



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2023**

TABLE OF CONTENTS	PAGE
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1 ST) QUARTER ENDED 31 MARCH 2023	1
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023	2
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1 ST) QUARTER ENDED 31 MARCH 2023	3
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST (1 ST) QUARTER ENDED 31 MARCH 2023	5
NOTES TO THE INTERIM FINANCIAL REPORT	7

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2023

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 31-03-2023 RM'000	(Audited) Preceding Year Quarter Ended 31-03-2022 RM'000	(Unaudited) Current Year To Date 31-03-2023 RM'000	(Audited) Preceding Year To Date 31-03-2022 RM'000
Revenue	1,225	3,025	1,225	3,025
Cost of sales	(4,478)	(7,756)	(4,478)	(7,756)
Gross profit/(loss)	(3,253)	(4,731)	(3,253)	(4,731)
Other operating income	3,025	352	3,025	352
Administrative and other expenses	(6,503)	(5,928)	(6,503)	(5,928)
Profit/(Loss) from operations	(6,731)	(10,307)	(6,731)	(10,307)
Finance costs	(1,517)	(2,141)	(1,517)	(2,141)
Profit/(Loss) before Tax ("PBT"/"LBT")	(8,248)	(12,448)	(8,248)	(12,448)
Tax income/(expense)	-	-	-	-
Profit/(Loss) for the financial period	(8,248)	(12,448)	(8,248)	(12,448)
Other comprehensive income, net of tax:-				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Foreign currency translations	(95)	455	(95)	455
Total comprehensive income	(8,343)	(11,993)	(8,343)	(11,993)
Profit/Loss attributable to:-				
• Owners of the parent	(7,890)	(12,100)	(7,890)	(12,100)
• Non-controlling interests	(358)	(348)	(358)	(348)
	(8,248)	(12,448)	(8,248)	(12,448)
Total comprehensive income attributable to:-				
• Owners of the parent	(7,985)	(11,645)	(7,985)	(11,645)
• Non-controlling interests	(358)	(348)	(358)	(348)
	(8,343)	(11,993)	(8,343)	(11,993)
Earnings per ordinary share attributable to equity holders of the Company (sen)				
• Basic	(0.77)	(1.19)	(0.77)	(1.19)
• Diluted	(0.77)	(1.19)	(0.77)	(1.19)

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 2022 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Unaudited As at 31-03-2023 RM'000	Audited As at 31-12-2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,623	46,787
Other investments	37	42
Deferred tax assets	24,379	24,380
Right-of-use asset	17,977	9,598
	81,016	80,807
Current assets		
Inventories	514,816	508,563
Trade and other receivables	25,922	23,263
Contract Asset	50,929	51,032
Current tax assets	289	390
Deposit with licensed bank	25,132	25,132
Short term funds	160	158
Cash and bank balances	594	569
	617,842	609,107
TOTAL ASSETS	698,858	689,914
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	391,936	391,936
Non-distributable reserves	(122,319)	(122,223)
Distributable reserve	145,302	153,191
Total equity attributable to owners of the parent	414,919	422,904
Non-controlling interests	(1,977)	(1,619)
TOTAL EQUITY	412,942	421,285
LIABILITIES		
Non-current liabilities		
Borrowings	20,884	21,248
Contract liabilities	70,205	70,405
Trade and other payables	79,213	76,522
Deferred tax liabilities	-	-
Lease Liability	11,666	8,219
	181,968	176,394
Current liabilities		
Trade and other payables	61,117	55,193
Borrowings	35,089	34,778
Lease Liability	7,288	2,219
Contract Liabilities	42	42
Current tax liabilities	412	3
	103,948	92,235
TOTAL LIABILITIES	285,916	268,629
TOTAL EQUITY AND LIABILITIES	698,858	689,914
Net assets per share attributable to ordinary equity holders of the company (RM)	0.41	0.41

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 2022 and the accompanying explanatory notes attached to the interim financial reports.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2023

	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	Distributable Retained Earnings RM'000	Total RM'000		
Quarter ended 31 Mar 2022								
As at 1 Jan 2022	391,936	(12,703)	34,989	(146,070)	202,810	470,962	(59)	470,903
Profit for the financial year	-	-	-	-	(12,100)	(12,100)	(348)	(12,448)
Foreign currency translation, net of tax	-	-	455	-	-	455	-	455
Total comprehensive income	-	-	455	-	(12,100)	(11,645)	(348)	(11,993)
As at 31 Mar 2022	391,936	(12,703)	35,444	(146,070)	190,710	459,317	(407)	458,910

