

STRAITS INTER LOGISTICS BERHAD

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019 ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2019 RM'000	Quarter Ended 30 June 2018 RM'000	Quarter Ended 30 June 2019 RM'000	Quarter Ended 30 June 2018 RM'000
Revenue	<u>125,223</u>	<u>44,198</u>	<u>233,979</u>	<u>80,639</u>
Operating profit	3,095	773	6,220	1,350
Finance costs	(718)	-	(1,561)	-
Share of result of associate	840	-	1,190	-
Profit before tax	<u>3,217</u>	<u>773</u>	<u>5,849</u>	<u>1,350</u>
Income tax expense	(288)	(32)	(793)	(73)
Profit after taxation	<u>2,929</u>	<u>741</u>	<u>5,056</u>	<u>1,277</u>
Profit attributable to :				
Owners of the Parent	1,819	683	3,175	1,317
Non-controlling interest	1,110	58	1,881	(40)
Profit for the period	<u>2,929</u>	<u>741</u>	<u>5,056</u>	<u>1,277</u>
Basic earnings per share (sen)	0.27	0.19	0.51	0.36
Diluted earnings per share (sen)	0.24	N/A	0.46	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 SECOND QUARTER ENDED 30 JUNE 2019 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 2019 RM'000	Quarter Ended 30 June 2018 RM'000	Quarter Ended 30 June 2019 RM'000	Quarter Ended 30 June 2018 RM'000
Revenue	125,223	44,198	233,979	80,639
Operating expenses	(120,762)	(43,577)	(225,359)	(79,475)
Interest income	4	5	11	19
Other operating income	(32)	272	224	380
Depreciation	(1,338)	(125)	(2,635)	(213)
Operating profit	3,095	773	6,220	1,350
Finance costs	(718)	-	(1,561)	-
Share of result of associate	840	-	1,190	-
Profit before tax	3,217	773	5,849	1,350
Income tax expense	(288)	(32)	(793)	(73)
Profit after taxation	2,929	741	5,056	1,277
Other comprehensive income, net of tax	(77)	316	(36)	(12)
Total comprehensive income for the period	2,852	1,057	5,020	1,265
Profit attributable to :				
Owners of the Parent	1,819	683	3,175	1,317
Non-controlling interest	1,110	58	1,881	(40)
Profit after taxation	2,929	741	5,056	1,277
Total comprehensive income attributable to :				
Owners of the Parent	1,742	999	3,139	1,305
Non-controlling interest	1,110	58	1,881	(40)
Total comprehensive income for the period	2,852	1,057	5,020	1,265
Basic earnings per share (sen)	0.27	0.19	0.51	0.36
Diluted earnings per share (sen)	0.24	N/A	0.46	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)
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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	Unaudited As At 30 June 2019 RM'000	Audited As At 31 December 2018 RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	49,807	51,194
Goodwill on consolidation	30,559	30,559
Investment in associates	15,999	-
Deferred tax assets	1,421	1,421
Total Non-Current Assets	97,786	83,174
Current Assets		
Inventories	10,171	6,236
Trade receivables	50,391	40,591
Other receivables, deposits & prepaid expenses	7,763	11,424
Tax recoverable	25	25
Amount owing from associate	5	11
Fixed deposit	648	1,500
Cash & bank balances	9,548	5,010
Total Current Assets	78,551	64,797
TOTAL ASSETS	176,337	147,971
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	104,466	86,287
Other reserve	(17,625)	(20,806)
Warrant reserve	17,625	20,806
Forex reserve	(144)	(108)
Retained profit / (Accumulated losses)	2,364	(811)
Equity Attributable to Owners of the Parent	106,686	85,368
Non-controlling interests	8,301	5,504
Total Equity	114,987	90,872
Non-Current Liabilities		
Hire purchase payables	536	477
Deferred tax liabilities	-	-
Total Non-Current Liabilities	536	477
Current Liabilities		
Trade payables	15,708	19,327
Other payables and accruals	8,760	7,656
Hire purchase payables	176	145
Bank borrowing	35,679	29,189
Tax liabilities	491	305
Total Current Liabilities	60,814	56,622
Total Liabilities	61,350	57,099
TOTAL EQUITY AND LIABILITIES	176,337	147,971
Net asset per share attributable to Owners of the Parent (sen)	16.40	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 SECOND QUARTER ENDED 30 JUNE 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	Retained Profit / (Accumulated 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 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
Period ended 30 June 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	-	-	-	-	-	1,317	1,317	(40)	1,277
Translation reserve	-	-	-	-	(12)	-	(12)	-	(12)
At 30 June 2018	41,110	(21,154)	19,956	21,154	(312)	(3,546)	37,252	339	37,591

