

STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2020 RM'000	Quarter Ended 30 June 2019 RM'000	Period Ended 30 June 2020 RM'000	Period Ended 30 June 2019 RM'000
Revenue	75,216	125,223	337,579	233,979
Operating profit	1,575	3,095	4,161	6,220
Finance costs	(1,226)	(718)	(2,479)	(1,561)
Share of result of associate	710	840	1,150	1,190
Profit before tax	1,059	3,217	2,832	5,849
Income tax expense	(117)	(288)	(365)	(793)
Profit after taxation	942	2,929	2,467	5,056
Profit attributable to :				
Owners of the Parent	319	1,819	1,343	3,175
Non-controlling interest	623	1,110	1,124	1,881
Profit for the period	942	2,929	2,467	5,056
Basic earnings per share (sen)	0.05	0.27	0.21	0.51
Diluted earnings per share (sen)	0.05	0.24	0.19	0.46
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 SECOND QUARTER ENDED 30 JUNE 2020 CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2020 RM'000	Quarter Ended 30 June 2019 RM'000	Period Ended 30 June 2020 RM'000	Period Ended 30 June 2019 RM'000
Revenue	75,216	125,223	337,579	233,979
Operating expenses	(70,695)	(120,441)	(331,763)	(224,358)
Interest income	6	4	8	11
Other operating income	(440)	(353)	3,098	(777)
Depreciation	(2,512)	(1,338)	(4,761)	(2,635)
Operating profit	1,575	3,095	4,161	6,220
Finance costs	(1,226)	(718)	(2,479)	(1,561)
Share of result of associate	710	840	1,150	1,190
Profit before tax	1,059	3,217	2,832	5,849
Income tax expense	(117)	(288)	(365)	(793)
Profit after taxation	942	2,929	2,467	5,056
Other comprehensive income, net of tax	(15)	(77)	234	(36)
Total comprehensive income for the period	927	2,852	2,701	5,020
Profit attributable to :				
Owners of the Parent	319	1,819	1,343	3,175
Non-controlling interest	623	1,110	1,124	1,881
Profit after taxation	942	2,929	2,467	5,056
Total comprehensive income attributable to :				
Owners of the Parent	304	1,742	1,577	3,139
Non-controlling interest	623	1,110	1,124	1,881
Total comprehensive income for the period	927	2,852	2,701	5,020
Basic earnings per share (sen)	0.05	0.27	0.21	0.51
Diluted earnings per share (sen)	0.05	0.24	0.19	0.46

Notes :

- 1) 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.
- 2) Certain comparative figures have been reclassified to conform to the current quarter's presentation.

STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	As At 30 June 2020 (Unaudited) RM'000	As At 31 December 2019 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	102,480	98,584
Goodwill on consolidation	30,559	30,559
Investment in associates	18,112	17,136
Deferred tax assets	214	214
Total Non-Current Assets	151,365	146,493
Current Assets		
Inventories	3,277	31,863
Trade receivables	39,264	59,372
Other receivables, deposits & prepaid expenses	23,849	48,823
Tax recoverable	31	3
Amount owing from associate	16	15
Fixed deposit	678	669
Cash & bank balances	5,981	7,595
Total Current Assets	73,096	148,340
TOTAL ASSETS	224,461	294,833
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	104,466	104,466
Other reserve	(17,625)	(17,625)
Warrant reserve	17,625	17,625
Forex currency translation reserve	98	(136)
Retained profits	7,616	6,273
Equity Attributable to Owners of the Parent	112,180	110,603
Non-controlling interests	14,736	12,142
Total Equity	126,916	122,745
Non-Current Liabilities		
Other creditors	21,182	22,570
Leased liabilities	3,062	3,254
Total Non-Current Liabilities	24,244	25,824
Current Liabilities		
Trade payables	14,673	70,021
Other payables and accruals	20,994	38,475
Amount due to associate	18	18
Bank borrowing	35,448	35,665
Leased liabilities	1,239	1,114
Tax liabilities	929	971
Total Current Liabilities	73,301	146,264
Total Liabilities	97,545	172,088
TOTAL EQUITY AND LIABILITIES	224,461	294,833
Net asset per share attributable to Owners of the Parent (sen)	17.24	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 SECOND QUARTER ENDED 30 JUNE 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
Period ended 30 June 2020									
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	-	-	-	-	-	1,343	1,343	1,124	2,467
Translation reserve	-	-	-	-	234	-	234	-	234
Acquisition of non-controlling interest	-	-	-	-	-	-	-	1,470	1,470
At 30 June 2020	104,466	(17,625)	86,841	17,625	98	7,616	112,180	14,736	126,916
Period ended 30 June 2019									
At 1 January 2019	86,287	(20,806)	65,481	20,806	(108)	(811)	85,368	5,504	90,872
Profit for the period	-	-	-	-	-	3,175	3,175	1,881	5,056
Translation reserve	-	-	-	-	(36)	-	(36)	-	(36)
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
Acquisition of non-controlling interest	-	-	-	-	-	-	-	916	916
At 30 June 2019	104,466	(17,625)	86,841	17,625	(144)	2,364	106,686	8,301	114,987

