

## RAYA INTERNATIONAL BERHAD

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

### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

On consolidated results for the first quarter ended 31 March 2017

#### SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 March 2017 RM'000	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2017 RM'000	Quarter Ended 31 March 2016 RM'000
Revenue	<u>23,097</u>	<u>9,852</u>	<u>23,097</u>	<u>9,852</u>
Profit/(Loss) before tax	718	5	718	5
Income tax expense	(60)	-	(60)	-
Profit/(Loss) for the period	<u>658</u>	<u>5</u>	<u>658</u>	<u>5</u>
Profit/(Loss) attributable to :				
Owners of the Company	548	(1)	548	(1)
Non-controlling interest	110	6	110	6
	<u>658</u>	<u>5</u>	<u>658</u>	<u>5</u>
Basic earnings/(loss) per share (sen)	0.33	0.00*	0.33	0.00*
Proposed/Declared Dividend per share (sen)	N/A	N/A	N/A	N/A

- Amount is negligible

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**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

On consolidated results for the first quarter ended 31 March 2017

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 March 2017 RM'000	Quarter Ended 31 March 2016 RM'000	Quarter Ended 31 March 2017 RM'000	Quarter Ended 31 March 2016 RM'000
Revenue	23,097	9,852	23,097	9,852
Operating expenses	(22,452)	(9,855)	(22,452)	(9,855)
Other operating income	93	22	93	22
Depreciation	(18)	(14)	(18)	(14)
Finance costs	(2)	-	(2)	-
<b>Profit/(Loss) before tax</b>	<b>718</b>	<b>5</b>	<b>718</b>	<b>5</b>
Income tax expense	(60)	-	(60)	-
<b>Profit after taxation</b>	<b>658</b>	<b>5</b>	<b>658</b>	<b>5</b>
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>658</b>	<b>5</b>	<b>658</b>	<b>5</b>
Profit/(Loss) attributable to :				
Owners of the Company	548	(1)	548	(1)
Non-controlling interest	110	6	110	6
	<b>658</b>	<b>5</b>	<b>658</b>	<b>5</b>
Total comprehensive income/(loss) attributable to :				
Owners of the Company	548	(1)	548	(1)
Non-controlling interest	110	6	110	6
	<b>658</b>	<b>5</b>	<b>658</b>	<b>5</b>
Earnings/(loss) per share (sen)				
(a) Basic	0.33	0.00	0.33	0.00
(b) Diluted	0.33	0.00	0.33	0.00

**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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**RAYA INTERNATIONAL BERHAD**

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**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited As At 31 March 2017 RM'000	Audited As At 31 December 2016 RM'000
<b>ASSETS</b>		
<b>Non-Current Asset</b>		
Property, plant & equipment	526	544
<b>Total Non-Current Asset</b>	<b>526</b>	<b>544</b>
<b>Current Assets</b>		
Inventories	184	184
Trade receivables	6,299	6,268
Other receivables, deposits & prepaid expenses	4,168	3,891
Tax recoverable	8	8
Amount owing from associate	6	6
Cash & bank balances	1,343	1,159
<b>Total Current Assets</b>	<b>12,008</b>	<b>11,516</b>
<b>TOTAL ASSETS</b>	<b>12,534</b>	<b>12,060</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	16,395	16,395
Share premium	10,425	10,425
Accumulated loss	(15,039)	(15,587)
Equity Attributable to Owners of the Company	11,781	11,233
Non-controlling interests	317	207
<b>Total Equity</b>	<b>12,098</b>	<b>11,440</b>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	7	7
<b>Total Non-Current Liabilities</b>	<b>7</b>	<b>7</b>
<b>Current Liabilities</b>		
Trade payables	-	-
Other payables and accruals	338	582
Tax liabilities	91	31
<b>Total Current Liabilities</b>	<b>429</b>	<b>613</b>
<b>Total Liabilities</b>	<b>436</b>	<b>620</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,534</b>	<b>12,060</b>
Net asset per share attributable to owners of the Company (sen)	7.19	6.85

Note :

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

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**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(These figures have not been audited)

&lt;----- Attributable to Owners of the Company -----&gt;

	Share Capital RM'000	Share Premium RM'000	Accumulated Loss RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
<b>Quarter ended 31 March 2017</b>						
At 1 January 2017	16,395	10,425	(15,587)	11,233	207	11,440
Profit/(Loss) for the period	-	-	548	548	110	658
At 31 March 2017	<u>16,395</u>	<u>10,425</u>	<u>(15,039)</u>	<u>11,781</u>	<u>317</u>	<u>12,098</u>
<b>Quarter ended 31 March 2016</b>						
At 1 January 2016	14,345	9,403	(15,636)	8,112	155	8,267
Profit/(Loss) for the period	-	-	(1)	(1)	6	5
At 31 March 2016	<u>14,345</u>	<u>9,403</u>	<u>(15,637)</u>	<u>8,111</u>	<u>161</u>	<u>8,272</u>

