



**MARINE & GENERAL**  
BERHAD

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

**INTERIM RESULT FOR THE PERIOD ENDED**  
**31 OCTOBER 2020 (Q2 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 OCTOBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Notes	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding	To Date	Corresponding
		31-Oct-20	Quarter	31-Oct-20	Period
		RM'000	31-Oct-19	RM'000	31-Oct-19
		RM'000	RM'000		
<b>Revenue</b>		<b>47,565</b>	54,842	<b>102,854</b>	108,351
Direct costs		<b>(56,984)</b>	(54,869)	<b>(115,968)</b>	(102,905)
Gross (loss)/profit		<b>(9,419)</b>	(27)	<b>(13,114)</b>	5,446
Other income		<b>259</b>	22	<b>272</b>	106
Other item of expenses:					
Administrative expenses		<b>(4,872)</b>	(4,685)	<b>(10,319)</b>	(9,538)
Other expenses		<b>(298)</b>	(796)	<b>(1,001)</b>	(910)
		<b>(5,170)</b>	(5,481)	<b>(11,320)</b>	(10,448)
<b>EBIT</b>		<b>(14,330)</b>	(5,486)	<b>(24,162)</b>	(4,896)
Finance income	A7	<b>213</b>	711	<b>505</b>	1,711
Finance cost	A7	<b>(9,705)</b>	(10,690)	<b>(19,329)</b>	(25,203)
Net finance cost		<b>(9,492)</b>	(9,979)	<b>(18,824)</b>	(23,492)
<b>Loss from operation</b>		<b>(23,822)</b>	(15,465)	<b>(42,986)</b>	(28,388)
Gain on restructuring of debts	A8	<b>106,829</b>	-	<b>106,829</b>	-
<b>Profit/(Loss) before taxation</b>		<b>83,007</b>	(15,465)	<b>63,843</b>	(28,388)
Taxation	A9	<b>(53)</b>	49	<b>(56)</b>	(41)
<b>Profit/(Loss) after taxation</b>		<b>82,954</b>	(15,416)	<b>63,787</b>	(28,429)

**MARINE & GENERAL BERHAD** (Registration No. 199601033543 (405897-V))

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Notes	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Oct-20 RM'000	Preceding Year Corresponding Quarter 31-Oct-19 RM'000	Current Year To Date 31-Oct-20 RM'000	Preceding Year Corresponding Period 31-Oct-19 RM'000
<b>Other comprehensive income, net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		1,714	1,922	1,000	1,839
<b>Total comprehensive income/(expenses) for the period</b>		<b>84,668</b>	<b>(13,494)</b>	<b>64,787</b>	<b>(26,590)</b>
<b>Net profit/(loss) attributable to:</b>					
Owners of the parent		56,065	(12,149)	41,082	(20,582)
Non-controlling interests		26,889	(3,267)	22,705	(7,847)
		<b>82,954</b>	<b>(15,416)</b>	<b>63,787</b>	<b>(28,429)</b>
<b>Total comprehensive income/(expenses) attributable to:</b>					
Owners of the parent		57,779	(10,227)	42,082	(18,743)
Non-controlling interests		26,889	(3,267)	22,705	(7,847)
		<b>84,668</b>	<b>(13,494)</b>	<b>64,787</b>	<b>(26,590)</b>
<b>Earnings/(Loss) per share (sen)</b>					
- basic	A10	7.75	(1.68)	5.68	(2.84)

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 OCTOBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		<b>31-Oct-20</b>	<b>Audited</b>
	<b>Notes</b>	<b>RM'000</b>	<b>30-Apr-20</b>
			<b>RM'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, vessels and equipment		<b>793,144</b>	829,139
Right-of-use assets		<b>3,649</b>	4,135
		<b><u>796,793</u></b>	<b><u>833,274</u></b>
<b>Current assets</b>			
Inventories		<b>7,778</b>	7,043
Other investments	A12	<b>30,959</b>	38,683
Trade and other receivables	A13	<b>40,772</b>	40,474
Tax recoverable		<b>1,514</b>	1,442
Cash and bank balances	A14	<b>31,264</b>	38,662
		<b><u>112,287</u></b>	<u>126,304</u>
<b>Total assets</b>		<b><u>909,080</u></b>	<b><u>959,578</u></b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	A15	<b>270,003</b>	270,003
Reverse acquisition deficit		<b>(92,791)</b>	(92,791)
Translation reserve		<b>(1,174)</b>	(2,174)
Accumulated losses		<b>(92,137)</b>	(133,219)
<b>Total equity attributable to equity holders of the Company</b>		<b>83,901</b>	41,819
Other equity		<b>90,000</b>	-
Non-controlling interests		<b>(75,466)</b>	(117,077)
<b>Total equity</b>		<b><u>98,435</u></b>	<b><u>(75,258)</u></b>
<b>Non-current liabilities</b>			
Loans and borrowings	A16	<b>723,625</b>	16,994
Lease liabilities		<b>3,194</b>	3,085
Deferred tax liability		<b>177</b>	253
		<b><u>726,996</u></b>	<b><u>20,332</u></b>