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2023

	← Non-Distributable Reserve →				Distributable Reserve			
	Share Capital RM'000	Treasury Share RM'000	Foreign Exchange Reserve RM'000	Reverse Acquisition Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non-Controlling Interests Total RM'000	Total RM'000
Quarter ended 31 Mar 2023								
As at 1 Jan 2023	391,936	(12,703)	36,549	(146,070)	153,192	422,904	(1,619)	421,285
Profit for the financial year	-	-	-	-	(7,890)	(7,890)	(358)	(8,248)
Foreign currency translation, net of tax	-	-	(95)	-	-	(95)	-	(95)
Total comprehensive income	-	-	(95)	-	(7,890)	(7,985)	(358)	(8,343)
As at 31 Mar 2023	391,936	(12,703)	36,454	(146,070)	145,302	414,919	(1,977)	412,942

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 2022 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2023**

	Current Year Unaudited 31-03-2023 RM'000	Preceding Year Unaudited 31-03-2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(8,248)	(12,448)
Adjustments for:-		
Depreciation of property, plant and equipment	1,140	1,344
Amortisation of right-of-use assets	570	567
(Gain)/loss on disposal of property, plant and equipment	(2,925)	(245)
Interest expense	1,517	2,141
Non-cash and operating items	1,044	633
Operating profit before changes in working capital	(6,902)	(8,008)
Changes in working capital:-		
Inventories	(6,255)	180
Land reclamation work in progress	440	521
Trade and other receivables	(2,660)	(4,129)
Trade and other payables	9,037	9,513
Contract Asset	103	(1,631)
Contract Liability	(200)	-
Cash generated from operations	(6,437)	(3,554)
Tax refund / (paid) - net	(572)	23
Net cash generated from operating activities	(7,009)	(3,531)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	1	2
Proceed from disposal of property, plant and equipment	10,072	-
Placement of short term fund	(2)	(1)
Purchase of property, plant and equipment	(21)	(39)
Net cash used in investing activities	10,050	(38)
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of borrowings	4,979	4,587
Repayment of borrowings	(4,230)	(3,456)
Interest paid	(858)	(1,482)
Repayment of lease liability	(872)	(1,055)
Net cash used in financing activities	(981)	(1,406)
Net (decrease)/increase in cash and cash equivalents	2,060	(4,975)
Cash and cash equivalents at beginning of period	(8,064)	(6,971)
Effects of exchange rate changes	(1,236)	(398)
Cash and cash equivalents at the end of period	(7,240)	(12,344)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2023 (CONT'D)**

	Current Year Unaudited 31-03-2023 RM'000	Preceding Year Unaudited 31-03-2022 RM'000
Cash and cash equivalents comprise the following:-		
Cash and bank balances	594	619
Deposit with licensed bank	25,132	24,763
Bank overdraft	(7,834)	(12,963)
	<hr/>	<hr/>
	17,892	12,419
Less: Deposits pledged as collateral	(25,132)	(24,763)
	<hr/>	<hr/>
	(7,240)	(12,344)
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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED
31 MARCH 2023****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 2022. 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 2022.

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 2022, except for the adoption of the Standards, Amendments and Annual Improvement to Standards effective as of 1 January 2023.

Effective for annual periods commencing on or after 1 January 2023

MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)</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 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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

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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:-

Title	Effective Date
Amendments to MFRS 16 <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sales 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 March 2023.

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 March 2023.

7. DIVIDENDS PAID

No dividend was paid during the current quarter ended 31 March 2023.

8. SEGMENTAL REPORTING

The Group's segmental report for the current financial period (3-month cumulative) ended 31 March 2023 as follows:-

	Marine Construction					
	Land Reclamation RM'000	Land Disposal RM'000	Vessel Chartering RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
External-Sales	1,025	200	-	-	-	1,225
Inter-segment sales	6,445	-	-	-	(6,445)	-
Total revenue	7,470	200	-	-	(6,445)	1,225
Results						
Segment results	(7,691)	(120)	1,428	(349)	-	(6,732)
Interest and dividend income	1	-	-	-	-	1
Finance costs	(1,015)	-	-	(502)	-	(1,517)
(Loss)/Profit before tax	(8,705)	(120)	1,428	(851)	-	(8,248)
Income tax expense	-	-	-	-	-	-
(Loss)/Profit for the period	(8,705)	(120)	1,428	(851)	-	(8,248)
Other information						
• Depreciation	(775)		(365)			(1,140)

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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.

