



**MARINE & GENERAL**  
BERHAD

**MARINE & GENERAL BERHAD**  
(Registration No. 199601033545 (405897-V))

**INTERIM RESULT FOR THE PERIOD ENDED**  
**31 JULY 2020 (Q1 2021)**

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**MARINE & GENERAL BERHAD (Registration No. 199601033543 (405897-V))**  
**(Incorporated in Malaysia)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2020**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Notes	Current Year Quarter 31-Jul-20 RM'000	Preceding Year Corresponding Quarter 31-Jul-19 RM'000
<b>Revenue</b>		<b>55,289</b>	53,508
Direct costs		<b>(58,984)</b>	(48,037)
Gross (loss)/profit		<b>(3,695)</b>	5,471
Other income		<b>13</b>	4
Other item of expenses:			
Administrative expenses		<b>(5,448)</b>	<b>(4,851)</b>
Other expenses		<b>(703)</b>	<b>(36)</b>
		<b>(6,151)</b>	(4,887)
<b>EBIT</b>		<b>(9,833)</b>	588
Finance income	A7	293	1,001
Finance cost	A7	(9,624)	(14,513)
Net finance cost		<b>(9,331)</b>	(13,512)
<b>Loss before taxation</b>		<b>(19,164)</b>	<b>(12,924)</b>
Taxation	A8	(2)	(91)
<b>Loss after taxation</b>		<b>(19,166)</b>	<b>(13,015)</b>
<b>Other comprehensive income, net of tax</b>			
<b>Items that are or may be reclassified</b>			
<b>    subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations		(714)	(83)
<b>Total comprehensive expenses for the period</b>		<b>(19,880)</b>	<b>(13,098)</b>
<b>Net loss attributable to:</b>			
Owners of the parent		<b>(14,973)</b>	<b>(8,434)</b>
Non-controlling interests		<b>(4,193)</b>	<b>(4,581)</b>
		<b>(19,166)</b>	<b>(13,015)</b>
<b>Total comprehensive expenses attributable to:</b>			
Owners of the parent		<b>(15,696)</b>	<b>(8,517)</b>
Non-controlling interests		<b>(4,184)</b>	<b>(4,581)</b>
		<b>(19,880)</b>	<b>(13,098)</b>
<b>Loss per share (sen)</b>			
- basic	A9	<b>(2.07)</b>	<b>(1.17)</b>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.

**MARINE & GENERAL BERHAD (Registration No. 199601033543 (405897-V))**  
**(Incorporated in Malaysia)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2020**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Notes	31-Jul-20 RM'000	Audited 30-Apr-20 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, vessels and equipment		813,311	829,139
Right-of-use assets		3,872	4,135
		<u>817,183</u>	<u>833,274</u>
<b>Current assets</b>			
Inventories		7,059	7,043
Other investments	A11	32,147	38,683
Trade and other receivables	A12	38,790	40,474
Tax recoverable		1,486	1,442
Cash and bank balances	A13	39,244	38,662
		<u>118,726</u>	<u>126,304</u>
<b>Total assets</b>		<u>935,909</u>	<u>959,578</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	A14	270,003	270,003
Reverse acquisition deficit		(92,791)	(92,791)
Translation reserve		(2,888)	(2,174)
Accumulated losses		(148,192)	(133,219)
		<u>26,132</u>	<u>41,819</u>
Non-controlling interests		(102,364)	(117,077)
<b>Total equity</b>		<u>(76,232)</u>	<u>(75,258)</u>
<b>Non-current liabilities</b>			
Loans and borrowings	A15	771,756	16,994
Lease liabilities		3,192	3,085
Deferred tax liability		249	253
		<u>775,197</u>	<u>20,332</u>
<b>Current liabilities</b>			
Loans and borrowings	A15	185,331	943,476
Lease liabilities		1,058	1,004
Trade and other payables	A16	50,281	69,748
Provision for taxation		274	276
		<u>236,944</u>	<u>1,014,504</u>
<b>Total liabilities</b>		<u>1,012,141</u>	<u>1,034,836</u>
<b>Total equity and liabilities</b>		<u>935,909</u>	<u>959,578</u>
<b>Net assets per share attributable to equity holders of the Company (sen)</b>			
		<u>3.61</u>	<u>5.78</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.