**MARINE & GENERAL BERHAD (Registration No. 199601033543 (405897-V))**

**(Incorporated in Malaysia)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		<b>31-Oct-20</b>	<b>Audited</b>
	<b>Notes</b>	<b>RM'000</b>	<b>30-Apr-20</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>			
Loans and borrowings	A16	<b>39,843</b>	943,476
Lease liabilities		<b>1,003</b>	1,004
Trade and other payables	A17	<b>42,444</b>	69,748
Provision for taxation		<b>359</b>	276
		<b>83,649</b>	1,014,504
<b>Total liabilities</b>		<b>810,645</b>	1,034,836
<b>Total equity and liabilities</b>		<b>909,080</b>	959,578
<b>Net assets per share attributable to equity holders of the Company (sen)</b>		<b>11.59</b>	5.78

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 OCTOBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	← Attributable to equity holders of the Company →						Total
	← Non-distributable →			Distributable			
	Share capital RM'000	Reverse acquisition deficit RM'000	Translation reserve RM'000	Accumulated losses RM'000	Other equity RM'000	Non- Controlling interests RM'000	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	-	-	1,000	-	-	-	1,000
Profit for the period	-	-	-	41,082	-	22,705	63,787
Total comprehensive income for the period	-	-	1,000	41,082	-	22,705	64,787
Changes in ownership interests in a subsidiary	-	-	-	-	-	(2,935)	(2,935)
Deemed disposal of subsidiary	-	-	-	-	-	21,841	21,841
Other equity	-	-	-	-	90,000	-	90,000
<b>At 31 October 2020</b>	270,003	(92,791)	(1,174)	(92,137)	90,000	(75,466)	98,435
<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 year	-	-	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 OCTOBER 2020****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	31-Oct-20	31-Oct-19
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collection of revenue	101,190	110,165
Collection of other income	588	2,000
	<u>101,778</u>	<u>112,165</u>
Payment of expenses	(89,652)	(75,008)
Net tax recovered	(40)	2,021
Net cash generated from operating activities	<u>12,086</u>	<u>39,178</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption of deposit and cash management fund	7,724	30,371
Acquisition of non-controlling interest	(3,376)	-
Purchase of property, vessels and equipment	(4,544)	(20,390)
Net cash used in investing activities	<u>(196)</u>	<u>9,981</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contribution of non-controlling interest	2,000	-
Repayment of borrowings	(2,946)	(19,017)
Payment of finance costs	(18,051)	(16,148)
Payment of leases	(291)	-
Net cash generated from financing activities	<u>(19,288)</u>	<u>(35,165)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,398)</b>	<b>13,994</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>38,662</b>	<b>25,397</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>(a) 31,264</b>	<b>39,391</b>

**(a) Cash and cash equivalents**

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

		30-Apr-20	31-Oct-19
		RM'000	RM'000
Cash and bank balances	A13	23,500	35,983
Deposits with licensed financial institutions	A13	7,764	3,408
		<u>31,264</u>	<u>39,391</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>
▪ 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
▪ 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



## A1. BASIS OF PREPARATION (CONTINUED)

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

MFRSs, Interpretations and amendments to MFRS	Effective date
▪ 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 is expected to apply the above pronouncements beginning from the immediate financial year after 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 23 December 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

