



MARINE & GENERAL
BERHAD

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

INTERIM RESULT FOR THE PERIOD ENDED
31 JANUARY 2023 (Q3 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 JANUARY 2023

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Jan-23 RM'000	Preceding Year Corresponding Quarter 31-Jan-22 RM'000	Current Year To Date 31-Jan-23 RM'000	Preceding Year Corresponding Quarter 31-Jan-22 RM'000
Revenue		73,694	57,629	231,119	156,397
Direct costs		(60,184)	(54,274)	(170,189)	(162,279)
Gross profit		13,510	3,355	60,930	(5,882)
Other income		282	1,170	1,689	1,765
Other item of expenses:					
Administrative expenses		(6,371)	(4,782)	(16,057)	(14,595)
Other expenses		-	(125)	-	(125)
EBIT		7,421	(382)	46,562	(18,837)
Finance income	A7	107	62	272	232
Finance cost	A7	(8,903)	(7,982)	(25,619)	(23,881)
Net finance cost		(8,796)	(7,920)	(25,347)	(23,649)
(Loss)/Profit before taxation		(1,375)	(8,302)	21,215	(42,486)
Taxation	A8	71	(3)	(92)	(6)
(Loss)/Profit after taxation		(1,304)	(8,305)	21,123	(42,492)
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		(15,024)	(250)	(2,693)	304
Total comprehensive (expense)/income for the period		(16,328)	(8,555)	18,430	(42,188)

MARINE & GENERAL BERHAD (Registration No. 199601033543 (405897-V))
(Incorporated in Malaysia)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 JANUARY 2023
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Jan-23 RM'000	Preceding Year Corresponding Quarter 31-Jan-22 RM'000	Current Year To Date 31-Jan-23 RM'000	Preceding Year Corresponding Quarter 31-Jan-22 RM'000
Net (loss)/profit attributable to:					
Owners of the parent		(905)	(6,047)	14,814	(33,247)
Non-controlling interests		(399)	(2,258)	6,309	(9,245)
		<u>(1,304)</u>	<u>(8,305)</u>	<u>21,123</u>	<u>(42,492)</u>
Total comprehensive (expense)/income attributable to:					
Owners of the parent		(13,621)	(6,297)	13,161	(35,201)
Non-controlling interests		(2,707)	(2,258)	5,269	(6,987)
		<u>(16,328)</u>	<u>(8,555)</u>	<u>18,430</u>	<u>(42,188)</u>
(Loss)/Profit per share (sen)					
- basic	A9	<u>(0.04)</u>	<u>(0.27)</u>	<u>0.67</u>	<u>(1.50)</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 JANUARY 2023**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		31-Jan-23	Audited 30-Apr-22
	Notes	RM'000	RM'000
Assets			
Non-current assets			
Property, vessels and equipment		701,903	719,148
Right-of-use assets		1,583	2,175
		<u>703,486</u>	<u>721,323</u>
Current assets			
Inventories		15,269	12,592
Other investments	A11	9,841	12,734
Trade and other receivables	A12	58,195	54,150
Current tax assets		1,587	1,573
Cash and bank balances	A13	25,442	23,724
		<u>110,334</u>	<u>104,773</u>
Total assets		<u>813,820</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		2,374	4,028
Accumulated losses		(138,151)	(152,965)
Total equity attributable to equity holders of the Company		<u>41,435</u>	28,275
Preference shares of a subsidiary		70,129	70,129
Non-controlling interests		(80,210)	(85,480)
Total equity		<u>31,354</u>	<u>12,924</u>
Non-current liabilities			
Loans and borrowings	A15	632,486	679,124
Lease liabilities		831	1,350
Deferred tax liabilities		4,844	4,988
		<u>638,161</u>	<u>685,462</u>
Current liabilities			
Loans and borrowings	A15	69,759	59,410
Lease liabilities		648	1,014
Trade and other payables	A16	73,863	67,203
Current tax liabilities		35	83
		<u>144,305</u>	<u>127,710</u>
Total liabilities		<u>782,466</u>	<u>813,172</u>
Total equity and liabilities		<u>813,820</u>	<u>826,096</u>
Net assets per share attributable to equity holders of the Company (sen)			
		<u>5.72</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 JANUARY 2023
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →						Total
	← 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	RM'000
At 1 May 2022	270,003	(92,791)	4,028	(152,965)	70,129	(85,480)	12,924
Profit for the period	-	-	-	14,814	-	6,309	21,123
Foreign currency translation differences for foreign operations	-	-	(1,654)	-	-	(1,039)	(2,693)
Total comprehensive income for the period	-	-	(1,654)	14,814	-	5,270	18,430
At 31 January 2023	270,003	(92,791)	2,374	(138,151)	70,129	(80,210)	31,354
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 JANUARY 2023**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	31-Jan-23	31-Jan-22
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of revenue	224,734	141,660
Collection of other income	375	650
	<u>225,109</u>	<u>142,310</u>
Payment of expenses	(124,155)	(95,624)
Net tax paid	(191)	(140)
Net cash generated from operating activities	<u>100,763</u>	<u>46,546</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of other investments	2,893	6,608
Proceed from disposal of property, vessels and equipment	-	206
Purchase of property, vessels and equipment	(38,548)	(15,389)
Net cash generated from investing activities	<u>(35,655)</u>	<u>(8,575)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(36,446)	(19,546)
Payment of finance costs	(25,900)	(23,631)
Payment of leases	(1,044)	(307)
Net cash used in financing activities	<u>(63,390)</u>	<u>(43,484)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,718	(5,513)
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) 25,442	13,866

