



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023

| | Individual Quarter | | Cumulative Quarter | |
|--|---|---|---|---|
| | (Unaudited) Current Year Quarter Ended 31-12-2023 RM'000 | (Audited) Preceding Year Quarter Ended 31-12-2022 RM'000 | (Unaudited) Current Year To Date 31-12-2023 RM'000 | (Audited) Preceding Year To Date 31-12-2022 RM'000 |
| Revenue | 9,283 | 17,315 | 30,230 | 76,661 |
| Cost of sales | (33,876) | (28,905) | (70,523) | (74,455) |
| Gross (loss)/profit | (24,593) | (11,590) | (40,293) | 2,206 |
| Other operating income | 7,374 | 2,572 | 11,364 | 4,930 |
| Administrative and other expenses | (11,928) | (20,454) | (32,481) | (43,742) |
| Loss from operations | (29,147) | (29,472) | (61,410) | (36,606) |
| Finance costs | (1,497) | (1,524) | (6,098) | (7,651) |
| Loss before Tax ("LBT") | (30,644) | (30,996) | (67,508) | (44,257) |
| Tax income/(expense) | 389 | (3,292) | 389 | (6,922) |
| Loss for the financial period | (30,255) | (34,288) | (67,119) | (51,179) |
| Other comprehensive (loss)/income, net of tax:- | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| • Foreign currency translations | (1,910) | (4,442) | 850 | 1,559 |
| Total comprehensive loss | (32,165) | (38,730) | (66,269) | (49,620) |
| Loss attributable to:- | | | | |
| • Owners of the parent | (29,975) | (34,184) | (65,549) | (49,619) |
| • Non-controlling interests | (280) | (104) | (1,570) | (1,560) |
| | (30,255) | (34,288) | (67,119) | (51,179) |
| Total comprehensive loss attributable to:- | | | | |
| • Owners of the parent | (31,885) | (38,626) | (64,699) | (48,060) |
| • Non-controlling interests | (280) | (104) | (1,570) | (1,560) |
| | (32,165) | (38,730) | (66,269) | (49,620) |
| Earnings per ordinary share attributable to equity holders of the Company (sen) | | | | |
| • Basic | (2.94) | (3.36) | (6.43) | (4.88) |
| • Diluted | (2.94) | (3.36) | (6.43) | (4.88) |

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 DECEMBER 2023**

| | Unaudited As at 31-12-2023 RM'000 | Audited As at 31-12-2022 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 29,869 | 46,787 |
| Other investments | 36 | 42 |
| Deferred tax assets | 24,771 | 24,380 |
| Right-of-use asset | 12,472 | 9,598 |
| | 67,148 | 80,807 |
| Current assets | | |
| Inventories | 502,324 | 508,563 |
| Trade and other receivables | 13,749 | 23,264 |
| Contract asset | 58,252 | 51,032 |
| Current tax assets | 899 | 390 |
| Deposit with licensed bank | 25,656 | 25,132 |
| Short term funds | 163 | 158 |
| Cash and bank balances | 654 | 568 |
| | 601,697 | 609,107 |
| TOTAL ASSETS | 668,845 | 689,914 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share capital | 391,936 | 391,936 |
| Non-distributable reserves | (121,374) | (122,224) |
| Distributable reserve | 87,643 | 153,192 |
| Total equity attributable to owners of the parent | 358,205 | 422,904 |
| Non-controlling interests | (3,189) | (1,619) |
| TOTAL EQUITY | 355,016 | 421,285 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Borrowings | 20,147 | 21,248 |
| Contract liabilities | 72,038 | 70,405 |
| Trade and other payables | 89,448 | 76,522 |
| Deferred tax liabilities | - | - |
| Lease liability | 8,883 | 8,219 |
| | 190,516 | 176,394 |
| Current liabilities | | |
| Trade and other payables | 85,745 | 55,193 |
| Borrowings | 33,070 | 34,778 |
| Lease liability | 4,454 | 2,219 |
| Contract liabilities | 44 | 42 |
| Current tax liabilities | - | 3 |
| | 123,313 | 92,235 |
| TOTAL LIABILITIES | 313,829 | 268,629 |
| TOTAL EQUITY AND LIABILITIES | 668,845 | 689,914 |
| Net assets per share attributable to ordinary equity holders of the company (RM) | 0.35 | 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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 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 December 2022 | | | | | | | | |
| As at 1 January 2022 | 391,936 | (12,703) | 34,989 | (146,070) | 202,810 | 470,962 | (59) | 470,903 |
| Loss for the financial year | - | - | - | - | (49,618) | (49,618) | (1,560) | (51,178) |
| Foreign currency translation, net of tax | - | - | 1,560 | - | - | 1,560 | - | 1,560 |
| Total comprehensive income/(loss) | - | - | 1,560 | - | (49,618) | (48,058) | (1,560) | (49,618) |
| As at 31 December 2022 | 391,936 | (12,703) | 36,549 | (146,070) | 153,192 | 422,904 | (1,619) | 421,285 |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023
 (CONT'D)**

