



MARINE & GENERAL
BERHAD

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

INTERIM RESULT FOR THE PERIOD ENDED
31 JANUARY 2022 (Q3 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 JANUARY 2022

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-22	31-Jan-21	31-Jan-22	31-Jan-21
		RM'000	RM'000	RM'000	RM'000
Revenue		57,629	38,896	156,397	141,750
Direct costs		(54,274)	(55,618)	(162,279)	(171,586)
Gross profit/(loss)		3,355	(16,722)	(5,882)	(29,836)
Other income		1,170	2,164	1,765	2,436
Other item of expenses:					
Administrative expenses		(4,782)	(4,421)	(14,595)	(14,740)
Other expenses		(125)	(67)	(125)	(1,068)
		(4,907)	(4,488)	(14,720)	(15,808)
EBIT		(382)	(19,046)	(18,837)	(43,208)
Finance income	A7	62	139	232	644
Finance cost	A7	(7,982)	(9,662)	(23,881)	(28,991)
Net finance cost		(7,920)	(9,523)	(23,649)	(28,347)
Loss from operation		(8,302)	(28,569)	(42,486)	(71,555)
Gain arising from derecognition of financial liabilities measured at amortised cost		-	-	-	106,829
(Loss)/Profit before taxation		(8,302)	(28,569)	(42,486)	35,274
Taxation	A9	(3)	(184)	(6)	(240)
(Loss)/Profit after taxation		(8,305)	(28,753)	(42,492)	35,034

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

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2022

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-22	31-Jan-21	31-Jan-22	31-Jan-21
	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	(250)	760	304	1,760
Total comprehensive (expenses)/income for the period	(8,555)	(27,993)	(42,188)	36,794
Net (loss)/profit attributable to:				
Owners of the parent	(6,047)	(21,764)	(33,247)	19,317
Non-controlling interests	(2,258)	(6,989)	(9,245)	15,717
	(8,305)	(28,753)	(42,492)	35,034
Total comprehensive (expenses)/income attributable to:				
Owners of the parent	(6,297)	(21,004)	(32,943)	21,077
Non-controlling interests	(2,258)	(6,989)	(9,245)	15,717
	(8,555)	(27,993)	(42,188)	36,794
(Loss)/Earnings per share (sen)				
- basic	A10 (0.27)	(0.98)	(2.22)	0.87

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 JANUARY 2022

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31-Jan-22	Audited
	Notes	RM'000	30-Apr-21
			RM'000
Assets			
Non-current assets			
Property, vessels and equipment		701,794	756,464
Right-of-use assets		2,315	3,140
		<u>704,109</u>	<u>759,604</u>
Current assets			
Inventories		7,524	7,148
Other investments	A12	13,427	20,035
Trade and other receivables	A13	53,386	39,123
Tax recoverable		1,525	1,506
Cash and bank balances	A14	13,866	19,379
		<u>89,728</u>	<u>87,191</u>
Total assets		<u>793,837</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		(1,156)	(1,460)
Accumulated losses		(157,402)	(124,155)
Total equity attributable to equity holders of the Company		18,654	51,597
Preference shares of a subsidiary		70,129	70,129
Non-controlling interests		(88,532)	(82,057)
Total equity		<u>251</u>	<u>39,669</u>
Non-current liabilities			
Loans and borrowings	A16	681,604	693,617
Lease liabilities		1,615	2,271
Deferred tax liability		5,556	5,410
		<u>688,775</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 JANUARY 2022

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31-Jan-22	Audited
	Notes	RM'000	30-Apr-21
			RM'000
Current liabilities			
Loans and borrowings	A16	51,835	59,838
Lease liabilities		912	1,028
Trade and other payables	A17	51,996	44,817
Provision for taxation		68	145
		104,811	105,828
Total liabilities		793,586	807,126
Total equity and liabilities		793,837	846,795
Net assets per share attributable to equity holders of the Company (sen)		2.58	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 JANUARY 2022