(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-23	31-Jan-22
		RM'000	RM'000
Cash and bank balances	A13	13,048	6,968
Deposits with licensed financial institutions	A13	12,394	6,898
		<u>25,442</u>	<u>13,866</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
<ul style="list-style-type: none">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 March 2023.

A3. CHANGES IN ESTIMATES

During the financial period, 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-Jan-23	31-Jan-22	31-Jan-23	31-Jan-22	31-Jan-23	31-Jan-22	31-Jan-23	31-Jan-22	31-Jan-23	31-Jan-22
	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	51,047	43,484	22,647	14,145	-	-	-	-	73,694	57,629
Inter-segment	-	-	-	-	44	44	(44)	(44)	-	-
Total revenue	51,047	43,484	22,647	14,145	44	44	(44)	(44)	73,694	57,629
Segment profit/(loss)										
before taxation	(1,933)	(7,899)	1,540	675	(1,016)	(443)	34	(635)	(1,375)	(8,302)
9-month results										
Revenue										
External customers	168,569	111,898	62,550	44,499	-	-	-	-	231,119	156,397
Inter-segment	-	-	-	-	132	132	(132)	(132)	-	-
Total revenue	168,569	111,898	62,550	44,499	132	132	(132)	(132)	231,119	156,397
Segment profit/(loss)										
before taxation	19,158	(33,272)	4,880	(6,223)	(2,922)	(2,416)	99	(575)	21,215	(42,486)
Segment assets	615,317	594,636	182,738	178,980	132,421	147,787	(116,656)	(127,566)	813,820	793,837
Segment liabilities	739,595	752,573	51,944	48,912	114,832	114,283	(123,905)	(122,182)	782,466	793,586

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-23	31-Jan-22	31-Jan-23	31-Jan-22
	RM'000	RM'000	RM'000	RM'000
Finance income	107	62	272	232
Finance costs	(8,903)	(7,982)	(25,619)	(23,881)
Depreciation of property, vessels and equipment	(12,187)	(19,856)	(36,474)	(59,601)
Depreciation of right-of-use assets	(318)	(249)	(809)	(743)
Amortisation of vessels dry-docking	(5,484)	(3,626)	(15,488)	(10,597)
Net foreign exchange loss	(460)	(450)	73	(540)

A8. INCOME TAX

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31-Jan-23	31-Jan-22	31-Jan-23	31-Jan-22
	RM'000	RM'000	RM'000	RM'000
Current period tax charge:				
Malaysian income tax	(71)	3	92	6

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. (LOSS)/PROFIT PER SHARE

Basic (loss)/profit per share

Basic (loss)/profit 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)/profit per share:

	Quarter (3 months)	Cumulative period (9 months)
31 January 2023		
Basic (loss)/profit per share:		
(Loss)/Profit net of tax attributable to owners of the parent (RM'	(905)	14,814
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)/profit per share (sen)	(0.04)	0.67
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)	(0.27)	(1.50)

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-Jan-23	30-Apr-22
	RM'000	RM'000
Financial assets at fair value through profit or loss	<u>9,841</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-Jan-23	30-Apr-22
	RM'000	RM'000
Trade receivables	49,975	40,863
Other receivables	<u>8,220</u>	<u>13,287</u>
	<u>58,195</u>	<u>54,150</u>

The ageing analysis of the trade receivables is as follows:

