



MARINE & GENERAL
BERHAD

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

INTERIM RESULT FOR THE PERIOD ENDED
31 JANUARY 2021 (Q3 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 JANUARY 2021

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-Jan-21	Quarter	31-Jan-21	Period
		31-Jan-20	RM'000	31-Jan-20	RM'000
Revenue		38,896	50,336	141,750	158,686
Direct costs		(55,618)	(48,229)	(171,586)	(151,133)
Gross (loss)/profit		(16,722)	2,107	(29,836)	7,553
Other income		2,164	-	2,436	105
Other item of expenses:					
Administrative expenses		(4,421)	(5,474)	(14,740)	(15,015)
Other expenses		(67)	(38)	(1,068)	(948)
		(4,488)	(5,512)	(15,808)	(15,963)
EBIT		(19,046)	(3,405)	(43,208)	(8,305)
Finance income	A7	139	738	644	2,450
Finance cost	A7	(9,662)	(10,691)	(28,991)	(35,893)
Net finance cost		(9,523)	(9,953)	(28,347)	(33,443)
Loss from operation		(28,569)	(13,358)	(71,555)	(41,748)
Gain on restructuring of debts	A8	-	-	106,829	-
(Loss)/profit before taxation		(28,569)	(13,358)	35,274	(41,748)
Taxation	A9	(184)	(542)	(240)	(583)
(Loss)/profit after taxation		(28,753)	(13,900)	35,034	(42,331)

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

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

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-Jan-21	Quarter	31-Jan-21	Period
		31-Jan-20	31-Jan-21	31-Jan-20	
		RM'000	RM'000	RM'000	RM'000
Other comprehensive income, net of tax					
Items that are or may be reclassified					
subsequently to profit or loss					
Foreign currency translation differences for foreign operations		760	190	1,760	2,029
Total comprehensive (expenses)/income for the period		(27,993)	(13,710)	36,794	(40,302)
Net (loss)/profit attributable to:					
Owners of the parent		(21,764)	(11,038)	19,317	(31,621)
Non-controlling interests		(6,989)	(2,862)	15,717	(10,710)
		(28,753)	(13,900)	35,034	(42,331)
Total comprehensive (expenses)/income attributable to:					
Owners of the parent		(21,004)	(10,848)	21,077	(29,592)
Non-controlling interests		(6,989)	(2,862)	15,717	(10,710)
		(27,993)	(13,710)	36,794	(40,302)
(Loss)/earnings per share (sen)					
- basic	A10	(3.01)	(1.52)	2.67	(4.37)

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 JANUARY 2021****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		31-Jan-21	Audited 30-Apr-20
	Notes	RM'000	RM'000
Assets			
Non-current assets			
Property, vessels and equipment		772,512	829,139
Right-of-use assets		3,336	4,135
		<u>775,848</u>	<u>833,274</u>
Current assets			
Inventories		9,233	7,043
Other investments	A12	22,553	38,683
Trade and other receivables	A13	29,985	40,474
Tax recoverable		1,531	1,442
Cash and bank balances	A14	36,707	38,662
		<u>100,009</u>	<u>126,304</u>
Total assets		<u>875,857</u>	<u>959,578</u>
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	A15	270,003	270,003
Reverse acquisition deficit		(92,791)	(92,791)
Translation reserve		(414)	(2,174)
Accumulated losses		(113,902)	(133,219)
Total equity attributable to equity holders of the Company		62,896	41,819
Other equity		90,000	-
Non-controlling interests		(82,454)	(117,077)
Total equity		<u>70,442</u>	<u>(75,258)</u>
Non-current liabilities			
Loans and borrowings	A16	712,017	16,994
Lease liabilities		2,468	3,085
Deferred tax liability		92	253
		<u>714,577</u>	<u>20,332</u>

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

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31-Jan-21	Audited 30-Apr-20
	Notes	RM'000	RM'000
Current liabilities			
Loans and borrowings	A16	50,250	943,476
Lease liabilities		923	1,004
Trade and other payables	A17	39,310	69,748
Provision for taxation		355	276
		90,838	1,014,504
Total liabilities		805,415	1,034,836
Total equity and liabilities		875,857	959,578
Net assets per share attributable to equity holders of the Company (sen)		8.69	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 JANUARY 2021