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-Oct-20	31-Oct-19	31-Oct-20	31-Oct-19	31-Oct-20	31-Oct-19	31-Oct-20	31-Oct-19	31-Oct-20	31-Oct-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	34,124	43,815	13,441	11,027	-	-	-	-	47,565	54,842
Inter-segment	-	-	-	-	44	77	(44)	(77)	-	-
<b>Total revenue</b>	<b>34,124</b>	<b>43,815</b>	<b>13,441</b>	<b>11,027</b>	<b>44</b>	<b>77</b>	<b>(44)</b>	<b>(77)</b>	<b>47,565</b>	<b>54,842</b>
<b>Segment profit/(loss)</b>										
<b>before taxation</b>	<b>93,273</b>	<b>(10,732)</b>	<b>(9,259)</b>	<b>(4,249)</b>	<b>(1,035)</b>	<b>(530)</b>	<b>28</b>	<b>46</b>	<b>83,007</b>	<b>(15,465)</b>
<b>6-month results</b>										
<b>Revenue</b>										
External customers	72,679	84,208	30,175	24,143	-	-	-	-	102,854	108,351
Inter-segment	-	-	-	-	88	77	(88)	(77)	-	-
<b>Total revenue</b>	<b>72,679</b>	<b>84,208</b>	<b>30,175</b>	<b>24,143</b>	<b>88</b>	<b>77</b>	<b>(88)</b>	<b>(77)</b>	<b>102,854</b>	<b>108,351</b>
<b>Segment profit/(loss)</b>										
<b>before taxation</b>	<b>80,827</b>	<b>(25,066)</b>	<b>(15,012)</b>	<b>(2,353)</b>	<b>(2,030)</b>	<b>(1,015)</b>	<b>58</b>	<b>46</b>	<b>63,843</b>	<b>(28,388)</b>
<b>Segment assets</b>	<b>671,608</b>	<b>735,067</b>	<b>199,671</b>	<b>199,534</b>	<b>184,203</b>	<b>262,783</b>	<b>(146,402)</b>	<b>(173,867)</b>	<b>909,080</b>	<b>1,023,517</b>
<b>Segment liabilities</b>	<b>889,084</b>	<b>1,103,927</b>	<b>203,855</b>	<b>204,314</b>	<b>1,478</b>	<b>3,658</b>	<b>(283,772)</b>	<b>(252,899)</b>	<b>810,645</b>	<b>1,059,000</b>

#### A6. SEASONAL OR CYCLICAL FACTORS

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

#### A7. PROFIT/(LOSS) BEFORE TAX

Included in the profit/(loss) before tax are the following items:

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31-Oct-20 RM'000	31-Oct-19 RM'000	31-Oct-20 RM'000	31-Oct-19 RM'000
Finance income	213	711	505	1,711
Finance costs	(9,705)	(10,690)	(19,329)	(25,203)
Depreciation of property, vessel and equipment	(19,039)	(17,753)	(37,769)	(36,184)
Amortisation of vessels dry-docking	(3,039)	(1,653)	(6,081)	(2,971)
Depreciation of right-of-use assets	(246)	-	(509)	-
Rental expenses	-	(133)	-	(296)
Net foreign exchange profit/(loss)	25	(902)	(681)	(938)

#### A8. GAIN ON RESTRUCTURING OF DEBTS

As stated in Note B5.a., the Group has completed the PDRS with the respective lenders on 13 August 2020.

Following the completion of the PDRS, JMM has recognised RM106.8 million gain comprising gain on the de-recognition of pre-existing debts and gain from the issue of JMM PS to the Lenders as partial repayment for the pre-existing debts.

#### A9. INCOME TAX

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31-Oct-20 RM'000	31-Oct-19 RM'000	31-Oct-20 RM'000	31-Oct-19 RM'000
<b>Current period tax charge:</b>				
Malaysian income tax	53	(49)	56	41

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.