**MARINE & GENERAL BERHAD (Registration No. 199601033543 (405897-V))**  
**Incorporated in Malaysia**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2020**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	← Attributable to equity holders of the Company →					Total RM'000
	← Non-distributable →			Distributable		
	Share capital RM'000	Reverse acquisition deficit RM'000	Translation reserve RM'000	Accumulated losses RM'000	Non- Controlling interests RM'000	
<b>At 1 May 2020</b>	270,003	(92,791)	(2,174)	(133,219)	(117,077)	(75,258)
Foreign currency translation differences for foreign operations	-	-	(714)	-	-	(714)
Loss for the period	-	-	-	(14,973)	(4,193)	(19,166)
Total comprehensive expenses for the period	-	-	(714)	(14,973)	(4,193)	(19,880)
Changes in ownership interests in a subsidiary	-	-	-	-	(2,935)	(2,935)
Deemed disposal of subsidiary	-	-	-	-	21,841	21,841
<b>At 31 July 2020</b>	270,003	(92,791)	(2,888)	(148,192)	(102,364)	(76,232)
<b>At 1 May 2019</b>	270,003	(92,791)	(2,223)	(83,587)	(100,295)	(8,893)
Foreign currency translation differences for foreign operations	-	-	49	-	(50)	(1)
Loss for the period	-	-	-	(49,632)	(16,732)	(66,364)
Total comprehensive income/(expenses) for the period	-	-	49	(49,632)	(16,782)	(66,365)
<b>At 30 April 2020</b>	270,003	(92,791)	(2,174)	(133,219)	(117,077)	(75,258)

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.

**MARINE & GENERAL BERHAD (Registration No. 199601033543 (405897-V))**  
**(Incorporated in Malaysia)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2020**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	31-Jul-20	31-Jul-19
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collection of revenue	55,794	52,527
Collection of other income	293	1,104
	<u>56,087</u>	<u>53,631</u>
Payment of expenses	(42,752)	(36,501)
Net tax recovered	(23)	2,194
Net cash generated from operating activities	<u>13,312</u>	<u>19,324</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption of deposit and cash management fund	6,536	24,993
Acquisition of non-controlling interest	(3,376)	-
Purchase of property, vessels and equipment	(3,214)	(9,739)
Net cash used in investing activities	<u>(54)</u>	<u>15,254</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(3,312)	(17,191)
Payment of finance costs	(9,173)	(6,953)
Payment of leases	(191)	-
Net cash generated from financing activities	<u>(12,676)</u>	<u>(24,144)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>582</b>	<b>10,434</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<u><b>38,662</b></u>	<u><b>25,397</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u><b>39,244</b></u>	<u><b>35,831</b></u>

**(a) Cash and cash equivalents**

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	31-Jul-20	31-Jul-19
	RM'000	RM'000
Cash and bank balances	31,502	28,557
Deposits with licensed financial institutions	7,742	7,274
	<u>39,244</u>	<u>35,831</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 April 2020 and the accompanying explanatory notes attached to the interim financial statements.

## **PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

### **A1. BASIS OF PREPARATION**

The unaudited condensed consolidated financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 April 2020.