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))

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	Period Ended 30 June 2020 RM'000	Period Ended 30 June 2019 RM'000
Cash Flows From Operating Activities		
Profit before taxation	2,832	5,849
Adjustments for :		
Depreciation of property, plant and equipment	4,761	2,635
Interest income	(8)	(11)
Finance costs	2,479	1,561
Loss on disposal of property, plant and equipment	172	4
Unrealised forex (gain) / loss	(1,466)	54
Share of result of associates	(1,150)	(1,190)
Operating profit before working capital changes	<u>7,620</u>	<u>8,902</u>
Net change in current assets	70,734	(24,075)
Net change in current liabilities	(69,583)	11,380
Cash from / (used in) operations	<u>8,771</u>	<u>(3,793)</u>
Tax paid	(448)	(418)
Tax refund	195	-
Net cash from / (used in) operating activities	<u>8,518</u>	<u>(4,211)</u>
Cash Flows From Investing Activities		
Interest income received	8	11
Proceed from disposal of property, plant and equipment	24	-
Purchase of property, plant and equipment	(6,682)	(1,236)
Net cash used in investing activities	<u>(6,650)</u>	<u>(1,225)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of shares	-	3,181
Proceeds from issuance of shares in subsidiary	1,470	916
Proceeds from other creditors and bank borrowing	-	6,662
Purchase of leased liabilities	381	-
Repayment of leased liabilities	(449)	(82)
Repayment of bank borrowing	(217)	-
Repayment of vendor financing	(2,193)	-
Advance (to) / from associate company	(2)	6
Finance costs	(2,479)	(1,561)
Net cash (used in) / from financing activities	<u>(3,489)</u>	<u>9,122</u>
Net (decrease) / increase in cash and cash equivalents	(1,621)	3,686
Cash and cash equivalents at beginning of period	8,264	6,510
Effect of exchange rate changes on cash and cash equivalent held	16	-
Cash and cash equivalents at end of period	<u>6,659</u>	<u>10,196</u>
Cash and cash equivalents at end of period comprise :		
Fixed deposit	678	648
Cash and bank balances	5,981	9,548
	<u>6,659</u>	<u>10,196</u>

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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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 4	Insurance Contracts
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

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 2023

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
MFRS 17 & Amendments to MFRS 17	Insurance Contracts

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	Period Ended	Period Ended
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Segment Revenue				
Oil Trading & Bunkering Services	71,854	124,224	333,052	232,253
Inland Transportation & Logistics	232	999	1,397	1,726
Port Management	3,130	-	3,130	-
	<u>75,216</u>	<u>125,223</u>	<u>337,579</u>	<u>233,979</u>
Segment Profit Before Tax				
Investment Holding	(866)	(1,030)	(2,025)	(2,324)
Oil Trading & Bunkering Services	1,360	3,674	4,718	7,147
Inland Transportation & Logistics	(853)	(256)	(1,510)	(146)
Vessel Management	261	(8)	553	(8)
Port Management	458	-	(40)	-
Share of result of associate	710	840	1,150	1,190
Others	(11)	(3)	(14)	(10)
	<u>1,059</u>	<u>3,217</u>	<u>2,832</u>	<u>5,849</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

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

After the current quarter, on 18 August 2020, the Company has incorporated a new wholly-owned subsidiary known as SMF Eden Maritime Ltd with an issued and paid-up share capital of USD100 comprising 100 ordinary shares each.

A13 Contingencies

There were no contingent liabilities or contingent assets arising since 31 December 2019.

A14 Capital commitments

Capital expenditures as at the date of this report but not recognised in the financial statements are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Approved and contracted	<u>10,419</u>	<u>-</u>	<u>10,419</u>	<u>-</u>
Approved but not contracted	<u>18,772</u>	<u>-</u>	<u>18,772</u>	<u>-</u>

A15 Significant related party transactions

Save as disclosed below, there were no other significant related party transactions during the financial quarter under review:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2020 RM'000	Quarter Ended 30 June 2019 RM'000	Period Ended 30 June 2020 RM'000	Period Ended 30 June 2019 RM'000
Forwarding services	103	-	241	-

A16 Profit before taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2020 RM'000	Quarter Ended 30 June 2019 RM'000	Period Ended 30 June 2020 RM'000	Period Ended 30 June 2019 RM'000
(a) Interest income	(6)	(4)	(8)	(11)
(b) Finance costs	1,226	718	2,479	1,561
(c) Depreciation & amortisation	2,512	1,338	4,761	2,635
(d) (Gain) / Loss on disposal of property, plant and equipment	(41)	4	172	4
(e) Foreign exchange (gain) / loss - unrealised	468	77	(1,466)	54
- realised	396	285	(1,054)	986

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance

The Group's revenue for current quarter decreased by RM50.0 million, a 39.9% drop to RM75.2 million as compared to RM125.2 million recorded in the corresponding quarter of previous year. The reduction in revenue came from the oil trading & bunkering services and inland transportation & logistics segment which is RM52.4 million and RM0.8 million respectively. The substantial drop in revenue is mainly attributable to the COVID-19 pandemic that hit the shipping industry worldwide including Malaysia. Due to the numerous travelling restriction imposed by countries worldwide in the movement of ships, there was a general slowdown in the deployment of vessels resulting in the sharp drop in the demand for bunkering services. In addition, the domestic construction industry came to a standstill as a result of the Movement Control Order ("MCO") resulting in minimal revenue generated by the inland transportation & logistics segment.

