

## STRAITS INTER LOGISTICS BERHAD

(Formerly known as Raya International Berhad)

(Company No.: 412406-T)

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

#### SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Mar 2018 RM'000	Quarter Ended 31 Mar 2017 RM'000	Quarter Ended 31 Mar 2018 RM'000	Quarter Ended 31 Mar 2017 RM'000
Revenue	<u>36,441</u>	<u>23,097</u>	<u>36,441</u>	<u>23,097</u>
Profit before tax	577	718	577	718
Income tax expense	(41)	(60)	(41)	(60)
Profit after taxation	<u>536</u>	<u>658</u>	<u>536</u>	<u>658</u>
Profit attributable to :				
Owners of the Company	634	548	634	548
Non-controlling interest	(98)	110	(98)	110
Profit after taxation	<u>536</u>	<u>658</u>	<u>536</u>	<u>658</u>
Basic earnings per share (sen)	0.17	0.33	0.17	0.33
Proposed/Declared Dividend per share (sen)	N/A	N/A	N/A	N/A

**Notes :**

Diluted earnings per share is not calculated because there is no potential dilutive effect arising from the outstanding warrants.

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### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018 CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Mar 2018 RM'000	Quarter Ended 31 Mar 2017 RM'000	Quarter Ended 31 Mar 2018 RM'000	Quarter Ended 31 Mar 2017 RM'000
Revenue	36,441	23,097	36,441	23,097
Operating expenses	(35,898)	(22,454)	(35,898)	(22,454)
Interest income	14	-	14	-
Other operating income	108	93	108	93
Depreciation	(88)	(18)	(88)	(18)
<b>Profit before tax</b>	<b>577</b>	<b>718</b>	<b>577</b>	<b>718</b>
Income tax expense	(41)	(60)	(41)	(60)
<b>Profit after taxation</b>	<b>536</b>	<b>658</b>	<b>536</b>	<b>658</b>
Other comprehensive income, net of tax	(328)	-	(328)	-
<b>Total comprehensive income for the period</b>	<b>208</b>	<b>658</b>	<b>208</b>	<b>658</b>
Profit attributable to :				
Owners of the Company	634	548	634	548
Non-controlling interest	(98)	110	(98)	110
<b>Profit after taxation</b>	<b>536</b>	<b>658</b>	<b>536</b>	<b>658</b>
Total comprehensive income attributable to :				
Owners of the Company	306	548	306	548
Non-controlling interest	(98)	110	(98)	110
<b>Total comprehensive income for the period</b>	<b>208</b>	<b>658</b>	<b>208</b>	<b>658</b>
Basic earnings per share (sen)	0.17	0.33	0.17	0.33

#### Notes :

The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

Diluted earnings per share is not calculated because there is no potential dilutive effect arising from the outstanding warrants.

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### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	Unaudited As At 31 March 2018 RM'000	Audited As At 31 December 2017 RM'000
<b>ASSETS</b>		
<b>Non-Current Asset</b>		
Property, plant & equipment	5,735	6,102
<b>Total Non-Current Asset</b>	<b>5,735</b>	<b>6,102</b>
<b>Current Assets</b>		
Inventories	93	1,072
Trade receivables	33,548	33,180
Other receivables, deposits & prepaid expenses	330	436
Tax recoverable	209	149
Amount owing from associate	5	5
Cash & bank balances	7,151	2,790
<b>Total Current Assets</b>	<b>41,336</b>	<b>37,632</b>
<b>TOTAL ASSETS</b>	<b>47,071</b>	<b>43,734</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	41,110	41,110
Forex reserve	(628)	(300)
Accumulated losses	(3,898)	(4,532)
Equity Attributable to Owners of the Company	36,584	36,278
Non-controlling interests	281	379
<b>Total Equity</b>	<b>36,865</b>	<b>36,657</b>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	2	2
<b>Total Non-Current Liabilities</b>	<b>2</b>	<b>2</b>
<b>Current Liabilities</b>		
Trade payables	9,736	6,478
Other payables and accruals	288	458
Tax liabilities	180	139
<b>Total Current Liabilities</b>	<b>10,204</b>	<b>7,075</b>
<b>Total Liabilities</b>	<b>10,206</b>	<b>7,077</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47,071</b>	<b>43,734</b>
Net asset per share attributable to owners of the Company (sen)	9.95	9.86

Note :

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

## STRAITS INTER LOGISTICS BERHAD

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### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