The accounting policies adopted are consistent with those of the previous financial period except for the adoption of new and amended standards as set out below:

#### **a. New and amended standards adopted by the Group**

A number of new and amended standards have become applicable for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

#### **b. Standards issued but not yet effective**

At the date of authorisation of this financial statement, the following MFRS and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:

<b>MFRSs, Interpretations and amendments to MFRS</b>	<b>Effective date</b>
▪ Amendments to MFRS 3, <i>Business Combinations – Definition of a Business</i>	1 January 2020
▪ Amendments to MFRS 101, <i>Presentations of Financial Statements</i> and MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material</i>	1 January 2020
▪ Amendments to MFRS 9, <i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> and MFRS 7, <i>Financial Instruments: Disclosures – Interest Rate Benchmark Reform</i>	1 January 2020
▪ Amendment to MFRS 16, <i>Leases – Covid-19 – Related Rent Concessions</i>	1 June 2020
▪ Amendments to MFRS 3, <i>Business Combinations – Reference to the Conceptual Framework</i>	1 January 2022

## A1. BASIS OF PREPARATION (CONTINUED)

### b. Standards issued but not yet effective (continued)

MFRSs, Interpretations and amendments to MFRS	Effective date
▪ Amendments to MFRS 9, <i>Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)</i>	1 January 2022
▪ Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018–2020)</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>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
▪ Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</i>	1 January 2023
▪ Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be confirmed

The Group are expected to apply the above pronouncements beginning from the respective dates the pronouncements become effective. The Group is currently assessing the impact of adopting the pronouncements.

## A2. CORPORATE INFORMATION

Marine & General Berhad is a public limited liability company incorporated and domiciled in Malaysia and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 22 September 2020.

## A3. CHANGES IN ESTIMATES

There were no changes in estimates of amounts that would have material effect in the current period.

## A4. CHANGES IN THE COMPOSITION OF THE GROUP

Except as disclosed in note A21, there has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

## A5. SEGMENT INFORMATION

	Marine Logistics - Upstream		Marine Logistics - Downstream		Investment Holding and Others		Adjustments		Total	
	31-Jul-20	31-Jul-19	31-Jul-20	31-Jul-19	31-Jul-20	31-Jul-19	31-Jul-20	31-Jul-19	31-Jul-20	31-Jul-19
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>3-month results</b>										
<b>Revenue</b>										
External customers	38,555	40,392	16,734	13,116	-	-	-	-	55,289	53,508
Inter-segment	-	-	-	-	44	-	(44)	-	-	-
<b>Total revenue</b>	<b>38,555</b>	<b>40,392</b>	<b>16,734</b>	<b>13,116</b>	<b>44</b>	<b>-</b>	<b>(44)</b>	<b>-</b>	<b>55,289</b>	<b>53,508</b>
<b>Segment (loss)/profit before taxation</b>										
	<b>(12,445)</b>	<b>(14,333)</b>	<b>(5,753)</b>	<b>1,894</b>	<b>(994)</b>	<b>(485)</b>	<b>28</b>	<b>-</b>	<b>(19,164)</b>	<b>(12,924)</b>
<b>Segment assets</b>										
	<b>689,745</b>	<b>737,796</b>	<b>15,155</b>	<b>186,044</b>	<b>187,937</b>	<b>263,272</b>	<b>43,072</b>	<b>(166,539)</b>	<b>935,909</b>	<b>1,020,573</b>
<b>Segment liabilities</b>										
	<b>1,102,911</b>	<b>1,095,912</b>	<b>206,155</b>	<b>187,260</b>	<b>3,710</b>	<b>3,536</b>	<b>(300,635)</b>	<b>(244,144)</b>	<b>1,012,141</b>	<b>1,042,564</b>

## A6. SEASONAL OR CYCLICAL FACTORS

The Group's operations are not subject to any significant seasonal or cyclical factors.



## A7. LOSS BEFORE TAX

Included in the loss before tax are the following items:

	<b>Current Year Quarter 31-Jul-20 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Jul-19 RM'000</b>
Finance income	293	1,001
Finance costs	(9,623)	(14,513)
Depreciation of property, vessel and equipment	(18,481)	(18,427)
Amortisation of vessels dry-docking	(3,071)	(1,319)
Depreciaton of right-of-use assets	(484)	-
Rental expenses	-	(146)
Net foreign exchange loss	<u>(2)</u>	<u>(56)</u>

## A8. INCOME TAX

	<b>Current Year Quarter 31-Jul-20 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Jul-19 RM'000</b>
<b>Current period tax charge:</b>		
Malaysian income tax	<u>2</u>	<u>91</u>

The effective tax rates of certain subsidiaries differ from the Malaysian statutory tax rate as subsidiaries incorporated in Labuan under the Offshore Companies Act, 1990 are taxed at the rate of 3% of their profit before taxation in accordance with the Labuan Offshore Business Activity Tax Act, 1990.

