-21 RM'000	Variance	
			RM'000	%
Revenue	17,315	4,943	12,372	250.29
PBT/(LBT)	(30,975)	(9,660)	(21,315)	(220.65)

For the current quarter under review, the Group has recorded an increase in revenue by RM12.37 million against the corresponding period for last year. The increase in revenue was mainly due to higher land disposal recognition in the current quarter. (Q4'22: RM16.03 million; Q4'21: RM0.12 million).

The current quarter recorded a LBT of RM30.98 million, representing an increase in loss of approximately RM21.32 million against the corresponding period for last year, mainly attributable by:-

Description	RM'000	Note
Decrease in gross profit	(9,558)	1
Decrease in other operating income	(4,362)	2
Increase in administrative and other expenses	(7,670)	2
Decrease in finance costs	275	negligible
Net Increase in LBT	(21,315)	

Notes:-

- 1) The decrease in gross profit was mainly due to loss in disposal for certain land sales recognised in the current quarter, of which deemed necessary by the Board of Directors of the company in sustaining the operations at the company amidst the current uncertain market condition within its operating segment.
- 2) The movements in other income as well as administrative and other expenses were mainly due to:

	Current Quarter RM'000	Corresponding Quarter RM'000	Variance RM'000
Gain/(Loss) on disposal of non current assets	571	7,155	(6,584)
Impairment loss on land held for sale	(6,461)	-	(6,461)
	(5,890)	7,155	(13,045)

The rest of this page has been intentionally left blank

17. VARIATION IN RESULTS AGAINST PRECEDING QUARTER

	Current Fourth (4th) Quarter 31-Dec-22 RM'000	Previous Third (3rd) Quarter 30-Sep-22 RM'000	Variance	
			RM'000	%
Revenue	17,315	37,045	(19,730)	(53.26)
(LBT)/PBT	(30,975)	6,600	(37,575)	(569.32)

For the current quarter under review, in comparison with the preceding quarter, the Group registered a decrease in revenue of approximately RM19.73 million. The decrease in revenue was mainly due to higher land disposal recognition in the previous quarter. (Q4'22: RM16.03million; Q3'22: RM33.53million).

The Group registered an increase of LBT by RM37.58 million, mainly attributable by:-

Description	RM'000	Note
Decrease gross profit	(27,681)	1
Increase in other operating income	2,102	2
Decrease in administrative and other expenses	(12,212)	2
Decrease in finance costs	216	negligible
Net Increase in LBT	(37,575)	

Notes:-

- 1) *The decrease in gross profit was mainly due to the factor stated above.*
- 2) *The movements in other income as well as administrative and other expenses were mainly due to impairment loss on property, plant & equipment. (Q4'22:RM10.20million; Q3'22:NIL)*

The rest of this page has been intentionally left blank

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.

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 is underscored by the Group's ability to monetise more than 1,006 acres of land in Melaka to-date, amounting to more than RM1.4billion in land sales being achieved.

To-date, the revenue yet to be recognised arising from several land reclamation contracts secured by the Group, amounting to approximately RM67.59million, as well as Sale & Purchase Agreements ("Land Sale SPAs") already signed of approximately RM14.75million, will ensure the Group has a stable stream of revenue of approximately RM82.34million to be recognised in the near term.

In addition, the Group also has in excess of 32.74 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, 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.

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.

The Group, like most other companies within the sector, is adjusting the pace of its operations to ride out the existing uncertainties and slowdown within its operating segment. However, in conserving its resources, the Group has positioned itself accordingly and will be ready to capitalise and leverage on any uptrend or opportunities that may arise once operating environment improves. We endeavour to not stay complacent, and remain vigilant towards the needs of the market, striving to innovate, adapt and create value for our customers whenever possible.

19. PROFIT FORECAST AND PROFIT GUARANTEE

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

The rest of this page has been intentionally left blank

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

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

	Current Quarter	Year-To-Date
	RM'000	RM'000
Other income including investment income	1,844	2,142
Interest expenses	(1,524)	(7,651)
Depreciation of property, plant and equipment	(1,098)	(5,248)
Depreciation of right-of-use assets	(570)	(2,278)
Impairment loss on contract asset	(961)	(961)
Impairment loss on property, plant and equipment	(10,202)	(10,202)
Impairment loss on property held for sale	(197)	(197)
Impairment loss on land held for sale	(6,461)	(6,461)
Unrealised exchange gain/ (loss) - net	3,158	(3,591)
Unrealised forex reserve gain/ (loss) - net	92	92
Realised exchange gain/(loss) - net	(120)	198
Gain/(Loss) on disposal of property, plant and equipment	571	1,966
Interest income	371	371
Write-off on property, plant and equipment	(269)	(269)
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A
Write-off on receivables	N/A	N/A
Gain or loss on disposal of quoted or unquoted investments or properties	N/A	N/A

Note:

N/A = Not applicable.

