



MARINE & GENERAL
BERHAD

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

INTERIM RESULT FOR THE PERIOD ENDED
31 OCTOBER 2023 (Q2 2024)

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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 2023

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding Year	Current Year To	Preceding Year
		Quarter	Corresponding	Date	Corresponding
		31-Oct-23	31-Oct-22	31-Oct-23	31-Oct-22
		RM'000	RM'000	RM'000	RM'000
Revenue		91,829	82,091	176,457	157,425
Direct costs		(67,275)	(46,162)	(126,487)	(109,646)
Gross profit		24,554	35,929	49,970	47,779
Other income		1,239	1,029	1,733	1,446
Other item of expenses:					
Administrative expenses		(5,537)	(4,954)	(11,741)	(10,083)
EBIT		20,256	32,004	39,962	39,142
Finance income	A7	101	143	196	165
Finance cost	A7	(8,363)	(8,568)	(16,793)	(16,715)
Net finance cost		(8,262)	(8,425)	(16,597)	(16,550)
Profit before taxation		11,994	23,579	23,365	22,592
Taxation	A8	(81)	(87)	(149)	(163)
Profit after taxation		11,913	23,492	23,216	22,429
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		8,560	11,371	9,858	13,590
Total comprehensive income for the period		20,473	34,863	33,074	36,019

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

	Notes	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31-Oct-23 RM'000	Preceding Year Corresponding Quarter 31-Oct-22 RM'000	Current Year To Date 31-Oct-23 RM'000	Preceding Year Corresponding Quarter 31-Oct-22 RM'000
Net profit attributable to:					
Owners of the parent		8,221	16,670	15,633	15,721
Non-controlling interests		3,692	6,822	7,583	6,708
		<u>11,913</u>	<u>23,492</u>	<u>23,216</u>	<u>22,429</u>
Total comprehensive income attributable to:					
Owners of the parent		15,548	26,773	24,053	27,644
Non-controlling interests		4,925	8,090	9,021	8,375
		<u>20,473</u>	<u>34,863</u>	<u>33,074</u>	<u>36,019</u>
Profit per share (sen)					
- basic	A9	<u>0.37</u>	<u>0.75</u>	<u>0.70</u>	<u>0.71</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 2023 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 2023

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31-Oct-23	Audited 30-Apr-23
	Notes	RM'000	RM'000
Assets			
Non-current assets			
Property, vessels and equipment		731,866	743,345
Right-of-use assets		1,251	1,501
		<u>733,117</u>	<u>744,846</u>
Current assets			
Inventories		17,323	15,431
Other investments	A11	7,664	8,324
Trade and other receivables	A12	62,125	65,325
Current tax assets		702	1,692
Cash and bank balances	A13	29,855	24,423
		<u>117,669</u>	<u>115,195</u>
Total assets		<u>850,786</u>	<u>860,041</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		14,424	6,004
Accumulated losses		(89,246)	(104,879)
Total equity attributable to equity holders of the Company		<u>102,390</u>	<u>78,337</u>
Preference shares of a subsidiary		70,129	70,129
Non-controlling interests		(54,984)	(64,005)
Total equity		<u>117,535</u>	<u>84,461</u>
Non-current liabilities			
Loans and borrowings	A15	585,072	618,096
Lease liabilities		419	765
Deferred tax liabilities		5,375	5,103
		<u>590,866</u>	<u>623,964</u>
Current liabilities			
Loans and borrowings	A15	75,416	70,358
Lease liabilities		841	1,022
Trade and other payables	A16	65,587	79,650
Current tax liabilities		541	586
		<u>142,385</u>	<u>151,616</u>
Total liabilities		<u>733,251</u>	<u>775,580</u>
Total equity and liabilities		<u>850,786</u>	<u>860,041</u>
Net assets per share attributable to equity holders of the Company (sen)			
		<u>14.14</u>	<u>10.82</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 2023 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 2023

