



MARINE & GENERAL
BERHAD

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

INTERIM RESULT FOR THE PERIOD ENDED
31 OCTOBER 2021 (Q2 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 OCTOBER 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-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20
		RM'000	RM'000	RM'000	RM'000
Revenue		54,111	47,565	98,767	102,854
Direct costs		(52,592)	(56,984)	(108,005)	(115,968)
Gross profit/(loss)		1,519	(9,419)	(9,238)	(13,114)
Other income		35	259	322	272
Other item of expenses:					
Administrative expenses		(4,980)	(4,872)	(9,541)	(10,319)
Other expenses		-	(298)	-	(1,001)
		(4,980)	(5,170)	(9,541)	(11,320)
EBIT		(3,426)	(14,330)	(18,457)	(24,162)
Finance income	A7	82	213	170	505
Finance cost	A7	(7,856)	(9,705)	(15,898)	(19,329)
Net finance cost		(7,774)	(9,492)	(15,728)	(18,824)
Loss from operation		(11,200)	(23,822)	(34,185)	(42,986)
Gain arising from derecognition of financial liabilities measured at amortised cost		-	106,829	-	106,829
(Loss)/Profit before taxation		(11,200)	83,007	(34,185)	63,843
Taxation	A9	(80)	(53)	(3)	(56)
(Loss)/Profit after taxation		(11,280)	82,954	(34,188)	63,787

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

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2021

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Oct-21 RM'000	Preceding Year Corresponding Quarter 31-Oct-20 RM'000	Current Year To Date 31-Oct-21 RM'000	Preceding Year Corresponding Quarter 31-Oct-20 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		752	1,714	554	1,000
Total comprehensive (expenses)/income for the period		(10,528)	84,668	(33,634)	64,787
Net (loss)/profit attributable to:					
Owners of the parent		(10,026)	56,065	(27,201)	41,082
Non-controlling interests		(1,254)	26,889	(6,987)	22,705
		(11,280)	82,954	(34,188)	63,787
Total comprehensive (expenses)/income attributable to:					
Owners of the parent		(9,274)	57,779	(26,647)	42,082
Non-controlling interests		(1,254)	26,889	(6,987)	22,705
		(10,528)	84,668	(33,634)	64,787
(Loss)/Earnings per share (sen)					
- basic	A10	(0.45)	4.38	(1.81)	2.99

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

		31-Oct-21	Audited
	Notes	RM'000	30-Apr-21
			RM'000
Assets			
Non-current assets			
Property, vessels and equipment		713,248	756,464
Right-of-use assets		2,587	3,140
		<u>715,835</u>	<u>759,604</u>
Current assets			
Inventories		7,971	7,148
Other investments	A12	17,881	20,035
Trade and other receivables	A13	46,482	39,123
Tax recoverable		1,506	1,506
Cash and bank balances	A14	15,256	19,379
		<u>89,096</u>	<u>87,191</u>
Total assets		<u>804,931</u>	<u>846,795</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		(906)	(1,460)
Accumulated losses		(151,356)	(124,155)
Total equity attributable to equity holders of the Company		24,950	51,597
Preference shares of a subsidiary		70,129	70,129
Non-controlling interests		(86,274)	(82,057)
Total equity		<u>8,805</u>	<u>39,669</u>
Non-current liabilities			
Loans and borrowings	A16	701,678	693,617
Lease liabilities		1,867	2,271
Deferred tax liability		5,496	5,410
		<u>709,041</u>	<u>701,298</u>

