



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

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**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2021**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2021**

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter Ended 30-09-2021 RM'000	(Unaudited) Preceding Year Quarter Ended 30-09-2020 RM'000	(Unaudited) Current Year To Date 30-09-2021 RM'000	(Unaudited) Preceding Year To Date 30-09-2020 RM'000
<b>Revenue</b>	<b>9,805</b>	<b>35,210</b>	<b>64,957</b>	<b>105,611</b>
Cost of sales	(10,687)	(43,621)	(58,933)	(127,387)
<b>Gross profit</b>	<b>(882)</b>	<b>(8,411)</b>	<b>6,024</b>	<b>(21,776)</b>
Other operating income	457	4,405	1,979	7,461
Administrative and other expenses	(9,315)	(1,846)	(25,304)	(16,188)
<b>Profit from operations</b>	<b>(9,740)</b>	<b>(5,852)</b>	<b>(17,301)</b>	<b>(30,503)</b>
Finance costs	(2,374)	(4,959)	(6,316)	(25,133)
<b>(Loss)/Profit before tax ("PBT")</b>	<b>(12,114)</b>	<b>(10,811)</b>	<b>(23,617)</b>	<b>(55,636)</b>
Tax income/(expense)	655	101	(772)	444
<b>(Loss)/Profit for the financial period</b>	<b>(11,459)</b>	<b>(10,710)</b>	<b>(24,389)</b>	<b>(55,192)</b>
<b>Other comprehensive income, net of tax:-</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
• Foreign currency translations	681	(2,299)	2,717	1,320
<b>Total comprehensive income</b>	<b>(10,778)</b>	<b>(13,009)</b>	<b>(21,672)</b>	<b>(53,872)</b>
<b>Profit/Loss attributable to:-</b>				
• Owners of the parent	(11,185)	(10,852)	(23,391)	(55,048)
• Non-controlling interests	(274)	142	(998)	(144)
	<b>(11,459)</b>	<b>(10,710)</b>	<b>(24,389)</b>	<b>(55,192)</b>
<b>Total comprehensive income attributable to:-</b>				
• Owners of the parent	(10,505)	(155,261)	(20,674)	90,024
• Non-controlling interests	(273)	142,252	(998)	(143,896)
	<b>(10,778)</b>	<b>(13,009)</b>	<b>(21,672)</b>	<b>(53,872)</b>
<b>Earnings per ordinary share attributable to equity holders of the Company (sen)</b>				
• Basic	<b>(1.32)</b>	<b>(1.28)</b>	<b>(2.75)</b>	<b>(6.48)</b>
• Diluted	<b>(1.32)</b>	<b>(1.28)</b>	<b>(2.75)</b>	<b>(6.48)</b>

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 30 SEPTEMBER 2021**

	<b>Unaudited As at 30-09-2021 RM'000</b>	<b>Audited As at 31-12-2020 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	74,820	88,997
Other investments	46	50
Deferred tax assets	27,664	27,664
Right-of-use asset	6,708	8,484
	<b>109,238</b>	<b>125,195</b>
<b>Current assets</b>		
Inventories	553,638	553,453
Trade and other receivables	21,225	48,411
Contract Asset	46,675	45,765
Current tax assets	3,460	4,460
Deposit with licensed bank	24,413	24,413
Short term funds	154	152
Cash and bank balances	572	712
	<b>650,137</b>	<b>677,366</b>
<b>TOTAL ASSETS</b>	<b>759,375</b>	<b>802,561</b>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the parent		
Share capital	371,489	371,489
Non-distributable reserves	(121,247)	(121,297)
Distributable reserve	212,299	233,023
<b>Total equity attributable to owners of the parent</b>	<b>462,541</b>	<b>483,215</b>
Non-controlling interests	259	1,257
<b>TOTAL EQUITY</b>	<b>462,800</b>	<b>484,472</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	64,669	65,859
Contract liabilities	84,092	84,092
Trade and other payables	65,573	63,199
Deferred tax liabilities	-	-
Lease Liability	4,855	6,568
	<b>219,189</b>	<b>219,718</b>
<b>Current liabilities</b>		
Trade and other payables	38,901	68,376
Borrowings	35,431	27,656
Lease Liability	2,302	2,297
Contract Liabilities	42	42
Redeemable convertible secured bonds	-	-
Current tax liabilities	710	-
	<b>77,386</b>	<b>98,371</b>
<b>TOTAL LIABILITIES</b>	<b>296,575</b>	<b>318,089</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>759,375</b>	<b>802,561</b>
<b>Net assets per share attributable to ordinary equity holders of the company (RM)</b>	<b>0.55</b>	<b>0.57</b>

