

## STRAITS INTER LOGISTICS BERHAD

(Company No.: 199601040053 (412406-T))  
(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

#### SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2019	Quarter Ended 31 Dec 2018	Year Ended 31 Dec 2019 (unaudited)	Year Ended 31 Dec 2018 (audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	<u>203,559</u>	<u>105,763</u>	<u>663,228</u>	<u>255,792</u>
Operating profit	4,109	2,766	13,365	5,399
Finance costs	(1,401)	(1,114)	(3,824)	(1,116)
Share of result of associate	598	-	2,523	-
Profit before tax	<u>3,306</u>	<u>1,652</u>	<u>12,064</u>	<u>4,283</u>
Income tax expense	(1,140)	958	(2,642)	647
Profit after taxation	<u>2,166</u>	<u>2,610</u>	<u>9,422</u>	<u>4,930</u>
Profit attributable to :				
Owners of the Parent	2,067	1,721	7,102	4,052
Non-controlling interest	99	889	2,320	878
Profit for the period/year	<u>2,166</u>	<u>2,610</u>	<u>9,422</u>	<u>4,930</u>
Basic earnings per share (sen)	0.31	0.29	1.21	0.95
Diluted earnings per share (sen)	0.28	0.25	1.07	0.77
Proposed/Declared Dividend per share (sen)	N/A	N/A	N/A	N/A

## STRAITS INTER LOGISTICS BERHAD

(Company No.: 199601040053 (412406-T))

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2019	Quarter Ended 31 Dec 2018	Year Ended 31 Dec 2019 (unaudited)	Year Ended 31 Dec 2018 (audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	203,559	105,763	663,228	255,792
Operating expenses	(197,604)	(102,313)	(644,319)	(249,686)
Interest income	6	6	23	26
Other operating income	133	(153)	712	289
Depreciation	(1,985)	(537)	(6,279)	(1,022)
<b>Operating profit</b>	<b>4,109</b>	<b>2,766</b>	<b>13,365</b>	<b>5,399</b>
Finance costs	(1,401)	(1,114)	(3,824)	(1,116)
Share of result of associate	598	-	2,523	-
<b>Profit before tax</b>	<b>3,306</b>	<b>1,652</b>	<b>12,064</b>	<b>4,283</b>
Income tax expense	(1,140)	958	(2,642)	647
<b>Profit after taxation</b>	<b>2,166</b>	<b>2,610</b>	<b>9,422</b>	<b>4,930</b>
Other comprehensive income, net of tax	(182)	97	(40)	191
<b>Total comprehensive income for the period/year</b>	<b>1,984</b>	<b>2,707</b>	<b>9,382</b>	<b>5,121</b>
Profit attributable to :				
Owners of the Parent	2,067	1,721	7,102	4,052
Non-controlling interest	99	889	2,320	878
<b>Profit after taxation</b>	<b>2,166</b>	<b>2,610</b>	<b>9,422</b>	<b>4,930</b>
Total comprehensive income attributable to :				
Owners of the Parent	1,885	1,818	7,062	4,243
Non-controlling interest	99	889	2,320	878
<b>Total comprehensive income for the period/year</b>	<b>1,984</b>	<b>2,707</b>	<b>9,382</b>	<b>5,121</b>
Basic earnings per share (sen)	0.31	0.29	1.21	0.95
Diluted earnings per share (sen)	0.28	0.25	1.07	0.77

#### 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 2018 and the accompanying explanatory notes attached to the interim financial statements.

## STRAITS INTER LOGISTICS BERHAD

(Company No.: 199601040053 (412406-T))