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

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2021

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31-Oct-21	Audited
	Notes	RM'000	30-Apr-21
			RM'000
Current liabilities			
Loans and borrowings	A16	34,177	59,838
Lease liabilities		937	1,028
Trade and other payables	A17	51,903	44,817
Provision for taxation		68	145
		87,085	105,828
Total liabilities		796,126	807,126
Total equity and liabilities		804,931	846,795
Net assets per share attributable to equity holders of the Company (sen)		3.45	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 OCTOBER 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	Preference shares of a subsidiary RM'000	Non- Controlling interests RM'000	
At 1 May 2021	270,003	(92,791)	(1,460)	(124,155)	70,129	(82,057)	39,669
Foreign currency translation differences for foreign operations	-	-	554	-	-	-	554
Loss for the period	-	-	-	(27,201)	-	(6,987)	(34,188)
Total comprehensive expenses for the period	-	-	554	(27,201)	-	(6,987)	(33,634)
Changes in ownership interests in subsidiaries	-	-	-	-	-	2,770	2,770
At 31 October 2021	270,003	(92,791)	(906)	(151,356)	70,129	(86,274)	8,805
At 1 May 2020	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
At 30 April 2021	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 OCTOBER 2021****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	31-Oct-21	31-Oct-20
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of revenue	93,485	101,190
Collection of other income	506	588
	<u>93,991</u>	<u>101,778</u>
Payment of expenses	(63,794)	(89,652)
Net tax (paid)/recovered	(119)	(40)
Net cash generated from operating activities	<u>30,078</u>	<u>12,086</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of deposit and cash management fund	2,154	7,724
Acquisition of non-controlling interest	-	(3,376)
Purchase of property, vessels and equipment	(3,246)	(4,544)
Net cash generated from investing activities	<u>(1,092)</u>	<u>(196)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution of non-controlling interest	-	2,000
Repayment of borrowings	(17,141)	(2,946)
Payment of finance costs	(15,732)	(18,051)
Payment of leases	(236)	(291)
Net cash used in financing activities	<u>(33,109)</u>	<u>(19,288)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,123)	(7,398)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>19,379</u>	<u>38,662</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(a) <u>15,256</u>	<u>31,264</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-Oct-21	31-Oct-20
		RM'000	RM'000
Cash and bank balances	A14	8,504	23,500
Deposits with licensed financial institutions	A14	6,752	7,764
		<u>15,256</u>	<u>31,264</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:

MFRSs, Interpretations and amendments to MFRS	Effective date
▪ 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
▪ Amendments to MFRS 141, <i>Agriculture (Annual Improvement to MFRS Standards 2018-2020)</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 112, <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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 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-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3-month results										
Revenue										
External customers	38,212	34,124	15,899	13,441	-	-	-	-	54,111	47,565
Inter-segment	-	-	-	-	44	44	(44)	(44)	-	-
Total revenue	38,212	34,124	15,899	13,441	44	44	(44)	(44)	54,111	47,565
Segment (loss)/profit before taxation										
	(6,440)	93,273	(2,272)	(9,259)	(1,020)	(1,035)	(1,468)	28	(11,200)	83,007
6-month results										
Revenue										
External customers	68,413	72,679	30,354	30,175	-	-	-	-	98,767	102,854
Inter-segment	-	-	-	-	88	88	(88)	(88)	-	-
Total revenue	68,413	72,679	30,354	30,175	88	88	(88)	(88)	98,767	102,854
Segment (loss)/profit before taxation										
	(25,374)	80,827	(6,898)	(15,012)	(1,973)	(2,030)	60	58	(34,185)	63,843
Segment assets	603,675	671,608	176,688	199,671	148,545	184,203	(123,977)	(146,402)	804,931	909,080
Segment liabilities	753,713	889,084	47,053	203,855	114,597	1,478	(119,237)	(283,772)	796,126	810,645

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 before tax are the following items:

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31-Oct-21 RM'000	31-Oct-20 RM'000	31-Oct-21 RM'000	31-Oct-20 RM'000
Finance income	82	213	170	505
Finance costs	(7,856)	(9,705)	(15,899)	(19,329)
Depreciation of property, vessel and equipment	(19,862)	(19,039)	(39,745)	(37,771)
Depreciation of right-of-use assets	(249)	(246)	(494)	(509)
Amortisation of vessels dry-docking	(3,426)	(3,039)	(6,971)	(6,081)
Net foreign exchange loss	(67)	25	(91)	23

A9. INCOME TAX

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31-Oct-21 RM'000	31-Oct-20 RM'000	31-Oct-21 RM'000	31-Oct-20 RM'000
Current period tax charge:				
Malaysian income tax	80	53	3	56

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

Basic (loss)/earnings per share amounts is 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 (6 months)
31 October 2021		
Basic loss per share:		
Loss net of tax attributable to owners of the parent (RM'000)	(10,026)	(27,201)
Weighted average number of ordinary shares in issue ('000)	723,879	723,879
Effect of conversion of preference shares of a subsidiary ('000)	1,500,000	1,500,000
Weighted average number of ordinary shares ('000)	2,223,879	2,223,879
Basic loss per share (sen)	<u>(0.45)</u>	<u>(1.81)</u>
31 October 2020		
Basic earnings per share:		
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)	338,335	409,149
Effect of conversion of preference shares of a subsidiary ('000)	942,731	966,904
Weighted average number of ordinary shares ('000)	1,281,066	1,376,053
Basic earnings per share (sen)	<u>4.38</u>	<u>2.99</u>

On 13 August 2020, Jasa Merin (Malaysia) Sdn Bhd ("JMM") issued 150,000,000 convertible preference shares ("JMM PS") to its bankers as part of its debt restructuring. The JMM PS is non-redeemable but is mandatorily exchangeable with the ordinary shares of the Company at the rate of 10 new ordinary shares for every one JMM PS. Pursuant to MFRS 133, *Earnings per Share*, the number of shares issuable on exchange of JMM PS has been included in the calculation of basic earnings per share. Hence, during the period under review, there is no dilution in the (loss)/earnings per share.

