



MARINE & GENERAL
BERHAD

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

INTERIM RESULT FOR THE PERIOD ENDED
31 OCTOBER 2022 (Q2 2023)

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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 2022

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Oct-22 RM'000	Preceding Year Corresponding Quarter 31-Oct-21 RM'000	Current Year To Date 31-Oct-22 RM'000	Preceding Year Corresponding Quarter 31-Oct-21 RM'000
Revenue		82,091	54,111	157,425	98,767
Direct costs		(46,162)	(52,592)	(109,646)	(108,005)
Gross profit		35,929	1,519	47,779	(9,238)
Other income		1,029	35	1,446	322
Other item of expenses:					
Administrative expenses		(4,954)	(4,980)	(10,083)	(9,541)
EBIT		32,004	(3,426)	39,142	(18,457)
Finance income	A7	143	82	165	170
Finance cost	A7	(8,568)	(7,856)	(16,715)	(15,898)
Net finance cost		(8,425)	(7,774)	(16,550)	(15,728)
Profit/(Loss) before taxation		23,579	(11,200)	22,592	(34,185)
Taxation	A8	(87)	(80)	(163)	(3)
Profit/(Loss) after taxation		23,492	(11,280)	22,429	(34,188)
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		11,371	752	13,590	554
Total comprehensive income/(expense) for the period		34,863	(10,528)	36,019	(33,634)

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

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 OCTOBER 2022

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Oct-22 RM'000	Preceding Year Corresponding Quarter 31-Oct-21 RM'000	Current Year To Date 31-Oct-22 RM'000	Preceding Year Corresponding Quarter 31-Oct-21 RM'000
Net profit/(loss) attributable to:					
Owners of the parent		16,670	(10,026)	15,721	(27,201)
Non-controlling interests		6,822	(1,254)	6,708	(6,987)
		<u>23,492</u>	<u>(11,280)</u>	<u>22,429</u>	<u>(34,188)</u>
Total comprehensive income/(expense) attributable to:					
Owners of the parent		26,773	(9,274)	27,644	(26,647)
Non-controlling interests		8,090	(1,254)	8,375	(6,987)
		<u>34,863</u>	<u>(10,528)</u>	<u>36,019</u>	<u>(33,634)</u>
Profit/(Loss) per share (sen)					
- basic	A9	<u>0.75</u>	<u>(0.45)</u>	<u>0.71</u>	<u>(1.22)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 April 2022 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 2022**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		31-Oct-22	Audited 30-Apr-22
	Notes	RM'000	RM'000
Assets			
Non-current assets			
Property, vessels and equipment		720,824	719,148
Right-of-use assets		1,711	2,175
		<u>722,535</u>	<u>721,323</u>
Current assets			
Inventories		16,569	12,592
Other investments	A11	10,961	12,734
Trade and other receivables	A12	80,526	54,150
Current tax assets		1,573	1,573
Cash and bank balances	A13	13,350	23,724
		<u>122,979</u>	<u>104,773</u>
Total assets		<u>845,514</u>	<u>826,096</u>
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	A14	270,003	270,003
Reverse acquisition deficit		(92,791)	(92,791)
Foreign currency translation reserve		15,951	4,028
Accumulated losses		(137,244)	(152,965)
Total equity attributable to equity holders of the Company		<u>55,919</u>	<u>28,275</u>
Preference shares of a subsidiary		70,129	70,129
Non-controlling interests		(77,105)	(85,480)
Total equity		<u>48,943</u>	<u>12,924</u>
Non-current liabilities			
Loans and borrowings	A15	653,059	679,124
Lease liabilities		1,083	1,350
Deferred tax liabilities		5,372	4,988
		<u>659,514</u>	<u>685,462</u>
Current liabilities			
Loans and borrowings	A15	65,160	59,410
Lease liabilities		795	1,014
Trade and other payables	A16	70,851	67,203
Current tax liabilities		251	83
		<u>137,057</u>	<u>127,710</u>
Total liabilities		<u>796,571</u>	<u>813,172</u>
Total equity and liabilities		<u>845,514</u>	<u>826,096</u>
Net assets per share attributable to equity holders of the Company (sen)			
		<u>7.72</u>	<u>3.91</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 April 2022 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 2022