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	-	-	304	-	-	-	304
Loss for the period	-	-	-	(33,247)	-	(9,245)	(42,492)
Total comprehensive income/(expenses) for the period	-	-	304	(33,247)	-	(9,245)	(42,188)
Changes in ownership interests in subsidiaries	-	-	-	-	-	2,770	2,770
At 31 January 2022	270,003	(92,791)	(1,156)	(157,402)	70,129	(88,532)	251
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 JANUARY 2022****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	31-Jan-22	31-Jan-21
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of revenue	141,660	152,156
Collection of other income	650	2,494
	<u>142,310</u>	<u>154,650</u>
Payment of expenses	(95,624)	(134,348)
Net tax paid	(140)	(354)
Net cash generated from operating activities	<u>46,546</u>	<u>19,948</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of deposit and cash management fund	6,608	16,130
Acquisition of non-controlling interest	-	(3,376)
Proceed from disposal of property, plant and equipment	206	-
Purchase of property, vessels and equipment	(15,389)	(5,082)
Net cash generated from investing activities	<u>(8,575)</u>	<u>7,672</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution of non-controlling interest	-	2,000
Repayment of borrowings	(19,546)	(3,576)
Payment of finance costs	(23,631)	(27,607)
Payment of leases	(307)	(392)
Net cash used in financing activities	<u>(43,484)</u>	<u>(29,575)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,513)	(1,955)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	19,379	38,662
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(a) 13,866	36,707

(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-22	31-Jan-21
		RM'000	RM'000
Cash and bank balances	A14	6,968	28,962
Deposits with licensed financial institutions	A14	6,898	7,745
		<u>13,866</u>	<u>36,707</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 30 March 2022.

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-22 RM'000	31-Jan-21 RM'000	31-Jan-22 RM'000	31-Jan-21 RM'000	31-Jan-22 RM'000	31-Jan-21 RM'000	31-Jan-22 RM'000	31-Jan-21 RM'000	31-Jan-22 RM'000	31-Jan-21 RM'000
3-month results										
Revenue										
External customers	43,484	24,703	14,145	14,193	-	-	-	-	57,629	38,896
Inter-segment	-	-	-	-	44	44	(44)	(44)	-	-
Total revenue	43,484	24,703	14,145	14,193	44	44	(44)	(44)	57,629	38,896
Segment (loss)/profit before taxation										
	(7,899)	(20,209)	675	(7,575)	(443)	(814)	(635)	29	(8,302)	(28,569)
9-month results										
Revenue										
External customers	111,898	97,382	44,499	44,368	-	-	-	-	156,397	141,750
Inter-segment	-	-	-	-	132	88	(132)	(88)	-	-
Total revenue	111,898	97,382	44,499	44,368	132	88	(132)	(88)	156,397	141,750
Segment (loss)/profit before taxation										
	(33,272)	60,619	(6,223)	(22,587)	(2,416)	(2,844)	(575)	86	(42,486)	35,274
Segment assets	594,636	648,969	178,980	197,943	147,787	183,027	(127,566)	(154,082)	793,837	875,857
Segment liabilities	752,573	886,836	48,912	208,640	114,283	1,118	(122,182)	(291,179)	793,586	805,415

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-22 RM'000	31-Jan-21 RM'000	31-Jan-22 RM'000	31-Jan-21 RM'000
Finance income	62	139	232	644
Finance costs	(7,982)	(9,662)	(23,881)	(28,991)
Depreciation of property, vessel and equipment	(19,856)	(19,024)	(59,601)	(56,793)
Depreciaton of right-of-use assets	(249)	(308)	(743)	(818)
Amortisation of vessels dry-docking	(3,626)	(3,162)	(10,597)	(9,243)
Net foreign exchange loss	(450)	221	(540)	104

A9. INCOME TAX

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31-Jan-22 RM'000	31-Jan-21 RM'000	31-Jan-22 RM'000	31-Jan-21 RM'000
Current period tax charge:				
Malaysian income tax	3	184	6	240

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 (9 months)
31 January 2022		
Basic loss per share:		
Loss net of tax attributable to owners of the parent (RM'000)	(6,047)	(33,247)
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>(0.27)</u>	<u>(2.22)</u>
31 January 2021		
Basic 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
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)/earnings per share (sen)	<u>(0.98)</u>	<u>0.87</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-Jan-22	30-Apr-21
	RM'000	RM'000
Financial assets at fair value through profit or loss	<u>13,427</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-Jan-22	30-Apr-21
	RM'000	RM'000
Trade receivables	43,297	27,569
Other receivables	<u>10,089</u>	<u>11,554</u>
	<u>53,386</u>	<u>39,123</u>