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 THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 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
<b>Quarter ended 30 Sep 2020</b>										
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							(17)	(17)		(17)
Profit for the financial year	-	-	-	-	-	-	(55,048)	(55,048)	(144)	(55,192)
Foreign currency translation, net of tax	-	-	1,320	-	-	-	-	1,320		1,320
<b>Total comprehensive income</b>	-	-	<b>1,320</b>	-	-	-	<b>(55,048)</b>	<b>(53,728)</b>	<b>(144)</b>	<b>(53,872)</b>
<b>Transactions with owners:-</b>										
• Option forfeited under the Share Issuance Scheme	-	-	-	-	(267)	-	267	-	-	-
• Disposal of Subsidiary	-	-	-	-	-	-	(3,043)	(3,043)	-	(3,043)
<b>As at 30 Sep 2020</b>	<b>371,489</b>	<b>(12,703)</b>	<b>37,244</b>	<b>(146,070)</b>	<b>2,754</b>	<b>25,226</b>	<b>217,388</b>	<b>495,328</b>	<b>2,976</b>	<b>498,304</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2021**

	Non-Distributable Reserve					Distributable Reserve		Non-Controlling Interests Total RM'000	Total RM'000
	Share Capital RM'000	Treasury Share RM'000	Foreign Exchange Reserve RM'000	Reverse Acquisition Reserve RM'000	Share Options Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000		
<b>Quarter ended 30 Sep 2021</b>									
<b>As at 1 Jan 2021</b>	371,489	(12,703)	34,809	(146,070)	2,667	233,023	483,215	1,257	484,472
Profit for the financial year	-	-	-	-	-	(23,391)	(23,391)	(998)	(24,389)
Foreign currency translation, net of tax	-	-	2,717	-	-	-	2,717	-	2,717
<b>Total comprehensive income</b>	-	-	2,717	-	-	(23,391)	(20,674)	(998)	(21,672)
<b>Transactions with owners:-</b>									
• Option forfeited under the Share Issuance Scheme	-	-	-	-	(2,667)	2,667	-	-	-
<b>As at 30 Sep 2021</b>	<b>371,489</b>	<b>(12,703)</b>	<b>37,526</b>	<b>(146,070)</b>	<b>-</b>	<b>212,299</b>	<b>462,541</b>	<b>259</b>	<b>462,800</b>

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 THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2021**

	<b>Current Year Unaudited 30-09-2021 RM'000</b>	<b>Preceding Year Unaudited 30-09-2020 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>(Loss)/Profit before tax</b>	<b>(23,617)</b>	<b>(55,636)</b>
Adjustments for:-		
Depreciation of property, plant and equipment	6,846	2,701
(Gain)/loss on disposal of Subsidiary		(3,045)
(Gain)/loss on disposal of property, plant and equipment	3,553	(1,745)
Written-off on:-		
- Property, plant and equipment	3	-
- Trade and other receivables	-	686
Reversal of impairment losses on trade receivable	-	(686)
Interest expense	6,316	25,133
Non-cash and operating items	4,504	(71)
<b>Operating profit before changes in working capital</b>	<b>(2,395)</b>	<b>(32,663)</b>
<b>Changes in working capital:-</b>		
Inventories	(186)	53,053
Land reclamation work in progress	1,738	(1,582)
Trade and other receivables	24,586	(23,419)
Trade and other payables	(20,316)	9,996
Contract Asset	(910)	(40)
Contract Liability	-	8,496
<b>Cash generated from operations</b>	<b>2,517</b>	<b>13,841</b>
Tax paid - net	938	(201)
<b>Net cash generated from operating activities</b>	<b>3,455</b>	<b>13,640</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest and dividend received	4	193
Proceed from disposal of property, plant and equipment	43	-
Placement of short term fund	(2)	-
(Placement)/Withdrawal of deposits charged in favour of the Security Trustee pursuant to RCSB	-	5,508
Advance/ (Repayment) to related party	-	2,309
Purchase of property, plant and equipment	(20)	(126)
Proceeds from disposal of shares in subsidiary	-	2
<b>Net cash used in investing activities</b>	<b>25</b>	<b>7,886</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	12,449	70,537
Repayment of borrowings	(8,922)	(14,588)
Partial redemption of RCSB	-	(71,000)
Interest paid	(5,657)	(5,131)
Repayment of lease liability	(3,438)	(1,009)
<b>Net cash used in financing activities</b>	<b>(5,568)</b>	<b>(21,191)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,088)</b>	<b>335</b>
Cash and cash equivalents at beginning of period	(11,251)	(13,915)
Effects of exchange rate changes	(1,112)	953
<b>Cash and cash equivalents at the end of period</b>	<b>(14,451)</b>	<b>(12,627)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 2021 (CONT'D)**