#### A10. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing profit/(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 profit/(loss) and share data used in the computation of basic earnings/(loss) per share:

	Quarter (3-months)	Cumulative period (6-months)
<b>31 October 2020</b>		
<b>Basic earnings per share:</b>		
Profit net of tax attributable to owners of the parent (RM'000)	56,065	41,082
Weighted average number of ordinary shares in issue ('000)	723,879	723,879
<b>Basic earnings per share (sen)</b>	<u>7.75</u>	<u>5.68</u>
<b>31 October 2019</b>		
<b>Basic loss per share:</b>		
Loss net of tax attributable to owners of the parent (RM'000)	(12,149)	(20,582)
Weighted average number of ordinary shares in issue ('000)	723,879	723,879
<b>Basic loss per share (sen)</b>	<u>(1.68)</u>	<u>(2.84)</u>

#### A11. 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.

#### A12. OTHER INVESTMENTS

	31-Oct-20 RM'000	30-Apr-20 RM'000
Financial assets at fair value through profit or loss	<u>30,959</u>	<u>38,683</u>

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

### A13. TRADE AND OTHER RECEIVABLES

	<b>31-Oct-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	28,678	26,988
Other receivables	12,094	13,486
	<u>40,772</u>	<u>40,474</u>

The ageing analysis of the trade receivables is as follows:

	<b>31-Oct-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Current (not past due)	28,581	17,150
1 - 30 days past due	1,489	8,121
31 - 90 days past due	157	803
Past due more than 90 days	772	4,223
	<u>30,999</u>	<u>30,297</u>
Allowance for impairment loss	<u>(2,321)</u>	<u>(3,309)</u>
	<u>28,678</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.

### A14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following amounts:

	<b>31-Oct-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	23,500	30,905
Deposits placed with licensed bank	7,764	7,757
Total cash and cash equivalents	<u>31,264</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.

### A15. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

As stated in note B5.a, an indirect subsidiary of the Company, Jasa Merin (Malaysia) Sdn. Bhd. ("JMM"), issued 10-year RM150 million irredeemable preference shares ("JMM PS") to its lenders at an issue price of RM1 each during the period under review. The JMM PS are exchangeable with the ordinary shares of the Company at the exchange rate of ten (10) new ordinary shares of the Company for every JMM PS during its 10-year tenure.

Except for the above, there was no issuance, cancellation, repurchase, or resale of equity securities during the period under review.

#### A16. GROUP BORROWINGS AND DEBT SECURITIES

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

	<b>31-Oct-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Secured short-term borrowings:		
Term loans	28,593	927,905
Revolving credits	11,250	15,571
Total short term borrowings	<u>39,843</u>	<u>943,476</u>
Secured long-term borrowings:		
Term loans	723,625	16,994
CNRPS	-	-
Total long term borrowings	<u>723,625</u>	<u>16,994</u>
Total borrowings	<u>763,468</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. The 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 on 13 August 2020.

#### A17. TRADE AND OTHER PAYABLES

	<b>31-Oct-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables	26,955	32,165
Accruals and other payables	15,489	37,583
	<u>42,444</u>	<u>69,748</u>

#### A18. 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.

#### A19. DIVIDENDS

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

## A20. COMMITMENTS

	<b>31-Oct-20</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	5,017	22,667
	<hr/>	<hr/>
Approved but not contracted for:		
Property, vessels and equipment	38,910	10,264
	<hr/>	<hr/>

## A21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities of the Group comprise the followings:

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

(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.

In relation to the remaining land case, on 13 November 2020, the Federal Court has dismissed the landowner's appeal with cost.

## 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 quarter under review and the financial year compared with the corresponding periods of the previous financial year are as follows:

**Quarterly review**

	3 Months Ended		Variances RM'000	Change %
	31-Oct-20 RM'000	31-Oct-19 RM'000		
Revenue	47,565	54,842	(7,277)	(13.3%)
Loss from operation	(23,822)	(15,465)	(8,357)	54.0%
Gain on restructuring of debts	106,829	-	106,829	*
Profit/(loss) before taxation	83,007	(15,465)	98,472	*
Profit/(loss) after taxation	82,954	(15,416)	98,370	*
Profit/(loss) attributable to ordinary equity holders of the parent	56,065	(12,149)	68,214	*

**Fleet utilisation:**

Marine Logistics - Upstream Division	63%	73%
Marine Logistics - Downstream Division	44%	70%

During the current quarter, oil and gas industry remained weak due to severe shrinking demand of oil due to the continuing Covid-19 pandemic and global oil supply glut. As a result, oil companies have scaled down their drilling activities which consequently affected the demand for offshore support vessel services operated by the Upstream Division. Declining demand for oil and its derivative products also adversely affected the demand for tanker services operated by the Downstream Division of the Group. Consequently, fleet utilisation for both the Upstream Division and the Downstream Division deteriorated to 63% and 44% from their respective levels in the preceding year. In line with the lower operating level, the Group recorded RM47.6 million revenue in the current period, representing 13% lower revenue than the preceding year corresponding quarter.

