



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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2021**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 31-12-2021 RM'000	(Audited) Preceding Year Quarter Ended 31-12-2020 RM'000	(Unaudited) Current Year To Date 31-12-2021 RM'000	(Audited) Preceding Year To Date 31-12-2020 RM'000
Revenue	4,943	55,447	69,900	161,058
Cost of sales	(6,978)	(45,181)	(65,911)	(172,568)
Gross profit	(2,035)	10,266	3,989	(11,510)
Other operating income	8,930	(893)	10,909	6,568
Administrative and other expenses	(14,756)	(24,910)	(40,060)	(41,098)
Profit from operations	(7,861)	(15,537)	(25,162)	(46,040)
Finance costs	(1,799)	(2,640)	(8,115)	(27,773)
(Loss)/Profit before tax ("PBT")	(9,660)	(18,177)	(33,277)	(73,813)
Tax income/(expense)	154	3,739	(618)	4,183
(Loss)/Profit for the financial period	(9,506)	(14,438)	(33,895)	(69,630)
Other comprehensive income, net of tax:-				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Foreign currency translations	(2,839)	(2,435)	(122)	(1,115)
Total comprehensive income	(12,345)	(16,873)	(34,017)	(70,745)
Profit/Loss attributable to:-				
• Owners of the parent	(9,489)	(12,719)	(32,880)	(67,767)
• Non-controlling interests	(17)	(1,719)	(1,015)	(1,863)
	(9,506)	(14,438)	(33,895)	(69,630)
Total comprehensive income attributable to:-				
• Owners of the parent	(12,026)	(158,907)	(32,700)	(68,882)
• Non-controlling interests	(319)	142,034	(1,317)	(1,863)
	(12,345)	(16,873)	(34,017)	(70,745)
Earnings per ordinary share attributable to equity holders of the Company (sen)				
• Basic	(1.10)	(1.50)	(3.82)	(7.98)
• Diluted	(1.10)	(1.50)	(3.82)	(7.98)

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 2020 and the accompanying explanatory notes attached to the interim financial reports.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Unaudited As at 31-12-2021 RM'000	Audited As at 31-12-2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	64,615	88,997
Other investments	43	50
Deferred tax assets	27,664	27,664
Right-of-use asset	11,523	8,484
	103,845	125,195
Current assets		
Inventories	555,097	553,453
Trade and other receivables	21,554	48,411
Contract Asset	46,839	45,765
Current tax assets	2,904	4,460
Deposit with licensed bank	24,763	24,413
Short term funds	155	152
Cash and bank balances	738	712
	652,050	677,366
TOTAL ASSETS	755,895	802,561
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	391,936	371,489
Non-distributable reserves	(123,784)	(121,297)
Distributable reserve	202,810	233,023
Total equity attributable to owners of the parent	470,962	483,215
Non-controlling interests	(60)	1,257
TOTAL EQUITY	470,902	484,472
LIABILITIES		
Non-current liabilities		
Borrowings	63,834	65,859
Contract liabilities	83,973	84,092
Trade and other payables	58,187	63,199
Deferred tax liabilities	-	-
Lease Liability	10,131	6,568
	216,125	219,718
Current liabilities		
Trade and other payables	38,634	68,376
Borrowings	28,132	27,656
Lease Liability	2,060	2,297
Contract Liabilities	42	42
Redeemable convertible secured bonds	-	-
Current tax liabilities	-	-
	68,868	98,371
TOTAL LIABILITIES	284,993	318,089
TOTAL EQUITY AND LIABILITIES	755,895	802,561
Net assets per share attributable to ordinary equity holders of the company (RM)	0.46	0.57

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 2020 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 2021

	Non-Distributable Reserve					Distributable Reserve				
	Share Capital RM'000	Treasury Share RM'000	Foreign Exchange Reserve RM'000	Reverse Acquisition Reserve RM'000	Share Options Reserve RM'000	Equity Component Of Convertible Bonds RM'000	Distributable Retained Earnings RM'000	Total Attributable to Owners of Parent RM'000	Non-Controlling Interests Total RM'000	Total RM'000
Quarter ended 31 Dec 2020										
As at 1 Jan 2020	371,489	(12,703)	35,924	(146,070)	3,021	25,226	275,229	552,116	3,120	555,236
Adjustment on initial application of MFRS 16							(19)	(19)		(19)
Profit for the financial year	-	-	-	-	-	-	(67,767)	(67,767)	(1,863)	(69,630)
Foreign currency translation, net of tax	-	-	(1,115)	-	-	-	-	(1,115)		(1,115)
Total comprehensive income	-	-	(1,115)	-	-	-	(67,767)	(68,882)	(1,863)	(70,745)
Transactions with owners:-										
• Option forfeited under the Share Issuance Scheme	-	-	-	-	(354)	-	354	-	-	-
• Disposal of Subsidiary	-	-	-	-	-	(25,226)	25,226	-	-	-
As at 31 Dec 2020	371,489	(12,703)	34,809	(146,070)	2,667	-	233,023	483,215	1,257	484,472

