

STRAITS INTER LOGISTICS BERHAD

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

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Mar 2019 RM'000	Quarter Ended 31 Mar 2018 RM'000	Quarter Ended 31 Mar 2019 RM'000	Quarter Ended 31 Mar 2018 RM'000
Revenue	108,756	36,441	108,756	36,441
Operating profit	3,125	577	3,125	577
Finance costs	(843)	-	(843)	-
Share of result of associate, net of tax	295	-	295	-
Profit before tax	2,577	577	2,577	577
Income tax expense	(450)	(41)	(450)	(41)
Profit after taxation	2,127	536	2,127	536
Profit attributable to :				
Owners of the Parent	1,356	634	1,356	634
Non-controlling interest	771	(98)	771	(98)
Profit after taxation	2,127	536	2,127	536
Basic earnings per share (sen)	0.23	0.17	0.23	0.17
Diluted earnings per share (sen)	0.20	N/A	0.20	N/A
Proposed/Declared Dividend per share (sen)	N/A	N/A	N/A	N/A

STRAITS INTER LOGISTICS BERHAD

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

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 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 Mar 2019 RM'000	Quarter Ended 31 Mar 2018 RM'000	Quarter Ended 31 Mar 2019 RM'000	Quarter Ended 31 Mar 2018 RM'000
Revenue	108,756	36,441	108,756	36,441
Operating expenses	(104,597)	(35,898)	(104,597)	(35,898)
Interest income	7	14	7	14
Other operating income	256	108	256	108
Depreciation	(1,297)	(88)	(1,297)	(88)
Operating profit	3,125	577	3,125	577
Finance costs	(843)	-	(843)	-
Share of result of associate, net of tax	295	-	295	-
Profit before tax	2,577	577	2,577	577
Income tax expense	(450)	(41)	(450)	(41)
Profit after taxation	2,127	536	2,127	536
Other comprehensive income, net of tax	41	(328)	41	(328)
Total comprehensive income for the period	2,168	208	2,168	208
Profit attributable to :				
Owners of the Parent	1,356	634	1,356	634
Non-controlling interest	771	(98)	771	(98)
Profit after taxation	2,127	536	2,127	536
Total comprehensive income attributable to :				
Owners of the Parent	1,397	306	1,397	306
Non-controlling interest	771	(98)	771	(98)
Total comprehensive income for the period	2,168	208	2,168	208
Basic earnings per share (sen)	0.23	0.17	0.23	0.17
Diluted earnings per share (sen)	0.20	N/A	0.20	N/A

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.: 412406-T)

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	Unaudited As At 31 March 2019 RM'000	Audited As At 31 December 2018 RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	50,472	51,194
Goodwill on consolidation	30,559	30,559
Investment in associates	15,293	-
Deferred tax assets	1,421	1,421
Total Non-Current Assets	97,745	83,174
Current Assets		
Inventories	7,986	6,236
Trade receivables	41,918	40,591
Other receivables, deposits & prepaid expenses	4,593	11,424
Tax recoverable	108	25
Amount owing from associate	5	11
Fixed deposit	644	1,500
Cash & bank balances	3,326	5,010
Total Current Assets	58,580	64,797
TOTAL ASSETS	156,325	147,971
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	101,475	86,287
Other reserve	(20,616)	(20,806)
Warrant reserve	20,616	20,806
Forex reserve	(67)	(108)
Accumulated profit / (losses)	545	(811)
Equity Attributable to Owners of the Parent	101,953	85,368
Non-controlling interests	6,710	5,504
Total Equity	108,663	90,872
Non-Current Liabilities		
Hire purchase payables	578	477
Deferred tax liabilities	-	-
Total Non-Current Liabilities	578	477
Current Liabilities		
Trade payables	1,497	19,327
Other payables and accruals	9,777	7,656
Hire purchase payables	178	145
Bank borrowing	34,984	29,189
Tax liabilities	648	305
Total Current Liabilities	47,084	56,622
Total Liabilities	47,662	57,099
TOTAL EQUITY AND LIABILITIES	156,325	147,971
Net asset per share attributable to Owners of the Parent (sen)	16.32	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.

STRAITS INTER LOGISTICS BERHAD

(Company No.: 412406-T)

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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*	Subtotal	Warrant Reserve	Forex Reserve	Accumulated Profit / (Losses)	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 31 March 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	-	-	-	-	-	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
At 31 March 2019	101,475	(20,616)	80,859	20,616	(67)	545	101,953	6,710	108,663
Period ended 31 March 2018									
At 1 January 2018	41,110	(21,154)	19,956	21,154	(300)	(4,532)	36,278	379	36,657
Effects of MFRS 9 adoption	-	-	-	-	-	(331)	(331)	-	(331)
At 1 January 2018 (restated)	41,110	(21,154)	19,956	21,154	(300)	(4,863)	35,947	379	36,326
Profit for the period	-	-	-	-	-	634	634	(98)	536
Translation reserve	-	-	-	-	(328)	-	(328)	-	(328)
At 31 March 2018	41,110	(21,154)	19,956	21,154	(628)	(4,229)	36,253	281	36,534

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.