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	Other equity RM'000	Non- Controlling interests RM'000	
At 1 May 2020	270,003	(92,791)	(2,174)	(133,219)	-	(117,077)	(75,258)
Foreign currency translation differences for foreign operations	-	-	1,760	-	-	-	1,760
Profit for the period	-	-	-	19,317	-	15,717	35,034
Total comprehensive income for the period	-	-	1,760	19,317	-	15,717	36,794
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
At 31 January 2021	270,003	(92,791)	(414)	(113,902)	90,000	(82,454)	70,442
At 1 May 2019	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)
At 30 April 2020	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 JANUARY 2021
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	31-Jan-21 RM'000	31-Jan-20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of revenue	152,156	168,358
Collection of other income	2,494	3,395
	<u>154,650</u>	<u>171,753</u>
Payment of expenses	(134,348)	(114,368)
Net tax recovered	(354)	1,981
Net cash generated from operating activities	<u>19,948</u>	<u>59,366</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of deposit and cash management fund	16,130	66,047
Acquisition of non-controlling interest	(3,376)	-
Purchase of property, vessels and equipment	(5,082)	(35,247)
Net cash generated from investing activities	<u>7,672</u>	<u>30,800</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution by non-controlling interest	2,000	-
Drawdown of borrowings	-	3,900
Repayment of borrowings	(3,576)	(52,921)
Payment of finance costs	(27,607)	(28,061)
Payment of leases	(392)	-
Net cash used in financing activities	<u>(29,575)</u>	<u>(77,082)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,955)	13,084
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>38,662</u>	<u>25,397</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(a) <u>36,707</u>	<u>38,481</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-Jan-21 RM'000	31-Jan-20 RM'000
Cash and bank balances	A13	28,962	30,729
Deposits with licensed financial institutions	A13	7,745	7,752
		<u>36,707</u>	<u>38,481</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:

MFRSs, Interpretations and amendments to MFRS	Effective date
▪ 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 30 March 2021.

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-Jan-21 RM'000	31-Jan-20 RM'000	31-Jan-21 RM'000	31-Jan-20 RM'000	31-Jan-21 RM'000	31-Jan-20 RM'000	31-Jan-21 RM'000	31-Jan-20 RM'000	31-Jan-21 RM'000	31-Jan-20 RM'000
3-month results										
Revenue										
External customers	24,703	36,390	14,193	13,946	-	-	-	-	38,896	50,336
Inter-segment	-	-	-	-	44	44	(44)	(44)	-	-
Total revenue	24,703	36,390	14,193	13,946	44	44	(44)	(44)	38,896	50,336
Segment profit/(loss)										
before taxation	(20,209)	(10,589)	(7,575)	(1,787)	(814)	(1,010)	29	28	(28,569)	(13,358)
9-month results										
Revenue										
External customers	97,382	120,597	44,368	38,089	-	-	-	-	141,750	158,686
Inter-segment	-	-	-	-	132	121	(132)	(121)	-	-
Total revenue	97,382	120,597	44,368	38,089	132	121	(132)	(121)	141,750	158,686
Segment profit/(loss)										
before taxation	60,619	(35,654)	(22,587)	(4,142)	(2,844)	(2,026)	86	74	35,274	(41,748)
Segment assets	648,969	715,569	197,943	197,482	183,027	260,909	(154,082)	(208,089)	875,857	965,871
Segment liabilities	886,836	1,095,022	208,640	203,624	1,118	3,273	(291,179)	(286,853)	805,415	1,015,066

A6. SEASONAL OR CYCLICAL FACTORS

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

A7. (LOSS)/PROFIT BEFORE TAX

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

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31-Jan-21 RM'000	31-Jan-20 RM'000	31-Jan-21 RM'000	31-Jan-20 RM'000
Finance income	139	738	644	2,450
Finance costs	(9,662)	(10,691)	(28,991)	(35,893)
Depreciation of property, vessel and equipment	(19,024)	(19,226)	(56,793)	(55,406)
Depreciation of right-of-use assets	(308)	-	(818)	-
Amortisation of vessels dry-docking	(3,162)	(1,634)	(9,243)	(4,606)
Rental expenses	-	(133)	-	(413)
Net foreign exchange profit/(loss)	221	(45)	104	(999)

A8. GAIN ON RESTRUCTURING OF DEBTS

On 13 August 2020, the Group has completed a debt restructuring scheme involving its 70% indirect subsidiary, namely Jasa Merin (Malaysia) Sdn Bhd ("JMM"), and its three lenders. with the respective lenders on 13 August 2020. Among others, the restructuring involved an extension of the tenure of the existing debts and partial settlement of the existing debts by the issue of preference shares ("PS") by JMM to its lenders.