	31-Jan-23	30-Apr-22
	RM'000	RM'000
Current (not past due)	29,013	40,772
1 - 30 days past due	12,361	-
31 - 90 days past due	5,367	67
Past due more than 90 days	<u>7,552</u>	<u>4,342</u>
	54,293	45,181
Allowance for impairment loss	<u>(4,318)</u>	<u>(4,318)</u>
	<u>49,975</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-Jan-23	30-Apr-22
	RM'000	RM'000
Cash and bank balances	13,048	14,900
Deposits placed with licensed bank	<u>12,394</u>	<u>8,824</u>
Total cash and cash equivalents	<u>25,442</u>	<u>23,724</u>

Included in the deposits placed with licensed financial institutions is RM1,676,000 (30 April 2022: RM1,676,000) 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-Jan-23	30-Apr-22
	RM'000	RM'000
Secured short-term borrowings:		
Term loans	58,757	46,881
Revolving credits	10,941	12,500
Bank overdraft	-	5
Hire purchase	61	24
Total short term borrowings	<u>69,759</u>	<u>59,410</u>
Secured long-term borrowings:		
Term loans	632,456	679,120
Hire purchase	30	4
Total long term borrowings	<u>632,486</u>	<u>679,124</u>
Total borrowings	<u>702,245</u>	<u>738,534</u>

A16. TRADE AND OTHER PAYABLES

	31-Jan-23	30-Apr-22
	RM'000	RM'000
Trade payables	40,713	39,032
Accruals and other payables	<u>33,150</u>	<u>28,171</u>
	<u>73,863</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-Jan-23	30-Apr-22
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, vessel and equipment	<u>9,373</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-Jan-23 RM'000	31-Jan-22 RM'000		
Revenue	73,694	57,629	16,065	27.9%
Loss before taxation	(1,375)	(8,302)	6,927	(83.4%)
Loss after taxation	(1,304)	(8,305)	7,001	(84.3%)
Loss attributable to ordinary equity holders of the parent	(905)	(6,047)	5,142	(85.0%)

Fleet utilisation:

Marine Logistics - Upstream Division	69%	69%
Marine Logistics - Downstream Division	92%	78%

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 Downstream Division increased to 92% as compared to the preceding year corresponding quarter. In line with the higher operating level and higher charter rates, the Group recorded RM73.7 million revenue in the current period, representing 28% higher revenue than the preceding year corresponding quarter.

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

Division	No. of vessels deployed		Revenue contribution			
	Current year quarter 31-Jan-23	Preceding year corresponding quarter 31-Jan-22	Current year quarter 31-Jan-23 RM'000	Preceding year corresponding quarter 31-Jan-22 RM'000	Current year quarter 31-Jan-23 %	Preceding year corresponding quarter 31-Jan-22 %
Upstream	18	18	51,047	43,484	69%	75%
Downstream	8	7	22,647	14,145	31%	25%
	26	25	73,694	57,629	100%	100%

B1. REVIEW OF PERFORMANCE (CONTINUED)

Quarterly review (continued)

As stated in note A3, the Group has increased the useful economic life of its OSV fleet from 15 years to 20 years effective from the preceding quarter to be more aligned with the industry practice and in line with Petronas' extension of such vessels service period to 20 years. As a result, the Group has incurred lower vessel depreciation expenses in the current quarter than the preceding year corresponding quarter.

Taking into account higher revenue and lower depreciation expenses, the Group recorded lower loss before taxation of RM1.3 million in the current quarter compared to RM8.3 million loss before taxation during the preceding year corresponding quarter.

Year-to-date review

	9 Months Ended		Variances RM'000	Change %
	31-Jan-23 RM'000	31-Jan-22 RM'000		
Revenue	231,119	156,397	74,722	47.8%
Profit/(Loss) before taxation	21,215	(42,486)	63,701	n/a
Profit/(Loss) after taxation	21,123	(42,492)	63,615	n/a
Profit/(Loss) attributable to ordinary equity holders of the parent	14,814	(33,247)	48,061	n/a

Fleet utilisation:

Marine Logistics - Upstream Division	74%	66%
Marine Logistics - Downstream Division	89%	73%

For the current 9 months cumulative period, the Group recorded RM231.1 million revenue, representing a 48% 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 73% of the Group revenue, while the Downstream Division generated the balance 27%.

Division	No. of vessels deployed		Revenue contribution			
	Current year period 31-Jan-23	Preceding year corresponding period 31-Jan-22	Current year period 31-Jan-23 RM'000	Preceding year corresponding period 31-Jan-22 RM'000	Current year period 31-Jan-23 %	Preceding year corresponding period 31-Jan-22 %
Upstream	23	25	168,569	111,898	73%	72%
Downstream	8	7	62,550	44,499	27%	28%
	31	32	231,119	156,397	100%	100%

B1. REVIEW OF PERFORMANCE (CONTINUED)

Year-to-date review (continued)

In line with the higher revenue and lower depreciation arising from the extension of OSV's useful economic life, the Group recorded RM21.2 million profit before taxation, an improvement from the loss before taxation of RM42.5 million recorded in the preceding year corresponding period.