**Note :**

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

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**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017****CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS**

(These figures have not been audited)

	Quarter Ended	
	31 March 2017 RM'000	31 March 2016 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit/(Loss) before taxation	718	5
Adjustments for :		
Depreciation of property, plant and equipment	18	14
Interest expense	2	-
Operating profit/(loss) before workings capital changes	738	19
Net change in current assets	(308)	(2,408)
Net change in current liabilities	(244)	(170)
Cash used in operations	186	(2,559)
Tax refund	-	110
Net cash used in operating activities	186	(2,449)
<b>Cash Flows From Financing Activities</b>		
Interest expense	(2)	-
Net cash from/(used in) financing activities	(2)	-
Net increase/(decrease) in cash and cash equivalent	184	(2,449)
Cash and cash equivalents at beginning of year	1,159	4,122
Cash and equivalents at end of year	1,343	1,673
Cash and cash equivalents at end of period comprise :		
Cash and bank balances	1,343	1,673

## Note :

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial period ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

## RAYA INTERNATIONAL BERHAD

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### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

#### 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 2016. 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 2016.

##### A2 Significant accounting policies

The significant accounting policies and methods adopted by the Group in the preparation of the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2016 except for the adoption of the following Amendments and Annual Improvements to Standards became effective for the financial year under review:

##### Adoption of Amendments and Annual Improvements to Standards

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 – 2016 Cycle	
- Amendments to MFRS 12 Disclosure of Interests in Other Entities	

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

##### MFRS and Amendments to MFRSs issued but not yet effective for the current financial year

*Effective for financial periods beginning on or after 1 January 2018*

MFRS 9	Financial Instruments (IFRS 9 issued by International Accounting Standards Board (“IASB”) in July 2014
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 15	Clarifications to MFRS 15 Revenue Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
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 140	Transfers of Investment Property
Annual Improvements to MFRSs 2014 – 2016 Cycle	
- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	
- Amendments to MFRS 128 Investments in Associates and Joint Ventures	

## **MFRS and Amendments to MFRSs issued but not yet effective for the current financial year (Contd.)**

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

### **MFRS 16 - Leases**

The Group will adopt the above pronouncements when they become effective in the respective financial period. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

### **Standards issued but not yet effective**

As at the date of authorisation of the Interim Reports, the Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures – sale or Contribution of Assets between an Investor and the Associate or Joint Venture were issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group as they are not relevant to the Group. The effective dates of these Standards have been deferred, and are yet to be announced by MASB. The Group will adopt these Standards when they become effective and if they are applicable.

#### **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 cyclical**

The Group's interim operations were not affected by seasonal or cyclical factors.

#### **A5 Unusual items**

During the current quarter under review, there were no items or events that arose, which affected 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. 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**

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
<b><u>Segment Revenue</u></b>				
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services, General Trading	-	7	-	7
Consultancy Services	-	15	-	15
Oil Trading Services	23,097	9,830	23,097	9,830
	23,097	9,852	23,097	9,852
<b><u>Segment Profit/(Loss) Before Tax</u></b>				
Investment Holding	(113)	(97)	(113)	(97)
Air Filtration System, Fast Moving Consumer Product & Ancillary Support Services, General Trading	-	(1)	-	(1)
Consultancy Services	-	13	-	13
Oil Trading Services	831	90	831	90
	718	5	718	5

**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 2016.

**A14 Capital commitments**

The Group does not have any capital commitment as at 31 March 2017.

**A15 Significant related party transactions**

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

**A16 Profit before taxation**

<b>INDIVIDUAL QUARTER</b>	
<b>Quarter Ended</b>	<b>Quarter Ended</b>
<b>31 March 2017</b>	<b>31 March 2016</b>
<b>RM'000</b>	<b>RM'000</b>

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

(a) Depreciation & amortisation	18	14
(b) Foreign exchange (gain)/loss	(95)	27

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### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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

##### **B1 Review of performance**

In line with the Group's plan to diversify its principal activities into oil bunkering and trading in oil product to build a sustaining revenue stream, it has managed to increase its oil bunkering revenue for the first quarter of 2017 substantially by RM13.24 million to RM23.10 million as compared to RM9.83 million recorded in the corresponding quarter of 2016.

Over the same quarter, the Group has achieved a significantly higher profit before tax of RM718K in 2017, as compared to RM5K in 2016. This increased profit before tax was also contributed by an unrealised forex gain of RM95K.

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

	<b>Current Quarter 31 March 2017 RM'000</b>	<b>Preceding Quarter 31 December 2016 RM'000</b>
Revenue	23,097	18,272
Profit before tax	718	77

Revenue for the first quarter of 2017 has increased by RM4.83 million to RM23.10 million from RM18.27m achieved in the preceding quarter.