Following the completion of the debt restructuring scheme, 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 9 months ended	
	31-Jan-21 RM'000	31-Jan-20 RM'000	31-Jan-21 RM'000	31-Jan-20 RM'000
Current period tax charge:				
Malaysian income tax	184	542	240	583

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. (LOSS)/EARNINGS PER SHARE

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

	Quarter (3 months)	Cumulative period (9 months)
31 January 2021		
Basic (loss)/earnings per share:		
(Loss)/profit net of tax attributable to owners of the parent (RM'000)	(21,764)	19,317
Weighted average number of ordinary shares in issue ('000)	723,879	723,879
Basic (loss)/earnings per share (sen)	<u>(3.01)</u>	<u>2.67</u>
31 January 2020		
Basic loss per share:		
Loss net of tax attributable to owners of the parent (RM'000)	(11,038)	(31,621)
Weighted average number of ordinary shares in issue ('000)	723,879	723,879
Basic loss per share (sen)	<u>(1.52)</u>	<u>(4.37)</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-Jan-21 RM'000	30-Apr-20 RM'000
Financial assets at fair value through profit or loss	<u>22,553</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

	31-Jan-21	30-Apr-20
	RM'000	RM'000
Trade receivables	17,705	26,988
Other receivables	12,280	13,486
	<u>29,985</u>	<u>40,474</u>

The ageing analysis of the trade receivables is as follows:

	31-Jan-21	30-Apr-20
	RM'000	RM'000
Current (not past due)	11,207	17,150
1 - 30 days past due	3,922	8,121
31 - 90 days past due	3,810	803
Past due more than 90 days	1,087	4,223
	<u>20,026</u>	<u>30,297</u>
Allowance for impairment loss	(2,321)	(3,309)
	<u>17,705</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:

	31-Jan-21	30-Apr-20
	RM'000	RM'000
Cash and bank balances	28,962	30,905
Deposits placed with licensed bank	7,745	7,757
Total cash and cash equivalents	<u>36,707</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 A8, 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:

	31-Jan-21	30-Apr-20
	RM'000	RM'000
Secured short-term borrowings:		
Term loans	34,850	927,905
Revolving credits	15,400	15,571
Total short term borrowings	<u>50,250</u>	<u>943,476</u>
Secured long-term borrowings:		
Term loans	709,231	16,994
CNRPS	2,786	-
Total long term borrowings	<u>712,017</u>	<u>16,994</u>
Total borrowings	<u>762,267</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 debt restructuring 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 A8, the Group has completed the debt restructuring with the respective lenders on 13 August 2020.

A17. TRADE AND OTHER PAYABLES

	31-Jan-21	30-Apr-20
	RM'000	RM'000
Trade payables	24,186	32,165
Accruals and other payables	15,124	37,583
	<u>39,310</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

	31-Oct-20	30-Apr-20
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, vessel and equipment	5,953	22,667
	<hr/>	<hr/>
Approved but not contracted for:		
Property, vessels and equipment	29,947	10,264
	<hr/>	<hr/>

A21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities of the Group comprise the followings:

	31-Jan-21	30-Apr-20
	RM'000	RM'000
Litigation (unsecured) (a)	-	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-Jan-21 RM'000	31-Jan-20 RM'000		
Revenue	38,896	50,336	(11,440)	(22.7%)
Loss from operation / loss before taxation	(28,569)	(13,358)	(15,211)	113.9%
Loss after taxation	(28,753)	(13,900)	(14,853)	106.9%
Loss attributable to ordinary equity holders of the parent	(21,764)	(11,038)	(10,726)	97.2%

Fleet utilisation:

Marine Logistics - Upstream Division	50%	70%
Marine Logistics - Downstream Division	63%	84%

During the current quarter, oil and gas industry remained weak due to severe shrinking demand of oil arising from the continuing Covid-19 pandemic. 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 50% and 63% from their respective levels in the preceding year. In line with the lower operating level, the Group recorded RM38.9 million revenue in the current period, representing 23% lower revenue than the preceding year corresponding quarter.

