

## STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

#### SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Mar 2020 RM'000	Quarter Ended 31 Mar 2019 RM'000	Quarter Ended 31 Mar 2020 RM'000	Quarter Ended 31 Mar 2019 RM'000
Revenue	262,363	108,756	262,363	108,756
Operating profit	2,586	3,125	2,586	3,125
Finance costs	(1,253)	(843)	(1,253)	(843)
Share of result of associate	440	350	440	350
Profit before tax	1,773	2,632	1,773	2,632
Income tax expense	(248)	(505)	(248)	(505)
Profit after taxation	1,525	2,127	1,525	2,127
Profit attributable to :				
Owners of the Parent	1,024	1,356	1,024	1,356
Non-controlling interest	501	771	501	771
Profit for the period	1,525	2,127	1,525	2,127
Basic earnings per share (sen)	0.16	0.23	0.16	0.23
Diluted earnings per share (sen)	0.14	0.20	0.14	0.20
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 FIRST QUARTER ENDED 31 MARCH 2020 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 2020 RM'000	Quarter Ended 31 Mar 2019 RM'000	Quarter Ended 31 Mar 2020 RM'000	Quarter Ended 31 Mar 2019 RM'000
Revenue	262,363	108,756	262,363	108,756
Operating expenses	(267,919)	(104,597)	(267,919)	(104,597)
Interest income	2	7	2	7
Other operating income	10,389	256	10,389	256
Depreciation	(2,249)	(1,297)	(2,249)	(1,297)
<b>Operating profit</b>	<b>2,586</b>	<b>3,125</b>	<b>2,586</b>	<b>3,125</b>
Finance costs	(1,253)	(843)	(1,253)	(843)
Share of result of associate	440	350	440	350
<b>Profit before tax</b>	<b>1,773</b>	<b>2,632</b>	<b>1,773</b>	<b>2,632</b>
Income tax expense	(248)	(505)	(248)	(505)
<b>Profit after taxation</b>	<b>1,525</b>	<b>2,127</b>	<b>1,525</b>	<b>2,127</b>
Other comprehensive income, net of tax	249	41	249	41
<b>Total comprehensive income for the period</b>	<b>1,774</b>	<b>2,168</b>	<b>1,774</b>	<b>2,168</b>
Profit attributable to :				
Owners of the Parent	1,024	1,356	1,024	1,356
Non-controlling interest	501	771	501	771
<b>Profit after taxation</b>	<b>1,525</b>	<b>2,127</b>	<b>1,525</b>	<b>2,127</b>
Total comprehensive income attributable to :				
Owners of the Parent	1,273	1,397	1,273	1,397
Non-controlling interest	501	771	501	771
<b>Total comprehensive income for the period</b>	<b>1,774</b>	<b>2,168</b>	<b>1,774</b>	<b>2,168</b>
Basic earnings per share (sen)	0.16	0.23	0.16	0.23
Diluted earnings per share (sen)	0.14	0.20	0.14	0.20

#### 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 2019 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 FIRST QUARTER ENDED 31 MARCH 2020

#### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	As At 31 March 2020 (Unaudited) RM'000	As At 31 December 2019 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	101,386	98,584
Goodwill on consolidation	30,559	30,559
Investment in associates	17,511	17,136
Deferred tax assets	214	214
<b>Total Non-Current Assets</b>	<b>149,670</b>	<b>146,493</b>
<b>Current Assets</b>		
Inventories	23,158	31,863
Trade receivables	43,412	59,372
Other receivables, deposits & prepaid expenses	9,375	48,823
Tax recoverable	14	3
Amount owing from associate	16	15
Fixed deposit	672	669
Cash & bank balances	11,817	7,595
<b>Total Current Assets</b>	<b>88,464</b>	<b>148,340</b>
<b>TOTAL ASSETS</b>	<b>238,134</b>	<b>294,833</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	104,466	104,466
Other reserve	(17,625)	(17,625)
Warrant reserve	17,625	17,625
Forex currency translation reserve	113	(136)
Retained profits	7,297	6,273
Equity Attributable to Owners of the Parent	111,876	110,603
Non-controlling interests	14,113	12,142
<b>Total Equity</b>	<b>125,989</b>	<b>122,745</b>
<b>Non-Current Liabilities</b>		
Other creditors	22,526	22,570
Leased liabilities	3,096	3,254
<b>Total Non-Current Liabilities</b>	<b>25,622</b>	<b>25,824</b>
<b>Current Liabilities</b>		
Trade payables	21,863	70,021
Other payables and accruals	27,372	38,475
Amount due to associate	18	18
Bank borrowing	34,753	35,665
Leased liabilities	1,353	1,114
Tax liabilities	1,164	971
<b>Total Current Liabilities</b>	<b>86,523</b>	<b>146,264</b>
<b>Total Liabilities</b>	<b>112,145</b>	<b>172,088</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>238,134</b>	<b>294,833</b>
Net asset per share attributable to Owners of the Parent (sen)	17.19	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 2019 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 FIRST QUARTER ENDED 31 MARCH 2020

#### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

	----- Attributable to Owners of the Parent ----->		----- Non-Distributable ----->						
	Share Capital	Other Reserve*	Sub-Total	Warrant Reserve	Forex Currency Translation Reserve	(Accumulated Losses) / Retained Profits	Total	Non- Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period ended 31 March 2020</b>									
At 1 January 2020	104,466	(17,625)	86,841	17,625	(136)	6,273	110,603	12,142	122,745
Profit for the period	-	-	-	-	-	1,024	1,024	501	1,525
Translation reserve	-	-	-	-	249	-	249	-	249
Acquisition of non-controlling interest	-	-	-	-	-	-	-	1,470	1,470
<b>At 31 March 2020</b>	<b>104,466</b>	<b>(17,625)</b>	<b>86,841</b>	<b>17,625</b>	<b>113</b>	<b>7,297</b>	<b>111,876</b>	<b>14,113</b>	<b>125,989</b>
<b>Period ended 31 March 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 period	-	-	-	-	-	1,356	1,356	771	2,127
Translation reserve	-	-	-	-	41	-	41	-	41
Conversion of warrant	190	190	380	(190)	-	-	190	-	190
New share issue	14,998	-	14,998	-	-	-	14,998	435	15,433
<b>At 31 March 2019</b>	<b>101,475</b>	<b>(20,616)</b>	<b>80,859</b>	<b>20,616</b>	<b>(67)</b>	<b>545</b>	<b>101,953</b>	<b>6,710</b>	<b>108,663</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 2019 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.

## STRAITS INTER LOGISTICS BERHAD

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

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### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

#### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	Quarter Ended 31 Mar 2020 RM'000	Quarter Ended 31 Mar 2019 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	1,773	2,577
Adjustments for :		
Depreciation of property, plant and equipment	2,249	1,297
Interest income	(2)	(7)
Finance costs	1,253	843
Impairment loss on receivables	-	2
Loss on disposal of property, plant and equipment	213	-
Unrealised forex loss	(1,934)	(23)
Share of result of associates	(440)	(295)
Operating profit before working capital changes	<u>3,112</u>	<u>4,394</u>
Net change in current assets	61,272	3,824
Net change in current liabilities	(55,477)	(15,640)
Cash from / (used in) operations	<u>8,907</u>	<u>(7,422)</u>
Tax paid	(195)	(190)
Tax refund	195	-
<b>Net cash from / (used in) operating activities</b>	<b><u>8,907</u></b>	<b><u>(7,612)</u></b>
<b>Cash Flows From Investing Activities</b>		
Investment in associate	-	14,998
Interest income received	2	7
Proceed from disposal of property, plant and equipment	36	-
Purchase of property, plant and equipment	(2,652)	(652)
<b>Net cash used in investing activities</b>	<b><u>(2,614)</u></b>	<b><u>(15,643)</u></b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	-	190
Proceeds from issuance of shares in subsidiary	1,470	435
Proceeds from issuance of shares in associate	-	14,998
Proceeds from other creditors and bank borrowing	-	5,929
Repayment of leased liabilities	(300)	-
Repayment of other creditors and bank borrowing	(1,999)	-
Advance (to) / from associate company	(2)	6
Finance costs	(1,253)	(843)
<b>Net cash (used in) / from financing activities</b>	<b><u>(2,084)</u></b>	<b><u>20,715</u></b>
Net increase in cash and cash equivalents	4,209	(2,540)
Cash and cash equivalents at beginning of period	8,264	6,510
Effect of exchange rate changes on cash and cash equivalent held	16	-
<b>Cash and cash equivalents at end of period</b>	<b><u>12,489</u></b>	<b><u>3,970</u></b>
Cash and cash equivalents at end of period comprise :		
Fixed deposit	672	644
Cash and bank balances	11,817	3,326
	<b><u>12,489</u></b>	<b><u>3,970</u></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 2019 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 FIRST QUARTER ENDED 31 MARCH 2020

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

#### **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 2019. 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 2019.