Apart from this, which contributed to a substantially higher profit before tax in the first quarter of 2017, there were no similar bad debts and inventories written off in the first quarter of 2017, which amounted to RM33K and RM201K respectively in the fourth quarter of 2016.

##### **B3 Prospects for current financial year**

The Group future planning for the oil trading and bunkering business includes expanding its assets base, strengthening its operational capabilities and broadening its geographical coverage to capture the growth opportunities in the oil bunkering industry in Malaysia.

The Company will assess the demand from potential customers after undertaking its marketing activities and will utilise funds to be raised from a planned rights issue and internally generated funds to undertake the oil bunkering activities in the coming year.

With the Petroleum Development Act Licence ("PDA Licence") secured on 5 September 2016 by Selatan Bunker, the Group intends to commence its oil bunkering operations from the Pasir Gudang Port, Johor by the 2<sup>nd</sup> half of 2017 after the completion of the Proposed Acquisitions of two vessels, namely Sturgeon and Straits I in the forthcoming EGM.

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.

**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 8.36% was due to the availability of unutilised tax losses and allowances to set off the entire adjusted income of 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<sup>st</sup> March 2017. There were no purchases or disposals of quoted securities for the current quarter.

**B8 Status of corporate proposals**

The Company is currently undertaking following corporate proposals, collectively referred to as “the Proposals” :

- (a) Proposed reduction of the share capital of the Company pursuant to Section 116 of the Companies Act, 2016 and such credit will be utilised to set-off against the accumulated loss of the Company
- (b) Proposed Acquisition on one (1) vessel known as “Sturgeon” for a consideration of RM3.20 million to be satisfied via the issuance of new ordinary shares of RM0.10 each in Raya (“Raya Shares” or “Shares”) (“Proposed Acquisition of Sturgeon);
- (c) Proposed Acquisition on one (1) vessel known as “Straits I” for a consideration of RM2.80 million to be satisfied via cash from the proceeds raised from the Proposed Rights Issue of Shares with Warrants (“Proposed Acquisition of Straits I”); (the “Proposed Acquisition of Sturgeon” and the “Proposed Acquisition of Straits I” shall collectively be referred to as “Proposed Acquisitions”);
- (d) Proposed renounceable rights issue of up to 183,952,000 new Raya Shares (“Rights Share”) on the basis of one (1) Rights Shares for every one (1) existing Raya Share held on an entitlement date to be determined later (“Rights Entitlement Date”), together with up to 183,952,000 free detachable new warrants (“Warrants”) on the basis of one (1) Warrant for every one (1) Rights Share subscribed by the entitled shareholders (“Proposed Rights Issue of shares with Warrants”). Each warrant will entitle its holder to subscribe for one (1) Raya Shares at the exercise price to be determined later);

Bursa Malaysia Securities Berhad had, vide its letter dated 18 April 2017 approved the following, subject to fulfilment of certain conditions:

- (a) Admission to the Official List and the initial listing and quotation of up to 183,952,000 warrants to be issued pursuant to the Proposed Rights Issue of Shares with Warrants; and
- (b) Listing of :
  - (i) 20,000,000 new Raya Shares to be issued pursuant to the Proposed Acquisitions;
  - (ii) Up to 183,952,000 new Raya Shares to be issued pursuant to the Proposed Rights Issue of Shares with Warrants; and
  - (iii) Up to 183,952,000 new Raya Shares to be issued pursuant to the exercise of the Warrants.

On 19 May 2017, the shareholders had approved the abovementioned Proposals in an Extraordinary General Meeting, and are subject to approval from relevant authorities.

**B9 Group borrowings and debt securities**

As at 31 March 2017, the Group has no bank borrowings nor any debt securities.

**B10 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.

**B11 Dividends**

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

**B12 Earnings per share**

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31 March 2017	Quarter Ended 31 March 2016	Quarter Ended 31 March 2017	Quarter Ended 31 March 2016
Profit/(Loss) for the period (RM'000)	548	5	548	5
Weighted Average Number of Ordinary Shares in Issue ('000)	163,952	143,452	163,952	143,52
Basic earnings/(Loss) Per Share (sen)	0.33	0.00	0.33	0.00

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.

The Company does not have any financial instrument in issue or other contract that may entitle its holder to ordinary share which may dilute its basic earnings per share.

**B13 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 2017 RM'000	As At 31 March 2016 RM'000
Total accumulated profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	(15,641)	(16,551)
- Unrealised	(95)	
	<u>(15,736)</u>	<u>(16,551)</u>
Add : Consolidation adjustments	697	914
Total group accumulated losses as per consolidation accounts	<u>(15,039)</u>	<u>(15,637)</u>

**By Order of the Board**

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Dato' Tan Seng Hu  
Managing Director  
Kuala Lumpur

Date : 19 May 2017