STRAITS INTER LOGISTICS BERHAD

(Company No.: 412406-T)
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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	Quarter Ended 31 March 2019 RM'000	Quarter Ended 31 March 2018 RM'000
Cash Flows From Operating Activities		
Profit before taxation	2,577	577
Adjustments for :		
Depreciation of property, plant and equipment	1,297	88
Impairment loss on receivables	2	-
Interest income	(7)	(14)
Finance cost	843	-
Unrealised forex gain	(23)	(24)
Share of result of associates	(295)	-
	<u>4,394</u>	<u>627</u>
Operating profit before working capital changes	4,394	627
Net change in current assets	3,824	741
Net change in current liabilities	(15,640)	3,039
	<u>(7,422)</u>	<u>4,407</u>
Cash (used in) / from operations	(7,422)	4,407
Tax paid	(190)	(60)
Tax refund	-	-
	<u>(7,612)</u>	<u>4,347</u>
Net cash (used in) / from operating activities	(7,612)	4,347
Cash Flows From Investing Activities		
Interest income received	7	14
Purchase of property, plant and equipment	(652)	-
	<u>(645)</u>	<u>14</u>
Net cash (used in) / from investing activities	(645)	14
Cash Flows From Financing Activities		
Proceeds from issuance of shares	190	-
Proceeds from issuance of shares in subsidiary	435	-
Proceeds from hire purchase and bank borrowing	5,967	-
Repayment of hire purchase and bank borrowing	(38)	-
Advance to associate company	6	-
Finance cost	(843)	-
	<u>5,717</u>	<u>-</u>
Net cash from financing activities	5,717	-
Net (decrease) / increase in cash and cash equivalents :	(2,540)	4,361
Cash and cash equivalents at beginning of period	6,510	2,790
	<u>3,970</u>	<u>7,151</u>
Cash and equivalents at end of period	3,970	7,151
Cash and cash equivalents at end of period comprise :		
Fixed deposit	644	1,500
Cash and bank balances	3,326	5,651
	<u>3,970</u>	<u>7,151</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 2018 and the accompanying explanatory notes attached to these interim financial statements.

STRAITS INTER LOGISTICS BERHAD

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 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:

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations (“IC Int”) and Amendments to IC Int

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

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

Effective for financial periods beginning on or after 1 January 2019

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

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-based payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
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 & and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The adoption of the above standards and amendments are not expected to have any material impact on the financial statements of the Group

A3 Auditors report of preceding annual financial statements

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

A4 Seasonality or cyclical

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

A5 Unusual items

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

A6 Material changes in estimates

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

A7 Debt and equity securities

There is an issuance and allotment of :

- (a) 1,710,000 new ordinary shares of Straits arising from the conversion of 1,710,000 Straits warrants at the exercise price of RM0.115 for every one new ordinary shares of Straits; and
- (b) 63,820,595 new ordinary shares of Straits issued pursuant to the acquisition of 38.0% equity interest in Banle Energy International Limited.

Other than these, 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

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

Oil bunkering services involve the provision of refueling marine gas oil and/ or marine fuel oil through vessels to other ships and ocean faring vessels (such as oil tankers, container vessels, cargo vessels and cruise ships). 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

Provide transportation services by land, mainly through trucks and / or lorries.

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
<u>Segment Revenue</u>				
Oil Trading & Bunkering Services	108,029	36,441	108,029	36,441
Inland Transportation & Logistics	727	-	727	-
	<u>108,756</u>	<u>36,441</u>	<u>108,756</u>	<u>36,441</u>
<u>Segment Profit Before Tax</u>				
Investment Holding	(1,294)	(419)	(1,294)	(419)
Oil Trading & Bunkering Services	3,473	1,001	3,473	1,001
Inland Transportation & Logistics	110	-	110	-
Share of Result of Associates	295	-	295	-
Others	(7)	(5)	(7)	(5)
	<u>2,577</u>	<u>577</u>	<u>2,577</u>	<u>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 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 18 February 2019, Straits Inter Logistics Berhad (“Straits” or “the Company”) incorporated two indirect wholly-owned subsidiaries under the Labuan Companies Act, 1990 via its wholly-owned subsidiary, Straits Marine Fuels & Energy Sdn Bhd (“SMF”) in Labuan, namely SMF Begonia Ltd and SMF Ixora Ltd.