The Upstream Division continued as the main revenue contributor, generating 72% of the Group revenue, while the Downstream Division generated the balance 28%.

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-Oct-20	31-Oct-19	31-Oct-20 RM'000	31-Oct-19 RM'000	31-Oct-20 %	31-Oct-19 %
Upstream	16	21	34,124	43,815	72%	80%
Downstream	7	5	13,441	11,027	28%	20%
	23	26	47,565	54,842	100%	100%



## B1. REVIEW OF PERFORMANCE (CONTINUED)

### Quarterly review (continued)

The Group recorded RM23.8 million loss from operation, reflecting a RM8.4 million increase from the previous corresponding quarter of RM15.4 million. The increase was mainly attributable to initial deployment of two (2) tankers subsequent to the preceding year corresponding quarter, contributing to higher depreciation and crewing expenses and was exacerbated by lower revenue.

In relation to the Group's borrowings, during the current quarter, the Group successfully completed a debt restructuring scheme for its Upstream Division involving RM925 million borrowings. Following the restructuring, the Group recognised restructuring gain amounting to RM106.8 million and considerably reduced its annual borrowing costs. Taking into account the restructuring gain and lower finance costs, the Group recorded RM83 million profit before taxation in the current quarter as compared to loss before taxation of RM15.4 million recorded in the preceding year corresponding quarter.

### Year-to-date review

	6 Months Ended		Variances RM'000	Change %
	31-Oct-20 RM'000	31-Oct-19 RM'000		
Revenue	102,854	108,351	(5,497)	(5.1%)
Loss from operation	(42,986)	(28,388)	(14,598)	51.4%
Gain on restructuring of debts	106,829	-	106,829	*
Profit/(loss) before taxation	63,843	(28,388)	92,231	*
Profit/(loss) after taxation	63,787	(28,429)	92,216	*
Profit/(loss) attributable to ordinary equity holders of the parent	41,082	(20,582)	61,664	*

#### **Fleet utilisation:**

Marine Logistics - Upstream Division	66%	73%
Marine Logistics - Downstream Division	55%	72%

For the current 6 months cumulative period, the Group recorded RM102.9 million revenue, representing a 5% decrease from the preceding year corresponding period. The decrease is in line with lower charter activities of both the Upstream Division and the Downstream Division due to the adverse impact of the Covid-19 pandemic which continued to suppress demand for oil and its derivative products.

The Upstream Division continued as the main revenue contributor, generating 71% of the Group revenue, while the Downstream Division generated the balance 29%.

## B1. REVIEW OF PERFORMANCE (CONTINUED)

### Year-to-date review (continued)

Division	No. of vessels deployed		Revenue contribution			
	Current year	Preceding year	Preceding year		Preceding year	
	period	corresponding period	Current year period	corresponding period	Current year period	corresponding period
	31-Oct-20	31-Oct-19	31-Oct-20	31-Oct-19	31-Oct-20	31-Oct-19
		RM'000	RM'000	%	%	
Upstream	20	21	72,679	84,208	71%	78%
Downstream	7	5	30,175	24,143	29%	22%
	27	26	102,854	108,351	100%	100%

The Group recorded RM43 million loss from operation, representing an increase of RM14.6 million from the RM28.4 million loss recorded in the preceding year. The increase was mainly attributable to the increase in depreciation and crewing expenses due to the deployment of two (2) additional tankers subsequent to the preceding year corresponding period and lower revenue.

Taking into account the restructuring gain of RM106.8 million and the reduction of finance costs following the completion of a debt restructuring in the Upstream Division, the Group recorded RM63.8 million profit before taxation in the current cumulative period as compared to loss before taxation of RM28.4 million recorded in the preceding year corresponding period.