The Group recorded a profit before tax ("PBT") of RM1.1 million in the current quarter, a decrease of RM2.1 million as compared to RM3.2 million of the previous corresponding quarter. The decrease of PBT was mainly due to profit reduction in the oil trading & bunkering services segment and inland transportation & logistics segment of RM2.3 million and RM0.6 million respectively. The port management segment has contributed a PBT of RM0.5 million in Q2 of 2020 upon its commencement of operation on 1 April 2020 as this segment is considered an essential service and was not constrained by the MCO.

The share of profits from its associate company reflected a decrease of RM0.1 million as compared to the previous corresponding quarter but remained profitable as a most of its deliveries were scheduled and contracted earlier.

B2 Variation of results against preceding quarter

	Current Quarter	Preceding Quarter	Changes	
	30 June 2020 RM'000	31 Mar 2020 RM'000	RM'000	%
Revenue	75,216	262,363	(187,147)	(71.3)
PBT	1,059	1,773	(714)	(40.3)
Profit after tax ("PAT")	942	1,525	(583)	(38.2)
Profit Attributable to Owners of the Parent	319	1,024	(705)	(68.8)

The drop in revenue for the current quarter by RM187.1 million to RM75.2 million, from RM262.3 million achieved in the preceding quarter was mainly due to the drastic global economy slowdown caused by the COVID-19 pandemic. The travelling restrictions imposed worldwide has substantially affected the movement of ships globally and also in this region thus causing the demand for oil bunkering to drop significantly. In addition, the imposition of MCO by the Malaysian Government on 16 March 2020 has also affected the delivery order for transportation and construction materials impacting the inland transportation & logistics segment.

The oil trading & bunkering services segment was hit by both the COVID-19 pandemic and the sharp deterioration of global oil price, resulting in a significant decrease in revenue and PBT as compared to preceding quarter. The drop of profit from this segment was offset by contribution from port management segment which registered a revenue and PBT of RM3.1 million and RM1.0 million respectively.

B3 Group's prospects

The COVID-19 pandemic has created worldwide business headwinds and an overall slowdown in all industries. Nonetheless, the Board of Directors and management of the Company are closely monitoring the impact of this pandemic on Group's result and to ensure appropriate risk mitigation 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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current tax	8	169	191	619
	<u>8</u>	<u>169</u>	<u>191</u>	<u>619</u>
Tax on share of associate's profit	109	119	174	174
	<u>117</u>	<u>288</u>	<u>365</u>	<u>793</u>

The Group's low effective tax rate of 12.9% 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 24.0% 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 30 June 2020. There were no purchase or disposal of quoted securities for the current quarter.

B8 Corporate Exercise

In line with the Group's business strategy to further expand its bunkering services and supply of Marine Fuel Oil, it had on 24 July 2020, through Beluga Asia Ltd, a wholly-owned subsidiary of Tumpuan Megah Development Sdn Bhd ("TMD"), which in turn is a 55.0% owned subsidiary of the company entered into a Memorandum of Agreement to acquire a vessel, namely M.T. Veronica for a purchase consideration of USD2.45 million (equivalent to RM10.4 million). The acquisition will enlarge the vessel fleet capacity of the Group and would provide the Group the flexibility in respect of its allocation and utilisation of vessels in undertaking the business segment.

B9 Group borrowings and debt securities

	Period Ended 30 June 2020 RM'000	Period Ended 30 June 2019 RM'000
CURRENT		
Secured		
Leased liabilities	1,239	176
Banker acceptances	35,448	35,679
	36,687	35,855
NON-CURRENT		
Secured		
Leased liabilities	3,062	536
	3,062	536
	39,749	36,391

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 7.25 to 7.75% 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 30 June 2020	Quarter Ended 30 June 2019	Period Ended 30 June 2020	Period Ended 30 June 2019
Profit after tax attributable to the owner of the Parent (RM'000)	319	1,819	1,343	3,175
Basic Earnings Per Share				
Weighted Average Number of Ordinary Shares in Issue ('000)	650,658	674,410	650,658	617,088
Basic Earnings Per Share (sen)	<u>0.05</u>	<u>0.27</u>	<u>0.21</u>	<u>0.51</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)	698,171	753,982	708,651	696,659
Diluted Earnings Per Share (sen)	<u>0.05</u>	<u>0.24</u>	<u>0.19</u>	<u>0.46</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 August 2020.

By Order of the Board

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