On 20 February 2019, the Company had divested its 30.0% equity interest in Straits Alliance Transport Sdn Bhd (“SAT”) to Mr. Chai Yiing Jen via subscription of 450,000 new ordinary shares in SAT as follows :

- 15,000 new ordinary shares in SAT by the Company; and
- 435,000 new ordinary shares in SAT by Mr. Chai Yiing Jen

On 22 February 2019, the Company had completed the acquisition of 38.0% equity interest in Banle Energy International Limited (“Banle”) for a purchase consideration of RM14,997,840 to be satisfied entirely via issuance and allotment of 63,820,595 new ordinary shares of Straits at the issue price of RM0.235 per share.

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 Significant related party transactions

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

A15 Profit before taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000

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

(a) Interest income	(7)	(14)	(7)	(14)
(b) Finance cost	843	-	843	-
(c) Depreciation & amortisation	1,297	88	1,297	88
(d) Foreign exchange (gain) / loss - unrealised	(23)	(24)	(23)	(24)
- realised	701	442	701	442

STRAITS INTER LOGISTICS BERHAD

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING

B1 Review of performance

In line with the Group's plan to build sustainable revenue stream consisting of oil bunkering and trading in oil products, it has managed to increase its revenue for the first quarter of 2019 by RM72.32 million to RM108.76 million, from RM36.44 million achieved in the first quarter of 2018. The substantial jump in revenue is mainly due to the consolidation of the results of its 55.0% owned subsidiary, Tumpuan Megah Development Sdn Bhd ("Tumpuan Megah").

The Group achieved a profit before tax of RM2.58 million in the first quarter of 2019 as compared to RM0.58 million in first quarter of 2018. The 346.6% jump in profit before tax for the first quarter of 2019 as compared to the first quarter of 2018 was attributable to both the revenue and gross profit margin improvement which increased by 198.4% and 66.4% respectively, and profit contribution from its newly acquired 38.0% associate, Banle Energy International Ltd ("Banle").

B2 Variation of results against preceding quarter

	Current Quarter 31 Mar 2019 RM'000	Preceding Quarter 31 Dec 2018 RM'000	Changes	
			RM'000	%
Revenue	108,756	105,763	2,993	2.8
Profit before tax ("PBT")	2,577	1,652	925	56.0
Profit after tax ("PAT")	2,127	2,610	(483)	(18.5)
Profit Attributable to Owners of the Parent	1,356	1,721	(365)	(21.2)

For the first quarter of 2019, the revenue increased by RM2.99 million or 2.8% to RM108.76 million, from RM105.76 million achieved in the preceding quarter.

PBT for the Group recorded an increase of RM0.93 million in the current quarter compared to the preceding quarter. The 56.0% jump in profit before tax for the first quarter of 2019 as compared to the preceding quarter was attributable to the gross profit margin improvement which increased by 38.3%, and profit contribution from its newly acquired 38% associate, Banle.

B3 Group's Prospects

The Group completed the acquisition of 55.0% equity interest in Tumpuan Megah on 28 September 2018 and 38.0% equity interest in Banle on 22 February 2019. The acquisition of Tumpuan Megah comes with an aggregate profit after tax guarantee of RM10.00 million for the financial year ending ("FYE") 31 December 2019 and 31 December 2020. As for the acquisition of Banle, it comes with an aggregate profit after tax guarantee of USD1.65 million for the FYE 31 December 2019 and FYE 31 December 2020.

Consistent with the Group's strategy to provide value added transportation and logistics services to the existing and potential customers, as well as creating diversity in its product offerings within the logistics services, the Company had on 30 August 2018, incorporated a subsidiary company, namely Straits Alliance Transport Sdn Bhd ("SAT") to carry out inland transportation and logistics business, which is in the onshore logistics services to provide transportation services by land, mainly through trucks and / or lorries.

The Company had on 23 April 2019, incorporated a 51.0% subsidiary known as Straits Marine Services Pte Ltd (“SMS”) in Singapore to provide in-house vessel and marine management services to the Group’s fleet of vessels, which is now outsourced to external parties. The Management is of the opinion that it would be more beneficial to set up its own ship management services division under the direct supervision of Captain Tony, the Executive Director of The Group, who can oversee and ensure the vessels are well maintained and the cost of maintenance and management is kept at a very competitive level.

Besides, on 6 May 2019, the Group had entered into a Heads of Agreement (“HOA”) with Elsa Energy Sdn Bhd (“Elsa”) to facilitate negotiations and collaborations as well as to explore potential acquisition opportunities between Straits and Elsa.

With the completion of the above acquisitions and new business setups, the Group’s outlook for 2019 is positive.

B4 Profit forecast and profit guarantee

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

B5 Taxation

The low effective tax rate of 17.5% was due to non-taxable income generated by tax-exempt entities and the availability of unutilised tax losses and allowances to set off the entire adjusted income generated by some operating entities.