## A9. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing loss for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period, excluding employee trust shares held by the Company.

The following reflect the loss and share data used in the computation of basic loss per share:

	<b>Current Year Quarter 31-Jul-20</b>	<b>Preceding Year Corresponding Quarter 31-Jul-19</b>
<b>Basic loss per share:</b>		
Loss net of tax attributable to owners of the parent (RM'000)	(14,982)	(8,434)
Weighted average number of ordinary shares in issue ('000)	723,879	723,879
<b>Basic loss per share (sen)</b>	<u>(2.07)</u>	<u>(1.17)</u>

## A10. VALUATION OF PROPERTY, VESSELS AND EQUIPMENT

There is no valuation of property, vessels and equipment brought forward from the previous audited financial statements, as the Group does not adopt a revaluation policy on property, vessels and equipment.

## A11. OTHER INVESTMENTS

	<b>31-Jul-20 RM'000</b>	<b>30-Apr-20 RM'000</b>
Financial assets at fair value through profit or loss	<u>32,147</u>	<u>38,683</u>

The financial assets at fair value through profit or loss represent investments in short-term money market instruments.

## A12. TRADE AND OTHER RECEIVABLES (CONTINUED)

	<b>31-Jul-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	26,482	26,988
Other receivables	12,308	13,486
	<u>38,790</u>	<u>40,474</u>

The ageing analysis of the trade receivables is as follows:

	<b>31-Jul-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Current (not past due)	25,027	17,150
1 - 30 days past due	1,135	8,121
31 - 90 days past due	908	803
Past due more than 90 days	1,935	4,223
	<u>29,005</u>	<u>30,297</u>
Allowance for impairment loss	(2,523)	(3,309)
	<u>26,482</u>	<u>26,988</u>

The Group's normal trade credit terms for trade receivables is 30 days. Other credit terms are assessed and approved on case-to-case basis.

## A13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following amounts:

	<b>31-Jul-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	31,502	30,905
Deposits placed with licensed bank	7,742	7,757
Total cash and cash equivalents	<u>39,244</u>	<u>38,662</u>

Included in the deposits placed with licensed financial institutions is RM1,686,000 (30 April 2020: RM1,686,000) pledged for banking facilities granted to subsidiaries.

## A14. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

During the period under review, there was no issuance, cancellation, repurchase, or resale of equity securities.

#### **A15. GROUP BORROWINGS AND DEBT SECURITIES**

Group borrowings and debt securities as at the end of the reporting period are as follows:

	<b>31-Jul-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Secured short-term borrowings:		
Term loans	170,035	927,905
Revolving credits	15,296	15,571
Total short term borrowings	<u>185,331</u>	<u>943,476</u>
Secured long-term borrowings:		
Term loans	771,756	16,994
Total long term borrowings	<u>771,756</u>	<u>16,994</u>
Total borrowings	<u>957,087</u>	<u>960,470</u>

#### **Proposed Debt Restructuring Scheme**

In the prior year, the Group has reclassified total term loans and borrowings of approximately RM735 million from non-current liabilities to current liabilities as the PDRS has not been completed as at 30 April 2020. Total carrying amounts of loans and borrowings is approximately RM891 million.

As stated in Note B5.a, the Group has completed the PDRS with the respective lenders and the new term loans will be effective from 13 August 2020.

#### **A16. TRADE AND OTHER PAYABLES**

	<b>31-Jul-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables	29,655	32,165
Accruals and other payables	20,626	37,583
	<u>50,281</u>	<u>69,748</u>

#### **A17. DEBT AND EQUITY SECURITIES**

The Group did not undertake any issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period under review.