	<b>Unaudited</b>	<b>Preceding Year</b>
	<b>30-09-2021</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>30-09-2020</b>
		<b>RM'000</b>
<b>Cash and cash equivalents comprise the following:-</b>		
Cash and bank balances	572	1,249
Deposit with licensed bank	24,413	23,830
Bank overdraft	(15,023)	(13,868)
	<u>9,962</u>	<u>11,211</u>
Less: Deposits pledged as collateral	(24,413)	(23,796)
Less: Deposits charged in favour of the Security Trustee pursuant to Redeemable Convertible Secured Bonds	-	(42)
	<u><b>(14,451)</b></u>	<u><b>(12,627)</b></u>

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3<sup>RD</sup>) QUARTER ENDED 30 SEPTEMBER 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:-

<b>Title</b>	<b>Effective Date</b>
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 30 September 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 30 September 2021.

**7. DIVIDENDS PAID**

No dividend was paid during the current quarter ended 30 September 2021.

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## 8. SEGMENTAL REPORTING

The Group's segmental report for the current financial period (9-month cumulative) ended 30 September 2021 as follows:-

	Marine Construction						
	Land Reclamation	Land Disposal	Vessel Chartering	Ship Building	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External-Sales	5,385	19,594	39,978	-	-	-	64,957
Inter-segment sales	10,055	-	-	-	-	(10,055)	-
<b>Total revenue</b>	<b>15,440</b>	<b>19,594</b>	<b>39,978</b>	<b>-</b>	<b>-</b>	<b>(10,055)</b>	<b>64,957</b>
Results							
Segment results	(16,289)	2,959	(3,797)	-	(178)	-	(17,305)
Interest and dividend income	4	-	-	-	-	-	4
Finance costs	(1,898)	-	(1)	-	(4,417)	-	(6,316)
<b>(Loss)/Profit before tax</b>	<b>(18,183)</b>	<b>2,959</b>	<b>(3,798)</b>	<b>-</b>	<b>(4,595)</b>	<b>-</b>	<b>(23,617)</b>
Income tax expense	(187)	(710)	125	-	-	-	(772)
<b>(Loss)/Profit for the period</b>	<b>(18,370)</b>	<b>2,249</b>	<b>(3,673)</b>	<b>-</b>	<b>(4,595)</b>	<b>-</b>	<b>(24,389)</b>
<b>Other information</b>							
• Depreciation	(3,547)		(3,299)	-			(6,846)

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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 30 September 2021.

**10. MATERIAL EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENT**

There were no material events subsequent to the current financial quarter ended 30 September 2021 and up to 24 November 2021, being the latest practicable date (“**LPD**”) which is not earlier than seven (7) days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report, except as disclosed in Note 22 and Note 24.

