



**MARINE & GENERAL**  
BERHAD

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

**INTERIM RESULT FOR THE PERIOD ENDED**  
**31 JULY 2021 (Q1 2022)**

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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 2021****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

		<b>Current Year</b>	<b>Preceding Year</b>
	<b>Notes</b>	<b>Quarter</b>	<b>Corresponding</b>
		<b>31-Jul-21</b>	<b>31-Jul-20</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>		<b>44,657</b>	55,289
Direct costs		<b>(55,413)</b>	(58,984)
Gross loss		<b>(10,756)</b>	(3,695)
Other income		<b>288</b>	13
Other item of expenses:			
Administrative expenses		<b>(4,563)</b>	(5,448)
Other expenses		<b>-</b>	(703)
		<b>(4,563)</b>	(6,151)
<b>EBIT</b>		<b>(15,031)</b>	(9,833)
Finance income	A7	<b>88</b>	293
Finance cost	A7	<b>(8,042)</b>	(9,624)
Net finance cost		<b>(7,954)</b>	(9,331)
<b>Loss before taxation</b>		<b>(22,985)</b>	(19,164)
Taxation	A9	<b>77</b>	(2)
<b>Loss after taxation</b>		<b>(22,908)</b>	<b>(19,166)</b>
<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		<b>(199)</b>	(714)
<b>Total comprehensive expenses for the period</b>		<b>(23,107)</b>	(19,880)
<b>Net loss attributable to:</b>			
Owners of the parent		<b>(17,175)</b>	(14,973)
Non-controlling interests		<b>(5,733)</b>	(4,193)
		<b>(22,908)</b>	(19,166)
<b>Total comprehensive expenses attributable to:</b>			
Owners of the parent		<b>(17,374)</b>	(15,696)
Non-controlling interests		<b>(5,733)</b>	(4,184)
		<b>(23,107)</b>	(19,880)
<b>Loss per share (sen)</b>			
- basic	A10	<b>(0.77)</b>	(2.07)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 April 2021 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 2021**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Notes	31-Jul-21 RM'000	Audited 30-Apr-20 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, vessels and equipment		734,322	756,464
Right-of-use assets		2,860	3,140
		<u>737,182</u>	<u>759,604</u>
<b>Current assets</b>			
Inventories		6,684	7,148
Other investments	A12	18,810	20,035
Trade and other receivables	A13	40,723	39,123
Tax recoverable		1,487	1,506
Cash and bank balances	A14	13,518	19,379
		<u>81,222</u>	<u>87,191</u>
<b>Total assets</b>		<u>818,404</u>	<u>846,795</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	A15	270,003	270,003
Reverse acquisition deficit		(92,791)	(92,791)
Translation reserve		(1,659)	(1,460)
Accumulated losses		(141,330)	(124,155)
<b>Total equity attributable to equity holders of the Company</b>		<u>34,223</u>	51,597
Preference shares of a subsidiary		70,129	70,129
Non-controlling interests		(87,790)	(82,057)
<b>Total equity</b>		<u>16,562</u>	<u>39,669</u>
<b>Non-current liabilities</b>			
Loans and borrowings	A16	685,126	693,617
Lease liabilities		2,136	2,271
Deferred tax liability		6,657	5,410
		<u>693,919</u>	<u>701,298</u>

**MARINE & GENERAL BERHAD (Registration No. 199601033543 (405897-V))**  
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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JULY 2021**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		<b>31-Jul-21</b>	<b>Audited 30-Apr-20</b>
	<b>Notes</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>			
Loans and borrowings	A16	<b>56,323</b>	59,838
Lease liabilities		<b>943</b>	1,028
Trade and other payables	A17	<b>50,427</b>	44,817
Provision for taxation		<b>230</b>	145
		<b>107,923</b>	<b>105,828</b>
<b>Total liabilities</b>		<b>801,842</b>	<b>807,126</b>
<b>Total equity and liabilities</b>		<b>818,404</b>	<b>846,795</b>
<b>Net assets per share attributable to equity holders of the Company (sen)</b>		<b>4.73</b>	7.13