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-21	30-Apr-21
	RM'000	RM'000
Financial assets at fair value through profit or loss	<u>17,881</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

	31-Oct-21	30-Apr-21
	RM'000	RM'000
Trade receivables	33,561	27,569
Other receivables	12,921	11,554
	<u>46,482</u>	<u>39,123</u>

The ageing analysis of the trade receivables is as follows:

	31-Oct-21	30-Apr-21
	RM'000	RM'000
Current (not past due)	26,020	23,034
1 - 30 days past due	7,121	2,530
31 - 90 days past due	585	1,658
Past due more than 90 days	1,228	2,120
	<u>34,954</u>	<u>29,342</u>
Allowance for impairment loss	<u>(1,393)</u>	<u>(1,773)</u>
	<u>33,561</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:

	31-Oct-21	30-Apr-21
	RM'000	RM'000
Cash and bank balances	8,504	11,513
Deposits placed with licensed bank	6,752	7,866
Total cash and cash equivalents	<u>15,256</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:

	31-Oct-21	30-Apr-21
	RM'000	RM'000
Secured short-term borrowings:		
Term loans	22,257	44,204
Revolving credits	11,889	15,571
Hire purchase	31	63
Total short term borrowings	<u>34,177</u>	<u>59,838</u>
Secured long-term borrowings:		
Term loans	700,733	693,595
Revolving credits	945	-
Hire purchase	-	22
Total long term borrowings	<u>701,678</u>	<u>693,617</u>
Total borrowings	<u>735,855</u>	<u>753,455</u>

A17. TRADE AND OTHER PAYABLES

	31-Oct-21	30-Apr-21
	RM'000	RM'000
Trade payables	32,725	26,485
Accruals and other payables	19,178	18,332
	<u>51,903</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

	31-Oct-21	30-Apr-21
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, vessel and equipment	<u>7,824</u>	<u>174</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.

A21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

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 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-21 RM'000	31-Oct-20 RM'000		
Revenue	54,111	47,565	6,546	13.8%
Loss from operation	(11,200)	(23,822)	12,622	(53.0%)
Gain arising from derecognition of financial liabilities measured at amortised cost	-	106,829	(106,829)	(100.0%)
Loss before taxation	(11,200)	83,007	(94,207)	(113.5%)
Loss after taxation	(11,280)	82,954	(94,234)	(113.6%)
Loss attributable to ordinary equity holders of the parent	(10,026)	56,065	(66,091)	(117.9%)

Fleet utilisation:

Marine Logistics - Upstream Division	69%	63%
Marine Logistics - Downstream Division	76%	44%

During the period under review, the Group recorded RM54.1 million revenue, an improvement of 14% from the preceding year corresponding quarter, in line with the higher charter activities of both Upstream and Downstream Divisions.

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

Division	No. of vessels deployed		Revenue contribution			
	Current year quarter 31-Oct-21	Preceding year corresponding quarter 31-Oct-20	Current year quarter 31-Oct-21 RM'000	Preceding year corresponding quarter 31-Oct-20 RM'000	Current year quarter 31-Oct-21 %	Preceding year corresponding quarter 31-Oct-20 %
Upstream	16	16	38,212	34,124	71%	72%
Downstream	6	7	15,899	13,441	29%	28%
	22	23	54,111	47,565	100%	100%

The Group recorded lower loss before taxation of RM11.2 million in the current quarter compared to RM23.8 million loss before the non-recurring gain of RM106.8 million on restructuring of debts recognised during the preceding year corresponding quarter mainly due to:

- higher revenue recorded in the current quarter; and

B1. REVIEW OF PERFORMANCE (CONTINUED)

Quarterly review (continued)

- lower operating expenditures incurred by the Downstream Division mainly due to the deployment of the five (5) tankers on time charter (“TC”) and one (1) under voyage charter (“VC”) contract in the current quarter as compared to all seven (7) tankers deployed on VC arrangements in the preceding year corresponding quarter. This was in line with the Group’s policy to prioritise TC over VC contracts – although VC contracts have a higher daily charter rate, the ship owners bear the fuel, port and agency charges, and this may result in a lower net return. Under a TC contract, the charterers bear these charges.