The Upstream Division continued as the main revenue contributor, generating 64% of the Group revenue, while the Downstream Division generated the balance 36%.

Division	No. of vessels deployed		Revenue contribution			
	Current year quarter	Preceding year corresponding quarter	Current year quarter	Preceding year corresponding quarter	Current year quarter	Preceding year corresponding quarter
	31-Jan-21	31-Jan-20	31-Jan-21 RM'000	31-Jan-20 RM'000	31-Jan-21 %	31-Jan-20 %
Upstream	16	17	24,703	36,390	64%	72%
Downstream	7	5	14,193	13,946	36%	28%
	23	22	38,896	50,336	100%	100%

B1. REVIEW OF PERFORMANCE (CONTINUED)

Quarterly review (continued)

Taking into account the finance cost and vessel depreciation, the Group recorded RM28.6 million loss before taxation, reflecting a RM15.2 million increase from the previous corresponding quarter loss of RM13.4 million.

Year-to-date review

	9 Months Ended			
	31-Jan-21	31-Jan-20	Variances	Change
	RM'000	RM'000	RM'000	%
Revenue	141,750	158,686	(16,936)	(10.7%)
Loss from operation	(71,555)	(41,748)	(29,807)	*
Gain on restructuring of debts	106,829	-	106,829	*
Profit/(loss) before taxation	35,274	(41,748)	77,022	*
Profit/(loss) after taxation	35,034	(42,331)	77,365	*
Profit/(loss) attributable to ordinary equity holders of the parent	19,317	(31,621)	50,938	*

Fleet utilisation:

Marine Logistics - Upstream Division	61%	71%
Marine Logistics - Downstream Division	60%	76%

For the current 9 months cumulative period, the Group recorded RM141.8 million revenue, representing a 11% 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 69% of the Group revenue, while the Downstream Division generated the balance 31%.

Division	No. of vessels deployed		Revenue contribution			
	Current year period	Preceding year corresponding period	Current year period	Preceding year corresponding period	Current year period	Preceding year corresponding period
	31-Jan-21	31-Jan-20	31-Jan-21	31-Jan-20	31-Jan-21	31-Jan-20
			RM'000	RM'000	%	%
Upstream	20	21	97,382	120,597	69%	76%
Downstream	7	5	44,368	38,089	31%	24%
	27	26	141,750	158,686	100%	100%

B1. REVIEW OF PERFORMANCE (CONTINUED)

Year-to-date review (continued)

The Group recorded RM71.6 million loss from operation, representing an increase of RM29.8 million from the RM41.7 million loss recorded in the preceding year. In addition to lower contributions from charter operations, the additional depreciation and crewing expenses of the two (2) new tankers subsequent to the preceding year corresponding period had contributed to the higher loss.

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 RM35.3 million profit before taxation in the current cumulative period as compared to loss before taxation of RM41.7 million recorded in the preceding year corresponding period.

Divisional commentary

i. Marine Logistics – Upstream Division

	3 Months Ended			9 Months Ended		
	31-Jan-21	31-Jan-20	Change	31-Jan-21	31-Jan-20	Change
	RM'000	RM'000		RM'000	RM'000	
Revenue	24,703	36,390	(32.1%)	97,382	120,597	(19.3%)
Loss from operation	(20,209)	(10,589)	90.8%	(46,210)	(35,654)	29.6%
Gain on restructuring of debts	-	-	*	106,829	-	*
(Loss)/profit before taxation	(20,209)	(10,589)	90.8%	60,619	(35,654)	*
Fleet utilisation	50%	70%		61%	71%	

During the current periods under review, the Upstream Division recorded lower fleet utilisation given the shrinking demand of oil following the Covid-19 pandemic. Consequently, the Division recorded 32% and 19% lower revenue in the current quarter and the 9 months period respectively, and 91% and 30% higher loss from operation in the current quarter and the 9 months period respectively.