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021

	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 2021									
As at 1 Jan 2021	371,489	(12,703)	34,809	(146,070)	2,667	233,023	483,215	1,257	484,472
Profit for the financial year	-	-	-	-	-	(32,880)	(32,880)	(1,015)	(33,895)
Foreign currency translation, net of tax	-	-	180	-	-	-	180	(302)	(122)
Total comprehensive income	-	-	180	-	-	(32,880)	(32,700)	(1,317)	(34,017)
Transactions with owners:-									
• Option forfeited under the Share Issuance Scheme	-	-	-	-	(2,667)	2,667	-	-	-
• Issuance of share pursuant to private placement	20,447	-	-	-	-	-	20,447	-	20,447
As at 31 Dec 2021	391,936	(12,703)	34,989	(146,070)	-	202,810	470,962	(60)	470,902

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 2020 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 2021**

	Current Year Unaudited 31-12-2021 RM'000	Preceding Year Audited 31-12-2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(33,277)	(73,813)
Adjustments for:-		
Depreciation of property, plant and equipment	6,869	8,114
(Gain)/loss on disposal of Subsidiary	-	(244)
(Gain)/loss on disposal of property, plant and equipment	(3,574)	(1,745)
Impairment losses on:-		
- Property, plant and equipment	11,251	973
- Trade and other receivables	213	-
- Land reclamation Work-in-progress	-	2,593
- Contract asset	245	6,125
Written-off on:-		
- Property, plant and equipment	441	632
Interest expense	8,115	27,773
Non-cash and operating items	3,697	894
Operating profit before changes in working capital	(6,020)	(28,698)
Changes in working capital:-		
Inventories	(1,645)	71,965
Land reclamation work in progress	2,204	(69)
Trade and other receivables	23,663	(21,227)
Trade and other payables	(30,288)	(2,206)
Contract Asset	(1,319)	(841)
Contract Liability	(119)	11,977
Cash generated from operations	(13,524)	30,901
Tax refund / (paid) - net	937	(431)
Net cash generated from operating activities	(12,587)	30,470
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and dividend received	356	814
Proceed from disposal of property, plant and equipment	5,515	
Placement of short term fund	(3)	(4)
Placement of fixed deposits pledged with licensed financial institution	(350)	(616)
(Placement)/Withdrawal of deposits charged in favour of the Security Trustee pursuant to RCSB	-	5,548
Advance/ (Repayment) to related party	-	(4,197)
Purchase of property, plant and equipment	(33)	(142)
Proceeds from disposal of PPE	-	6
Proceeds from disposal of shares in subsidiary	-	(11)
Net cash used in investing activities	5,485	1,398
CASH FLOW FROM FINANCING ACTIVITIES		
Drawdown of borrowings	16,915	75,759
Repayment of borrowings	(14,208)	(22,857)
Partial redemption of RCSB	-	(71,000)
Interest paid	(7,456)	(7,465)
Issuance of share capital pursuant to Private Placement	20,447	-
Repayment of lease liability	(4,253)	(3,637)
Net cash used in financing activities	11,445	(29,200)
Net (decrease)/increase in cash and cash equivalents	4,343	2,668
Cash and cash equivalents at beginning of period	(11,251)	(13,915)
Effects of exchange rate changes	(62)	(4)
Cash and cash equivalents at the end of period	(6,970)	(11,251)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2021 (CONT'D)**

	Current Year Unaudited 31-12-2021 RM'000	Preceding Year Audited 31-12-2020 RM'000
Cash and cash equivalents comprise the following:-		
Cash and bank balances	737	712
Deposit with licensed bank	24,763	24,413
Bank overdraft	(7,707)	(11,963)
	<hr/> 17,793	<hr/> 13,162
Less: Deposits pledged as collateral	(24,763)	(24,413)
	<hr/> (6,970) <hr/>	<hr/> (11,251) <hr/>

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED
31 DECEMBER 2021**
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 2020. 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 2020.