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Group →				Preference shares of a subsidiary RM'000	Non- controlling interests RM'000	Total RM'000
	← Non-distributable →		Distributable				
	Share capital RM'000	Reverse acquisition deficit RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000			
At 1 May 2023	270,003	(92,791)	6,004	(104,879)	70,129	(64,005)	84,461
Profit for the period	-	-	-	15,633	-	7,583	23,216
Foreign currency translation differences for foreign operations	-	-	8,420	-	-	1,438	9,858
Total comprehensive income for the period	-	-	8,420	15,633	-	9,021	33,074
At 31 October 2023	270,003	(92,791)	14,424	(89,246)	70,129	(54,984)	117,535
At 1 May 2022	270,003	(92,791)	4,028	(152,965)	70,129	(85,480)	12,924
Profit for the period	-	-	-	48,086	-	21,034	69,120
Foreign currency translation differences for foreign operations	-	-	1,976	-	-	441	2,417
Total comprehensive income for the year	-	-	1,976	48,086	-	21,475	71,537
At 30 April 2023	270,003	(92,791)	6,004	(104,879)	70,129	(64,005)	84,461

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 2023 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 2023**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	31-Oct-23	31-Oct-22
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of revenue	169,814	130,369
Collection of other income	325	238
	<u>170,139</u>	<u>130,607</u>
Payment of expenses	(104,684)	(81,376)
Net tax refund/(paid)	850	(47)
Net cash generated from operating activities	<u>66,305</u>	<u>49,184</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of other investments	660	1,773
Purchase of property, vessels and equipment	(16,349)	(21,376)
Net cash generated from investing activities	<u>(15,689)</u>	<u>(19,603)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(27,984)	(22,407)
Payment of finance costs	(16,785)	(16,947)
Payment of leases	(415)	(601)
Net cash used in financing activities	<u>(45,184)</u>	<u>(39,955)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,432	(10,374)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>24,423</u>	<u>23,724</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>29,855</u>	<u>13,350</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-23	31-Oct-22
		RM'000	RM'000
Cash and bank balances	A13	21,317	6,148
Deposits with licensed financial institutions	A13	8,538	7,202
		<u>29,855</u>	<u>13,350</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 2023 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 2023.

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 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
▪ Amendments to MFRS 101, <i>Non-current Liabilities with Covenants</i>	1 January 2024
▪ 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>	Deferred

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 15 December 2023.

A3. CHANGES IN ESTIMATES

In the prior year, 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-23	31-Oct-22	31-Oct-23	31-Oct-22	31-Oct-23	31-Oct-22	31-Oct-23	31-Oct-22	31-Oct-23	31-Oct-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	68,249	60,963	23,580	21,128	-	-	-	-	91,829	82,091
Inter-segment	-	-	-	-	44	44	(44)	(44)	-	-
Total revenue	68,249	60,963	23,580	21,128	44	44	(44)	(44)	91,829	82,091
Segment profit/(loss)										
before taxation	11,857	22,170	1,204	2,247	(1,102)	(871)	35	33	11,994	23,579
6-month results										
Revenue										
External customers	131,555	117,522	44,902	39,903	-	-	-	-	176,457	157,425
Inter-segment	-	-	-	-	88	175	(88)	(175)	-	-
Total revenue	131,555	117,522	44,902	39,903	88	175	(88)	(175)	176,457	157,425
Segment profit/(loss)										
before taxation	24,294	21,092	1,147	3,340	(2,145)	(1,907)	69	67	23,365	22,592
Segment assets	644,978	627,705	201,803	200,786	134,254	133,555	(130,249)	(116,532)	850,786	845,514
Segment liabilities	697,605	750,051	53,807	55,326	114,929	114,945	(133,090)	(123,751)	733,251	796,571