#### **A18. DIVIDENDS**

No dividends have been proposed or paid in the financial period under review.

## A19. COMMITMENTS

	<b>31-Jul-21</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Capital expenditure</b>		
Approved and contracted for:		
Property, vessel and equipment	<u>28,093</u>	<u>22,667</u>
Approved but not contracted for:		
Property, vessels and equipment	<u>36,280</u>	<u>10,264</u>

## A20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities of the Group comprise the followings:

	<b>31-Jul-21</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Litigation (unsecured)	(a) <u>17,800</u>	<u>17,800</u>

- (a) Pursuant to the disposal of SILK to PNB, the Company has agreed to indemnify PNB against all losses, costs, expenses, damages, claims and liabilities which may arise from the dispute between SILK and the landowners regarding the quantum of compensation payable for the compulsory acquisition of land falling under the Kajang Traffic Dispersal Ring Road ("Expressway") that was undertaken by SILK pursuant to the Concession Agreement.

In the SILK's funded stretch, there are 240 cases with claims amounting to RM503.7 million. Out of the 240 cases, 239 cases have been resolved and 1 case with claims of RM17.8 million is still pending Court hearing.

Pursuant to the Turnkey Contract dated 31 July 2001 between SILK and Sunway Construction Sdn. Bhd. ("SCSB"), the amount payable by SILK to SCSB for the land use payments (including expenses and charges incurred by SCSB for the acquisition of land and for removal or resettling of squatters or other occupants on the Expressway) has been contracted at a ceiling amount of RM215 million. Any further amounts that may be awarded by the Court beyond RM215 million will therefore be borne by SCSB.

Based on external legal advice, the Directors have concluded that it is unlikely that the Group and the Company will suffer an economic outflow from this legal case. Therefore, no provision related to this case is made in the financial statements.

## **A21. SIGNIFICANT EVENTS**

### **a. Acquisition of the remaining 30% equity interest in TKH Marine (L) Ltd (“TKH”) (“Acquisition”)**

On 17 July 2020, M&G Tankers Sdn. Bhd. (“MGTSB”) entered into a sale and purchase agreement with Teng Keng Han for the acquisition of the remaining 30% equity interest in TKH for a purchase consideration of USD800,000 (approximately RM3.5 million). MGTSB is a wholly owned subsidiary of M&G Marine Logistics Holdings Sdn. Bhd. (“MGMLH”), which in turn is a wholly owned subsidiary of the Company.

The Acquisition of shares in TKH was completed on 30 July 2020. Following the completion of the Acquisition, TKH is now an indirect wholly owned subsidiary of the Company.

### **b. Disposal of 40% equity interest in M&G Sutera 8 Sdn. Bhd. (“MGS8”) by M&G Marine Logistics Holding Sdn. Bhd. (“MGMLH”), a wholly owned subsidiary of Marine & General Berhad (“MGB”) (“Disposal”)**

On 20 July 2020, MGMLH, a wholly owned subsidiary of the Company entered into a subscription agreement (“Subscription Agreement”) with Muhibbah Engineering (M) Bhd. (“MEB”) where MEB will subscribe 40% equity interest in MGS8, for a consideration of RM21.8 million.

MGS8 was a wholly owned subsidiary of MGMLH, and accordingly, is a wholly owned subsidiary of the Company. As such, upon completion of the Subscription Agreement, the Company is deemed to have disposed 40% of its equity interest in MGS8.

The Disposal of 40% equity interest in MGS8 was completed on 30 July 2020. Following the completion of the Disposal, MGS8 is now a 60% owned subsidiary of MGMLH which in turn is a direct wholly owned subsidiary of the Company.

## **A22. UNUSUAL ITEMS**

There were no items affecting assets, liabilities, equity, net income, or cash flow that were unusual because of their nature, size and incidence in the current period.