| | 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 December 2023 | | | | | | | | |
| As at 1 January 2023 | 391,936 | (12,703) | 36,549 | (146,070) | 153,192 | 422,904 | (1,619) | 421,285 |
| Loss for the financial year | - | - | - | - | (65,549) | (65,549) | (1,570) | (67,119) |
| Foreign currency translation, net of tax | - | - | 850 | - | - | 850 | - | 850 |
| Total comprehensive income/(loss) | - | - | 850 | - | (65,549) | (64,699) | (1,570) | (66,269) |
| As at 31 December 2023 | 391,936 | (12,703) | 37,399 | (146,070) | 87,643 | 358,205 | (3,189) | 355,016 |

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 FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023**

| | Current Year Unaudited 31-12-2023 RM'000 | Preceding Year Audited 31-12-2022 RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before tax | (67,508) | (44,257) |
| Adjustments for:- | | |
| Depreciation of property, plant and equipment | 3,648 | 5,248 |
| Amortisation of right-of-use assets | 2,308 | 2,278 |
| Gain on disposal of property, plant and equipment | (3,417) | (1,963) |
| Impairment losses on:- | | |
| - Property, plant and equipment | 5,144 | 10,202 |
| - Land reclamation work in progress | 179 | - |
| - Contract asset | - | 961 |
| - Property held for sale | 1,958 | - |
| Reversal of Impairment losses on:- | | |
| - Contract customer | (1,000) | - |
| - Contract assets | (4,900) | - |
| - Land held for sale | (525) | - |
| Written-off on:- | | |
| - Property, plant and equipment | - | 269 |
| - Trade and other receivables | - | 7 |
| Interest expense | 6,098 | 7,651 |
| Non-cash and operating items | 3,804 | 8,836 |
| Operating loss before changes in working capital | (54,211) | (10,768) |
| Changes in working capital:- | | |
| Inventories | 4,627 | 39,607 |
| Land reclamation work in progress | 2,191 | - |
| Trade and other receivables | 10,509 | 1,471 |
| Trade and other payables | 20,862 | 14,148 |
| Contract asset | (2,499) | (5,120) |
| Contract liability | 1,633 | (13,568) |
| Cash (used in)/generated from operations | (16,888) | 25,770 |
| Tax paid - net | (1,597) | (1,120) |
| Net cash (used in)/generated from operating activities | (18,485) | 24,650 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Interest and dividend received | 4 | 5 |
| Proceed from disposal of property, plant and equipment | 12,306 | 1,656 |
| Placement of short term fund | (5) | (3) |
| Advance from related party | 14,316 | 6,555 |
| Purchase of property, plant and equipment | (121) | (88) |
| Net cash generated from investing activities | 26,500 | 8,125 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Drawdown of borrowings | 17,094 | 6,350 |
| Repayment of borrowings | (18,126) | (47,499) |
| Loan from Director | - | 10,000 |
| Interest paid | (1,033) | (2,308) |
| Repayment of lease liability | (4,341) | (405) |
| Net cash used in financing activities | (6,406) | (33,862) |
| Net increase/(decrease) in cash and cash equivalents | 1,609 | (1,087) |
| Cash and cash equivalents at beginning of period | (8,064) | (6,971) |
| Effects of exchange rate changes | 251 | (6) |
| Cash and cash equivalents at the end of period | (6,204) | (8,064) |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2023 (CONT'D)**

| | Current Year Unaudited 31-12-2023 RM'000 | Preceding Year Audited 31-12-2022 RM'000 |
|---|---|---|
| Cash and cash equivalents comprise the following:- | | |
| Cash and bank balances | 654 | 568 |
| Deposit with licensed bank | 25,656 | 25,132 |
| Bank overdraft | (6,858) | (8,632) |
| | <hr/> | <hr/> |
| | 19,452 | 17,068 |
| Less: Deposits pledged as collateral | (25,656) | (25,132) |
| | <hr/> | <hr/> |
| | (6,204) | (8,064) |
| | <hr/> <hr/> | <hr/> <hr/> |

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED
31 DECEMBER 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 December 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 December 2023.