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	Foreign currency translation reserve RM'000	Accumulated losses RM'000	Preference shares of a subsidiary RM'000	Non- controlling interests RM'000	Total RM'000
At 1 May 2022	270,003	(92,791)	4,028	(152,965)	70,129	(85,480)	12,924
Profit for the period	-	-	-	15,721	-	6,708	22,429
Foreign currency translation differences for foreign operations	-	-	11,923	-	-	1,667	13,590
Total comprehensive income for the period	-	-	11,923	15,721	-	8,375	36,019
At 31 October 2022	270,003	(92,791)	15,951	(137,244)	70,129	(77,105)	48,943
At 1 May 2021	270,003	(92,791)	(1,460)	(124,155)	70,129	(82,057)	39,669
Loss for the period	-	-	-	(28,810)	-	(7,401)	(36,211)
Foreign currency translation differences for foreign operations	-	-	5,488	-	-	1,208	6,696
Total comprehensive income/(expense) for the year	-	-	5,488	(28,810)	-	(6,193)	(29,515)
Issuance of preference shares of a subsidiary	-	-	-	-	-	2,770	2,770
Total transactions with owners of the Company	-	-	-	-	-	2,770	2,770
At 30 April 2022	270,003	(92,791)	4,028	(152,965)	70,129	(85,480)	12,924

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 2022 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 2022**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	31-Oct-22	31-Oct-21
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of revenue	130,369	93,485
Collection of other income	238	506
	<u>130,607</u>	<u>93,991</u>
Payment of expenses	(81,376)	(63,794)
Net tax paid	(47)	(119)
Net cash generated from operating activities	<u>49,184</u>	<u>30,078</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of other investments	1,773	2,154
Purchase of property, vessels and equipment	(21,376)	(3,246)
Net cash generated from investing activities	<u>(19,603)</u>	<u>(1,092)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(22,407)	(17,141)
Payment of finance costs	(16,947)	(15,732)
Payment of leases	(601)	(236)
Net cash used in financing activities	<u>(39,955)</u>	<u>(33,109)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,374)	(4,123)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>23,724</u>	<u>19,379</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(a) <u>13,350</u>	<u>15,256</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-22	31-Oct-21
		RM'000	RM'000
Cash and bank balances	A13	6,148	8,504
Deposits with licensed financial institutions	A13	7,202	6,752
		<u>13,350</u>	<u>15,256</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 2022 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 2022.

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
▪ MFRS 17, <i>Insurance Contracts</i>	1 January 2023
▪ Amendments to MFRS 17, <i>Insurance Contracts</i> – <i>Initial application of MFRS 17 and MFRS 9 – Comparative Information</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

A1. BASIS OF PREPARATION (CONTINUED)

b. Standards issued but not yet effective (continued)

MFRSs, Interpretations and amendments to MFRS	Effective date
▪ 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 27 December 2022.

A3. CHANGES IN ESTIMATES

During the period under review, the Group has increased the estimated economic useful life of the offshore support vessels (“OSV”) from 15 years to 20 years to be more aligned with the industry practice and in line with Petronas’ extension of such vessels’ service life for the same 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-22 RM'000	31-Oct-21 RM'000	31-Oct-22 RM'000	31-Oct-21 RM'000	31-Oct-22 RM'000	31-Oct-21 RM'000	31-Oct-22 RM'000	31-Oct-21 RM'000	31-Oct-22 RM'000	31-Oct-21 RM'000
3-month results										
Revenue										
External customers	60,963	38,212	21,128	15,899	-	-	-	-	82,091	54,111
Inter-segment	-	-	-	-	44	44	(44)	(44)	-	-
Total revenue	60,963	38,212	21,128	15,899	44	44	(44)	(44)	82,091	54,111
Segment profit/(loss)										
before taxation	22,170	(6,440)	2,247	(2,272)	(871)	(1,020)	33	(1,468)	23,579	(11,200)
6-month results										
Revenue										
External customers	117,522	68,413	39,903	30,354	-	-	-	-	157,425	98,767
Inter-segment	-	-	-	-	88	175	(88)	(175)	-	-
Total revenue	117,522	68,413	39,903	30,354	88	175	(88)	(175)	157,425	98,767
Segment profit/(loss)										
before taxation	21,092	(25,374)	3,340	(6,898)	(1,907)	(1,973)	67	60	22,592	(34,185)
Segment assets	627,705	603,675	200,786	176,688	133,555	148,545	(116,532)	(123,977)	845,514	804,931
Segment liabilities	750,051	753,713	55,326	47,053	114,945	114,597	(123,751)	(119,237)	796,571	796,126

A6. SEASONAL OR CYCLICAL FACTORS

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

A7. PROFIT/(LOSS) BEFORE TAX

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

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31-Oct-22 RM'000	31-Oct-21 RM'000	31-Oct-22 RM'000	31-Oct-21 RM'000
Finance income	143	82	165	170
Finance costs	(8,568)	(7,856)	(16,715)	(15,898)
Depreciation of property, vessels and equipment	(2,657)	(19,862)	(24,228)	(39,745)
Depreciation of right-of-use assets	(263)	(249)	(550)	(494)
Amortisation of vessels dry-docking	(3,537)	(3,426)	(10,003)	(6,971)
Net foreign exchange loss	(679)	(67)	(1,314)	(91)

A8. INCOME TAX

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31-Oct-22 RM'000	31-Oct-21 RM'000	31-Oct-22 RM'000	31-Oct-21 RM'000
Current period tax charge:				
Malaysian income tax	87	80	163	3

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.