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN BOARD LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. REVIEW OF PERFORMANCE**

The Group performance for the period under review is as follows:

	<b>Current Year Quarter 31-Jul-20 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Jul-19 RM'000</b>	<b>Variiances RM'000</b>	<b>Change %</b>
Revenue	55,289	53,508	1,781	3.3%
Operating (loss)/profit	(3,695)	5,471	(9,166)	(167.5%)
(Loss)/profit before interest and taxation	(9,833)	588	(10,421)	*
Loss before taxation	(19,164)	(12,924)	(6,240)	48.3%
Loss after taxation	(19,166)	(13,015)	(6,151)	47.3%
Loss attributable to ordinary equity holders of the parent	(14,973)	(8,434)	(6,539)	77.5%
<b>Fleet utilisation:</b>				
Marine Logistics - Upstream Division	69%	69%		
Marine Logistics - Downstream Division	73%	74%		

During the period, the Group recorded RM55.3 million revenue, a 3% improvement from the preceding year corresponding quarter. The increase is in line with the deployment of two (2) new tankers from Downstream Division on their maiden voyage charters.

The Upstream Division continued as the main revenue contributor, generating 70% of the Group revenue, while the Downstream Division generated the balance 30%.

Division	No. of vessels deployed		Revenue contribution			
	Current year	Preceding year	Current year	Preceding year	Current year	Preceding year
	quarter	corresponding quarter	quarter	corresponding quarter	quarter	corresponding quarter
	31-Jul-20	31-Jul-19	31-Jul-20	31-Jul-19	31-Jul-20	31-Jul-19
			RM'000	RM'000	%	%
Upstream	20	21	38,555	40,392	70%	75%
Downstream	7	5	16,734	13,116	30%	25%
	27	26	55,289	53,508	100%	100%

During the period, the Group recorded RM19.2 million loss before taxation, an increase from the loss of RM12.9 million recorded in the preceding year corresponding quarter. The higher loss recorded was mainly due to reduced operating margin in the current quarter as Covid-19 pandemic continued to adversely affect the demand for oil. Additionally, the Group also incurred higher direct operating expenses, principally fuel, port and agency fees in line with the commencement of operation of two (2) Downstream Division's tankers subsequent to the preceding year corresponding quarter.

## B1. REVIEW OF PERFORMANCE (CONTINUED)

### i. Marine Logistics – Upstream Division

	Current Year Quarter 31-Jul-20 RM'000	Preceding Year Corresponding Quarter 31-Jul-19 RM'000	Change
Revenue	38,555	40,392	(4.5%)
Loss before taxation	(12,445)	(14,333)	(13.2%)

During the quarter, the Division recorded a revenue of RM38.6 million, representing 4.5% lower revenue than the preceding year corresponding quarter.

Despite maintaining the same fleet utilisation level of 69% for both quarters, the Upstream Division recorded marginally lower revenue as charter rates were subject to increased pressure from the softening demand for oil as a result of the continuing Covid-19 pandemic.

Nevertheless, the Division has successfully restructured its borrowings, which will bring more flexibility in its financial operation. The restructuring has eased the Division's financial obligations having extended the tenure to up to ten years. In line with improvements in the operating environment and its borrowings, the Division recorded a lower loss before taxation of RM12.4 million for the current period.

### ii. Marine Logistics – Downstream Division

	Current Year Quarter 31-Jul-20 RM'000	Preceding Year Corresponding Quarter 31-Jul-19 RM'000	Change
Revenue	16,734	13,116	27.6%
Loss before taxation	(5,753)	1,894	*

During the current quarter, the Division recorded a revenue of RM16.7 million, 28% higher than the preceding year corresponding quarter with the deployment of two (2) new tankers on voyage charter during the period.

The Division recorded RM5.8 million loss before taxation for the current quarter in line with lower charter rates due to softening demand for oil and consequently the tankers transporting the oil, as a result of the continuing Covid-19 pandemic. Additionally, the Downstream Division also incurred additional operating expenditures in line with the commencement of two (2) new vessels subsequent to the preceding year corresponding quarter.