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 April 2021 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 2021**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	← Attributable to equity holders of the Company →						
	← Non-distributable →			Distributable			
	Share capital RM'000	Reverse acquisition deficit RM'000	Translation reserve RM'000	Accumulated losses RM'000	Preference shares of a subsidiary RM'000	Non- Controlling interests RM'000	Total RM'000
<b>At 1 May 2021</b>	270,003	(92,791)	(1,460)	(124,155)	70,129	(82,057)	39,669
Foreign currency translation differences for foreign operations	-	-	(199)	-	-	-	(199)
Loss for the period	-	-	-	(17,175)	-	(5,733)	(22,908)
Total comprehensive expenses for the period	-	-	(199)	(17,175)	-	(5,733)	(23,107)
<b>At 31 July 2021</b>	270,003	(92,791)	(1,659)	(141,330)	70,129	(87,790)	16,562
<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	-	-	665	-	-	59	724
Profit for the period	-	-	-	9,050	-	16,681	25,731
Total comprehensive income for the year	-	-	665	9,050	-	16,740	26,455
Issuance of preference shares	-	-	-	-	70,129	-	70,129
Changes in ownership interests in subsidiaries	-	-	49	14	-	18,280	18,343
Total transactions with owners of the Company	-	-	49	14	70,129	18,280	88,472
<b>At 30 April 2021</b>	270,003	(92,791)	(1,460)	(124,155)	70,129	(82,057)	39,669

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 2021 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 2021**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	31-Jul-21	31-Jul-20
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collection of revenue	43,620	55,794
Collection of other income	387	293
	<u>44,007</u>	<u>56,087</u>
Payment of expenses	(28,783)	(42,752)
Net tax (paid)/recovered	(20)	(23)
Net cash generated from operating activities	<u>15,204</u>	<u>13,312</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption of deposit and cash management fund	1,225	6,536
Acquisition of non-controlling interest	-	(3,376)
Purchase of property, vessels and equipment	(1,120)	(3,214)
Net cash generated from investing activities	<u>105</u>	<u>(54)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(11,530)	(3,312)
Payment of finance costs	(9,513)	(9,173)
Payment of leases	(127)	(191)
Net cash used in financing activities	<u>(21,170)</u>	<u>(12,676)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,861)</b>	<b>582</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<u><b>19,379</b></u>	<u><b>38,662</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>(a) <u>13,518</u></b>	<b><u>39,244</u></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:

		31-Jul-21	31-Jul-20
		RM'000	RM'000
Cash and bank balances	A14	6,735	31,502
Deposits with licensed financial institutions	A14	6,783	7,742
		<u>13,518</u>	<u>39,244</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 2021 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 2021.

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 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)</i>	1 January 2022
▪ 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
▪ MFRS 17, <i>Insurance Contracts</i>	1 January 2023
▪ Amendments to MFRS 101, <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies</i>	1 January 2023
▪ Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</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 September 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-Jul-21	31-Jul-20	31-Jul-21	31-Jul-20	31-Jul-21	31-Jul-20	31-Jul-21	31-Jul-20	31-Jul-21	31-Jul-20
	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	30,201	38,555	14,456	16,734	-	-	-	-	44,657	55,289
Inter-segment	-	-	-	-	44	44	(44)	(44)	-	-
<b>Total revenue</b>	<b>30,201</b>	<b>38,555</b>	<b>14,456</b>	<b>16,734</b>	<b>44</b>	<b>44</b>	<b>(44)</b>	<b>(44)</b>	<b>44,657</b>	<b>55,289</b>
<b>Segment (loss)/profit before taxation</b>										
	<b>(18,934)</b>	<b>(12,445)</b>	<b>(4,626)</b>	<b>(5,753)</b>	<b>(954)</b>	<b>(994)</b>	<b>1,529</b>	<b>28</b>	<b>(22,985)</b>	<b>(19,164)</b>
<b>Segment assets</b>										
	<b>564,651</b>	<b>689,745</b>	<b>171,282</b>	<b>15,155</b>	<b>155,562</b>	<b>187,937</b>	<b>(73,091)</b>	<b>43,072</b>	<b>818,404</b>	<b>935,909</b>
<b>Segment liabilities</b>										
	<b>880,765</b>	<b>1,102,911</b>	<b>52,167</b>	<b>206,155</b>	<b>1,212</b>	<b>3,710</b>	<b>(131,949)</b>	<b>(300,635)</b>	<b>802,195</b>	<b>1,012,141</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-21 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Jul-21 RM'000</b>
Finance income	88	293
Finance costs	(8,042)	(9,623)
Depreciation of property, vessel and equipment	(19,847)	(18,730)
Depreciation of right-of-use assets	(281)	(263)
Amortisation of vessels dry-docking	(3,545)	(3,042)
Net foreign exchange loss	<u>(24)</u>	<u>(2)</u>