### Divisional commentary

#### i. Marine Logistics – Upstream Division

	3 Months Ended			6 Months Ended		
	31-Oct-20	31-Oct-19	Change	31-Oct-20	31-Oct-19	Change
	RM'000	RM'000		RM'000	RM'000	
Revenue	34,124	43,815	(22.1%)	72,679	84,208	(13.7%)
Loss from operation	(13,556)	(10,732)	26.3%	(26,002)	(25,066)	3.7%
Gain on restructuring of debts	106,829	-	*	106,829	-	*
Profit/(loss) before taxation	93,273	(10,732)	*	80,827	(25,066)	*

During the current periods under review, the Upstream Division recorded lower fleet utilization given the shrinking demand of oil following the Covid-19 pandemic. Consequently, the Division recorded 22% and 14% lower revenue in the current quarter and the 6 months period respectively.

The Division recorded 26% and 4% higher loss from operation in the current quarter and the 6 months period respectively. The increase was mainly due to the decrease in revenue arising from the lower fleet utilisation.

## B1. REVIEW OF PERFORMANCE (CONTINUED)

### Divisional commentary (continued)

#### i. Marine Logistics – Upstream Division (continued)

However, the Division has completed its debt restructuring in the current quarter, which will bring more flexibility into its financial operation. The restructuring also eased the Division's financial obligations having extended the financing tenure to up to ten years. In line with the debt restructuring, the Division has recorded a gain of RM106.8 million and has considerably reduced its borrowing costs. Consequently, the Division recorded a profit before taxation of RM93.3 million and RM80.8 million during the current period and cumulative period respectively as compared to RM10.7 million and RM25.1 million loss before taxation in the preceding year corresponding periods.

#### ii. Marine Logistics – Downstream Division

	3 Months Ended			6 Months Ended		
	31-Oct-20	31-Oct-19	Change	31-Oct-20	31-Oct-19	Change
	RM'000	RM'000		RM'000	RM'000	
Revenue	13,441	11,027	21.9%	30,175	24,143	25.0%
Loss from operation / Loss before taxation	(9,259)	(4,249)	117.9%	(15,012)	(2,353)	*

Similar to the Upstream Division, the Downstream Division was also affected by the Covid-19 pandemic which has shrunk the demand for oil and chemicals, and consequently demand for oil tankers. In line with the lower demand for its tanker services, the Division recorded lower fleet utilization in the current quarter and the months cumulative period.

Notwithstanding the lower fleet utilization, the Division recorded 22% and 25% higher revenue in the current and the cumulative period as all the seven (7) tankers were deployed on voyage charter as compared to one (1) on voyage charter and four (4) tankers on time charter in the preceding year corresponding periods. In general, voyage charter rates are higher than time charter rates as the tanker owner would incur more expenses / take more risks in voyage charter as opposed to a more stable structure of time charter arrangement.

The Division recorded RM9.3 million and RM15 million higher loss from operation / loss before taxation in the current quarter and 6 months cumulative period respectively, mainly due to the deployment of two (2) additional tankers subsequent to the preceding year corresponding periods, contributing to higher depreciation and crewing expenses. Additionally, the Division incurred higher direct expenses during the period as it deployed all of its seven (7) tankers on voyage charter compared to only one (1) of the five (5) tankers in the preceding year.

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

### a. Revenue

	Current Quarter 31-Oct-20 RM'000	Preceding Period 31-Jul-20 RM'000	Variances RM'000	Change %
<b>Revenue</b>				
Marine Logistics - Upstream Division	34,124	38,555	(4,431)	(11.5%)
Marine Logistics - Downstream Division	13,441	16,734	(3,293)	(19.7%)
	<u>47,565</u>	<u>55,289</u>	<u>(7,724)</u>	<u>(14.0%)</u>
<b>Fleet utilisation</b>				
Marine Logistics - Upstream Division	63%	69%		
Marine Logistics - Downstream Division	<u>44%</u>	<u>73%</u>		

The Group recorded a revenue of RM47.6 million for the quarter ended 31 October 2020 ("Q2 2021"), representing a 14% reduction from the revenue recorded in the preceding quarter ("Q1 2021"). The lower revenue recorded is in line with the lower charter activities by both Upstream and Downstream Division, whose fleet utilisation decreased to 63% and 44% respectively due to the negative impact of the prolonged Covid-19 pandemic to the oil and gas industry.