The ageing analysis of the trade receivables is as follows:

	31-Jan-22	30-Apr-21
	RM'000	RM'000
Current (not past due)	24,272	23,034
1 - 30 days past due	15,115	2,530
31 - 90 days past due	2,189	1,658
Past due more than 90 days	<u>3,114</u>	<u>2,120</u>
	44,690	29,342
Allowance for impairment loss	<u>(1,393)</u>	<u>(1,773)</u>
	<u>43,297</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-Jan-22	30-Apr-21
	RM'000	RM'000
Cash and bank balances	6,968	11,513
Deposits placed with licensed bank	6,898	7,866
Total cash and cash equivalents	<u>13,866</u>	<u>19,379</u>

Included in the deposits placed with licensed financial institutions is RM1,814,000 (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-Jan-22	30-Apr-21
	RM'000	RM'000
Secured short-term borrowings:		
Term loans	39,927	44,204
Revolving credits	11,889	15,571
Hire purchase	19	63
Total short term borrowings	<u>51,835</u>	<u>59,838</u>
Secured long-term borrowings:		
Term loans	680,659	693,595
Revolving credits	945	-
Hire purchase	-	22
Total long term borrowings	<u>681,604</u>	<u>693,617</u>
Total borrowings	<u>733,439</u>	<u>753,455</u>

A17. TRADE AND OTHER PAYABLES

	31-Jan-22	30-Apr-21
	RM'000	RM'000
Trade payables	31,328	26,485
Accruals and other payables	20,668	18,332
	<u>51,996</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-Jan-22	30-Apr-21
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, vessel and equipment	<u>12,592</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 to date compared with the corresponding periods of the previous financial year are as follows:

Quarterly review

	3 Months Ended		Variances RM'000	Change %
	31-Jan-22 RM'000	31-Jan-21 RM'000		
Revenue	57,629	38,896	18,733	48.2%
Loss from operation / loss before taxation	(8,302)	(28,569)	20,267	(70.9%)
Loss after taxation	(8,305)	(28,753)	20,448	(71.1%)
Loss attributable to ordinary equity holders of the parent	(6,047)	(21,764)	15,717	(72.2%)

Fleet utilisation:

Marine Logistics - Upstream Division	69%	50%
Marine Logistics - Downstream Division	78%	63%

The oil and gas industry is still recovering from the historic collapse in demand caused by the Covid-19 pandemic in 2020. Despite the recent emergence of a new Covid-19 Omicron variant, business is starting to resume as some of the pandemic-induced restrictions are gradually lifted. The improved demand for oil products has benefited the Downstream Division that provides tanker services to transport oil and chemicals, and the Upstream Division that provides offshore support services, especially the 70M AHTS vessels, as oil and gas companies resume their exploration activities. Consequently, fleet utilisation for both Upstream and Downstream Division increased to 69% and 78% respectively as compared to the preceding year corresponding quarter. In line with the higher operating level, the Group recorded RM57.6 million revenue in the current period, representing 48% higher revenue than the preceding year corresponding quarter.

The Upstream Division continued as the main revenue contributor, generating 75% of the Group revenue, while the Downstream Division generated the balance 25%.

Division	No. of vessels deployed		Revenue contribution			
	Current year quarter 31-Jan-22	Preceding year corresponding quarter 31-Jan-21	Current year quarter 31-Jan-22 RM'000	Preceding year corresponding quarter 31-Jan-21 RM'000	Current year quarter 31-Jan-22 %	Preceding year corresponding quarter 31-Jan-21 %
Upstream	18	16	43,484	24,703	75%	64%
Downstream	7	7	14,145	14,193	25%	36%
	25	23	57,629	38,896	100%	100%

B1. REVIEW OF PERFORMANCE (CONTINUED)

Quarterly review (continued)

The Group recorded lower loss before taxation of RM8.3 million in the current quarter compared to RM28.6 million loss before taxation during the preceding year corresponding quarter mainly due to:

- higher revenue recorded in the current quarter by the Upstream Division; and
- lower operating expenditures incurred by the Downstream Division mainly due to the deployment of all seven (7) tankers on time charter (“TC”) as compared to two (2) tankers on TC in the preceding year corresponding quarter. This was in line with the Group’s policy to prioritise TC over voyage charter (“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 charterer bears these charges.