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 2020, except for the adoption of the Standards, Amendments and Annual Improvement to Standards effective as of 1 January 2021.

Effective for annual periods commencing on or after 1 January 2021

Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS139, MFRS 7, MFRS 4 and MFRS 16)

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

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
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment- Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contracts</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

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

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

4. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period ended 31 December 2021.

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 2021.

7. DIVIDENDS PAID

No dividend was paid during the current quarter ended 31 December 2021.

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8. SEGMENTAL REPORTING

The Group's segmental report for the current financial period (12-month cumulative) ended 31 December 2021 as follows:-

	Marine Construction						
	Land Reclamation RM'000	Land Disposal RM'000	Vessel Chartering RM'000	Ship Building RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue							
External-Sales	8,452	19,713	41,735	-	-	-	69,900
Inter-segment sales	11,630	-	-	-	-	(11,630)	-
Total revenue	20,082	19,713	41,735	-	-	(11,630)	69,900
Results							
Segment results	(22,006)	8,332	(11,299)	-	(545)	-	(25,518)
Interest and dividend income	356	-	-	-	-	-	356
Finance costs	(2,549)	-	(1)	-	(5,565)	-	(8,115)
(Loss)/Profit before tax	(24,199)	8,332	(11,300)	-	(6,110)	-	(33,277)
Income tax expense	45	(552)	(111)	-	-	-	(618)
(Loss)/Profit for the period	(24,154)	7,780	(11,411)	-	(6,110)	-	(33,895)
Other information							
• Depreciation	(4,413)		(2,456)	-			(6,869)

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9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

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

In the current year ended 31 December 2021, the group has made an assessment on the carrying amount of the vessels and an impairment loss of RM11.25 million is recognised as other operating expenses.

10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT

There were no material events subsequent to the current financial quarter ended 31 December 2021 and up to 22 February 2022, 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 2021, 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 2021 and up to LPD

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

12. CHANGES IN THE COMPOSITION OF THE GROUP

12.1 Strike-off of Ocean Pacific Ltd

On 27 July 2021, the Company has struck-off Ocean Pacific Ltd, a 51%-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company pursuant to Section 151(4) of the Labuan Companies Act 1990.

12.2 Strike-off of Atlantic Ocean Ltd

On 29 September 2021, the Company has struck-off Atlantic Ocean Ltd, a 51%-owned subsidiary of Benalec Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company pursuant to Section 151(4) of the Labuan Companies Act 1990.

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	40,287

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 31-12-2021 RM'000
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest ⁽²⁾	236	47,085 ⁽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)	(292)

Notes:-

- (1) The related party transactions reflect transactions of all the subsidiaries with the respective group of companies; and
(2) This amount represents the value of the land portion pending land alienation process which the Group is entitled to receive as settlement for the marine construction contracts undertaken. It would subsequently be reclassified as "land held for sale" following the alienation process.
(3) The balance is after impairment loss of RM31.74million

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

	Cumulative Fourth (4th) Quarter 31-Dec-21 RM'000	Cumulative Fourth (4th) Quarter 31-Dec-20 RM'000	Variance	
			RM'000	%
Revenue (LBT)/PBT	69,900 (33,277)	161,058 (73,813)	(91,158) 40,536	(56.60) 54.92

For the cumulative twelve (12) months ended 31 December 2021, the Group has recorded a decrease in revenue against the corresponding period for last year by 56.60%. The decrease in revenue was mainly due to lower revenue from land disposal recognition. (Q4'21: RM19.59million; Q4'20: RM51.67 million).