A9. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share

Basic profit/(loss) per share amounts is calculated by dividing profit/(loss) for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period, excluding employee trust shares held by the Company.

The following reflect the profit/(loss) and share data used in the computation of basic profit/(loss) per share:

	Quarter (3 months)	Cumulative period (6 months)
31 October 2022		
Basic profit per share:		
Profit net of tax attributable to owners of the parent (RM'000)	16,670	15,721
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 profit per share (sen)	0.75	0.71
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)	(0.45)	(1.22)

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 profit/(loss) per share.

A10. 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.

A11. OTHER INVESTMENTS

	31-Oct-22	30-Apr-21
	RM'000	RM'000
Financial assets at fair value through profit or loss	<u>10,961</u>	<u>12,734</u>

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

A12. TRADE AND OTHER RECEIVABLES

	31-Oct-22	30-Apr-21
	RM'000	RM'000
Trade receivables	71,889	40,863
Other receivables	<u>8,637</u>	<u>13,287</u>
	<u>80,526</u>	<u>54,150</u>

The ageing analysis of the trade receivables is as follows:

	31-Oct-22	30-Apr-21
	RM'000	RM'000
Current (not past due)	20,490	40,772
1 - 30 days past due	27,046	-
31 - 90 days past due	20,945	67
Past due more than 90 days	<u>7,726</u>	<u>4,342</u>
	76,207	45,181
Allowance for impairment loss	<u>(4,318)</u>	<u>(4,318)</u>
	<u>71,889</u>	<u>40,863</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.

A13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following amounts:

	31-Oct-22	30-Apr-21
	RM'000	RM'000
Cash and bank balances	6,148	14,900
Deposits placed with licensed bank	<u>7,202</u>	<u>8,824</u>
Total cash and cash equivalents	<u>13,350</u>	<u>23,724</u>

Included in the deposits placed with licensed financial institutions is RM1,676,000 (30 April 2022: RM1,814,000) deposit pledged for banking facilities granted to subsidiaries.

A14. 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.

A15. GROUP BORROWINGS AND DEBT SECURITIES

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

	31-Oct-22	30-Apr-21
	RM'000	RM'000
Secured short-term borrowings:		
Term loans	55,054	46,881
Revolving credits	10,000	12,500
Bank overdraft	-	5
Hire purchase	106	24
Total short term borrowings	<u>65,160</u>	<u>59,410</u>
Secured long-term borrowings:		
Term loans	652,016	679,120
Revolving credits	1,043	-
Hire purchase	-	4
Total long term borrowings	<u>653,059</u>	<u>679,124</u>
Total borrowings	<u>718,219</u>	<u>738,534</u>

A16. TRADE AND OTHER PAYABLES

	31-Oct-22	30-Apr-21
	RM'000	RM'000
Trade payables	38,499	39,032
Accruals and other payables	32,352	28,171
	<u>70,851</u>	<u>67,203</u>

A17. 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.

A18. DIVIDENDS

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

A19. COMMITMENTS

	31-Oct-22	30-Apr-21
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, vessel and equipment	<u>7,636</u>	<u>2,450</u>

A20. 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.

From the 240 cases in the SILK's funded stretch, 239 cases have been resolved and 1 case with claims of RM17.8 million remains outstanding.

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.

The Directors are of the opinion that provision is not required in respect of this 1 remaining claim, as it is not probable that a future outflow of economic benefits will be required.

A21. 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-Oct-22 RM'000	31-Oct-21 RM'000		
Revenue	82,091	54,111	27,980	51.7%
Profit/(Loss) before taxation	23,579	(11,200)	34,779	n/a
Profit/(Loss) after taxation	23,492	(11,280)	34,772	n/a
Profit/(Loss) attributable to ordinary equity holders of the parent	16,670	(10,026)	26,696	n/a

Fleet utilisation:

Marine Logistics - Upstream Division	74%	69%
Marine Logistics - Downstream Division	86%	76%

In line with the general economic recovery as the Covid-19 pandemic was brought under control, oil prices started to recover in mid-2021 and have now reached pre-2015 levels. The market is more optimistic, and exploration and drilling activities have resumed since the second half of 2021. Accordingly, the fleet utilisation for both Upstream and Downstream Division increased to 74% and 86% respectively as compared to the preceding year corresponding quarter. In line with the higher operating level and higher charter rates, the Group recorded RM82.1 million revenue in the current period, representing 52% higher revenue than the preceding year corresponding quarter.