	<----- Attributable to Owners of the Company ----->							Total	Non-Controlling Interest	Total Equity
	<----- Non-Distributable ----->									
	Share Capital	* Other Reserve	Subtotal Total	Share Premium	Warrant Reserve	Forex Reserve	Accumulated Loss	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period ended 31 March 2018</b>										
At 1 January 2018	41,110	(21,154)	19,956	-	21,154	(300)	(4,532)	36,278	379	36,657
Profit for the period	-	-	-	-	-	-	634	634	(98)	536
Translation reserve	-	-	-	-	-	(328)	-	(328)	-	(328)
<b>At 31 March 2018</b>	<b>41,110</b>	<b>(21,154)</b>	<b>19,956</b>	<b>-</b>	<b>21,154</b>	<b>(628)</b>	<b>(3,898)</b>	<b>36,584</b>	<b>281</b>	<b>36,865</b>
<b>Year ended 31 March 2017</b>										
At 1 January 2017	16,395	-	16,395	10,425	-	-	(15,587)	11,233	207	11,440
Profit for the period	-	-	-	-	-	-	548	548	110	658
<b>At 31 March 2017</b>	<b>16,395</b>	<b>-</b>	<b>16,395</b>	<b>10,425</b>	<b>-</b>	<b>-</b>	<b>(15,039)</b>	<b>11,781</b>	<b>317</b>	<b>12,098</b>

**Note :**

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

The total issued share capital comprises the share capital of RM40.75 million and the amount standing to the credit of our Company's share premium account amounting to RM1.90 million in accordance with Section 618(2) of the Companies Act 2016, of which Corporate Exercise expenses amounting to RM1.54 million has been set-off against the share premium account.

\* Other reserve represent the discount on issuance of shares and the value of which is represented by the fair value of the warrant. The other reserve, in substance, form part of the issued and paid up share capital and is presented separately for better understanding.

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### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	Quarter Ended 31 Mar 2018 RM'000	Quarter Ended 31 Mar 2017 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	577	718
Adjustments for :		
Depreciation of property, plant and equipment	88	18
(Interest income) / expense	(14)	2
Unrealised forex gain	(24)	-
Operating profit before working capital changes	627	738
Net change in current assets	741	(308)
Net change in current liabilities	3,039	(244)
Cash from operations	4,407	186
Tax paid	(60)	-
Net cash from operating activities	<b>4,347</b>	<b>186</b>
<b>Cash Flows From Investing Activities</b>		
Interest income received	14	-
Net cash from investing activities	<b>14</b>	<b>-</b>
<b>Cash Flows From Financing Activities</b>		
Interest expense	-	(2)
Net cash used in financing activities	<b>-</b>	<b>(2)</b>
Net increase in cash and cash equivalents :	4,361	184
Cash and cash equivalents at beginning of period	2,790	1,159
Cash and equivalents at end of period	<b>7,151</b>	<b>1,343</b>
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	7,151	1,343

**Note :**

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

# STRAITS INTER LOGISTICS BERHAD

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## QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

### A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

#### A1 Basis of preparation

The interim financial report has been prepared in accordance with MFRS 134, Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market.

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2017.

#### A2 Significant accounting policies

The financial statements of the Group has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 2016 in Malaysia.

The financial information presented herein have been prepared in accordance with the accounting policies used in preparing the audited financial statements for the financial year ended 31 December 2017, and for the following standards and interpretation which became effective on 1 January 2018:

##### **New MFRSs**

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

##### **Amendments/Improvements to MFRSs/IC Interpretation**

Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 15	Clarifications to MFRS 15: Revenue from Contracts with Customers
Amendments to MFRS 140	Transfer of Investment Property
Annual improvements to MFRSs 2014 – 2016 Cycle	
IC Interpretation 22	Foreign Currency Transactions and Advances Consideration

**New MFRS, Amendments/Improvements to MFRSs and New IC Int issued but not yet effective and have not been early adopted**

##### ***Effective for financial periods beginning on or after 1 January 2019***

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
IC Interpretation 23	Uncertainty Over Income Tax Treatment
Annual improvements to MFRSs 2015 – 2017 Cycle	

***Effective for financial periods beginning on or after 1 January 2020***

Amendments to MFRS 2	Share-based payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets

***Effective for financial periods beginning on or after 1 January 2021***

MFRS 17	Insurance Contracts
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***Effective date to be announced***

Amendments to MFRS 10& and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The adoption of the above standards and amendments are not expected to have any material impact on the financial statements of the Group

**A3 Auditors report of preceding annual financial statements**

The audit report of the preceding annual financial statements was not subject to any qualification.

**A4 Seasonality or cyclicity**

The Group's interim operations are normally affected by the monsoon season and festive period in the first quarter of the year.