Divisional commentary

i. Marine Logistics – Upstream Division

	3 months ended			9 months ended		
	31-Jan-23 RM'000	31-Jan-22 RM'000	Change	31-Jan-23 RM'000	31-Jan-22 RM'000	Change
Revenue	51,047	43,484	17.4%	168,569	111,898	50.6%
Loss before taxation	(1,933)	(7,899)	(75.5%)	19,158	(33,272)	n/a
Fleet utilisation	69%	69%		74%	66%	

During the period under review, the Upstream Division recorded a revenue of RM51 million and RM168.6 million in the current quarter and the 9 months period respectively, representing 17% and 51% higher revenue than the preceding year corresponding quarter and corresponding 9-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 RM1.9 million loss before taxation and RM19.2 million profit before taxation in the current quarter and the 9 months period respectively as compared to RM7.9 million and RM33.3 million loss before taxation during the preceding year corresponding quarter and corresponding 9-month period in line with higher revenue and lower vessel depreciation expenses during the periods.

B1. REVIEW OF PERFORMANCE (CONTINUED)

Divisional commentary (continued)

ii. Marine Logistics – Downstream Division

	3 months ended			9 months ended		
	31-Jan-23 RM'000	31-Jan-22 RM'000	Change	31-Jan-23 RM'000	31-Jan-22 RM'000	Change
Revenue	22,647	14,145	60.1%	62,550	44,499	40.6%
Profit/(Loss) before taxation	1,540	675	128.1%	4,880	(6,223)	n/a
Fleet utilisation	92%	78%		89%	73%	

During the period under review, the Downstream Division recorded a revenue of RM22.6 million and RM62.6 million in the current quarter and 9 months period respectively, representing 60% and 41% higher revenue than the preceding year corresponding quarter and corresponding 9-month period. The increase was in line with the higher charter activities, deployment of a new tanker and the favourable impact from foreign currency exchange.

The Division recorded RM1.5 million and RM4.9 million profit before taxation for the current quarter and the 9 months period respectively, as compared to RM0.7 million profit before taxation and RM6.2 million loss before taxation in the preceding year corresponding quarter and corresponding 9-month period mainly due to higher revenue recorded in the current periods in line with higher charter activities.

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

a. Revenue

	Current Quarter 31-Jan-23 RM'000	Preceding Quarter 31-Oct-22 RM'000	Variances RM'000	Change %
Revenue				
Marine Logistics - Upstream Division	51,047	60,963	(9,916)	(16.3%)
Marine Logistics - Downstream Division	22,647	21,128	1,519	7.2%
	<u>73,694</u>	<u>82,091</u>	<u>(8,397)</u>	<u>(10.2%)</u>
Fleet utilisation				
Marine Logistics - Upstream Division	69%	74%		
Marine Logistics - Downstream Division	<u>92%</u>	<u>86%</u>		

The Group recorded 16% lower revenue of RM51 million for the current quarter compared to the immediate preceding quarter in line with lower charter activities during monsoon season for the Upstream Division as oil and gas companies temporarily scaled down their drilling activities during this period.

b. (Loss)/Profit before taxation

	Current Quarter 31-Jan-23 RM'000	Preceding Quarter 31-Oct-22 RM'000	Variances RM'000	Change %
(Loss)/Profit before taxation				
Marine Logistics - Upstream Division	(1,933)	22,170	(24,103)	n/a
Marine Logistics - Downstream Division	1,540	2,247	(707)	31.5%
Investment holding and others	(1,016)	(871)	(145)	(16.6%)
Adjustments	34	33	1	(3.0%)
	<u>(1,375)</u>	<u>23,579</u>	<u>(24,954)</u>	n/a

During the current period, the Group recorded RM1.4 million loss before taxation, a decrease of RM25 million from the profit recorded in the immediate preceding quarter which is mainly due to a non-recurring adjustment arising from the increase in the useful economic life of its OSV fleet from 15 years to 20 years in the immediate preceding quarter.

B3. CURRENT YEAR PROSPECTS

The Upstream Division looks forward to an active year in line with Petronas' positive outlook for 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 savings 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 has 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-Jan-23	30-Apr-22
	RM'000	RM'000
Total retained loss of the Company and its subsidiaries:		
- realised loss	(683,278)	(697,957)
Less consolidated adjustment	545,127	544,992
Total Group retained profits as per consolidated accounts	<u>(138,151)</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**