During the current period under review, the Division recorded loss before taxation of RM20.2 million. However, taking into account the restructuring gain of RM106.8 million recognised upon completion of the debt restructuring in the immediate preceding quarter, the Division recorded profit before taxation of RM60.6 million for the 9 months cumulative period.

B1. REVIEW OF PERFORMANCE (CONTINUED)

Divisional commentary (continued)

ii. Marine Logistics – Downstream Division

	3 Months Ended			9 Months Ended		
	31-Jan-21	31-Jan-20	Change	31-Jan-21	31-Jan-20	Change
	RM'000	RM'000		RM'000	RM'000	
Revenue	14,193	13,946	1.8%	44,368	38,089	16.5%
Loss before taxation	(7,575)	(1,787)	*	(22,587)	(4,142)	*
Fleet utilisation	63%	84%		60%	76%	

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 utilisation in the current periods.

Notwithstanding the lower fleet utilisation, the Division recorded 2% and 17% 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. Although voyage charter rates are higher than time charter rates, voyage charters in general are less profitable than time charters as the Division bears all costs in relation to fuel, port and agency charges, which are borne by the charterers in time charters.

In line with the deployment of all vessels under voyage charter in the current periods under review following the expiry of two (2) time charter contracts in the beginning of the financial year, and the delivery of new vessels subsequent to the preceding year corresponding periods, the Division has incurred higher direct and maintenance expenses, depreciation and amortization charges in the current periods.

Consequently, the Division recorded higher losses before taxation in the current periods.

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

a. Revenue

	Current Quarter 31-Jan-21 RM'000	Preceding Period 31-Oct-20 RM'000	Variances RM'000	Change %
Revenue				
Marine Logistics - Upstream Division	24,703	34,124	(9,421)	(27.6%)
Marine Logistics - Downstream Division	14,193	13,441	752	5.6%
	<u>38,896</u>	<u>47,565</u>	<u>(8,669)</u>	<u>(18.2%)</u>
Fleet utilisation				
Marine Logistics - Upstream Division	50%	63%		
Marine Logistics - Downstream Division	<u>63%</u>	<u>44%</u>		

The Group recorded a revenue of RM38.9 million for the quarter ended 31 January 2021 ("Q3 2021"), representing a 18% reduction from the revenue recorded in the preceding quarter ("Q2 2021"). The lower revenue recorded is in line with the lower charter activity by Upstream Division, whose fleet utilisation decreased to 50% due to negative impact of the prolonged Covid-19 pandemic to the oil and gas industry.

b. (Loss)/profit before taxation

	Current Quarter 31-Jan-21 RM'000	Preceding Period 31-Oct-20 RM'000	Variances RM'000	Change %
Loss from operation				
Marine Logistics - Upstream Division	(20,209)	(13,556)	(6,653)	49.1%
Marine Logistics - Downstream Division	(7,575)	(9,259)	1,684	(18.2%)
Investment Holding and Others	(814)	(1,035)	221	(21.4%)
Adjustment	29	28	1	3.6%
	<u>(28,569)</u>	<u>(23,822)</u>	<u>(4,747)</u>	<u>19.9%</u>
Gain on restructuring of debts	-	106,829	(106,829)	(100.0%)
(Loss)/profit before taxation	<u>(28,569)</u>	<u>83,007</u>	<u>(111,576)</u>	<u>*</u>

In line with lower revenue in the current quarter, the Group recorded 20% higher loss from operations. Consequently, the Group recorded loss before taxation of RM28.6 million.

During the preceding period, the Group recorded RM83 million profit before taxation after recognising a one-off restructuring gain amounting to RM106.8 million upon successful completion of the Upstream Division's debt restructuring scheme.

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, the threat from resumption of shale oil production activities 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 has been 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 upon recovery of the industry.

B3. FUTURE PROSPECTS (CONTINUED)**b. Marine Logistics - Downstream Division (continued)**

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 financial 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. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

B6. REALISED AND UNREALISED PROFITS OF THE GROUP

	31-Jan-21	30-Apr-20
	RM'000	RM'000
Total retained loss of the Company and its subsidiaries:		
- realised loss	(431,954)	(451,156)
Less consolidated adjustment	<u>318,052</u>	<u>317,937</u>
Total Group retained profits as per consolidated accounts	<u>(113,902)</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**