For the cumulative twelve (12) months ended 31 December 2021, the Group recorded a LBT of RM33.28 million, representing a decrease of loss approximately RM40.54 million against the corresponding period for last year, mainly attributable by:-

Description	RM'000	Note
Increase in gross profit	15,499	1
Increase in other operating income	4,341	2
Decrease in administrative and other expenses	1,038	2
Decrease in finance costs	19,658	3
Net decrease in LBT	40,536	

Notes:-

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

	Current Quarter RM '000	Corresponding Quarter RM '000	Variance RM '000
<i>Impairment loss on land reclamation work-in-progress</i>	-	(2,593)	2,593
<i>Loss on Forex - Unrealised</i>	(2,487)	(71)	(2,416)
<i>Impairment loss in Contract Asset</i>	(245)	(6,125)	5,880
	(2,732)	(8,789)	6,057

- (3) *The decrease in finance cost was mainly due to the bond interest expenses recognised in prior year. (Q4'21: Nil; Q4'20: RM21.63million)*

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

	Current Quarter 31-Dec-21 RM'000	Previous Corresponding Quarter 31-Dec-20 RM'000	Variance	
			RM'000	%
Revenue	4,943	55,447	(50,504)	(91.09)
(LBT)/PBT	(9,660)	(18,177)	8,517	46.86

For the current quarter under review, the Group has recorded a decrease in revenue by RM50.50 million against the corresponding period for last year. The decrease in revenue was mainly due to smaller contribution to revenue from the coal affreightment contract in the current quarter. (Q4'21: RM1.76 million; Q4'20: RM23.28 million).

The current quarter recorded a LBT of RM9.66 million, representing a decrease in loss of approximately RM8.52 million against the corresponding period for last year, mainly attributable by:-

Description	RM'000	Note
Decrease gross profit	(12,301)	1
Increase in other operating income	9,823	2
Decrease in administrative and other expenses	10,154	2
Decrease in finance costs	841	3
Net decrease in LBT	8,517	

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:*

	Current Quarter RM '000	Corresponding Quarter RM '000	Variance RM '000
<i>Disposal of subsidiary</i>	-	(3,043)	3,043
<i>Depreciation</i>	955	(4,062)	5,017
<i>Amortisation of right-of-use asset</i>	(568)	(2,740)	2,172
<i>Impairment loss on land reclamation work-in-progress</i>	-	(2,593)	2,593
<i>Gain/loss on disposal of non-current asset</i>	7,127	-	7,127
	7,514	(12,438)	19,952

- (3) *The decrease in finance cost was mainly due to the term loan interest expenses recognised in prior year. (Q4'21: 0.91million ; Q4'20: RM1.37million)*

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

	Current Fourth (4th) Quarter 31-Dec-21 RM'000	Previous Third (3rd) Quarter 30-Sep-21 RM'000	Variance	
			RM'000	%
Revenue	4,943	9,805	(4,862)	(49.59)
(LBT)/PBT	(9,660)	(12,114)	2,454	(20.26)

For the current quarter under review, in comparison with the preceding quarter, the Group registered a decrease in revenue of approximately RM4.86 million. The decrease in revenue was mainly due to decreased revenue from infra work during the year. (Q4'21: RM0.28 million; Q3'21:RM2.51 million).

The Group registered a decrease of LBT by RM2.45 million, mainly attributable by:-

Description	RM'000	Note
Decrease gross profit	(1,153)	1
Increase in other operating income	8,473	2
Increase in administrative and other expenses	(5,441)	2
Decrease in finance costs	575	
Net decrease in LBT	2,454	

Notes:-

- (1) *The decrease in gross profit as per factor stated above..*
- (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
<i>Depreciation</i>	955	(1,737)	2,692
<i>Write-off on property, plant and equipment</i>	(438)	(3)	(435)
<i>Gain on Forex - Unrealised</i>	1,579	23	1,556
	<u>2,096</u>	<u>(1,717)</u>	<u>3,813</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 health and economic crisis caused by the Covid-19 pandemic is unprecedented. Lives and livelihoods have been lost and almost all businesses have been disrupted in some ways amidst the fight against the deadly virus, and this includes the business and operations of the Group. We have seen significant changes in the overall pattern of production, consumption and trade, as well as contractions on income, spending and employment of the country.

While uncertainties in the market have caused serious ripple effects across all economic sectors and sentiments have turned cautious and conservative within the investment fraternity, we continue to believe in the resiliency of our business model as well as the underlying value of the reclaimed land bank of the Group. This is underscored by the Group's ability to monetise more than 955 acres of land in Melaka to-date, amounting to more than RM1.3billion 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 RM75.53million, as well as Sale & Purchase Agreements ("Land Sale SPAs") already signed of approximately RM45.32million, will ensure the Group has a stable stream of revenue of approximately RM120.85million to be recognised in the near term.

In addition, the Group also has in excess of 98 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.