A6. SEASONAL OR CYCLICAL FACTORS

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

A7. PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31-Oct-23 RM'000	31-Oct-22 RM'000	31-Oct-23 RM'000	31-Oct-22 RM'000
Finance income	101	143	196	165
Finance costs	(8,363)	(8,568)	(16,793)	(16,715)
Depreciation of property, vessels and equipment	(13,337)	(2,657)	(26,692)	(24,228)
Depreciaton of right-of-use assets	(205)	(263)	(385)	(550)
Amortisation of vessels dry-docking	(6,726)	(3,537)	(12,857)	(10,003)
Net foreign exchange loss	(937)	(679)	(1,316)	(1,314)

A8. INCOME TAX

	Current Year	Preceding Year	Cumulative Quarter	
	Quarter	Corresponding	6 months ended	
	31-Oct-23	31-Oct-22	31-Oct-23	31-Oct-22
	RM'000	RM'000	RM'000	RM'000
Current period tax charge:				
Malaysian				
- current period	81	87	149	163

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Certain subsidiaries of the Company being Malaysian tax residents incorporated in Labuan under the Offshore Companies Act, 1990 are taxed at 3% of profit before tax in accordance with the Labuan Offshore Business Activity Tax Act, 1990.

A9. PROFIT PER SHARE

Basic profit per share

Basic profit per share amounts is calculated by dividing 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 profit and share data used in the computation of basic profit per share:

	Quarter (3 months)	Cumulative period (6 months)
31 October 2023		
Basic profit per share:		
Profit net of tax attributable to owners of the parent (RM'000)	8,221	15,633
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)	0.37	0.70
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

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 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-23	30-Apr-23
	RM'000	RM'000
Financial assets at fair value through profit or loss	<u>7,664</u>	<u>8,324</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-23	30-Apr-23
	RM'000	RM'000
Trade receivables	50,267	50,121
Other receivables	<u>11,858</u>	<u>15,204</u>
	<u>62,125</u>	<u>65,325</u>

The ageing analysis of the trade receivables is as follows:

	31-Oct-23	30-Apr-23
	RM'000	RM'000
Current (not past due)	36,504	26,999
1 - 30 days past due	10,972	12,399
31 - 90 days past due	2,699	5,389
Past due more than 90 days	<u>3,638</u>	<u>8,880</u>
	53,813	53,667
Allowance for impairment loss	<u>(3,546)</u>	<u>(3,546)</u>
	<u>50,267</u>	<u>50,121</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-23	30-Apr-23
	RM'000	RM'000
Cash and bank balances	21,317	15,430
Deposits placed with licensed bank	<u>8,538</u>	<u>8,993</u>
Total cash and cash equivalents	<u>29,855</u>	<u>24,423</u>

Included in the deposits placed with licensed financial institutions is RM1,676,000 (30 April 2023: 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-Oct-23	30-Apr-23
	RM'000	RM'000
Secured short-term borrowings:		
Term loans	65,316	59,772
Revolving credits	10,100	10,550
Hire purchase	-	36
Total short term borrowings	<u>75,416</u>	<u>70,358</u>
Secured long-term borrowings:		
Term loans	585,018	618,057
Hire purchase	54	39
Total long term borrowings	<u>585,072</u>	<u>618,096</u>
Total borrowings	<u>660,488</u>	<u>688,454</u>

A16. TRADE AND OTHER PAYABLES

	31-Oct-23	30-Apr-23
	RM'000	RM'000
Trade payables	43,086	49,829
Accruals and other payables	22,501	29,821
	<u>65,587</u>	<u>79,650</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-23	30-Apr-23
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
Property, vessel and equipment	<u>6,801</u>	<u>1,551</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.

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.

In the SILK's funded stretch, there are 240 cases with claims amounting to RM503.7 million. In prior years, out of the 240 cases, 239 cases have been resolved and 1 case with claims of RM17.8 million had been fixed for hearing at the Court of Appeal ("the Court") on 11 August 2023. On 25 August 2023, the Court ordered that the appeal be allowed and the matter to be remitted back to the High Court for re-assessment.