#### A9. INCOME TAX

	<b>Current Year Quarter 31-Jul-21 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Jul-20 RM'000</b>
<b>Current tax expense</b>		
Malaysian		
- current year	<u>1</u>	<u>2</u>
<b>Deferred tax expense</b>		
- origination and reversal of temporary differences	<u>(78)</u>	<u>-</u>
Total income tax expense	<u>(77)</u>	<u>2</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.

## A10. LOSS PER SHARE

### Basic loss per share

Basic loss per share amounts is 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-21</b>	<b>Preceding Year Corresponding Quarter 31-Jul-20</b>
<b>Basic loss per share:</b>		
Loss net of tax attributable to owners of the parent (RM'000)	(17,175)	(14,973)
Weighted average number of ordinary shares in issue ('000)	723,879	723,879
Effect of conversion of preference shares of a subsidiary ('000)	<u>1,500,000</u>	<u>-</u>
Weighted average number of ordinary shares ('000)	<u>2,223,879</u>	<u>723,879</u>
<b>Basic loss per share (sen)</b>	<u>(0.77)</u>	<u>(2.07)</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

	<b>31-Jul-21 RM'000</b>	<b>30-Apr-21 RM'000</b>
Financial assets at fair value through profit or loss	<u>18,810</u>	<u>20,035</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-Jul-21</b>	<b>30-Apr-21</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	29,065	27,569
Other receivables	11,658	11,554
	<u>40,723</u>	<u>39,123</u>

The ageing analysis of the trade receivables is as follows:

	<b>31-Jul-21</b>	<b>30-Apr-21</b>
	<b>RM'000</b>	<b>RM'000</b>
Current (not past due)	15,691	23,034
1 - 30 days past due	7,305	2,530
31 - 90 days past due	4,941	1,539
Past due more than 90 days	2,521	2,239
	<u>30,458</u>	<u>29,342</u>
Allowance for impairment loss	(1,393)	(1,773)
	<u>29,065</u>	<u>27,569</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-Jul-21</b>	<b>30-Apr-21</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	6,735	11,513
Deposits placed with licensed bank	6,783	7,866
Total cash and cash equivalents	<u>13,518</u>	<u>19,379</u>

Included in the deposits placed with licensed financial institutions is RM1,751,000 (30 April 2021: RM1,751,000) deposit pledged for banking facilities granted to subsidiaries.

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

During the period under review, 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-Jul-21</b>	<b>30-Apr-21</b>
	<b>RM'000</b>	<b>RM'000</b>
Secured short-term borrowings:		
Term loans	43,444	44,204
Revolving credits	12,834	15,571
Hire purchase	45	63
Total short term borrowings	<u>56,323</u>	<u>59,838</u>
Secured long-term borrowings:		
Term loans	685,126	693,595
Hire purchase	-	22
Total long term borrowings	<u>685,126</u>	<u>693,617</u>
Total borrowings	<u>741,449</u>	<u>753,455</u>

**A17. TRADE AND OTHER PAYABLES**

	<b>31-Jul-21</b>	<b>30-Apr-21</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade payables	29,420	26,485
Accruals and other payables	21,007	18,332
	<u>50,427</u>	<u>44,817</u>

**A18. DEBT AND EQUITY SECURITIES**

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

**A19. DIVIDENDS**

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

**A20. COMMITMENTS**

	<b>30-Apr-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>762</u>	<u>22,667</u>

**A21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Pursuant to the disposal of Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd ("SILK") to Permodalan Nasional Berhad ("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 one remaining legal case. Therefore, no provision related to this legal case is made in the financial statements.