21. TAXATION

	Current Quarter	Year-To-Date
	RM'000	RM'000
Over/ (Under) provision in prior year		
- Income tax	(7)	(3,637)
- Deferred tax	-	-
Current year provision		
- Income tax	-	-
- Deferred tax	(3,285)	(3,285)
	<u>(3,292)</u>	<u>(6,922)</u>
Effective tax rate (%)	<u>-</u>	<u>-</u>
PBT/(LBT)	(30,975)	(44,236)

The rest of this page has been intentionally left blank

22. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS

22.1 Proposed Private Placement

On 17 December 2021, the Company announced that a total of 169,800,000 new ordinary shares were placed out via two (2) tranches pursuant to the Private Placement, raising gross proceeds of RM20,447,400, thus marking the completion of the private placement.

The utilisation of the proceeds as at LPD is as follows: -

Details of utilisation	Proposed utilisation ^(iv) (RM'000)	Relocation of utilisation (RM'000)	Actual utilisation (RM'000)	Deviation (RM'000)	%	Timeframe for utilisation (iv)	Note
Marine Construction activities	10,923		(10,923)	(0)	0.0%	within 24 months from receipt of proceeds	(i)
Working Capital	8,986	320	(9,306)	0	0.0%	within 12 months from receipt of proceeds	(ii)
Expenses in relation to the Private Placement	538	(320)	(218)	-			(iii)
Total	20,447	-	(20,447)	(0)	0.0%		

Note: -

(i) *Marine construction activities*

The marine construction activities of the Group included, but are not limited to, (1) land reclamation, dredging and beach nourishment, (2) rock revetment works, shore protection works and breakwater construction, (3) pre-bore and marine piling, and (4) construction of marine structure, bridges, jetties, ports and other offshore and ancillary services.

The proceeds shall be used to fund the ongoing and future marine construction projects of the Group, which will be used for operating expenses such as, among others, raw material costs, payment to sand concessionaire for the rights to dredge sand ex-seabed, payments to suppliers, direct labour costs, payments for sub-contracted services such as loading, unloading and levelling of sea sand, rock revetment and hire of land equipment and machineries.

(ii) *Working capital*

The proceeds has been earmarked to fund the working capital requirements of Benalec Group, which includes, but are not limited to, payment to suppliers/creditors of the Group, general administrative and daily operational expenses such as staff-related costs, utilities, statutory payments tax payment, finance costs and any other overhead expenditures.

(iii) *Expenses in relation to the Private Placement*

The expenses comprise, among others, professional fees, fees payable to the Regulatory and other incidental expenses in relation to the Private Placement.

(iv) *The proposed utilisation is the actual proceeds of RM20,447,400 raised from the two (2) tranches of placement, of which the percentage of utilisation is in accordance to the Minimum Scenario detailed in the Company's announcement to Bursa Securities dated 17 November 2021.*

23. BORROWINGS

The Group's borrowings as at 30 September 2022 presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• Hire purchase and lease creditors	-
• Loan from Director	10,000
• Term loans	21,247
	31,247
	RM'000
Short Term Borrowings	
Secured:-	
• Term loans	1,408
• Revolving Credit	20,000
• Hire purchase and lease creditors	-
• Trust receipt	3,371
• Invoice financing	1,367
• Bank Overdraft	8,632
	34,778
	RM'000
(1) Total	66,025

Note:-

(1) The borrowings are denominated in Ringgit Malaysia.

24. MATERIAL LITIGATION

24.1 Kuala Lumpur High Court Civil Suit No. WA-22NCC-153-04/2016

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.

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 rest of this page has been intentionally left blank

24. MATERIAL LITIGATION (CONT'D)

24.1 Kuala Lumpur High Court Civil Suit No. WA-22NCC-153-04/2016 (CONT'D)

The trial of this suit has been completed on 29 March 2018 and fixed for a decision on 30 October 2018 ("the Decision"). 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 judgment 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 a 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.

Subsequently, the Court has also granted the clarification/consequences order dated 1 April 2019 ("the Clarification Order") to BSB for an extension of time to perform the works under the Reclamation Agreement.

On 16 November 2020, the Group announced that BSB has been served with two (2) demand letters dated 2 November 2020 ("1st Letter") and 10 November 2020 ("2nd Letter") from SSB.

BSB has denied all the allegations stated in the 1st Letter and 2nd Letter through its solicitor on 12 November 2020. As of to-date, there is no further action initiated by SSB relating to this matter.

SSB has filed appeals against the Decision and also the Clarification Order. The date for both hearings in the Court of Appeal has been fixed on 28 March 2022.

On the date of the hearings, the panel of Court of Appeal judges has decided in BSB's favour as follows:

- (i) The Court of Appeal agreed with the High Court judge that termination of the Reclamation Agreement by SSB was unlawful thus SSB's appeal is dismissed with costs of RM30,000.00 payable to BSB by SSB, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye. The costs subject to allocatur fees;
- (ii) As the Concession Agreement between SSB and the Malacca State Government was not renewed, the Court of Appeal has set aside the High Court Order for specific performance of the Reclamation Agreement and substituted it with an order for damages to be assessed by the High Court; and
- (iii) As regards the SSB appeal on the Clarification Order, the Court of Appeal agreed that the High Court was not functus officio when making the Clarification Order. However, since the Concession Agreement had expired, the Court of Appeal struck out this appeal and no order as to costs.