Year-to-date review

	6 Months Ended		Variances RM'000	Change %
	31-Oct-21 RM'000	31-Oct-20 RM'000		
Revenue	98,767	102,854	(4,087)	(4.0%)
Loss from operation	(34,185)	(42,986)	8,801	(20.5%)
Gain arising from derecognition of financial liabilities measured at amortised cost	-	106,829	(106,829)	(100.0%)
Loss before taxation	(34,185)	63,843	(98,028)	(153.5%)
Loss after taxation	(34,188)	63,787	(97,975)	(153.6%)
Loss attributable to ordinary equity holders of the parent	(27,201)	41,082	(68,283)	(166.2%)

Fleet utilisation:

Marine Logistics - Upstream Division	64%	66%
Marine Logistics - Downstream Division	71%	55%

For the current 6 months cumulative period, the Group recorded RM98.8 million revenue, representing a marginal decrease from the preceding year corresponding period. The decrease was mainly due to:

- marginal decrease in charter activities recorded by the Upstream Division given the continuation of shrinking demand for oil following the Covid-19 pandemic and therefore lower drilling activities,
- despite the sizeable increase in the Downstream Division charter activities, its revenue increased only marginally as five (5) tankers were deployed on TC and one (1) on VC in the current period as compared to two (2) on TC and five (5) on VC in the preceding year corresponding period.

The Upstream Division continued as the main revenue contributor, generating 69% of the Group revenue, while the Downstream Division generated the balance 31%.

B1. REVIEW OF PERFORMANCE (CONTINUED)

Year-to-date review (continued)

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-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20	31-Oct-21	31-Oct-20
			RM'000	RM'000	%	%
Upstream	16	20	68,413	72,679	69%	71%
Downstream	7	7	30,354	30,175	31%	29%
	23	27	98,767	102,854	100%	100%

For the current 6 months cumulative period, the Group recorded RM34.2 million loss before taxation, representing 21% lower loss before the non-recurring gain of RM106.8 million on restructuring of debts recognised during the preceding year corresponding quarter. The lower loss was mainly due to:

- an improvement in performance of 70M AHTS vessels from Upstream Division during the current period which contributed to higher revenue recorded and lower operating expenditures incurred; and
- lower operating expenditures incurred by the Downstream Division mainly due to the deployment of the five (5) tankers on TC contract in the current quarter as compared to two (2) in the preceding year corresponding quarter.

Divisional commentary

i. Marine Logistics – Upstream Division

	3 Months Ended			6 Months Ended		
	31-Oct-21 RM'000	31-Oct-20 RM'000	Change	31-Oct-21 RM'000	31-Oct-20 RM'000	Change
Revenue	38,212	34,124	12.0%	68,413	72,679	(5.9%)
Loss from operation	(6,440)	(13,556)	(52.5%)	(25,374)	(26,002)	(2.4%)
Gain arising from derecognition of financial liabilities measured at amortised cost	-	106,829	(100.0%)	-	106,829	(100.0%)
(Loss)/Profit before taxation	(6,440)	93,273	(106.9%)	(25,374)	80,827	(131.4%)
Fleet utilisation	69%	63%		64%	66%	

Quarterly review

During the period under review, the Upstream Division recorded a revenue of RM38.2 million, representing a 12% higher revenue than the preceding year corresponding quarter. The increase was in line with the higher charter activities recorded during the period.

The Division recorded RM6.4 million loss before taxation in the current quarter compared to RM13.6 million loss before the non-recurring gain of RM106.8 million on restructuring of debts recognised during the preceding year corresponding quarter. The lower loss recorded by the Division is in line with higher revenue during the current period.

B1. REVIEW OF PERFORMANCE (CONTINUED)

Divisional commentary (continued)

i. Marine Logistics – Upstream Division (continued)

Year-to-date review

During the period under review, the Upstream Division recorded a revenue of RM68.4 million, representing 6% lower revenue than the preceding year corresponding period in line with lower charter activities in the current period.