**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:

	Current Year Quarter 31-Jul-21 RM'000	Preceding Year Corresponding Quarter 31-Jul-20 RM'000	Variances RM'000	Change %
Revenue	44,657	55,289	(10,632)	(19.2%)
Loss before taxation	(22,985)	(19,164)	(3,821)	19.9%
Loss after taxation	(22,908)	(19,166)	(3,742)	19.5%
Loss attributable to ordinary equity holders of the parent	(17,175)	(14,973)	(2,202)	14.7%

**Fleet utilisation:**

Marine Logistics - Upstream Division	59%	69%
Marine Logistics - Downstream Division	66%	74%

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. Further, the declining demand for oil and its derivative products has 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 59% and 66% from their respective levels in the preceding year. In line with the lower operating level, the Group recorded RM44.7 million revenue in the current period, representing 19% lower revenue than the preceding year corresponding quarter.

The Upstream Division continued as the main revenue contributor, generating 68% of the Group revenue, while the Downstream Division generated the balance 32%.

Division	No. of vessels deployed		Revenue contribution			
	Current year quarter 31-Jul-21	Preceding year corresponding quarter 31-Jul-20	Current year quarter 31-Jul-21 RM'000	Preceding year corresponding quarter 31-Jul-20 RM'000	Current year quarter 31-Jul-21 %	Preceding year corresponding quarter 31-Jul-20 %
Upstream	15	20	30,201	38,555	68%	70%
Downstream	7	7	14,456	16,734	32%	30%
	22	27	44,657	55,289	100%	100%

## B1. REVIEW OF PERFORMANCE (CONTINUED)

Taking into account the finance cost and vessel depreciation, the Group recorded RM23 million loss before taxation, an increase of RM3.8 million from the previous corresponding quarter loss of RM19.2 million.

### Divisional commentary

#### i. Marine Logistics – Upstream Division

	Current Year Quarter 31-Jul-21 RM'000	Preceding Year Corresponding Quarter 31-Jul-20 RM'000	Change
Revenue	30,201	38,555	(21.7%)
Loss before taxation	(18,934)	(12,445)	52.1%
Fleet utilisation	59%	69%	

During the current period under review, the Upstream Division recorded lower fleet utilisation following the continuing Covid-19 pandemic due to the emergence of the new variants which delay the general economic recovery and the oil and gas industry in particular. Consequently, the Division recorded lower utilization of 59% in the current quarter compared to 69% in the preceding year corresponding quarter.

In line with the lower utilisation, the Division recorded a revenue of RM30.2 million, representing a 22% lower revenue than the preceding year corresponding quarter, and consequently, the Division recorded higher loss before taxation of RM18.9 million in the current quarter.



## B1. REVIEW OF PERFORMANCE (CONTINUED)

### Divisional commentary

#### ii. Marine Logistics – Downstream Division

	Current Year Quarter 31-Jul-21 RM'000	Preceding Year Corresponding Quarter 31-Jul-20 RM'000	Change
Revenue	14,456	16,734	(13.6%)
Loss before taxation	(4,626)	(5,753)	(19.6%)
Fleet utilisation	66%	74%	

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 quarter.

Consequently, the Division recorded a revenue of RM14.5 million, 14% lower than the preceding year corresponding quarter in line with the lower charter activity recorded during the period.

Nevertheless, the Division recorded lower loss before taxation of RM4.6 million in the current quarter compared to RM5.8 million in the preceding year corresponding quarter. The improvement is mainly due to lower direct operating expenses incurred in the current quarter in line with higher time charter activities.