### b. Profit / (loss) before taxation

	Current Quarter 31-Oct-20 RM'000	Preceding Period 31-Jul-20 RM'000	Variances RM'000	Change %
<b>Loss from operation</b>				
Marine Logistics - Upstream Division	(13,556)	(12,445)	(1,111)	8.9%
Marine Logistics - Downstream Division	(9,259)	(5,753)	(3,506)	60.9%
Investment Holding and Others	(1,035)	(994)	(41)	4.1%
Adjustment	28	28	-	0.0%
	<u>(23,822)</u>	<u>(19,164)</u>	<u>(4,658)</u>	<u>24.3%</u>
Gain on restructuring of debts	106,829	-		*
<b>Profit/(loss) before taxation</b>	<u>83,007</u>	<u>(19,164)</u>	102,171	*

During the current quarter, the Group operating loss increased by RM4.6 million from RM19.2 million in the immediate preceding quarter to RM23.8 million in the current quarter, mainly due to the decrease in revenue arising from lower fleet utilisation.

However, taking into account the RM106.8 million gain recognised upon successful completion of the Upstream Division's debt restructuring, and the consequent reduction in finance costs, the Group has recorded RM83 million profit before taxation in the current quarter, as opposed to RM19.2 million loss before taxation in the immediate preceding quarter.

### **B3. FUTURE 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 primarily to the petrochemical industry, and to a lesser extent, to the oleochemical industry.

In view of the above, the Group's business operations are 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 the global oil supply glut.

Operationally, the declining demand for oil is expected to persist until the second half of 2021 or until there is sufficient widespread use of the Covid-19 vaccine, as international borders remain subject to severe restrictions and the global economy is still on a 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.

#### **a. Marine Logistics - Upstream Division**

Consequent to the weak oil prices, many oil companies have scaled down their drilling activities. As such, the Division expects lower vessel utilisation in the current financial year than in the preceding year. However, the impact will be mitigated as a sizable proportion of the fleet are on long-term ILCT charter contracts.

Further, 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 continuous challenging period in the oil and gas industry, the Division will be better positioned in the segment and able to improve its underlying viability going forward.

#### **b. Marine Logistics - Downstream Division**

In line with the declining demand for oil and its derivative products, the Division expects lower tanker utilization in the current financial year than in the preceding year.

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 businesses in the country as well as similar re-openings in our key trading partners such as China, Japan and Singapore, and the recent developments pertaining to the Covid-19 vaccines, offer hope of recovery next year.

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

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.

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.

In addition, following the de-recognition of the existing borrowings and the issuance of JMM PS as partial borrowing settlement, the Group has recognized a total gain of RM106.8 million.

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

**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. BURSA MALAYSIA SECURITIES BERHAD PN17 RELIEF MEASURES RESULTING IN M&G TRIGGERING SUSPENDED CRITERIA BUT NOT CLASSIFIED AS A PN17 LISTED ISSUER**

On 22 September 2020, the Company announced that on 31 July 2020, the Company has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) of Practice Note 17 (“PN17”) of the Main Market Listing Requirements of Bursa Securities (“MMLR”) where M&G’s shareholders’ equity on a consolidated basis is less than 25% of the share capital and such shareholders’ equity is less than RM40 million. The ratio of M&G’s shareholders’ equity on a consolidated basis as at financial ended 31 July 2020 is 9.7% and such shareholders’ equity is RM26.1 million.

In addition, the Company further announced that an indirect subsidiary, JMM, has completed a debt restructuring with its Lenders on 13 August 2020 and consequently recognised RM106.8 million gain.

On 25 September 2020, the Company further announced that based on the unaudited management accounts as at 31 August 2020, the Group shareholders’ equity has increased from RM26.1 million as at 31 July 2020 to RM93.8 million and the ratio of the shareholders’ equity to share capital on a consolidated basis is 34.8%.

As at 31 October 2020, the shareholders’ equity is RM83.9 million and the ratio of the shareholders’ equity to share capital on a consolidated basis is 31.1%.

In view of the above, the Company no longer triggers the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) of PN17 of the MMLR of Bursa Malaysia Securities Berhad.

**B7. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**B8. REALISED AND UNREALISED PROFITS OF THE GROUP**

	<b>31-Oct-20</b>	<b>30-Apr-20</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained loss of the Company and its subsidiaries:		
- realised loss	(410,149)	(451,156)
Less consolidated adjustment	318,012	317,937
Total Group retained profits as per consolidated accounts	<u>(92,137)</u>	<u>(133,219)</u>

**B9. 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**