The Upstream Division continued as the main revenue contributor, generating 74% of the Group revenue, while the Downstream Division generated the balance 26%.

Division	No. of vessels deployed		Revenue contribution			
	Current year quarter 31-Oct-22	Preceding year corresponding quarter 31-Oct-21	Current year quarter 31-Oct-22 RM'000	Preceding year corresponding quarter 31-Oct-21 RM'000	Current year quarter 31-Oct-22 %	Preceding year corresponding quarter 31-Oct-21 %
Upstream	21	16	60,963	38,212	74%	71%
Downstream	8	6	21,128	15,899	26%	29%
	29	22	82,091	54,111	100%	100%

B1. REVIEW OF PERFORMANCE (CONTINUED)

Quarterly review (continued)

As mentioned in note A3, during the current quarter, Group has increased the useful economic life of its OSV fleet from 15 years to 20 years effective this financial year to be more aligned with the industry practice and Petronas' extension of such vessels service period to 20 years. The impact to both current and the preceding quarters amounting to RM18.6 million has been recorded in the current quarter. As a result, the Group has incurred lower vessel and equipment depreciation expenses in the current quarter than the preceding year corresponding quarter.

In line with lower depreciation expenses and the higher revenue, the Group has recorded RM23.6 million profit before taxation in the current quarter as compared to RM11.2 million loss before taxation recorded in the preceding year corresponding quarter.

Year-to-date review

	6 Months Ended		Variances	Change
	31-Oct-22	31-Oct-21		
	RM'000	RM'000	RM'000	%
Revenue	157,425	98,767	58,658	59.4%
Profit/(Loss) before taxation	22,592	(34,185)	56,777	n/a
Profit/(Loss) after taxation	22,429	(34,188)	56,617	n/a
Profit/(Loss) attributable to ordinary equity holders of the parent	15,721	(27,201)	42,922	n/a

Fleet utilisation:

Marine Logistics - Upstream Division	76%	64%
Marine Logistics - Downstream Division	88%	71%

For the current 6 months cumulative period, the Group recorded RM157.4 million revenue, representing a 59% increase over the preceding year corresponding period. The increase was mainly due to higher charter activities and higher charter rates recorded by the Upstream Division in line with the resumption of the drilling activities.

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 period	Preceding year corresponding period	Current year period	Preceding year corresponding period	Current year period	Preceding year corresponding period
	31-Oct-22	31-Oct-21	31-Oct-22	31-Oct-21	31-Oct-22	31-Oct-21
			RM'000	RM'000	%	%
Upstream	21	16	117,522	68,413	75%	69%
Downstream	8	7	39,903	30,354	25%	31%
	29	23	157,425	98,767	100%	100%

B1. REVIEW OF PERFORMANCE (CONTINUED)

Year-to-date review (continued)

In line with the higher revenue during the period and lower depreciation arising from the extension of OSV's economic useful life, the Group recorded RM22.6 million profit before taxation, an improvement from the loss before taxation of RM34.2 million recorded in the preceding year corresponding period.

Divisional commentary

i. Marine Logistics – Upstream Division

	3 months ended			6 months ended		
	31-Oct-22	31-Oct-21	Change	31-Oct-22	31-Oct-21	Change
	RM'000	RM'000		RM'000	RM'000	
Revenue	60,963	38,212	59.5%	117,522	68,413	71.8%
Profit/(Loss) before taxation	22,170	(6,440)	n/a	21,092	(25,374)	n/a
Fleet utilisation	74%	69%		76%	64%	

During the period under review, the Upstream Division recorded a revenue of RM61 million and RM117.5 million in the current quarter and the 6 months period respectively, representing 60% and 72% higher revenue than the preceding year corresponding quarter and corresponding 6-month period. The increase was in line with the higher charter activities and higher charter rates, especially in the 70M AHTS vessel segment during the period since the resumption of drilling activities since late 2021.

The Division recorded RM22.2 million and RM21.1 million profit before taxation in the current quarter and the 6 months period respectively as compared to RM6.4 million and RM25.4 million loss before taxation during the preceding year corresponding quarter and corresponding 6-month period in line with higher revenue and lower vessel and equipment depreciation incurred during the periods.