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

#### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	Unaudited As At 31 December 2019 RM'000	Audited As At 31 December 2018 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	97,835	51,194
Right-of-use assets	749	-
Goodwill on consolidation	30,559	30,559
Investment in associates	17,136	-
Deferred tax assets	307	1,421
<b>Total Non-Current Assets</b>	<b>146,586</b>	<b>83,174</b>
<b>Current Assets</b>		
Inventories	31,863	6,236
Trade receivables	60,150	40,591
Other receivables, deposits & prepaid expenses	46,535	11,424
Tax recoverable	3	25
Amount owing from associate	5	11
Fixed deposit	658	1,500
Cash & bank balances	8,148	5,010
<b>Total Current Assets</b>	<b>147,362</b>	<b>64,797</b>
<b>TOTAL ASSETS</b>	<b>293,948</b>	<b>147,971</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	104,466	86,287
Other reserve	(17,625)	(20,806)
Warrant reserve	17,625	20,806
Forex currency translation reserve	(148)	(108)
Retained profit / (Accumulated losses)	6,291	(811)
Equity Attributable to Owners of the Parent	110,609	85,368
Non-controlling interests	12,121	5,504
<b>Total Equity</b>	<b>122,730</b>	<b>90,872</b>
<b>Non-Current Liabilities</b>		
Hire purchase payables	2,810	477
Other creditors	22,046	-
Leased liabilities	323	-
Deferred tax liabilities	80	-
<b>Total Non-Current Liabilities</b>	<b>25,259</b>	<b>477</b>
<b>Current Liabilities</b>		
Trade payables	70,301	19,327
Other payables and accruals	38,117	7,656
Amount due to associate	18	-
Hire purchase payables	800	145
Bank borrowing	35,665	29,189
Leased liabilities	435	-
Tax liabilities	623	305
<b>Total Current Liabilities</b>	<b>145,959</b>	<b>56,622</b>
<b>Total Liabilities</b>	<b>171,218</b>	<b>57,099</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>293,948</b>	<b>147,971</b>
Net asset per share attributable to Owners of the Parent (sen)	17.00	15.27

**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 2018 and the accompanying explanatory notes attached to these interim financial statements.

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## STRAITS INTER LOGISTICS BERHAD

(Company No.: 199601040053 (412406-T))

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

#### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

	-----> Attributable to Owners of the Parent <----->					Total	Non-Controlling Interest	Total Equity	
	-----> Non-Distributable <----->								
	Share Capital	Other Reserve*	Sub-Total	Warrant Reserve	Forex Currency Translation Reserve	Retained Profit/ (Accumulated Losses)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Year ended 31 December 2019</b>									
At 1 January 2019	86,287	(20,806)	65,481	20,806	(108)	(811)	85,368	5,504	90,872
Profit for the year	-	-	-	-	-	7,102	7,102	2,320	9,422
Translation reserve	-	-	-	-	(40)	-	(40)	-	(40)
Conversion of warrant	3,181	3,181	6,362	(3,181)	-	-	3,181	-	3,181
New share issue	14,998	-	14,998	-	-	-	14,998	-	14,998
Share application money	-	-	-	-	-	-	-	3,381	3,381
Acquisition of non-controlling interest	-	-	-	-	-	-	-	916	916
<b>At 31 December 2019</b>	<b>104,466</b>	<b>(17,625)</b>	<b>86,841</b>	<b>17,625</b>	<b>(148)</b>	<b>6,291</b>	<b>110,609</b>	<b>12,121</b>	<b>122,730</b>
<b>Year ended 31 December 2018</b>									
At 1 January 2018	41,109	(21,154)	19,955	21,154	(299)	(4,532)	36,278	379	36,657
Effects of MFRS 9 adoption	-	-	-	-	-	(331)	(331)	-	(331)
At 1 January 2018 (restated)	41,109	(21,154)	19,955	21,154	(299)	(4,863)	35,947	379	36,326
Profit for the year	-	-	-	-	-	4,052	4,052	878	4,930
Translation reserve	-	-	-	-	191	-	191	-	191
Conversion of warrant	348	348	696	(348)	-	-	348	-	348
Private placement	16,880	-	16,880	-	-	-	16,880	-	16,880
New share issue	27,950	-	27,950	-	-	-	27,950	-	27,950
Acquisition of non-controlling interest	-	-	-	-	-	-	-	4,247	4,247
<b>At 31 December 2018</b>	<b>86,287</b>	<b>(20,806)</b>	<b>65,481</b>	<b>20,806</b>	<b>(108)</b>	<b>(811)</b>	<b>85,368</b>	<b>5,504</b>	<b>90,872</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 2018 and the accompanying explanatory notes attached to these interim financial statements.