Despite recording lower revenue during the period, the Division recorded marginally lower loss before taxation of RM25.4 million than RM26 million loss before the non-recurring gain of RM106.8 million on restructuring of debts recognised during the preceding year corresponding period mainly due to lower incurrence of direct expenses in line with lower vessel deployment and lower overhead costs.

ii. Marine Logistics – Downstream Division

	31-Oct-21 RM'000	31-Oct-20 RM'000	Change	31-Oct-21 RM'000	31-Oct-20 RM'000	Change
Revenue	15,899	13,441	18.3%	30,354	30,175	0.6%
Loss before taxation	(2,272)	(9,259)	(75.5%)	(6,898)	(15,012)	(54.1%)
Fleet utilisation	76%	44%		71%	55%	

Quarterly review

During the period under review, the Downstream Division recorded a revenue of RM15.9 million, representing 18% higher revenue than the preceding year corresponding quarter. The increase was in line with the higher charter activities recorded during the period.

The Downstream Division recorded RM2.3 million loss before taxation for the current quarter, representing 76% lower loss than the preceding year corresponding quarter mainly due to:

- higher revenue recorded in the current quarter in line with higher charter activities; and
- lower operating expenditures incurred mainly due to the deployment of the five (5) tankers on TC contract in the current quarter as compared to none in the preceding year corresponding quarter.

B1. REVIEW OF PERFORMANCE (CONTINUED)

Divisional commentary (continued)

ii. Marine Logistics – Downstream Division (continued)

Year-to-date review

During the current cumulative period, the Downstream Division recorded a revenue of RM30.4 million. Despite recording a sizeable increase in charter activities, revenue of the Division increased marginally compared to the preceding year corresponding period as most of its vessels were deployed on TC compared to two (2) tankers in the preceding year. The marginal increase is in line with lower rates under the TC than under the VC arrangement.

The Downstream Division recorded RM6.9 million loss before taxation, a 54% improvement from the preceding year corresponding quarter. The lower loss was mainly due to lower direct expenses incurred in the current period in line with higher TC activities.

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

a. Revenue

	Current Quarter 31-Oct-21 RM'000	Preceding Quarter 31-Jul-21 RM'000	Variances RM'000	Change %
Revenue				
Marine Logistics - Upstream Division	38,212	30,201	8,011	26.5%
Marine Logistics - Downstream Division	15,899	14,456	1,443	10.0%
	<u>54,111</u>	<u>44,657</u>	9,454	21.2%
Fleet utilisation				
Marine Logistics - Upstream Division	69%	59%		
Marine Logistics - Downstream Division	<u>76%</u>	<u>66%</u>		

The Group recorded revenue of RM54.1 million for the quarter ended 31 October 2021 ("Q2 2022"), an increase of 21% from the preceding period ("Q1 2022") mainly due to higher charter activities by both Upstream and Downstream Divisions.

b. Loss before taxation

	Current Quarter 31-Oct-21 RM'000	Preceding Quarter 31-Jul-21 RM'000	Variances RM'000	Change %
Loss before taxation				
Marine Logistics - Upstream Division	(6,440)	(18,934)	12,494	(66.0%)
Marine Logistics - Downstream Division	(2,272)	(4,626)	2,354	(50.9%)
Investment holding and others	(1,020)	(954)	(66)	6.9%
Adjustments	<u>(1,468)</u>	<u>1,529</u>	<u>(2,997)</u>	*
	<u>(11,200)</u>	<u>(22,985)</u>	<u>11,785</u>	(51.3%)

* Not meaningful

During the current period, the Group recorded RM11.2 million loss before taxation, a decrease of 51% from the loss recorded in the immediate preceding quarter.

The Upstream and Downstream Divisions recorded RM6.4 million and RM2.3 million loss before taxation, an improvement of 66% and 51% respectively as compared with the preceding quarter. The lower loss was in line with the higher charter activities recorded from both Divisions.

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 uncertain demand of oil due to the continuing Covid-19 pandemic.

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 emergence of new Covid-19 variants, resurgence of new cases, and the re- implementation of travel restriction.

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 more than USD80 per barrel in the past few months on the expected market stability and demand improvement as Covid-19 pandemic subsides in major markets. The oil price has nevertheless dropped to below USD80 per barrel level in recent weeks following the uncertainties arising from the emergence of Omicron Covid-19 variant.

Due to its 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. CURRENT YEAR 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 six 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

	31-Oct-21	30-Apr-21
	RM'000	RM'000
Total retained loss of the Company and its subsidiaries:		
- realised loss	(683,311)	(657,318)
Less consolidated adjustment	531,955	533,163
Total Group retained profits as per consolidated accounts	<u>(151,356)</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**