Notwithstanding the above, the Directors are of the opinion that provision is not required in respect of this matter, 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

	Current Year Quarter 31-Oct-23 RM'000	Preceding Year Corresponding Quarter 31-Oct-22 RM'000	Variances RM'000	Change %
Revenue	91,829	82,091	9,738	11.9%
Profit before taxation	11,994	23,579	(11,585)	(49.1%)
Profit after taxation	11,913	23,492	(11,579)	(49.3%)
Profit attributable to ordinary equity holders of the parent	8,221	16,670	(8,449)	(50.7%)

Fleet utilisation:

Marine Logistics - Upstream Division	81%	74%
Marine Logistics - Downstream Division	91%	86%

For the quarter ended 31 October 2023, the Group recorded 11.9% higher revenue than the preceding year corresponding quarter. The increase was mainly due to higher fleet utilisation and charter rates for both the offshore support vessels (“OSV”) and tankers in line with the continued increase in oil drilling activities and the general economic recovery in the region.

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

Division	Preceding		Preceding		Preceding	
	Current year quarter 31-Oct-23	corresponding quarter 31-Oct-22	Current year quarter 31-Oct-23 RM'000	corresponding quarter 31-Oct-22 RM'000	Current year quarter 31-Oct-23 %	corresponding quarter 31-Oct-22 %
Upstream	19	21	68,249	60,963	74%	74%
Downstream	8	8	23,580	21,128	26%	26%
	27	29	91,829	82,091	100%	100%

Despite the Group recording higher revenue, the Group reported a lower profit before taxation of RM12 million during the quarter compared to RM23.6 million in the preceding year corresponding quarter. This decrease was mainly due to a non-recurring depreciation adjustment made in the preceding year corresponding quarter following the increase in useful life of its OSV from 15 years to 20 years. This adjustment was to align with industry practices and was in line with PETRONAS’ extension of the vessels service life to 20 years.

B1. REVIEW OF PERFORMANCE (CONTINUED)

Year-to-date review

	6 Months Ended		Variances RM'000	Change %
	31-Oct-23 RM'000	31-Oct-22 RM'000		
Revenue	176,457	157,425	19,032	12.1%
Profit before taxation	23,365	22,592	773	3.4%
Profit after taxation	23,216	22,429	787	3.5%
Profit attributable to ordinary equity holders of the parent	15,633	15,721	(88)	(0.6%)

Fleet utilisation:

Marine Logistics - Upstream Division	79%	76%
Marine Logistics - Downstream Division	88%	88%

For the current 6-month cumulative period, the Group recorded RM176.5 million revenue, reflecting a 12.1% increase over the preceding year corresponding period. The increase was in line with higher charter activities and charter rates for both Upstream and Downstream Divisions.

The Upstream Division remained the primary revenue contributor, generating 75% of the Group's revenue, while the Downstream Division contributed the remaining 25%.

Division	No. of vessels deployed		Revenue contribution			
	Current year- to-date 31-Oct-23	Preceding corresponding quarter 31-Oct-22	Current year- to-date 31-Oct-23 RM'000	Preceding corresponding quarter 31-Oct-22 RM'000	Current year- to-date 31-Oct-23 %	Preceding corresponding quarter 31-Oct-22 %
Upstream	19	21	131,555	117,522	75%	75%
Downstream	8	8	44,902	39,903	25%	25%
	27	29	176,457	157,425	100%	100%

For the current 6-month cumulative period, the Group recorded a profit before taxation of RM23.4 million, representing a marginal increase of 3.4% compared to the corresponding period of the preceding year.

B1. REVIEW OF PERFORMANCE (CONTINUED)

Divisional commentary

i. Marine Logistics – Upstream Division

	3 months ended			6 months ended		
	31-Oct-23 RM'000	31-Oct-22 RM'000	Change	31-Oct-23 RM'000	31-Oct-22 RM'000	Change
Revenue	68,249	60,963	12.0%	131,555	117,522	11.9%
Profit before taxation	11,857	22,170	(46.5%)	24,294	21,092	15.2%
Fleet utilisation	81%	74%		79%	76%	

During the period under review, the Upstream Division recorded a revenue of RM68.2 million and RM131.6 million in the current quarter and the 6-month period respectively. This represents a 12% and 11.9% increase compared to the preceding year corresponding periods. The increase was in line with the higher charter activities and charter rates particularly in the 70M AHTS vessels segment, in line with the continued drilling and exploration activities.