\* 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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## STRAITS INTER LOGISTICS BERHAD

(Company No.: 199601040053 (412406-T))

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

#### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	Year Ended 31 Dec 2019 (unaudited) RM'000	Year Ended 31 Dec 2018 (audited) RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	12,064	4,283
Adjustments for :		
Depreciation of property, plant and equipment	6,101	1,022
Depreciation of right-of-use assets	178	-
Interest income	(23)	(26)
Finance cost	3,824	1,116
Property, plant and equipment written off	-	123
Gain on disposal of a subsidiary	-	(1)
Impairment loss on receivables	321	124
Loss on disposal of property, plant and equipment	167	-
Unrealised forex loss	773	252
Waiver of debts granted by other payables	-	(8)
Share of result of associates	(2,523)	-
Operating profit before working capital changes	<u>20,882</u>	<u>6,885</u>
Net change in current assets	(80,828)	(13,602)
Net change in current liabilities	106,304	(773)
Cash from / (used in) operations	<u>46,358</u>	<u>(7,490)</u>
Tax paid	(1,100)	(728)
Tax refund	394	116
<b>Net cash from / (used in) operating activities</b>	<u><b>45,652</b></u>	<u><b>(8,102)</b></u>
<b>Cash Flows From Investing Activities</b>		
Net outflow arising from acquisition of subsidiary	-	(4,254)
Interest income received	23	26
Proceed from disposal of a subsidiary	-	1
Proceed from disposal of property, plant and equipment	102	-
Purchase of property, plant and equipment	(53,057)	(1,637)
Purchase of right-of-use assets	(927)	-
<b>Net cash used in investing activities</b>	<u><b>(53,859)</b></u>	<u><b>(5,864)</b></u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	3,181	17,227
Proceeds from issuance of shares in subsidiary	916	-
Proceeds from other creditor, hire purchase and bank borrowing	9,635	1,609
Proceed from leased liabilities	758	-
Repayment of other creditors and hire purchase	(171)	(43)
Advance from / (to) associate company	8	(6)
Finance cost	(3,824)	(1,116)
<b>Net cash from financing activities</b>	<u><b>10,503</b></u>	<u><b>17,671</b></u>
Net increase in cash and cash equivalents :	2,296	3,705
Cash and cash equivalents at beginning of year	6,510	2,790
Effect of exchange rate changes on cash and cash equivalent held	-	15
<b>Cash and cash equivalents at end of year</b>	<u><b>8,806</b></u>	<u><b>6,510</b></u>

Cash and cash equivalents at end of year comprise :

Fixed deposit	658	1,500
Cash and bank balances	8,148	5,010
	<b>8,806</b>	<b>6,510</b>

**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 2018 and the accompanying explanatory notes attached to these interim financial statements.

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# STRAITS INTER LOGISTICS BERHAD

(Company No.: 199601040053 (412406-T))  
(Incorporated in Malaysia)

## QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

### 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 Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 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 financial year ended 31 December 2018. 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 2018.

#### A2 Significant accounting policies

The financial statements of the Group have 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 2018, and for the following standards and interpretation which became effective on 1 January 2019:

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

#### Impact of the initial application of MFRS 16

The following table is a reconciliation of the carrying amount of the Group’s statement of financial position on adoption of MFRS 16 as at 1 January 2019:

	Opening balance as at 1 Jan 2019 RM'000	Initial recognition RM'000	Restated opening balance as at 1 Jan 2019 RM'000
Right-of-use assets	-	927	927
Lease liabilities	-	(927)	(927)
Retained earnings	(811)	-	(811)

#### 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 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
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets-Web Site Costs

***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 & MFRS 128	Sale or Contribution of Assets between an Investor and its Associate 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 Seasonal or cyclical factors**

The Group's interim operations are normally affected by the monsoon season and festive period in the first and fourth 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 period under review.

**A8 Dividends**

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

**A9 Segment information**

The Group's business has been segregated into the following core business segments :

Investment Holding

Investment in shares and provision of management services.

Oil Trading & Bunkering Services

This involves the provision of refuelling marine gas oil and marine fuel oil through vessels to other ships and ocean faring vessels such as container vessels, cargo vessels and oil tankers. In essence, oil bunkering services entail the offering of marine logistics and marine supports services to companies mainly in the fields of transportation and oil and gas industries.