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

### a. Revenue

	Current Quarter 31-Jul-21 RM'000	Preceding Period 30-Apr-21 RM'000	Variances RM'000	Change %
<b>Revenue</b>				
Marine Logistics - Upstream Division	30,201	25,595	4,606	18.0%
Marine Logistics - Downstream Division	14,456	16,050	(1,594)	(9.9%)
	<u>44,657</u>	<u>41,645</u>	3,012	7.2%
<b>Fleet utilisation</b>				
Marine Logistics - Upstream Division	59%	50%		
Marine Logistics - Downstream Division	<u>66%</u>	<u>67%</u>		

The Group recorded a revenue of RM44.7 million for the quarter ended 31 July 2021 ("Q1 2022"), an increase of 7% from the preceding period ("Q4 2021") mainly due to higher charter activity by the Upstream Division whose fleet utilisation increased from 50% in Q4 2021 to 59% in Q1 2022.

Meanwhile, the Downstream Division recorded marginal decrease in revenue as vessel utilisation remained flat due to the effects of the continuing Covid-19 pandemic to the oil and gas industry.

### b. Loss before taxation

	Current Quarter 31-Jul-21 RM'000	Preceding Period 30-Apr-21 RM'000	Variances RM'000	Change %
<b>Loss from operation</b>				
Marine Logistics - Upstream Division	(18,934)	(11,440)	(7,494)	65.5%
Marine Logistics - Downstream Division	(4,626)	(14,993)	10,367	(69.1%)
Investment holding and Others	(954)	(1,000)	46	(4.6%)
Adjustments	1,529	4,263	(2,734)	(64.1%)
	<u>(22,985)</u>	<u>(23,170)</u>	185	(0.8%)
Gain on restructuring of debts	-	19,871	(19,871)	(100.0%)
<b>Loss before taxation</b>	<u>(22,985)</u>	<u>(3,299)</u>	<u>(19,686)</u>	*

\* Not meaningful

During the current quarter, the Group recorded marginal decrease of loss from operation from RM23.2 million in Q4 2021 to RM23 million in Q1 2022.

The Group recorded lower loss before taxation of RM23 million in the current quarter compared to RM23.2 million loss in the immediate preceding quarter before the non-recurring gain on restructuring of debts recognised in the immediate preceding quarter.

### **B3. CURRENT YEAR PROSPECTS**

The Upstream Marine Logistics Division charters out offshore support vessels (“OSV”) 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 end 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.

The on-going Covid-19 pandemic remains a key risk to the Group’s outlook for financial year ending 30 April 2022 given the recent resurgence of new cases as well as the re-implementation of travel restriction. The timing of opening of international borders remains uncertain despite the vaccination programs that are rolled out domestically and globally in curbing the COVID- 19 pandemic

However, taking the scenarios of the United States, Europe and China where the Covid-19 pandemic has reduced upon achieving significant progress in their vaccination programmes, and in line with the Government’s aggressive vaccination drive to achieve the same by end 2021, the Board expects the pandemic-induced restrictions to be gradually lifted by 2022, which would enable economic activities to resume.

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

Brent crude oil prices has strengthened at around USD70 per barrel in the past few months on the expected market stability and demand improvement as Covid-19 pandemic subsides in major markets.

Due to the sizable presence in the deep-sea drilling activities, prospects for the Upstream Division are influenced by the level of capital expenditure spending by the Oil Majors which is in line with the volume of exploration and production activities. Based on the recently issued PETRONAS Activity Outlook for 2021-2023, Petronas maintains its prudent view on the industry outlook and will respond with cautious optimism particularly on new capital projects.

In view of the foregoing, the Board remains cautiously optimistic that OSV market, particularly those serving the deep sea activities, will improve in the current financial year.

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

Despite the high Covid-19 cases in the region, the vaccination drive offers a positive outlook for the business. The Division looks forward to more active charter operations in the current financial year, having already secured three time-charter contracts.

Despite the foregoing, the Board remains cautious on the future prospects of the Group 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**

	<b>31-Jul-21</b>	<b>30-Apr-21</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained loss of the Company and its subsidiaries:		
- realised loss	(464,178)	(442,246)
Less consolidated adjustment	322,848	318,091
Total Group retained profits as per consolidated accounts	<u>(141,330)</u>	<u>(124,155)</u>

**B7. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report on the Group's financial statements for the period ended 30 April 2021 was not subject to any qualification.

**BY ORDER OF THE BOARD  
SECRETARIES**