7. DIVIDENDS PAID

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

8. SEGMENTAL REPORTING

The Group's segmental report for the current financial period (12-month cumulative) ended 31 December 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 | 22,811 | 7,419 | - | - | - | 30,230 |
| Inter-segment sales | 29,436 | - | - | - | (29,436) | - |
| Total revenue | 52,247 | 7,419 | - | - | (29,436) | 30,230 |
| Results | | | | | | |
| Segment results | (54,818) | (2,752) | (900) | (3,467) | - | (61,937) |
| Interest and dividend income | 527 | - | - | - | - | 527 |
| Finance costs | (4,153) | - | (2) | (1,943) | - | (6,098) |
| Loss before tax | (58,444) | (2,752) | (902) | (5,410) | - | (67,508) |
| Income tax income | 389 | - | - | - | - | 389 |
| Loss for the period | (58,055) | (2,752) | (902) | (5,410) | - | (67,119) |
| Other information | | | | | | |
| • Depreciation | (2,851) | - | (797) | - | - | (3,648) |

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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 December 2023.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 31 December 2023 and up to 21 February 2024, 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 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 December 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, other than as disclosed below :-

12.1 Incorporation of new subsidiary by Benalec Sdn Bhd (“BSB”), a wholly-owned subsidiary of Benalec

On 21 November 2023, BSB had incorporated a new subsidiary, by subscribing 2 ordinary shares of RM1.00 each in Benalec Marineworks Sdn Bhd (“BMWSB”) for cash consideration of RM2.00.

As of LPD, BMWSB has not commenced operation.

12.2 Incorporation of new subsidiary by Benalec Sdn Bhd (“BSB”), a wholly-owned subsidiary of Benalec

On 29 December 2023, BSB had incorporated a new subsidiary, by subscribing 2 ordinary shares of RM1.00 each in Benalec Energy Sdn Bhd (“BESB”) for cash consideration of RM2.00.

As of LPD, BESB has not commenced operation.

**13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS****RM'000**

| | |
|---|--------|
| Corporate guarantees given to licensed financial institutions | |
| For credit facilities granted to subsidiaries | 38,282 |

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 31-12-2023 RM'000 |
|--|---|--|
| Provision of marine construction works to companies in which certain directors of the company have substantial financial interest ⁽²⁾ | - | 58,252 ⁽³⁾ |
| Purchase of vessels from companies in which certain directors of the company have substantial financial interest | - | (48,277) |
| 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) | (499) |

Notes:-

- (1) *The related party transactions reflect transactions of all the subsidiaries with the respective group of companies.*
(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 RM28.04 million.*

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16. REVIEW OF PERFORMANCE OF THE GROUP

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

| | Cumulative Fourth (4th) Quarter 31-Dec-23 RM'000 | Cumulative Fourth (4th) Quarter 31-Dec-22 RM'000 | Variance | |
|---------|--|--|----------|---------|
| | | | RM'000 | % |
| Revenue | 30,230 | 76,661 | (46,431) | (60.57) |
| LBT | (67,508) | (44,257) | (23,251) | (52.54) |

For the current 12-month financial period under review, the Group has recorded a decrease in revenue by RM46.43 million against the corresponding period for last year. The decrease in revenue was mainly due to higher land disposal recognition in the previous year 12-month period. (Q4'23: RM6.1million; Q4'22: RM52.07million).

The current 12-month financial period recorded a LBT of RM67.51 million, representing an increase in loss of approximately RM23.25 million against the corresponding period for last year, mainly attributable by:-

| Description | RM'000 | Note |
|---|-----------------|------|
| Decrease in gross profit | (42,499) | 1 |
| Increase in other operating income | 6,434 | 2 |
| Decrease in administrative and other expenses | 11,261 | 2 |
| Decrease in finance costs | 1,553 | 3 |
| Net increase in LBT | (23,251) | |

Notes:-

1) *The gross profit in the current year significantly decreased as compared to previous year mainly due to:-*

a. *Partial reversal of "Inventories- Land reclamation WIP" from the Asset of the Group, amounting to RM16.75 million as reported in last financial year ended 2022, into the Profit or Loss Statement as expenses (i.e. cost of sales) in the current year. The land reclamation WIP represents all costs that are directly attributable to the land reclamation concession. This includes cost incurred for material at site or sand stockpile that has yet to be levelled or can be ready to customer.*

Such reversal of asset in the current year is in-line with the Malaysia financial reporting standard, MFRS 15.