### Inland Transportation & Logistics

This involves the provision of transportation services by land, mainly through tankers, trucks and / or lorries.

### Vessel Management

This involves the provision of vessel and marine management services.

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Dec 2019 RM'000	Quarter Ended 30 Dec 2018 RM'000	Year Ended 31 Dec 2019 RM'000	Year Ended 31 Dec 2018 RM'000
<b><u>Segment Revenue</u></b>				
Oil Trading & Bunkering Services	202,385	105,763	659,419	255,792
Inland Transportation & Logistics	1,174	-	3,809	-
	<u>203,559</u>	<u>105,763</u>	<u>663,228</u>	<u>255,792</u>
<b><u>Segment Profit Before Tax</u></b>				
Investment Holding	(736)	(1,377)	(3,968)	(3,882)
Oil Trading & Bunkering Services	3,575	3,038	14,328	8,203
Inland Transportation & Logistics	(514)	-	(1,423)	-
Vessel Management	422	-	663	-
Share of result of associate	598	-	2,523	-
Others	(39)	(9)	(59)	(38)
	<u>3,306</u>	<u>1,652</u>	<u>12,064</u>	<u>4,283</u>

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

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect in the current quarter under review.

#### **A11 Subsequent material events**

There were no material event 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**

on 12 November 2019, Straits Inter Logistics Berhad ("Straits" or "the Company") had undergone an internal restructuring involving the transfer of one of its wholly-owned dormant Subsidiary, Envair Energy Sdn Bhd to Straits Alliance Transport Sdn Bhd, which is a 70.0% owned Subsidiary.

Other than these, there has been no material change in the composition of the Group during the financial quarter under review.

#### **A13 Contingencies**

There were no contingent liabilities or contingent assets arising since 31 December 2018.

**A14 Capital commitments**

Capital expenditures contracted for at the balance sheet quarter date but not recognised in the financial statements are as follows:

	Year Ended 31 Dec 2019 RM'000	Year Ended 31 Dec 2018 RM'000
Approved and contracted	3,722	-
Approved but not contracted	-	-
	3,722	-

**A15 Significant related party transactions**

Save as disclosed below, there were no other significant related party transactions during the financial quarter ended 31 December 2019 under review and the financial year-to-date:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2019 RM'000	Quarter Ended 31 Dec 2018 RM'000	Year Ended 31 Dec 2019 RM'000	Year Ended 31 Dec 2018 RM'000
Forwarding services	117	-	219	-

**A16 Profit before taxation**

Profit before tax is arrived at after charging / (crediting) the following items :

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2019 RM'000	Quarter Ended 31 Dec 2018 RM'000	Year Ended 31 Dec 2019 RM'000	Year Ended 31 Dec 2018 RM'000
(a) Interest income	(6)	(6)	(23)	(26)
(b) Interest cost	1,401	1,114	3,824	1,116
(c) Impairment loss on receivables	321	124	321	124
(d) Depreciation & amortisation	1,985	537	6,279	1,022
(e) Foreign exchange (gain) / loss - unrealised	887	242	773	252
- realised	(1,275)	276	(535)	845

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## STRAITS INTER LOGISTICS BERHAD

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### QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

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

##### B1 Review of performance

For the fourth quarter of 2019, the Group's revenue escalated by 92.5% to RM 203.56 million from RM105.76 million recorded in the corresponding quarter previous year. The substantial increase in revenue is attributable to the increase in demand for high sulphur fuel oil ("HSFO") and the commencement of bunkering into Very Low Sulphur Fuel Oil ("VLSFO") in conjunction with the implementation by International Maritime Organisation ("IMO") on consumption of VLSFO by all vessels. Diversification into inland transportation & logistics services in February 2019 through Straits Alliance Transport Sdn Bhd had further contributed to the increase of the revenue of the Group.

The Group registered a profit before tax of RM3.31 million in the fourth quarter of 2019 as compared to RM1.65 million in the corresponding quarter of 2018. The 100.0% jump in profit before tax in the fourth quarter of 2019 as compared to the fourth quarter of 2018 was due to a 91.4% increase in oil bunkering revenue arising from the Group's expansion of its product line to include the bunkering of Marine Fuel Oil ("MFO") and share of profits from its associate, Banle Energy International Limited.