**11. DEBT AND EQUITY SECURITIES****11.1 Current financial period****11.1.1 Share buyback**

During the current financial period, there is no share buyback by the Company. As at 30 September 2021, 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 30 September 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**

	<b>RM'000</b>
Corporate guarantees given to licensed financial institutions	
For credit facilities granted to subsidiaries	48,421

**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:-

<b>Nature of transactions<sup>(1)</sup></b>	<b>Transaction value based on billings RM'000</b>	<b>Balance outstanding as at 30-09-2021 RM'000</b>
Provision of marine construction works (payment in kind) to companies in which certain directors of the company have substantial financial interest <sup>(2)</sup>	182	46,676 <sup>(3)</sup>
Purchase of vessels from companies in which certain directors of the company have substantial financial interest	-	(44,280)
Provision of marine construction work from a company in which certain directors of the company have substantial financial interest	-	(19)
Rental of office building from personnel in which certain directors of the company have substantial financial interest	(77)	(267)

**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 Third (3rd) Quarter 30-Sep-21 RM'000	Cumulative Third (3rd) Quarter 30-Sep-20 RM'000	Variance	
			RM'000	%
Revenue (LBT)/PBT	64,957 (23,617)	105,611 (55,636)	(40,654) 32,019	(38.49) 57.55

For the cumulative nine (9) months ended 30 September 2021, the Group has recorded a decrease in revenue against the corresponding period for last year by 38.49%. The decrease in revenue was mainly due to land disposal recognition. (Q3'21: RM19.59million; Q3'20: RM39.48 million).

For the cumulative nine (9) months ended 30 September 2021, the Group recorded a LBT of RM23.62 million, representing a decrease of loss approximately RM32.02 million against the corresponding period for last year, mainly attributable by:-

Description	RM'000	Note
Increase in gross profit	27,800	1
Decrease in other operating income	(5,482)	2
Increase in administrative and other expenses	(9,116)	2
Decrease in finance costs	18,817	
<b>Net decrease in LBT</b>	<b>32,019</b>	

**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>Disposal of subsidiary</i>	-	3,287	(3,287)
<i>Amortisation of right-of-use asset</i>	(1,768)	(73)	(1,695)
<i>Gain/loss on disposal of non-current asset</i>	(3,553)	1,745	(5,298)
<i>Loss on Forex - Unrealised</i>	(3,059)	(694)	(2,365)
	<b>(8,380)</b>	<b>4,265</b>	<b>(12,645)</b>

(3) *The decrease in finance cost was mainly due to the bond interest expenses recognised in prior year. (Q3'21: Nil; Q3'20: RM21.63million)*

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

	Current Quarter 30-Sep-21 RM'000	Previous Corresponding Quarter 30-Sep-20 RM'000	Variance	
			RM'000	%
Revenue	9,805	35,210	(25,405)	(72.15)
(LBT)/PBT	(12,114)	(10,811)	(1,303)	(12.05)

For the current quarter under review, the Group has recorded a decrease in revenue by RM25.41 million against the corresponding period for last year. The decrease in revenue was mainly due to less coal affreightment charges in the current quarter. (Q3'21: RM6.44 million; Q3'20: RM28.94 million).

The current quarter recorded a LBT of RM12.11 million, representing an increase of loss of approximately RM1.30 million against the corresponding period for last year, mainly attributable by:-

Description	RM'000	Note
Increase gross profit	7,621	1
Decrease in other operating income	(3,948)	2
Increase in administrative and other expenses	(7,469)	2
Decrease in finance costs	2,585	3
<b>Net Increase in LBT</b>	<b>(1,211)</b>	

**Notes:-**

- (1) *The increase in 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>Disposal of subsidiary</i>	-	3,287	(3,287)
<i>Amortisation of right-of-use asset</i>	(586)	-	(586)
<i>Gain/loss on disposal of non-current asset</i>	(3,566)	31	(3,597)
<i>Loss on Forex - Unrealised</i>	(676)	2,869	(3,545)
	<b>(4,828)</b>	<b>6,187</b>	<b>(11,015)</b>

- (3) *The decrease in finance cost was mainly due to the bond interest expenses recognised in prior year. (Q3'21: Nil ; Q3'20: RM2.97million)*

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

	Current Third (3rd) Quarter 30-Sep-21 RM'000	Previous Second (2nd) Quarter 30-Jun-21 RM'000	Variance	
			RM'000	%
Revenue	9,805	23,937	(14,132)	(59.04)
(LBT)/PBT	(12,114)	(2,964)	(9,150)	308.70

For the current quarter under review, in comparison with the preceding quarter, the Group registered a decrease in revenue of approximately RM14.13 million. The decrease in revenue was mainly due to land disposal recognition. (Q3'21: NIL; Q2'21: RM19.59 million).