**A5 Unusual items**

During the current quarter under review, there were no items or events that arose, which will affect assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

**A6 Material changes in estimates**

There were no major changes in the estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that have had a material effect on the result in the quarter under review.

**A7 Debt and equity securities**

There were no major issuances, cancellations, repurchase, resale and repayment of debt and equity securities for the quarter under review.

**A8 Dividends**

No dividend has been declared or paid during the period under review.

**A9 Segment information**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 March 2018 RM'000	Quarter Ended 31 March 2017 RM'000	Quarter Ended 31 March 2018 RM'000	Quarter Ended 31 March 2017 RM'000
<b>BUSINESS SEGMENTS</b>				
<b><u>Segment Revenue</u></b>				
Oil Trading & Bunkering Services	36,441	23,097	36,441	23,097
	<u>36,441</u>	<u>23,097</u>	<u>36,441</u>	<u>23,097</u>
<b><u>Segment Profit / (Loss) Before Tax</u></b>				
Investment Holding	(419)	(113)	(419)	(113)
Others	(5)	-	(5)	-
Oil Trading & Bunkering Services	1,001	831	1,001	831
	<u>577</u>	<u>718</u>	<u>577</u>	<u>718</u>

**A10 Valuation of property, plant & equipment**

There has been no revaluation of property, plant & equipment during the current financial period.

**A11 Subsequent material events**

There were no other material events subsequent to the end of the quarter under review which is likely to substantially affect the results of the operations of the Group.

**A12 Changes in the composition of the Group**

There has been no material change in the composition of the Group during the quarter under review.

**A13 Contingencies**

There were no contingent liabilities or contingent assets arising since 31 December 2017.

**A14 Capital commitments**

As at 31 March 2018, the Group does not have any capital commitment.

**A15 Significant related party transactions**

There were no significant related party transactions during the quarter under review.

**A16 Profit before taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 March 2018 RM'000	Quarter Ended 31 March 2017 RM'000	Quarter Ended 31 March 2018 RM'000	Quarter Ended 31 March 2017 RM'000
Profit before tax is arrived at after charging / (crediting) the following items :				
(a) (Interest income) / expenses	(14)	2	(14)	2
(b) Depreciation & Amortisation	88	18	88	18
(c) Foreign exchange (gain) / loss - unrealised	(24)	(95)	(24)	(95)
- realised	442	-	442	-



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### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

#### B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING

##### B1 Review of performance

In line with the Group's plan to build a sustainable revenue stream consisting of oil bunkering and trading in oil product, it has managed to increase its revenue for the first quarter of 2018 by RM13.34 million to RM36.44 million, from RM23.10 million achieved in the first quarter of 2017. This was partially contributed by the bunkering's Contract for Services which came into effect in the fourth quarter of 2017.

Over the same quarter, the Group, however, achieved a lower profit before tax of RM0.58 million, as compared to RM0.72 million in 2017 due to the strengthening of the Malaysian Ringgit against major foreign currency. This has eroded RM0.42 million from the profit before tax.

##### B2 Variation of results against preceding quarter

	Current Quarter 31 March 2018 RM'000	Preceding Quarter 31 Dec 2017 RM'000	Changes	
			RM'000	%
Revenue	36,441	51,705	(15,264)	-30
Profit before tax	577	955	(378)	-40
Profit after tax	536	790	(254)	-32
Profit Attributable to Owners of the Company	634	723	(89)	-12

Revenue for the first quarter of 2018 has decreased by RM15.26 million to RM36.44 million, from RM51.70 million achieved in the preceding quarter, due to seasonal and festive reason.

##### B3 Prospects for next financial year

In this financial year, the Group will continue to expand its oil trading and bunkering business by increasing its deliverable tonnage capacities, either through increasing its vessels base by way of acquisitions of new vessels or chartering third parties' vessels, along with strengthening its operational capabilities and broadening its geographical coverage to capture the growth opportunities in the oil bunkering industry in Malaysia and Asian region.

The Group will continue to assess the demand from its existing and potential customers through continuous marketing activities in increasing its oil bunkering activities in the coming year.

Nevertheless, the Group's operations are dependent on the level of activity in the exploration, development and production of oil and natural gas, including the level of capital spending in the offshore oil and gas industry.

Despite the relatively positive outlook for the offshore oil and gas industry, the industry competition is expected to intensify further in view of the rising operating costs and fluctuations in foreign exchange rates.

The Group will continue to take all reasonable steps and precautions to mitigate the impact of rising costs and intensifying market competition.