There is a temporary timing difference against the recognition of revenue (i.e. milestone billing to customer) against the actual cost incurred and recognised in the current financial year as these sand stockpile has yet to reach the satisfaction of the performance obligation under the contract, and there are relative remaining works promised under such obligation.

b. *Higher cost incurred in one of the reclamation projects in Melaka due to limited access channel to the project site, relocation of sand stockpile area, and settlement at site, causing escalation in the overall cost of reclamation works for the project; of which the finalisation on the rate increment was agreed on the final week of December 2023.*

Such cost is recoverable in the near term following the agreed rate increment from the customer. The recognition of revenue (milestone billing to the customer) in the current financial year will have temporary timing difference against the cost incurred and recognised this financial year. Such temporary timing difference is in accordance to the adoption of Malaysia financial reporting standard, MFRS 15.

16. REVIEW OF PERFORMANCE OF THE GROUP (CONT'D)
16.1 CURRENT YEAR-TO-DATE VERSUS PREVIOUS YEAR-TO-DATE (CONT'D)
Notes:- (Cont'd)

- 2) *The movements in other income as well as administrative and other expenses were mainly due to:*

| | Current | Corresponding | |
|--|----------------|----------------------|-----------------|
| | Year | Year | Variance |
| | RM '000 | RM '000 | RM '000 |
| <i>Reversal of impairment loss on contract assets</i> | 4,900 | - | 4,900 |
| <i>Impairment loss on PPE</i> | (5,144) | (10,202) | 5,058 |
| <i>Reversal of/(impairment loss) on land held for sale</i> | 525 | (6,461) | 6,986 |
| | 281 | (16,663) | 16,944 |

- 3) *The decrease in finance cost was mainly from the term loan interest expense. (Q4'23: RM4.82 million ; Q4'22: RM7.34 million)*

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

| | Current Quarter 31-Dec-23 RM'000 | Previous Corresponding Quarter 31-Dec-22 RM'000 | Variance | |
|---------|---|---|----------|---------|
| | | | RM'000 | % |
| Revenue | 9,283 | 17,315 | (8,032) | (46.39) |
| LBT | (30,644) | (30,996) | 352 | 1.14 |

For the current quarter under review, the Group has recorded a decrease in revenue by RM8.03 million against the corresponding period for last year. The decrease in revenue was mainly due to higher land disposal recognition in the previous corresponding quarter. (Q4'23: RM6.1 million; Q4'22: RM27.17 million).

The current quarter recorded a LBT of RM30.64 million, representing a decrease in loss of approximately RM0.35 million against the corresponding period for last year, mainly attributable by:-

| Description | RM'000 | Note |
|---|------------|------------|
| Decrease in gross profit | (13,003) | 1 |
| Increase in other operating income | 4,802 | 2 |
| Decrease in administrative and other expenses | 8,526 | 2 |
| Decrease in finance costs | 27 | negligible |
| Net decrease in LBT | 352 | |

Notes:-

- 1) *The decrease in gross profit was mainly due to the factor stated above, coupled with the factors as disclosed in Note 16.1 of this report.*
- 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 |
|--|-------------------------------|-------------------------------------|---------------------|
| <i>Reversal of impairment loss on contract assets</i> | 4,900 | - | 4,900 |
| <i>Impairment loss on property held for sales</i> | (1,984) | (197) | (1,787) |
| <i>Reversal of/(impairment loss) on land held for sale</i> | 525 | (6,461) | 6,986 |
| <i>Impairment loss on PPE</i> | (5,144) | (10,202) | 5,058 |
| <i>Gain on forex - unrealised</i> | 1,404 | 3,346 | (1,942) |
| | (299) | (13,514) | 13,215 |

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17. VARIATION IN RESULTS AGAINST PRECEDING QUARTER

| | Current Fourth (4th) Quarter 31-Dec-23 RM'000 | Previous Third (3rd) Quarter 30-Sep-23 RM'000 | Variance | |
|---------|---|---|----------|---------|
| | | | RM'000 | % |
| Revenue | 9,283 | 10,995 | (1,712) | (15.57) |
| LBT | (30,644) | (15,370) | (15,274) | 99.38 |

For the current quarter under review, in comparison with the preceding quarter, the Group registered a decrease in revenue of approximately RM1.71 million. The decrease in revenue was mainly due to higher recognition of reclamation works in the preceding quarter. (Q4'23: RM2.1 million; Q3'23: RM10.98 million).