The Group registered an increase of LBT by RM9.15 million, mainly attributable by:-

Description	RM'000	Note
Decrease gross profit	(6,446)	1
Increase in other operating income	58	2
Increase in administrative and other expenses	(2,290)	2
Increase in finance costs	(380)	
<b>Net decrease in LBT</b>	<b>(9,058)</b>	

**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>Gain/loss on disposal of non-current asset</i>	(3,534)	13	(3,547)
<i>Amortisation of right-of-use asset</i>	(586)	(1,075)	489
<i>Gain on Forex - Realised</i>	288	6	282
	<u>(3,832)</u>	<u>(1,056)</u>	<u>(2,776)</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 RM63.53million, as well as Sale & Purchase Agreements ("Land Sale SPAs") already signed of approximately RM14.67million, will ensure the Group has a stable stream of revenue of approximately RM78.2million 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.

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

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

## 19. PROFIT FORECAST AND PROFIT GUARANTEE

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



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

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

	<b>Current Quarter</b>	<b>Year-To-Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Other income including investment income	457	1,979
Interest expenses	(2,374)	(6,316)
Depreciation of property, plant and equipment	(2,212)	(6,846)
Depreciation of right-of-use assets	(586)	(1,768)
Unrealised exchange gain/ (loss) - net	(653)	(2,736)
Realised exchange gain/(loss) - net	288	414
Gain/(Loss) on disposal of property, plant and equipment	(3,566)	(3,553)
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A
Interest income	N/A	N/A
Write-off on property, plant and equipment	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
Impairment of asset	N/A	N/A

**Note:**

N/A = Not applicable.

**21. TAXATION**

	<b>Current Quarter</b>	<b>Year-To-Date</b>
	<b>RM'000</b>	<b>RM'000</b>
Over/ (Under) provision in prior year		
- Income tax	-	-
- Deferred tax	-	-
Current year provision		
- Income tax	655	(772)
- Deferred tax	-	-
	<u>655</u>	<u>(772)</u>
Effective tax rate (%)	<u>-</u>	<u>-</u>
LBT	(12,114)	(23,617)

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## 22. BORROWINGS

The Group's borrowings as at 30 September 2021 presented as follows:-

	<b>RM'000</b>
<b>Long Term Borrowings</b>	
Secured:-	
• Hire purchase and lease creditors	-
• Term loans	64,669
	<u>64,669</u>
	<b>RM'000</b>
<b>Short Term Borrowings</b>	
Secured:-	
• Term loans	1,807
• Revolving Credit	15,100
• Hire purchase and lease creditors	-
• Trust receipt	533
• Invoice financing	2,968
• Bank Overdraft	15,023
	<u>35,431</u>
<b>(1) Total</b>	<b><u>100,100</u></b>

**Note:-**

(1) The borrowings are denominated in Ringgit Malaysia.

## 23. 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.

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

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

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

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

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 10 December 2021 as the written grounds of judgement from High Court was received on 25 October 2021.

### 24. DIVIDEND

The Board does not recommend any interim dividend for the current period ended 30 September 2021.

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## 25. EARNINGS PER SHARE (“EPS”)

### 25.1 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 30-09-2021	Ended 30-09-2020	Ended 30-09-2021	Ended 30-09-2020
Net profit attributable to equity holders of the parent for the period (RM'000)	(11,185)	(10,852)	(23,391)	(55,048)
Weighted average number of ordinary shares ('000)	849,087	849,087	849,087	849,087
Basic EPS (sen)	<b>(1.32)</b>	<b>(1.28)</b>	<b>(2.75)</b>	<b>(6.48)</b>

### 25.2 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 30-09-2021	Ended 30-09-2020	Ended 30-09-2021	Ended 30-09-2020
Net profit attributable to equity holders of the parent for the period (RM'000)	(11,185)	(10,852)	(23,391)	(55,048)
Weighted average number of ordinary shares applicable to diluted earnings per ordinary share ('000)	<b>849,087</b>	849,087	<b>849,087</b>	849,087
Diluted EPS (sen)	<b>(1.32)</b>	<b>(1.28)</b>	<b>(2.75)</b>	<b>(6.48)</b>

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