Year-to-date review

	9 Months Ended		Variances RM'000	Change %
	31-Jan-22 RM'000	31-Jan-21 RM'000		
Revenue	156,397	141,750	14,647	10.3%
Loss from operation	(42,486)	(71,555)	29,069	(40.6%)
Gain arising from derecognition of financial liabilities measured at amortised cost	-	106,829	(106,829)	(100.0%)
(Loss)/Profit before taxation	(42,486)	35,274	(77,760)	(220.4%)
(Loss)/Profit after taxation	(42,492)	35,034	(77,526)	(221.3%)
(Loss)/Profit attributable to ordinary equity holders of the parent	(33,247)	19,317	(52,564)	(272.1%)

Fleet utilisation:

Marine Logistics - Upstream Division	66%	61%
Marine Logistics - Downstream Division	73%	60%

For the current 9 months cumulative period, the Group recorded RM156.4 million revenue, representing a 10% increase from the preceding year corresponding period. The increase is in line with higher charter activities of both Upstream and Downstream Divisions recorded during the period.

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

Division	No. of vessels deployed		Revenue contribution			
	Current year quarter	Preceding year corresponding quarter	Current year quarter	Preceding year corresponding quarter	Current year quarter	Preceding year corresponding quarter
	31-Jan-22	31-Jan-21	31-Jan-22 RM'000	31-Jan-21 RM'000	31-Jan-22 %	31-Jan-21 %
Upstream	25	20	111,897	97,382	72%	69%
Downstream	7	7	44,500	44,368	28%	31%
	32	27	156,397	141,750	100%	100%

B1. REVIEW OF PERFORMANCE (CONTINUED)

Year-to-date review (continued)

The Group recorded RM42.5 million loss before taxation in the current quarter compared to RM71.6 million loss before the non-recurring gain of RM106.8 million on restructuring of debts recognised during the preceding year corresponding period. The lower loss was mainly due to:

- improved performance of the Upstream Division's 70M AHTS vessels during the current period which contributed to higher revenue recorded; and
- lower operating expenditures incurred by the Downstream Division mainly due to the deployment of all seven (7) tankers on TC contract in the current quarter as compared to two (2) TC contracts in the preceding year corresponding quarter.

Divisional commentary

i. Marine Logistics – Upstream Division

	3 Months Ended			9 Months Ended		
	31-Jan-22 RM'000	31-Jan-21 RM'000	Change	31-Jan-22 RM'000	31-Jan-21 RM'000	Change
Revenue	43,484	24,703	76.0%	111,898	97,382	14.9%
Loss from operation	(7,899)	(20,209)	(60.9%)	(33,273)	(46,210)	(28.0%)
Gain arising from derecognition of financial liabilities measured at amortised cost	-	-	*	-	106,829	(100.0%)
(Loss)/Profit before taxation	(7,899)	(20,209)	(60.9%)	(33,273)	60,619	(154.9%)
Fleet utilisation	69%	50%		66%	61%	

Quarterly review

During the period under review, the Upstream Division recorded a revenue of RM43.5 million, representing a 76% higher revenue than the preceding year corresponding quarter. The increase was in line with the higher charter activity, especially in the 70M AHTS vessel segment during the period.

In line with the higher revenue recorded during the period, the Division recorded RM7.9 million loss before taxation for the current quarter reflecting a RM12.3 million decrease from the loss in the previous corresponding period of RM20.2 million.

Year-to-date review

During the period under review, the Upstream Division recorded a revenue of RM111.9 million, representing 15% higher revenue than the preceding year corresponding period mainly due to significant improvement of the 70M AHTS vessel segment during the current period.

The Division recorded 28% lower loss before taxation of RM33.3 million than RM46.2 million loss before the non-recurring gain of RM106.8 million on restructuring of debts recognised during the preceding year corresponding period in line with higher revenue recorded during the period.