B6 Unquoted investments and properties

On 18 February 2019, Straits Inter Logistics Berhad (“Straits” or “the Company”) incorporated two indirect wholly-owned subsidiaries under the Labuan Companies Act, 1990 via its wholly-owned subsidiary, Straits Marine Fuels & Energy Sdn Bhd (“SMF”) in Labuan, namely SMF Begonia Ltd and SMF Ixora Ltd.

On 20 February 2019, The Company had divested its 30.0% equity interest in Straits Alliance Transport Sdn Bhd (“SAT”) to Mr. Chai Yiing Jen via subscription of 450,000 new ordinary shares in SAT as follows :

- 15,000 new ordinary shares in SAT by the Company; and
- 435,000 new ordinary shares in SAT by Mr. Chai Yiing Jen

On 22 February 2019, the Company had completed the acquisition of 38.0% equity interest in Banle Energy International Limited (“Banle”) for a purchase consideration of RM14,997,840 which was satisfied entirely via issuance and allotment of 63,820,595 new ordinary shares of the Company at the issue price of RM0.235 per share.

The Company had on 23 April 2019, incorporated a 51.0% subsidiary known as Straits Marine Services Pte Ltd (“SMS”) in Singapore to provide in-house vessel and marine management services to the Group’s fleet of vessels, which is currently outsourced to external parties.

The Company had on 16 May 2019 entered into a Shareholders Agreement to divest 33.0% equity interest in SMF comprising 26.0% to Banle Energy International Limited and 7.0% to Encik Raja Ismail Bin Raja Mohamed.

Other than these, there was no acquisitions or disposals of 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 2019. There were no purchases or disposals of quoted securities for the current financial period.

B8 Corporate Exercise

- 1) On 28 January 2019, the Group had obtained shareholders' approval at the EGM to venture into inland transportation and logistics services through its newly incorporated wholly owned subsidiary company, namely Straits Alliance Transport Sdn Bhd ("SAT"). On 20 February 2019, The Company had divested 30.0% of its equity interest in SAT to Mr. Chai Yiing Jen.
- 2) On 22 February 2019, the Group had completed the acquisition of 38.0% equity interest in Banle Energy International Limited for a total consideration of RM14,997,840 which was satisfied via new issuance and allotment of 63,820,595 ordinary shares of Straits at the issue price of RM0.235 per share.
- 3) The Group had on 6 May 2019 entered into a Heads of Agreement ("HOA") with Elsa Energy Sdn Bhd ("Elsa") to facilitate negotiations and collaborations as well as to explore potential acquisition opportunities between Straits and Elsa.

B9 Status of utilisation of proceeds raised from the Private Placement to Captain Tony (in conjunction with the acquisition of Tumpuan Megah Development Sdn Bhd) completed on 25 September 2018

No	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe For Utilisation	Deviation RM'000	Deviation %	Explanation
1	Cash consideration for the proposed acquisition of Tumpuan Megah	7,800	7,800	-	-	-	-
2	Defray estimated expenses in relation to the Corporate Exercise	1,030	758	Within 12 months	272	26.4%	Proposed utilisation not completed. Currently within utilisation intended timeframe
	TOTAL	8,830	8,558		272	3.1%	

B10 Group borrowings and debt securities

	Quarter Ended 31 Mar 2019 RM'000	Quarter Ended 31 Mar 2018 RM'000
NON-CURRENT		
Secured		
Hire purchase payable	578	-
	578	-
CURRENT		
Secured		
Hire purchase payable	178	
Banker acceptances	34,984	-
	35,162	-
	35,740	-

The finance lease liabilities of the Group bear interest at rates of 2.32% to 2.87% per annum.

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

B11 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.

B12 Dividends

There is no dividend proposed in the current quarter.

B13 Earnings per share

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31 Mar 2019	Quarter Ended 31 Mar 2018	Quarter Ended 31 Mar 2019	Quarter Ended 31 Mar 2018
Profit after tax attributable to the owner of the Parent (RM'000)	1,356	634	1,356	634
Basic Earnings Per Share				
Weighted Average Number of Ordinary Shares in Issue ('000)	587,188	367,904	587,188	367,904
Basic Earnings Per Share (sen)	<u>0.23</u>	<u>0.17</u>	<u>0.23</u>	<u>0.17</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)	680,258	N/A	680,258	N/A
Diluted Earnings Per Share (sen)	<u>0.20</u>	<u>N/A</u>	<u>0.20</u>	<u>N/A</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.

B14 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 30 May 2019.

By Order of the Board

Dato' Sri Ho Kam Choy
Group Managing Director
Kuala Lumpur
Date : 30 May 2019