Despite the Division's higher revenue, it reported lower profit before taxation, totaling RM11.9 million during the current quarter. This decrease is mainly attributed to a non-recurring adjustment resulting from the extension of the useful life of its OSV from 15 years to 20 years in the corresponding period of the preceding year.

During the 6-month period, the Division recorded higher profit before taxation of RM24.3 million compared to RM21.1 million in the preceding year in line with higher revenue recorded in the current period.

ii. Marine Logistics – Downstream Division

	3 months ended			6 months ended		
	31-Oct-23 RM'000	31-Oct-22 RM'000	Change	31-Oct-23 RM'000	31-Oct-22 RM'000	Change
Revenue	23,580	21,128	11.6%	44,902	39,903	12.5%
Profit before taxation	1,204	2,247	(46.4%)	1,147	3,340	(65.7%)
Fleet utilisation	91%	86%		88%	88%	

During the period under review, the Downstream Division recorded a revenue of RM23.6 million and RM44.9 million in the current quarter and 6-month period, respectively. This represents a 11.6% and 12.5% increase compared to the preceding year corresponding periods in line with higher charter activities and charter rates.

The Division recorded lower profit before taxation of RM1.2 million and RM1.1 million for the current quarter and the 6-month period respectively compared to RM2.2 million and RM3.3 million profit before taxation in the preceding year corresponding periods mainly due to higher tanker repair expenses incurred during the current periods.

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

a. Revenue

	Current Quarter 31-Oct-23 RM'000	Preceding Quarter 31-Jul-23 RM'000	Variances RM'000	Change %
Revenue				
Marine Logistics - Upstream Division	68,249	63,306	4,943	7.8%
Marine Logistics - Downstream Division	23,580	21,322	2,258	10.6%
	<u>91,829</u>	<u>84,628</u>	7,201	8.5%
Fleet utilisation				
Marine Logistics - Upstream Division	81%	78%		
Marine Logistics - Downstream Division	<u>91%</u>	<u>85%</u>		

The Group recorded 8.5% higher revenue of RM91.8 million for the current quarter compared to the immediate preceding quarter in line with higher vessel utilisation and charter rates.

b. Profit/(loss) before taxation

	Current Quarter 31-Oct-23 RM'000	Preceding Quarter 31-Jul-23 RM'000	Variances RM'000	Change %
Profit/(loss) before taxation				
Marine Logistics - Upstream Division	11,857	12,437	(580)	4.7%
Marine Logistics - Downstream Division	1,204	(57)	1,261	*
Investment holding and others	(1,102)	(1,044)	(58)	(5.6%)
Adjustments	35	35	-	*
	<u>11,994</u>	<u>11,371</u>	<u>623</u>	5.5%

* Not meaningful

During the current period, the Group recorded a profit before taxation of RM12 million, representing a marginal increase of 5.5% compared to the profit recorded 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 current financial year, although at a slower rate than the preceding financial year.

In relation to the Downstream Division, the Division expects the charter operations to continue to experience a high level of utilisation in the current financial year, given all the vessels are on time-charter contracts.

Nevertheless, the Board is also cautious about the potential economic disruption brought about by the geo-political instability in Europe and Middle East that could affect the regional and domestic economic climate. In view of the foregoing, the Board is cautiously optimistic about 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-23	30-Apr-23
	RM'000	RM'000
Total retained loss of the Company and its subsidiaries:		
- realised loss	(629,497)	(645,040)
Less consolidated adjustment	540,251	540,161
Total Group retained profits as per consolidated accounts	<u>(89,246)</u>	<u>(104,879)</u>

B7. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report on the Group's financial statements for the period ended 30 April 2023 was not subject to any qualification.

**BY ORDER OF THE BOARD
SECRETARIES**