On 28 April 2022, SSB had filed 2 separate leave applications to the Federal Court to appeal the Court of Appeal decision. The case management was held on 2 September 2022 whereby SSB had decided to withdraw the leave for appeal. By virtue of Notice of Discontinuance dated 6 September 2022, SSB, DLTC and DLAC withdrew the leave application to the Federal Court without liberty to file afresh.

Judgment in the Court of Appeal hereby enforceable. The case management to obtain further directions from the High Court for the assessment of damages was held on the 27 June 2022 whereby the next case management is fixed on 3 January 2023 for both Parties to get further directions from the Court.

24. MATERIAL LITIGATION (CONT'D)

24.1 Kuala Lumpur High Court Civil Suit No. WA-22NCC-153-04/2016 (CONT'D)

On 3 January 2023, the Court had fixed another date on 30 January 2023 for SSB to file any Rebuttal Expert Report. On 30 January 2023, SSB confirmed to the Court that SSB will not file any Rebuttal Expert Report. The next case management is fixed on the 29 March 2023 to obtain further pre-trial directions amongst others, filing of bundle of documents and witness statements.

24.2 Melaka Magistrates' Court Civil Suit No. MA-A73KJ-697-09/2021

On 16.7.2009, Benalec Sdn Bhd ("BSB") and Strategic Oscar Sdn Bhd entered into a reclamation agreement whereby BSB was appointed to carry out the reclamation works at Pantai Limbongan, Daerah Melaka Tengah, Melaka.

By way of a letter dated 8.7.2022, BSB was informed by the Plaintiff's solicitors that Puan Rohazalina Binti Othman (the "Plaintiff"), was involved in a car accident on 11.4.2019 at Jalan Hajah Maznah, Klebang, Melaka (one of the roads at the said reclamation site).

In the Magistrates' Court Order dated 19.10.2022, the Magistrates' Court allowed the Plaintiff's application to add BSB as the 3rd Defendant in the suit filed by the Plaintiff to Kerajaan Negeri Melaka and UPEN Melaka. The Plaintiff alleged that BSB was having the care of the road where the accident happened and it failed to maintain the road properly thereby causing the accident. Hence, the Plaintiff alleged that BSB is liable for the accident.

The Plaintiff claims against BSB, among others, the general damages and special damages in the region of RM60,952.40. BSB denies all the allegations and claims made by the Plaintiff on the ground that the Plaintiff or the car driver was fully responsible to the accident and/or their negligence contributed to the accident.

On 13.12.2022, BSB filed its Defence and the Plaintiff filed her Reply to the Defence of the 3rd Defendant on 27.12.2022. On 9.1.2023, BSB filed an application to strike out paragraphs 5(c) and 5(h) of the Plaintiff's Reply to the Defence of the 3rd Defendant on the ground that the said paragraphs contain information of BSB's without prejudice settlement proposals and such communication should not be disclosed to the Court.

During the case management on 12.1.2023, the Court directed that no further pre-trial case management directions will be given pending the disposal of BSB's striking out application. The next case management for BSB's striking out application is held on 10.2.2023 to fix the hearing date. On the 10.2.2023, the Court has directed the Parties to file their Written Submission in Reply on or before 20.2.2023. The Court will deliver its decision on Benalec's Striking Out Application on 28.2.2023 by way of e-review.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 December 2022.

The rest of this page has been intentionally left blank

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 31-12-2022	Ended 31-12-2021	Ended 31-12-2022	Ended 31-12-2021
Net profit attributable to equity holders of the parent for the period (RM'000)	<u>(34,163)</u>	<u>(9,489)</u>	<u>(49,598)</u>	<u>(32,880)</u>
Weighted average number of ordinary shares ('000)	<u>1,016,103</u>	<u>859,982</u>	<u>1,016,103</u>	<u>859,982</u>
Basic EPS (sen)	<u>(3.36)</u>	<u>(1.10)</u>	<u>(4.88)</u>	<u>(3.82)</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 31-12-2022	Ended 31-12-2021	Ended 31-12-2022	Ended 31-12-2021
Net profit attributable to equity holders of the parent for the period (RM'000)	<u>(34,163)</u>	<u>(9,489)</u>	<u>(49,598)</u>	<u>(32,880)</u>
Weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	<u>1,016,103</u>	<u>859,982</u>	<u>1,016,103</u>	<u>859,982</u>
Diluted EPS (sen)	<u>(3.36)</u>	<u>(1.10)</u>	<u>(4.88)</u>	<u>(3.82)</u>

The rest of this page has been intentionally left blank