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

	Current Quarter 31 Dec 2019 RM'000	Preceding Quarter 30 Sept 2019 RM'000	Changes	
			RM'000	%
Revenue	203,559	225,690	(22,131)	(9.8)
Profit before tax ("PBT")	3,306	2,909	397	13.6
Profit after tax ("PAT")	2,166	2,200	(34)	(1.5)
Profit Attributable to Owners of the Parent	2,067	1,860	207	11.1

The revenue for the fourth quarter 2019 decreased by RM22.13 million or 9.8% to RM203.56 million from RM225.69 million achieved in the preceding quarter as some vessels who intend to continue using HSFO instead of LSFO had begun the installation of scrubbers ahead of the Low Sulphur Fuel Oil ("LSFO") implementation by IMO on 1 January 2020, thus resulting in lower demand for fuel oil during this period.

However, PBT for the Group reflected an increase of RM0.40 million in the current quarter compared to the preceding quarter, and this 13.6% increase is contributed by higher margin due to insufficient VLSFO cargo to meet its demand as IMO implements usage of LSFO.

##### B3 Group's Prospects

The Group strategy to expand its product line beyond its bunkering of Marine Gas Oil ("MGO") into MFO has opened up tremendous business opportunity and widening of the market base. The Group will continue to expand its oil trading and bunkering business by increasing its deliverable tonnage capacities through increasing its vessels base by way of acquisitions of new vessels or chartering third parties' vessels as well as broadening its geographical coverage.

M.T. Ixora, which was acquired in Q4 2019, is now the largest vessel in Group's fleet and had commenced its bunkering services in Q1 2020 after obtaining its operation license from the Labuan Financial Services Authority on 29 January 2020. M.T. Ixora will be able to contribute to the Group's strategy to further expand its bunkering services and supply of MFO.

Meanwhile, the Group is seeking to diversify its business into port management service. On 20 January 2020, Straits received a letter of award ("LOA") from Labuan Port Authority for the operation and facility management ("Port Management Services") of Labuan Liberty Terminal in the Federal Territory of Labuan for a period of six (6) years. The said LOA has been approved by the board on 24 January 2020.

With the commencement of M.T. Ixora's operation and new business activities, the Group's outlook for 2020 continue to look positive.

**B4 Profit forecast and profit guarantee**

The Group has not provided any profit forecast or profit guarantee in any public document.

**B5 Taxation**

Under-provision of taxes in earlier quarters had contributed to a high effective tax rate of 33.5%, as compared to the statutory tax rate, but nevertheless, it has a lower effective tax rate of 21.8% due to the lower statutory tax rate on the share of profits from its associated company.

**B6 Unquoted investments and properties**

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

**B7 Quoted and marketable securities**

The Group does not hold any quoted or marketable securities as at 31 December 2019. There were no purchases or disposals of quoted securities for the current financial year.

**B8 Corporate Exercise**

On 20 January 2020, the Company has received a Letter of Award from Labuan Port Authority for the port management services of Labuan Liberty Terminal in the Federal Territory of Labuan for a period of 6 years, commencing from 1 April 2020. The Company has accepted the Letter of Award on 24 January 2020.

On 24 January 2020, pursuant to the acceptance of the Letter of Award, the Company has proposed to diversify into port management services through proposed subscription of up to 5,100,000 ordinary shares of Megah Port Management Sdn Bhd ("MPMSB"), representing 51.0% of the enlarged equity interest in MPMSB via the execution of a subscription agreement entered into between the Company, MPMSB and LPM Holdings Sdn. Bhd. ("LHSB") for the purpose to jointly undertake the port management services of Labuan Liberty Terminal in the Federal Territory of Labuan. As at date of this announcement, this corporate exercise is pending submission to Bursa for its approval, and subsequently shareholders' approval.

On 10 February 2020, the Company has incorporated a new wholly-owned subsidiary Company known as Straits Port Management Sdn Bhd ("SPM") as an investment holding company to subscribe up to 5,100,000 ordinary shares in MPMSB.

Subsequently on 25 February 2020, SPM has subscribed and paid for 1,530,000 MPMSB shares, representing 51.0% of the enlarged issued shares of MPMSB. Following the subscription, MPMSB has officially become 51.0%-owned subsidiary of SPM, which in turn is a wholly-owned subsidiary of Straits.