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

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	Quarter Ended 30 June 2019 RM'000	Quarter Ended 30 June 2018 RM'000
Cash Flows From Operating Activities		
Profit before taxation	5,849	1,350
Adjustments for :		
Depreciation of property, plant and equipment	2,635	213
Interest income	(11)	(19)
Finance cost	1,561	-
Loss on disposal of property, plant and equipment	4	-
Unrealised forex loss	54	187
Share of result of associates	(1,190)	-
Operating profit before working capital changes	8,902	1,731
Net change in current assets	(24,075)	(15,961)
Net change in current liabilities	11,380	13,521
Cash used in operations	(3,793)	(709)
Tax paid	(418)	(114)
Net cash used in operating activities	(4,211)	(823)
Cash Flows From Investing Activities		
Interest income received	11	19
Purchase of property, plant and equipment ^{3,181}	(1,236)	(326)
Net cash used in investing activities	(1,225)	(307)
Cash Flows From Financing Activities		
Proceeds from issuance of shares	3,181	-
Proceeds from issuance of shares in subsidiary	916	-
Proceeds from hire purchase and bank borrowing	6,662	-
Repayment of hire purchase	(82)	-
Advance to associate company	6	-
Finance cost	(1,561)	-
Net cash from financing activities	9,122	-
Net increase / (decrease) in cash and cash equivalents :	3,686	(1,130)
Cash and cash equivalents at beginning of period	6,510	2,790
Cash and cash equivalents at end of period	10,196	1,660
Cash and cash equivalents at end of period comprise :		
Fixed deposit	648	-
Cash and bank balances	9,548	1,660
	10,196	1,660

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 SECOND QUARTER ENDED 30 JUNE 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) 27,710,000 new ordinary shares of Straits arising from the conversion of 27,710,000 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 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 refueling marine gas oil and 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

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

Vessel Management

This involves the provision of vessel and marine management services.

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2019 RM'000	Quarter Ended 30 June 2018 RM'000	Quarter Ended 30 June 2019 RM'000	Quarter Ended 30 June 2018 RM'000
<u>Segment Revenue</u>				
Oil Trading & Bunkering Services	124,224	44,198	232,253	80,639
Inland Transportation & Logistics	999	-	1,726	-
Vessel Management	-	-	-	-
	<u>125,223</u>	<u>44,198</u>	<u>233,979</u>	<u>80,639</u>
<u>Segment Profit Before Tax</u>				
Investment Holding	(1,030)	(796)	(2,324)	(1,215)
Oil Trading & Bunkering Services	3,674	1,584	7,147	2,585
Inland Transportation & Logistics	(256)	-	(146)	-
Vessel Management	(8)	-	(8)	-
Share of result of associate	840	-	1,190	-
Others	(3)	(15)	(10)	(20)
	<u>3,217</u>	<u>773</u>	<u>5,849</u>	<u>1,350</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 23 April 2019, Straits Inter Logistics Berhad (“Straits” or “the Company”) had incorporated a 51.0% subsidiary in Singapore, namely Straits Marine Services Pte Ltd (“SMS”), to provide vessel and marine management services and has commenced operation in July 2019.

On 16 May 2019, in line with the Company’s plan to diversify its revenue into marine fuel oil (“MFO”), which has a much larger demand and consumption compared to marine gas oil (“MGO”), Straits has divested 26% and 7% of its equity interest in Straits Marine Fuels & Energy Sdn Bhd (“SMF”) to Banle Energy International Limited (“Banle”) and Encik Raja Ismail Bin Raja Mohamed (“Raja Ismail”) to tap on their respective expertise in the bunkering operation of MFO and business alliances and networking.

This was achieved through the issuance of 999,000 new ordinary shares in SMF as follows :

- 669,000 new ordinary shares in SMF to the Company; and
- 260,000 new ordinary shares in SMF to Banle; and
- 70,000 new ordinary shares in SMF to Raja Ismail

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

A13 Contingencies

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

A14 Capital commitments

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2019 RM’000	Quarter Ended 30 June 2018 RM’000	Quarter Ended 30 June 2019 RM’000	Quarter Ended 30 June 2018 RM’000
Approved and contracted	<u>20,844</u>	<u>569</u>	<u>20,844</u>	<u>569</u>

A15 Significant related party transactions

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

A16 Profit before taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2019 RM'000	Quarter Ended 30 June 2018 RM'000	Quarter Ended 30 June 2019 RM'000	Quarter Ended 30 June 2018 RM'000
(a) Interest income	(4)	(5)	(11)	(19)
(b) Interest cost	718	-	1,561	-
(c) Depreciation & amortisation	1,338	125	2,635	213
(d) Foreign exchange (gain) / loss - unrealised	77	211	54	187
- realised	285	(5)	986	437

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019

B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING

B1 Review of performance

In line with the Group's plan to build its sustainable revenue stream consisting of oil bunkering and trading in oil products, it has managed to almost doubled up its revenue for the second quarter of 2019 by RM81.03 million to RM125.22 million, from RM44.20 million achieved in the second quarter of 2018. The substantial jump in revenue is mainly due to the consolidation of the results of Tumpuan Megah Development Sdn Bhd ("Tumpuan Megah").