There was no valuation of the property, plant & equipment in the current financial quarter ended 31 March 2023.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 31 March 2023 and up to 22 May 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 March 2023, 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 March 2023 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

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	41,039

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 31-03-2023 RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	-	50,929 ⁽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	(26)	(421)

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*

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

	Current Quarter 31-Mar-23 RM'000	Previous Corresponding Quarter 31-Mar-22 RM'000	Variance	
			RM'000	%
Revenue	1,225	3,025	(1,800)	(59.50)
PBT/(LBT)	(8,248)	(12,448)	4,200	33.74

For the current quarter under review, the Group has recorded a decrease in revenue by RM1.80 million against the corresponding period for last year. The decrease in revenue was mainly due to lower recognition of reclamation works in the current quarter. (Q1'23: RM1.03 million; Q1'22: RM2.86 million).

The current quarter recorded a LBT of RM8.25 million, representing an decrease in loss of approximately RM4.2 million against the corresponding period for last year, mainly attributable by:-

Description	RM'000	Note
Increase in gross profit	1,478	1
Increase in other operating income	2,673	2
Increase in administrative and other expenses	(575)	2
Decrease in finance costs	624	negligible
Net Increase in LBT	4,200	

Notes:-

- 1) The increase in gross profit was mainly due to the delay in reclamation work done certification by external consultant which resulted in the delay of revenue recognition for the reclamation work performed in prior year.
- 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	2,925	245	2,680
Unrealised Loss on forex	(1,042)	(643)	(399)
	1,883	(398)	2,281

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

	Current First (1st) Quarter 31-Mar-23 RM'000	Previous Fourth (4th) Quarter 31-Dec-22 RM'000	Variance	
			RM'000	%
Revenue	1,225	17,315	(16,090)	(92.93)
(LBT)/PBT	(8,248)	(30,996)	22,748	(73.39)

For the current quarter under review, in comparison with the preceding quarter, the Group registered a decrease in revenue of approximately RM16.09 million. The decrease in revenue was mainly due to higher land disposal recognition in the previous quarter. (Q1'23: NIL; Q4'22: RM27.17million).

The Group registered a decrease of LBT by RM22.75 million, mainly attributable by:-

Description	RM'000	Note
Increase gross profit	8,337	1
Increase in other operating income	453	2
Decrease in administrative and other expenses	13,951	2
Decrease in finance costs	7	negligible
Net Decrease in LBT	22,748	

Notes:-

- 1) The increase in gross profit was mainly due to the loss on disposal of certain lands in preceding quarter, which were deemed necessary by the Board of Directors in sustaining the operations of the Company.
- 2) The movements 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
Impairment loss on property, plant & equipment	-	(10,202)	10,202
Unrealised Loss on forex	(1,042)	3,346	(4,388)
Write down on land held for sale	-	(6,464)	6,464
	<u>(1,042)</u>	<u>(13,320)</u>	<u>12,278</u>

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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.

To-date, the revenue yet to be recognised arising from several land reclamation contracts secured by the Group, amounting to approximately RM66.56million, as well as Sale & Purchase Agreements ("Land Sale SPAs") already signed of approximately RM23.80million, will ensure the Group has a stable stream of revenue of approximately RM90.36million to be recognised in the near term.

In addition, the Group also has in excess of 29.36 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. Starting from FY2022, the management has seen increased interest for these two (2) lands and is actively pursuing several promising leads.

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. 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.

On a final note, the Settlement Agreement announced by the Group on 18th April 2023 is also a long-awaited avenue for the Group to exit and conclude the on-going litigations and safeguard the Group from further legal disputes or litigations from the parties of the said Settlement Agreement. With all outstanding legal suits and disputes between the Group and such parties fully resolved, the management will be able to focus and align its resources and efforts to grow the Group's existing business operations and implement strategic plans expediently moving forward.

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: -

	Current Quarter	Year-To-Date
	RM'000	RM'000
Other income including investment income	19	19
Interest expenses	(1,517)	(1,517)
Depreciation of property, plant and equipment	(1,140)	(1,140)
Depreciation of right-of-use assets	(570)	(570)
Impairment loss on property, plant and equipment	-	-
Unrealised exchange gain/ (loss) - net	(1,040)	(1,040)
Realised exchange gain/(loss) - net	63	63
Gain/(Loss) on disposal of property, plant and equipment	2,925	2,925
Interest income	-	-
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A
Write-off on receivables	N/A	N/A
Write-off on inventories	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	-	-
- Deferred tax	-	-
Current year provision		
- Income tax	-	-
- Deferred tax	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Effective tax rate (%)	<u>-</u>	<u>-</u>
PBT/(LBT)	(8,248)	(8,248)

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

There is no outstanding corporate proposal at the 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.