B1. REVIEW OF PERFORMANCE (CONTINUED)

Divisional commentary (continued)

ii. Marine Logistics – Downstream Division

	3 Months Ended			9 Months Ended		
	31-Jan-22	31-Jan-21	Change	31-Jan-22	31-Jan-21	Change
	RM'000	RM'000		RM'000	RM'000	
Revenue	14,145	14,193	(0.3%)	44,499	44,368	0.3%
Profit/(Loss) before taxation	675	(7,575)	(108.9%)	(6,223)	(22,587)	(72.4%)
Fleet utilisation	78%	63%		73%	60%	

Quarterly review

During the period under review, the Downstream Division recorded marginally lower revenue of RM14.1 million compared to RM14.2 million in the preceding year corresponding quarter.

The Division recorded RM0.7 million profit before taxation for the current quarter, as compared to RM7.6 million loss before taxation in the preceding year corresponding quarter mainly due to lower direct expenses incurred in the current quarter as all seven (7) tankers were deployed on TC contracts during the current quarter as compared to two (2) TC contracts in the preceding year corresponding quarter. Under the TC arrangement, fuel cost, port and agency charges are absorbed by the charterers hence the Division recorded lower direct and maintenance expenses during the period.

Year-to-date review

During the current cumulative period, the Downstream Division recorded a revenue of RM44.5 million. Despite recording a sizeable increase in the charter activity, revenue of the Division increased marginally over 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 was in line with lower rates under the TC than under the VC arrangement.

The Downstream Division recorded RM6.2 million loss before taxation, a 72% improvement from the loss of RM22.6 million incurred in 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-Jan-22 RM'000	Preceding Quarter 31-Oct-21 RM'000	Variances RM'000	Change %
Revenue				
Marine Logistics - Upstream Division	43,484	38,212	5,272	13.8%
Marine Logistics - Downstream Division	14,145	15,899	(1,754)	(11.0%)
	<u>57,629</u>	<u>54,111</u>	3,518	6.5%
Fleet utilisation				
Marine Logistics - Upstream Division	69%	69%		
Marine Logistics - Downstream Division	<u>78%</u>	<u>76%</u>		

The Group recorded revenue of RM57.6 million for the quarter ended 31 January 2022, an increase of 7% from the preceding period mainly due to improved performance of the 70M AHTS vessels of the Upstream Division.

b. Loss before taxation

	Current Quarter 31-Jan-22 RM'000	Preceding Quarter 31-Oct-21 RM'000	Variances RM'000	Change %
Loss before taxation				
Marine Logistics - Upstream Division	(7,899)	(6,440)	(1,459)	22.7%
Marine Logistics - Downstream Division	675	(2,272)	2,947	(129.7%)
Investment holding and others	(443)	(1,020)	577	(56.6%)
Adjustments	<u>(635)</u>	<u>(1,468)</u>	833	(56.7%)
	<u>(8,302)</u>	<u>(11,200)</u>	2,898	(25.9%)

During the current period, the Group recorded RM8.3 million loss before taxation, an improvement of 26% from the loss recorded in the immediate preceding quarter.

The improvement was mainly due to higher revenue recorded by the Upstream Division and lower direct expenses incurred by the Downstream Division as all seven (7) vessels were deployed under TC arrangement.

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

On 8 March 2022, the Government announced the lifting of certain Covid-19 restrictions effective from 1 April 2022, which is expected to boost economic activities.

However, 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 and resurgence of new cases.

a. Marine Logistics - Upstream Division

Brent crude oil prices has recently recorded a high of USD130 per barrel, the highest since 2008 mainly due to supply – demand volatilities arising from the geo-political tensions in Europe and the trade sanctions against Russia, a major oil producer. The high oil price regime is not expected to affect our domestic economy and the oil and gas industry generally, unless the tension and trade sanctions continue for an extended period.

Due to its sizeable 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 number of Covid-19 cases in the region, the current vaccination drive and gradual lifting of restrictions offer a positive outlook for the business. The Division looks forward to more active charter operations in the current financial year, having already secured time-charter contracts for all of its vessels.

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-Jan-22	30-Apr-21
	RM'000	RM'000
Total retained loss of the Company and its subsidiaries:		
- realised loss	(690,018)	(657,318)
Less consolidated adjustment	532,616	533,163
Total Group retained profits as per consolidated accounts	<u>(157,402)</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**