The Group achieved a profit before tax of RM3.22 million in the second quarter of 2019 as compared to RM0.77 million in second quarter of 2018. The 316.2% jump in profit before tax for the second quarter of 2019 as compared to the second quarter of 2018 was attributable to both the revenue and operating profit margin improvement which increased by 183.3% and 41.3% 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 30 June 2019 RM'000	Preceding Quarter 31 March 2019 RM'000	Changes	
			RM'000	%
Revenue	125,223	108,756	16,467	15.1
Profit before tax ("PBT")	3,217	2,632	585	22.2
Profit after tax ("PAT")	2,929	2,127	802	37.7
Profit Attributable to Owners of the Parent	1,819	1,356	463	34.1

For the second quarter of 2019, the revenue increased by RM16.47 million or 15.1% to RM125.22 million, from RM108.76 million achieved in the preceding quarter, as the Company commenced its MFO bunkering and increased its bunkering operation as the monsoon and festive season ended in the first quarter. The pick up in the oil and gas industry has also contributed to increase in demand for the bunkering business.

PBT for the Group recorded an increase of RM0.59 million in the current quarter compared to the preceding quarter. The 22.2% jump in PBT for the second quarter of 2019 as compared to the preceding quarter was attributable to reduction in interest cost and higher profit contribution from its newly acquired 38.0% associate, Banle.

B3 Group's Prospects

The Group has recently completed two corporate acquisition, namely 55.0% equity stake in Tumpuan Megah and 38.0% equity stake in Banle, which comes with a Profit After Tax Guarantee per annum of RM5.00 million and USD 0.83 million respectively. This Profit After Tax Guarantee is for both financial year ending ("FYE") 31 December 2019 and 31 December 2020. With this expanded Group business infrastructure, the Group is poised to exploit its positive mid-term prospects.

Furthermore, Straits has through its subsidiary, Tumpuan Megah, had on 26 June 2019 entered into a provision of bunkering services agreement with Bintulu Port Sdn Bhd ("BPSB") for a contract period of three (3) years commencing from 1 August 2019. Hence, enabling Tumpuan Megah to enlarge its bunkering business in East Malaysia by establishing a new bunkering base within the port limits of Bintulu.

In line with the Group's business strategy to further expand its bunkering services and supply of marine fuel oil ("MFO"), it had on 14 Jun 2019, enlarged its asset base through SMF Begonia Ltd, a wholly-owned subsidiary company of Straits Marine Fuel & Energy Sdn Bhd ("SMF") by acquiring a vessel, named M.T. Antlia (subsequently renamed to M.T. SMF Begonia) for a purchase consideration of USD4.70 million.

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 was previously outsourced to external parties. The Board of Directors is of the opinion that it would be more cost efficient and beneficial to set up its own vessel management services division under the direct supervision of its Executive Director, Captain Tony who will oversee and ensure that the vessels overall operations and maintenance cost are effectively managed 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.

Consistent with the steady recovery of the Malaysia economy and revival of some major construction projects, the increase in demand and deliveries of construction materials will ultimately result in increase in the demand for logistics and transportation services, a sector in which Straits Alliance Transport Sdn Bhd ("SAT") operates in.

With the completion of the above acquisitions and new business activities, the Group's outlook for 2019 continue to look positive.

B4 Profit forecast and profit guarantee

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

B5 Taxation

The low effective tax rate of 8.9% 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

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 was previously outsourced to external parties. SMS has since on 1st July 2019 commenced its operation to provide vessels management services within the Group.

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 30 June 2019. There were no purchases or disposals of quoted securities for the current financial period.

B8 Corporate Exercise

- 1) 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.
- 2) On 16 May 2019, the Company had divested 33.0% equity interest in Straits Marine Fuels & Energy Sdn Bhd ("SMF") to Banle and Raja Ismail via issuance of new ordinary shares in SMF.

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	1,030	-	-	-	The balance of the unutilised proceed for Corporate Exercise expenses amounting to RM0.2 million has been utilised to pay off partially the Banle corporate exercise expenses.
	TOTAL	8,830	8,830		-	-	

B10 Group borrowings and debt securities

	Quarter Ended 30 June 2019 RM'000	Quarter Ended 30 June 2018 RM'000
CURRENT		
Secured		
Hire purchase payable	176	-
Banker acceptances	35,679	-
	35,855	-
NON-CURRENT		
Secured		
Hire purchase payable	536	-
	536	-
	36,391	-

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 30 June 2019	Quarter Ended 30 June 2018	Quarter Ended 30 June 2019	Quarter Ended 30 June 2018
Profit after tax attributable to the owner of the Parent (RM'000)	1,819	683	3,175	1,317
Basic Earnings Per Share				
Weighted Average Number of Ordinary Shares in Issue ('000)	674,410	367,904	617,088	367,904
Basic Earnings Per Share (sen)	<u>0.27</u>	<u>0.19</u>	<u>0.51</u>	<u>0.36</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)	753,982	-	696,659	-
Diluted Earnings Per Share (sen)	<u>0.24</u>	<u>-</u>	<u>0.46</u>	<u>-</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 23 August 2019.

By Order of the Board

Dato' Sri Ho Kam Choy
Group Managing Director
Kuala Lumpur
Date : 23 August 2019