In its efforts to expand its regional business operation, the Group had on 18 January 2018 entered into a non-binding Heads of Agreement ("HOA") with Banle Energy International Limited ("Banle") to explore any potential business cooperation and/or collaboration opportunities. Banle is principally engaged in the trading of bunker oil and provision of marketing administrative services.

**B4 Profit forecast and profit guarantee**

Not applicable as the Group has not previously provided a profit forecast in a public document or a profit guarantee.

**B5 Taxation**

The low effective tax rate of 7.10% was due to non-taxable income generated by tax-exempt entities and the availability of unutilised tax losses and allowances to set off the entire adjusted income generated by some operating entities.

**B6 Unquoted investments and properties**

There was no acquisitions or disposals of unquoted investments or properties during the financial quarter under review.

**B7 Quoted and marketable securities**

The Group does not hold any quoted or marketable securities as at 31 March 2018. There were no purchases or disposals of quoted securities for the current quarter.

**B8 Corporate Exercise**

- 1) On 15 December 2017, the Group had submitted to Bursa Malaysia Securities Berhad an application for a private placement of up to 55,185,638 new ordinary shares of Straits, representing up to 10% of the issued shares of Straits (assuming all outstanding warrants are exercised), to raise funds to finance its working capital as it expands its bunkering and trading of oil business. Bursa Malaysia Securities Berhad had on 19 January 2018 resolved to approve the listing and quotation of these new shares.
- 2) On 18 January 2018, The Group had entered into a non-binding Heads of Agreement ("HOA") with Banle Energy International Limited ("Banle") to explore potential business cooperation and/or collaboration opportunities between the Group and Banle. This collaboration would enable the Group to explore potential business cooperation/collaboration opportunities, including joint venture and business partnership to further expand their business operations and geographical coverage. This HOA has been extended to 17 February 2019.

**B9 Status of utilisation of proceeds raised from the Rights Issue**

No	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe For Utilisation	Deviation RM'000	Deviation %	Explanation
1	Acquisition of Straits 1	2,800	2,800	-	-	-	-
2	Defray estimated expenses in relation to the Corporate Exercise	1,800	1,750	Within 1 month	50	2.8	-
3	Working capital						
3.1	Purchase of MGO	15,070	15,070	-	-	-	-
3.2	Oil bunkering activity related expenses	150	150	-	-	-	-
3.3	General operations expenses	288	286	Within 12 months	2	0.7	Proposed utilisation not complete. Currently within utilisation intended timeframe
3.4	Repair & maintenance cost	1,000	-	Within 12 months	1,000	100	Proposed utilisation not complete. Currently within utilisation intended timeframe
3.5	Rental of office premise	46	27	Within 12 months	19	41.3	Proposed utilisation not complete. Currently within utilisation intended timeframe
	<b>TOTAL</b>	<b>21,154</b>	<b>20,083</b>		<b>1,071</b>		

**B10 Group borrowings and debt securities**

As at 31 March 2018, the Group has no bank borrowings nor any debt securities.

**B11 Material litigation**

As at the date of this report, the Group has no material litigation which will materially and adversely affect the position or business of the Group.

**B12 Dividends**

The Directors do not recommend the payment of any dividend in respect of the current financial period.

**B13 Earnings per share**

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31 March 2018	Quarter Ended 31 March 2017	Quarter Ended 31 March 2018	Quarter Ended 31 March 2017
Profit for the period (RM'000)	634	548	634	548
<b>Basic Earnings Per Share</b>				
Weighted Average Number of Ordinary Shares in Issue ('000)	367,904	163,952	367,904	163,952
Basic Earnings Per Share (sen)	<u>0.17</u>	<u>0.33</u>	<u>0.17</u>	<u>0.33</u>

Basic earnings per share is calculated by dividing the net profit for the period under review by the weighted average number of shares in issue during the period.

Diluted earnings per share is not calculated because there is no potential dilutive effect arising from the outstanding warrants.

**B14 Realised and unrealised profits**

Supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad are as follow :

	As At 31 March 2018 RM'000	As At 31 March 2017 RM'000
Total accumulated losses of the Company and its subsidiaries :		
- Realised	(5,115)	(15,641)
- Unrealised	<u>(24)</u>	<u>(95)</u>
	(5,139)	(15,736)
Add : Consolidation adjustments	<u>1,241</u>	<u>697</u>
Total group accumulated losses as per consolidation accounts	<u><u>(3,898)</u></u>	<u><u>(15,039)</u></u>

**By Order of the Board**

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Dato' Sri Ho Kam Choy  
Group Managing Director  
Kuala Lumpur  
Date : 28<sup>th</sup> May 2018