**B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING PERIOD**

	Current Year Quarter 31-Jul-20 RM'000	Preceding period 30-Apr-20 RM'000	Change
Revenue	55,289	54,869	0.8%
Operating (loss)/profit	(3,695)	(5,809)	(36.4%)
Loss before interest and taxation	(9,833)	(9,445)	4.1%
Loss before taxation	(19,164)	(23,779)	(19.4%)
Loss after taxation	(19,166)	(24,032)	(20.2%)
Loss attributable to ordinary equity holders of the parent	(14,973)	(17,307)	(13.5%)

**a. Revenue**

	Current Year Quarter 31-Jul-20 RM'000	Preceding period 30-Apr-20 RM'000	Change
<b>Revenue</b>			
Marine Logistics - Upstream Division	38,555	40,970	(5.9%)
Marine Logistics - Downstream Division	16,733	13,899	20.4%
	<u>55,288</u>	<u>54,869</u>	0.8%
<b>Fleet utilisation</b>			
Marine Logistics - Upstream Division	69%	72%	
Marine Logistics - Downstream Division	<u>73%</u>	<u>71%</u>	

The Group recorded a revenue of RM55.3 million for the quarter ended 31 July 2020 (“Q1 2021”), in line with the preceding period (“Q4 2020”).

**b. Loss before taxation**

	Current Period 31-Jul-20 RM'000	Preceding period 30-Apr-20 RM'000	Variances RM'000	Change
<b>Loss before taxation</b>				
Marine Logistics - Upstream Division	(12,445)	(21,050)	8,605	(40.9%)
Marine Logistics - Downstream Division	(5,753)	(1,912)	(3,841)	200.9%
Investment Holding and Others	(994)	(54,749)	53,755	(98.2%)
Adjustment	28	53,932	(53,904)	(99.9%)
	<u>(19,164)</u>	<u>(23,779)</u>	4,615	(19.4%)

During the current period, the Group recorded RM19.2 million loss before taxation, a decrease of 19% from the loss recorded in the immediate preceding quarter.

**B2. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING PERIOD (CONTINUED)**

**b. Loss before taxation (continued)**

The Upstream Division recorded lower loss before taxation of RM12.4 million than the loss of RM21.1 million recorded in the immediate preceding quarter. Besides reducing its finance costs by RM4.5 million following the implementation of its debt restructuring in May 2020, the Division also incurred non-recurring RM5 million adjustment for marine gas oil and stocks consumption in the immediate preceding quarter.

On the other hand, the Downstream Division recorded RM5.8 million loss before taxation during the current quarter as compared to loss before taxation of RM1.9 million in the immediate preceding quarter mainly due to recognition of higher operating costs following the addition of a new tanker to the fleet during the quarter.

**B3. PROSPECTS**

The Upstream Marine Logistics Division charters out offshore support vessels for use by the oil majors in their exploration and production activities whilst the Downstream Marine Logistics Division charters out liquid bulk carriers significantly to petrochemical industry, and to a lesser extent, to oleochemical industry.

In view of the above, the Board expects the Group's business operation to be significantly affected by the outlook of the oil and gas industry, which is expected to continue to be challenging arising from a combination of severe shrinking demand of oil due to the continuing Covid-19 pandemic and global oil supply glut.

Operationally, the declining demand for oil is expected to persist until the second half of 2021 or until vaccine for Covid-19 is found, as international borders remain closed and global economy is still in weak footing. This is further exacerbated by the uncertain outlook for compliance of Opec+ towards the oil production cut agreement and the continuing demand for clean energy.

Hence, we expect a reduction in charter rates and vessel utilisation as charterers negotiate for termination and / or suspension of contracts.

Nevertheless, following the completion of the debt restructuring of Jasa Merin (Malaysia) Sdn Bhd, the main operating subsidiary of the Upstream Division, on terms that are more sustainable in the face of the challenging period in the oil and gas industry, the Division will be better positioned in the segment and improve its underlying viability going forward.