The Group is pleased to inform that on 13 December 2021, the Group had via its wholly-owned subsidiary, Pengerang Maritime Industries Sdn. Bhd., signed a Memorandum of Understanding with Shanxi Construction Investment Group Co. Ltd., Malaysian Palm Oil Board and Institute of Coal Chemistry, Chinese Academy of Sciences, for a proposed development of second generation biodiesel and biojet fuel plant in PMIP. The investment value of the proposed development, which is in line with Johor Sustainable Development Plan 2030, is expected to reach RM3billion. The Group firmly believes that the proposed development will promote local economic growth, as well as to strengthen and add more value to the Malaysian palm oil trade with higher value-added products.

19. PROFIT FORECAST AND PROFIT GUARANTEE

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

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

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

	Current Quarter	Year-To-Date
	RM'000	RM'000
Other income including investment income	8,579	10,558
Interest expenses	(1,799)	(8,115)
Depreciation of property, plant and equipment	(23)	(6,869)
Depreciation of right-of-use assets	(568)	(2,336)
Unrealised exchange gain/ (loss) - net	2,151	(585)
Realised exchange gain/(loss) - net	6	420
Gain/(Loss) on disposal of property, plant and equipment	7,127	3,574
Impairment loss of property, plant and equipment	(11,251)	(11,251)
Impairment loss on contract assets	(245)	(245)
Impairment loss on Trade Receivables	(213)	(213)
Interest income	351	351
Write-off on property, plant and equipment	(438)	(441)
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	-	-
- Deferred tax	-	-
Current year provision		
- Income tax	154	(618)
- Deferred tax	-	-
	<u>154</u>	<u>(618)</u>
Effective tax rate (%)	<u>-</u>	<u>-</u>
LBT	(9,660)	(33,277)

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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 is as follows: -

Description	Proposed utilisation of actual Placement ^(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		(7,216)	3,706	33.9%	within 24 months from receipt of proceeds	(i)
Working Capital	8,986	321	(8,297)	1,010	11.2%	within 12 months from receipt of proceeds	(ii)
Expenses in relation to the Private Placement	539	(321)	(218)	-			(iii)
Total Gross Proceeds	20,447	-	(15,731)	4,716	23.1%		

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 31 December 2021 presented as follows:-

	RM'000
Long Term Borrowings	
Secured:-	
• Hire purchase and lease creditors	-
• Term loans	63,834
	<u>63,834</u>
	RM'000
Short Term Borrowings	
Secured:-	
• Term loans	1,484
• Revolving Credit	16,700
• Hire purchase and lease creditors	-
• Trust receipt	320
• Invoice financing	1,920
• Bank Overdraft	7,708
	<u>28,132</u>
(1) Total	<u>91,966</u>

Note:-

(1) The borrowings are denominated in Ringgit Malaysia.

24. MATERIAL LITIGATION

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

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

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.

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24. MATERIAL LITIGATION (CONT'D)

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

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

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

With regards to the High Court Judgment on 30 October 2018, SSB has filed an appeal against the Judgment and also the clarification/consequences order. The date for both hearings in Court of Appeal have been fixed on 1 March 2022.

25. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 31 December 2021.

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26. EARNINGS PER SHARE (“EPS”)
26.1 Basic EPS

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

	Three (3) Months		Year-to-date	
	Ended 31-12-2021	Ended 31-12-2020	Ended 31-12-2021	Ended 31-12-2020
Net profit attributable to equity holders of the parent for the period (RM'000)	<u>(9,489)</u>	<u>(12,719)</u>	<u>(32,880)</u>	<u>(67,767)</u>
Weighted average number of ordinary shares ('000)	<u>859,982</u>	<u>849,087</u>	<u>859,982</u>	<u>849,087</u>
Basic EPS (sen)	<u>(1.10)</u>	<u>(1.28)</u>	<u>(3.82)</u>	<u>(7.98)</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 31-12-2021	Ended 31-12-2020	Ended 31-12-2021	Ended 31-12-2020
Net profit attributable to equity holders of the parent for the period (RM'000)	<u>(9,489)</u>	<u>(12,719)</u>	<u>(32,880)</u>	<u>(67,767)</u>
Weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	<u>859,982</u>	<u>849,087</u>	<u>859,982</u>	<u>849,087</u>
Diluted EPS (sen)	<u>(1.10)</u>	<u>(1.28)</u>	<u>(3.82)</u>	<u>(7.98)</u>

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