#### **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 2019, and for the following standards and interpretation which became effective on 1 January 2020:

Amendments to MFRS 3	Definition of Business
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards	

#### **New MFRS, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) issued but not yet effective and have not been early adopted**

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

MFRS 17	Insurance Contracts
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018–2020	

##### ***Effective for financial periods beginning on or after 1 January 2022***

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
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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 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.

Port Management

This involves the provision of Labuan Port management services.

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	31 Mar 2020 RM'000	31 Mar 2019 RM'000	31 Mar 2020 RM'000	31 Mar 2019 RM'000
<b><u>Segment Revenue</u></b>				
Oil Trading & Bunkering Services	261,198	108,029	261,198	108,029
Inland Transportation & Logistics	1,165	727	1,165	727
	<u>262,363</u>	<u>108,756</u>	<u>262,363</u>	<u>108,756</u>
<b><u>Segment Profit Before Tax</u></b>				
Investment Holding	(1,159)	(1,294)	(1,159)	(1,294)
Oil Trading & Bunkering Services	3,358	3,473	3,358	3,473
Inland Transportation & Logistics	(657)	110	(657)	110
Vessel Management	292	-	292	-
Port Management	(498)	-	(498)	-
Share of result of associate	440	295	440	295
Others	(3)	(7)	(3)	(7)
	<u>1,773</u>	<u>2,577</u>	<u>1,773</u>	<u>2,577</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 was 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 10 February 2020, the Company has incorporated a new wholly-owned subsidiary known as Straits Port Management Sdn Bhd ("SPM") as an investment holding company to subscribe up to 5,100,000 ordinary shares in Megah Port Management Sdn Bhd ("MPMSB"). Subsequently on 25 February 2020, SPM has subscribed and paid for 1,530,000 MPMSB shares, representing 51% of the enlarged issued shares of MPMSB. Following the subscription, MPMSB became a 51%-owned subsidiary of SPM which in turn is a wholly-owned subsidiary of the Company.

On 21 February 2020, the Company's 55% owned subsidiary, Tumpuan Megah Development Sdn Bhd ("TMD"), incorporated Beluga Asia Ltd, under the Labuan Companies Act, 1990 as its wholly-owned subsidiary with an issued share capital of USD100 comprising 100 ordinary shares each.

On 25 February 2020, the Company's 67% owned subsidiary, Straits Marine Fuels & Energy Sdn. Bhd. ("SMF") incorporated SMF Omura Ltd under the Labuan Companies Act, 1990 as its wholly-owned subsidiary with an issued share capital of USD100 comprising 100 ordinary shares each.

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 2019.

**A14 Capital commitments**

There was no capital expenditures contracted nor not contracted for at the balance sheet quarter date but not recognised in the financial statements.

**A15 Significant related party transactions**

Save as disclosed below, there were no other significant related party transactions during the financial quarter ended 31 March 2020 under review and the financial period-to-date:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	RM'000	RM'000	RM'000	RM'000
Forwarding services	138	-	138	-

**A16 Profit before taxation**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	(2)	(7)	(2)	(7)
(b) Interest cost	1,253	843	1,253	843
(c) Depreciation & amortisation	2,249	1,297	2,249	1,297
(d) Foreign exchange (gain) / loss - unrealised	(1,934)	(23)	(1,934)	(23)
- realised	(1,450)	701	(1,450)	701

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## STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

#### B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

##### B1 Review of performance

The Group's revenue for current quarter expanded by RM153.63 million, a 141.2% increase to RM262.4 million as compared to RM108.8 million recorded in the corresponding quarter of previous year. The expansion in revenue was attributable to more bunkering jobs being secured to provide Low Sulphur Fuel Oil ("LSFO") as a result of the implementation low sulphur cap effective 1 January 2020 by the International Maritime Organisation.

The Group achieved a profit before tax ("PBT") of RM1.8 million in the current quarter, a decrease of 31.2% as compared to RM2.6 million of the previous corresponding quarter. The decrease in PBT was due to loss of RM0.7 million incurred in the Inland Transportation & Logistics segment and an initial start up cost of RM0.5 million in the Port Management segment. However, a 26% improvement in its share of profits from its associate company had contributed a profit of RM0.4 million to partially offset these losses.