23. BORROWINGS

The Group's borrowings as at 31 March 2023 presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• Term loans	20,884
	<u>20,884</u>
	RM'000
Short Term Borrowings	
Secured:-	
• Term loans	1,433
• Revolving Credit	20,000
• Trust receipt	3,455
• Invoice financing	2,368
• Bank Overdraft	7,833
	<u>35,089</u>
 (1) Total	 <u><u>55,973</u></u>

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, 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 rigorously contested 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.

On 20 October 2018, the Group received a decision of the High Court in favour of the Group against SSB.

SSB filed a notice of appeal on 26 November 2018 and 22 April 2020 against the High Court's decision in dismissing its claims substantially.

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.

24. MATERIAL LITIGATION (CONT'D)

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

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

On 28 March 2022, the panel of Court of Appeal judges has a consensus on allowing BSB appeal. 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 payable to BSB by SSB, Datuk Leaw Tua Choon and Datuk Leaw Ah Chye. The costs subject to allocatur fees.

However, 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 the specific performance with an order for damages to be assessed by the High Court. The assessment of damages for the unlawful termination is remitted back to High Court. 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.

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. On the 29 March 2023, the parties had informed the Court that both parties are in the process of executing a Settlement Agreement and there are certain conditions in the Settlement Agreement that need to be fulfilled before the assessment of damages can be withdrawn. The Court fixed the next case management on 1 June 2023 for the Parties to update the Court on the status of the settlement and whether to withdraw or proceed with the assessment of damages.

Further, the Court of Appeal has agreed that the High Court was not functus officio when making an Order dated 1 April 2019 in relation to SSB appeal on the clarification / consequences order granted by the High Court. Since the Parties have confirmed that the Concession Agreement had expired, the Court of Appeal found that this appeal is academic and struck out this appeal and no order as to costs.

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

On 16 July 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 July 2022, BSB was informed by the Plaintiff's solicitors that Puan Rohazalina Binti Othman (the "Plaintiff"), was involved in a car accident on 11 April 2019 at Jalan Hajah Maznah, Klebang, Melaka (one of the roads at the said reclamation site).

In the Magistrates' Court Order dated 19 October 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 December 2022, BSB filed its Defence and the Plaintiff filed her Reply to the Defence of the 3rd Defendant on 27 December 2022. On 9 January 2022, 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.

**24. MATERIAL LITIGATION (CONT'D)****24.2 Melaka Magistrates' Court Civil Suit No. MA-A73KJ-697-09/2021 (CONT'D)**

On 8 March 2023, the Court has allowed BSB's application to strike out paragraphs 5(c) and 5(h) of the Plaintiff's Reply to the Defence of the 3rd Defendant and ordered the Plaintiff to pay BSB the costs of RM500.00 for the application.

During the case management on 17 March 2023, the Court has directed the Parties to file the necessary documents for the following pre-trial case management documents on or before 8 June 2023.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 March 2023.

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	Ended	Ended	Ended
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Net profit attributable to equity holders of the parent for the period (RM'000)	<u>(7,890)</u>	<u>(12,100)</u>	<u>(7,890)</u>	<u>(12,100)</u>
Weighted average number of ordinary shares ('000)	<u>1,018,887</u>	<u>1,018,887</u>	<u>1,018,887</u>	<u>1,018,887</u>
Basic EPS (sen)	<u>(0.77)</u>	<u>(1.19)</u>	<u>(0.77)</u>	<u>(1.19)</u>

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**26. EARNINGS PER SHARE ("EPS") (CONT'D)****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	Ended	Ended	Ended
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Net profit attributable to equity holders of the parent for the period (RM'000)	<u>(7,890)</u>	<u>(12,100)</u>	<u>(7,890)</u>	<u>(12,100)</u>
Weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	<u>1,018,887</u>	<u>1,018,887</u>	<u>1,018,887</u>	<u>1,018,887</u>
Diluted EPS (sen)	<u>(0.77)</u>	<u>(1.19)</u>	<u>(0.77)</u>	<u>(1.19)</u>

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