### **B3. PROSPECTS (CONTINUED)**

Further, in June 2020, the Downstream Division took delivery of a new chemical tanker, bringing its total fleet to 7 tankers comprising 4 chemical tankers and 3 clean petroleum product tankers. The additional tanker capacity was earlier planned in anticipation of potential business opportunities created by the Pengerang Integrated Petroleum Complex and will put the Group in good stead upon recovery of the industry.

The gradual re-opening of business in the country as well as similar re-openings in our key trading partners such as China offers hope of recovery next year.

The Board however, remains cautious on the current financial year prospects amidst the continuing global economic uncertainty and its impact on the oil and gas industry.

### **B4. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST**

The Group has not issued any profit forecast for the current financial period and therefore, no comparison is available.

### **B5. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

#### **a. Issuance of RM150 million irredeemable preference shares by Jasa Merin (Malaysia) Sdn. Bhd. ("JMM") to its Lenders**

On 13 August 2020, Jasa Merin (Malaysia) Sdn Bhd ("JMM") completed the issuance of RM150 million irredeemable preference shares ("JMM PS") to Affin Bank Bhd ("ABB"), Bank Pembangunan Malaysia Bhd ("BPMB") and Maybank Islamic Bank ("MIB") [collectively "Lenders"] as part of its debt restructuring exercise agreed under the CDRC assisted mediation process.

The issuance of JMM PS, which was approved by the shareholders of the Company at an Extraordinary General Meeting ("EGM") held on 31 December 2019, is part of the overall effort undertaken by M&G to restructure the outstanding amounts of JMM due to its Lenders. The debt restructuring mediated between JMM and its Lenders under the auspices of the Corporate Debt Restructuring Committee, involves the following:

- Upfront payment to the Lenders of RM50 million;
- Settlement of the outstanding amounts amounting to RM150 million via the issuance of the JMM PS; and
- Granting to JMM and its affected subsidiaries additional time to settle the balance outstanding amount of RM728 million by way of a term financing.

## **B5. STATUS OF CORPORATE PROPOSALS ANNOUNCED (CONTINUED)**

### **a. Issuance of RM150 million irredeemable preference shares by Jasa Merin (Malaysia) Sdn. Bhd. (“JMM”) to its Lenders (continued)**

This issuance of the JMM PS reduces the indebtedness of the JMM and its subsidiaries to its Lenders by RM150 million, resulting in interest savings of RM7.65 million per annum based on the effective interest rate of the term financing of 5.1% per annum and gain arising from modification of financial liabilities which will improve the net assets of the Group.

The Group is currently assessing the financial impact of the gain arising from the modification of financial liabilities due to the complexity of the accounting treatment.

### **b. Subscription of 132,934,501 new cumulative non-convertible redeemable preference shares in JMM**

On 13 August 2020, the Company has completed the subscription of 132,934,501 new cumulative non-convertible redeemable preference shares (“CN-RPS”) in JMM.

The subscription of the CN-RPS is undertaken to capitalise the amount owing by JMM to the Company, which would reduce JMM’s debt without any cash outflow, preserving its cash resources for other purposes, such as working capital requirements. Further, the capitalisation of the amount owing to the Company will increase JMM’s capital base, which is expected to place JMM and its subsidiaries on a stronger footing.

## **B6. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no financial instruments with off balance sheet risks as at the date of issue of the report.

## **B7. REALISED AND UNREALISED PROFITS OF THE GROUP**

	<b>31-Jul-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- realised loss	(466,213)	(451,156)
Less consolidated adjustment	<u>318,021</u>	<u>317,937</u>
Total Group retained profits as per consolidated accounts	<u>(148,192)</u>	<u>(133,219)</u>

**B8. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report on the Group's financial statements for the period ended 30 April 2020 was not subject to any qualification.

**BY ORDER OF THE BOARD  
SECRETARIES**