B1. REVIEW OF PERFORMANCE (CONTINUED)

Divisional commentary (continued)

ii. Marine Logistics – Downstream Division

	3 months ended			6 months ended		
	31-Oct-22	31-Oct-21	Change	31-Oct-22	31-Oct-21	Change
	RM'000	RM'000		RM'000	RM'000	
Revenue	21,128	15,899	32.9%	39,903	30,354	31.5%
Profit/(Loss) before taxation	2,247	(2,272)	n/a	3,340	(6,898)	n/a
Fleet utilisation	86%	76%		88%	71%	

During the period under review, the Downstream Division recorded a revenue of RM21.1 million and RM39.9 million in the current quarter and 6 months period respectively, representing 33% and 31% higher revenue than the preceding year corresponding quarter and corresponding 6-month period. The increase was in line with the higher charter activities, deployment of a new tanker on voyage charter and the favourable impact from foreign currency exchange.

The Division recorded RM2.2 million and RM3.3 million profit before taxation for the current quarter and the 6 months period respectively, as compared to RM2.3 million and RM6.9 million loss before taxation in the preceding year corresponding quarter and corresponding 6-month period 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 seven (7) vessels on time charter contract in the current quarter as compared to three (3) vessels in the preceding year corresponding quarter.

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

a. Revenue

	Current Quarter 31-Oct-22 RM'000	Preceding Quarter 31-Jul-22 RM'000	Variiances RM'000	Change %
Revenue				
Marine Logistics - Upstream Division	60,963	56,559	4,404	7.8%
Marine Logistics - Downstream Division	21,128	18,775	2,353	12.5%
	<u>82,091</u>	<u>75,334</u>	<u>6,757</u>	<u>9.0%</u>
Fleet utilisation				
Marine Logistics - Upstream Division	74%	78%		
Marine Logistics - Downstream Division	<u>86%</u>	<u>90%</u>		

The Group recorded 8% higher revenue of RM82.1 million for the current quarter compared to the immediate preceding quarter in line with improving vessel charter rates and favourable impact from foreign currency exchange.

b. Profit/(Loss) before taxation

	Current Quarter 31-Oct-22 RM'000	Preceding Quarter 31-Jul-22 RM'000	Variiances RM'000	Change %
Profit/(Loss) before taxation				
Marine Logistics - Upstream Division	22,170	(1,078)	23,248	n/a
Marine Logistics - Downstream Division	2,247	1,094	1,153	(105.4%)
Investment holding and others	(871)	(1,036)	165	15.9%
Adjustments	33	34		
	<u>23,579</u>	<u>(986)</u>	<u>24,565</u>	<u>n/a</u>

As mentioned in note A3 and B1, during the current quarter, Group has increased the useful economic life of its OSV fleet from 15 years to 20 years effective this financial year. Given the impact to both current and preceding quarters amounting to RM18.6 million has been accounted in the current quarter, the Group has incurred significantly lower depreciation expenses in the current quarter than the immediate preceding quarter.

In line with higher revenue earned and lower depreciation incurred during the current period, the Group recorded RM23.6 million profit before taxation, as compared to RM1 million loss recorded in the immediate preceding quarter.

B3. CURRENT YEAR PROSPECTS

The Upstream Division looks forward to a more active year in line with Petronas' positive outlook in its drilling and exploration activities as highlighted in its Activity Outlook for 2023 – 2025. The Board expects the vessel utilisation and charter rate increase to continue in the remaining period of the financial year, although at a slower rate than in the past 12 months. In addition, the extension of OSV economic useful life from 15 years to 20 years will bring significant saving to the Division from lower annual depreciation charges.

In relation to the Downstream Division, the Division looks forward to more active charter operations in the current financial year, having added a new clean petroleum product tanker during the period and already secured time-charter contracts for all of its vessels.

Nevertheless, the Board is also cautious about the potential economic disruption brought about by the geo-political instability in Europe that could affect the regional and domestic economic climate. In view of the foregoing, the Board is cautiously optimistic on the prospects for the current financial year.

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-22	30-Apr-22
	RM'000	RM'000
Total retained loss of the Company and its subsidiaries:		
- realised loss	(682,326)	(697,957)
Less consolidated adjustment	545,082	544,992
Total Group retained profits as per consolidated accounts	<u>(137,244)</u>	<u>(152,965)</u>

B7. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report on the Group's financial statements for the period ended 30 April 2022 was not subject to any qualification.

**BY ORDER OF THE BOARD
SECRETARIES**