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

	Current Quarter 31 Mar 2020 RM'000	Preceding Quarter 31 Dec 2019 RM'000	Changes	
			RM'000	%
Revenue	262,363	203,519	58,844	28.9
Profit before tax ("PBT")	1,773	3,669	(1,896)	(51.7)
Profit after tax ("PAT")	1,525	2,169	(644)	(29.7)
Profit Attributable to Owners of the Parent	1,024	2,050	(1,026)	(50.0)

The increase in revenue for the current quarter by RM58.9 million or 28.9% to RM262.4 million, from RM203.5 million achieved in the preceding quarter was attributable to higher bunkering jobs secured for the supply of LSFO to container vessels in conjunction with the implementation of low sulphur cap regulation. In addition, the commencement of bunkering services by the newly acquired vessel, M.T. SMF Ixora has further increased the delivery tonnage of cargo.

However, PBT for the Group reflected a decrease of RM1.9 million in the current quarter compared to the preceding quarter due to the deterioration of the selling price of the fuel oil as a result of COVID 19 pandemic.

##### B3 Group's Prospects

The COVID-19 pandemic has created worldwide business headwinds and a general slowdown that includes the shipping industry. Although the majority portion of the Group's activities are considered as essential operations, the COVID-19 pandemic may possibly have financial implications to the Group. Nonetheless, the Board of Directors of the Company are closely monitoring the impact of this pandemic on Group's result and to ensure appropriate risk mitigating measures are undertaken to preserve value and protect shareholders' interests.

##### B4 Profit forecast and profit guarantee

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

**B5 Taxation**

	<b>Quarter Ended 31 Mar 2020 RM'000</b>	<b>Quarter Ended 31 Mar 2019 RM'000</b>
<b>Income tax</b>		
Current tax	183	450
	<u>183</u>	<u>464</u>
Tax on share of associate's profit	65	55
	<u>248</u>	<u>505</u>

The Group's low effective tax rate of 14.0% was due to the lower tax rate on the chargeable income of its associate company and Labuan entities as compared to the statutory corporate tax rate of 24% and the availability of unutilised tax losses and allowances to set off the entire adjusted income generated by certain operating entities.

**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 March 2020. There were no purchase or disposal of quoted securities for the current quarter.

**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.

Pursuant to the acceptance of the Letter of Award, the Company has on 24 January 2020 proposed to diversify into port management services through proposed subscription of up to 5,100,000 ordinary shares of 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.

On 10 February 2020, the Company has incorporated a new wholly-owned subsidiary Company known as 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 SPMSB, which in turn is a wholly-owned subsidiary of Straits.

The shareholders' of the Company has approved this proposed diversification into the port management services in its Annual General Meeting held on 22 June 2020.

**B9 Group borrowings and debt securities**

	Quarter Ended 31 Mar 2020 RM'000	Quarter Ended 31 Mar 2019 RM'000
<b>CURRENT</b>		
<b>Secured</b>		
Leased liabilities	1,353	178
Banker acceptances	<u>34,753</u>	<u>34,984</u>
	<u>36,106</u>	<u>35,162</u>
<b>NON-CURRENT</b>		
<b>Secured</b>		
Leased liabilities	<u>3,096</u>	<u>578</u>
	<u>3,096</u>	<u>578</u>
	<u>39,202</u>	<u>35,740</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.

The comparative figures for hire purchase payables has been reclassified under leased liabilities to comply with the disclosure requirements under MFRS 16 Leases.

**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 TMD (the "Respondent").

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 TMD.

The Claimants also alleged that on or about 17 October 2014 and 29 October 2014, TMD 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 TMD 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.

Notwithstanding the ongoing arbitration which commenced on 2 May 2017, the Vendor (Raja Ismail Bin Raja Mohamed) via an irrevocable Personal Guarantee dated 30 April 2020 had undertaken to indemnify the Company against the liabilities of TMD arising from the arbitration and shall promptly pay such liabilities upon receipt of a payment demand from the Company 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 Mar 2020	Quarter Ended 31 Mar 2019	Year Ended 31 Mar 2020	Year Ended 31 Mar 2019
Profit after tax attributable to the owner of the Parent (RM'000)	1,024	1,356	1,024	1,356
<b>Basic Earnings Per Share</b>				
Weighted Average Number of Ordinary Shares in Issue ('000)	650,658	587,188	650,658	587,188
Basic Earnings Per Share (sen)	<u>0.16</u>	<u>0.23</u>	<u>0.16</u>	<u>0.23</u>

Basic earnings per share is calculated by dividing the profit after tax attributable to the owners of the Parent 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)	717,242	680,258	717,242	680,258
Diluted Earnings Per Share (sen)	<u>0.14</u>	<u>0.20</u>	<u>0.14</u>	<u>0.20</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 25 June 2020.

**By Order of the Board**

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Dato' Sri Ho Kam Choy  
Group Managing Director  
Kuala Lumpur  
Date : 25 June 2020