The Group registered an increase of LBT by RM15.27 million, mainly attributable by:-

| Description | RM'000 | Note |
|---|-----------------|------------|
| Decrease gross profit | (15,577) | 1 |
| Increase in other operating income | 7,065 | 2 |
| Increase in administrative and other expenses | (6,778) | 2 |
| Decrease in finance costs | 16 | negligible |
| Net increase in LBT | (15,274) | |

Notes:-

- 1) The decrease in gross profit was mainly due the factors as disclosed in Note 16.1 of this report.
- 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 |
|---|------------------------------|--------------------------------|--------------------|
| Reversal of impairment loss on contract assets | 4,900 | - | 4,900 |
| Impairment loss on PPE | (5,144) | - | (5,144) |
| Reversal of impairment loss on land held for sale | 525 | - | 525 |
| | <u>281</u> | <u>-</u> | <u>281</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.

The Group's current strategy towards a more conservative approach, whereby the aim is to:

- (i) market and monetise our existing "Inventory – Land Held For Sale" first; along with
- (ii) completing the current order book, of which settlements are in cash; as well as
- (iii) adopting the "sell-then-build" strategy for the balance of unreclaimed land, of which settlements are in-kind, wherever possible.

To-date, the revenue yet to be recognised arising from the land reclamation contract secured by the Group, amounting to approximately RM42.62 million, as well as Sale & Purchase Agreements ("Land Sale SPAs") already signed of approximately RM14.75 million, will ensure the Group has total revenue of approximately RM57.37 million to be recognised in the near term. The management has also been actively participating in tendering projects that are viable to bring in more consistent income to the Group and replenish the existing order book.

In addition, the Group also has in excess of 51.74 acres of land bank in Melaka already reclaimed 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 has had and will continue to be aggressive with the sales and marketing of our landbank and 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 management is actively pursuing several leads concurrently, whereby the latest statuses include (a) financial negotiations with the prospective offtakers, (b) buyers are still on-going in their due diligence process to reach financial close, and/or (c) partners are undergoing their project feasibility studies prior to a final investment decision.

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.

20. 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 | 1,159 | 1,185 |
| Interest expenses | (1,497) | (6,098) |
| Depreciation of property, plant and equipment | (726) | (3,648) |
| Depreciation of right-of-use assets | (554) | (2,308) |
| Impairment loss on property, plant and equipment | (5,144) | (5,144) |
| Impairment loss on property held for sale | (1,984) | (1,984) |
| Reversal of impairment loss on land held for sale | 525 | 525 |
| Impairment loss on land reclamation | (179) | (179) |
| Reversal of impairment losses of contract customer | 1,000 | 1,000 |
| Reversal impairment loss on contract asset | 4,900 | 4,900 |
| Unrealised exchange gain/ (loss) - net | 1,395 | (4,278) |
| Realised exchange (loss)/gain - net | (67) | 303 |
| Gain on disposal of property, plant and equipment | 130 | 3,417 |
| Interest income | 523 | 524 |
| 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 | (3) | (3) |
| - Deferred tax | 392 | 392 |
| | <u>389</u> | <u>389</u> |
| Effective tax rate (%) | <u>-</u> | <u>-</u> |
| LBT | (30,644) | (67,508) |

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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 December 2023 presented as follows:-

| | RM'000 |
|------------------------------|--------------------------|
| Long Term Borrowings | |
| Secured:- | |
| • Term loans | 20,147 |
| | <u>20,147</u> |
| | RM'000 |
| Short Term Borrowings | |
| Secured:- | |
| • Term loans | 1,129 |
| • Revolving credit | 20,000 |
| • Trust receipt | 1,582 |
| • Invoice financing | 3,501 |
| • Bank overdraft | 6,858 |
| | <u>33,070</u> |
| (1) Total | <u>53,217</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.

24. MATERIAL LITIGATION (CONT'D)

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

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 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 informed the Court that both parties had entered into 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 29 April 2024 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.

The Court has further fixed this matter for decision on 8 March 2024.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 December 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 31-12-2023 | Ended 31-12-2022 | Ended 31-12-2023 | Ended 31-12-2022 |
| Net profit attributable to equity holders of the parent for the period (RM'000) | (29,975) | (34,184) | (65,549) | (49,619) |
| Weighted average number of ordinary shares ('000) | 1,018,887 | 1,018,887 | 1,018,887 | 1,018,887 |
| Basic EPS (sen) | (2.94) | (3.36) | (6.43) | (4.87) |

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 31-12-2023 | Ended 31-12-2022 | Ended 31-12-2023 | Ended 31-12-2022 |
| Net profit attributable to equity holders of the parent for the period (RM'000) | (29,975) | (34,184) | (65,549) | (49,619) |
| Weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000) | 1,018,887 | 1,018,887 | 1,018,887 | 1,018,887 |
| Diluted EPS (sen) | (2.94) | (3.36) | (6.43) | (4.87) |

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