**B9 Group borrowings and debt securities**

	Year Ended 31 Dec 2019 RM'000	Year Ended 31 Dec 2018 RM'000
<b>CURRENT</b>		
<b>Secured</b>		
Hire purchase payable	800	145
Leased liabilities	435	-
Banker acceptances	35,665	29,189
	<u>36,900</u>	<u>29,334</u>
<b>NON-CURRENT</b>		
<b>Secured</b>		
Hire purchase payable	2,810	477
Leased liabilities	323	-
	<u>3,133</u>	<u>477</u>
	<u>40,033</u>	<u>29,811</u>

The lease liabilities of the Group bear interest at rates of 2.32% to 4.25% per annum.

The borrowings of the Group bear interest at rates of 8.35% per annum.

**B10 Material litigation / arbitration**

Arbitration between ING Bank N.V ("ING" or "First Claimant"), O.W. Bunker Far East (Singapore) Pte Ltd ("OWBFE" or "Second Claimant"), collectively referred to as the "Claimants") and Tumpuan Megah Development Sdn Bhd ("Tumpuan Megah" or the "Respondent"). Tumpuan Megah is a 55.0% owned subsidiary of Straits.

The Claimants alleged that on 19 December 2013, a series of financing agreements were entered into between O.W. Bunker & Trading A/S ("OWBAS"), together with certain subsidiary companies (including OWBFE) and a syndicate of banks and ING (in its capacity as a security agent under a revolving borrowing base facilities agreement). As part of that transaction, ING entered into an English law Omnibus Security Agreement dated 19 December 2013 ("OSA") with OWBAS and certain of its subsidiaries (including OWBFE) to assign to ING certain trade and intercompany receivables, insurances and brokerage accounts. The Claimants further alleged that pursuant to the aforesaid, notice of assignment of supply receivables was given to Tumpuan Megah.

The Claimants also alleged that on or about 17 October 2014 and 29 October 2014, Tumpuan Megah and OWBFE entered into contracts both made orally or by yahoo messenger evidenced by a nomination sheet, invoice and sales order confirmation whereby OWBFE agreed in the ordinary course of business to supply and / or sell to Tumpuan Megah 423.73 MT of gas oil at a price of USD753 per MT for delivery at the port of Pasir Gudang and 794.915 MT of gas oil at a price of USD775.50 per MT for delivery at the port of Kuantan respectively.

This arbitration commenced on 2 May 2017. The Board of Directors of Tumpuan Megah is of the opinion that Tumpuan Megah has a fair chance of success and accordingly, no provisions have been made in the financial statements.

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.

**B11 Dividends**

There is no dividend proposed in the current quarter.

**B12 Earnings per share**

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31 Dec 2019	Quarter Ended 31 Dec 2018	Year Ended 31 Dec 2019	Year Ended 31 Dec 2018
Profit after tax attributable to the owner of the Parent (RM'000)	2,067	1,721	7,102	4,052
<b>Basic Earnings Per Share</b>				
Weighted Average Number of Ordinary Shares in Issue ('000)	673,158	596,760	587,870	425,588
Basic Earnings Per Share (sen)	<u>0.31</u>	<u>0.29</u>	<u>1.21</u>	<u>0.95</u>

Basic earnings per share is calculated by dividing the profit after tax attributable to the owner of the Parent under review by the weighted average number of shares in issue during the period.

**Diluted Earnings Per Share**

Weighted Average Number of Ordinary Shares in Issue ('000)	745,388	689,798	662,426	523,289
Diluted Earnings Per Share (sen)	<u>0.28</u>	<u>0.25</u>	<u>1.07</u>	<u>0.77</u>

Diluted earnings per share is calculated by dividing the net profit attributable to the owners of the Parent by the weighted average number of ordinary shares in issue during the period after taking into consideration of all dilutive potential ordinary shares.

**B13 Authorisation for Issue**

The unaudited condensed consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 February 2020.

**By Order of the Board**

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Dato' Sri Ho Kam Choy  
Group Managing Director  
Kuala Lumpur  
Date : 27 February 2020