

## STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

#### SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2019 RM'000	Quarter Ended 30 Sept 2018 RM'000	Quarter Ended 30 Sept 2019 RM'000	Quarter Ended 30 Sept 2018 RM'000
Revenue	225,690	69,390	459,669	150,029
Operating profit	3,036	1,283	9,256	2,633
Finance costs	(862)	(2)	(2,423)	(2)
Share of result of associate	735	-	1,925	-
Profit before tax	2,909	1,281	8,758	2,631
Income tax expense	(709)	(238)	(1,502)	(311)
Profit after taxation	2,200	1,043	7,256	2,320
Profit attributable to :				
Owners of the Parent	1,860	1,014	5,035	2,331
Non-controlling interest	340	29	2,221	(11)
Profit for the period	2,200	1,043	7,256	2,320
Basic earnings per share (sen)	0.28	0.25	0.84	0.61
Diluted earnings per share (sen)	0.25	0.20	0.74	0.48
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 THIRD QUARTER ENDED 30 SEPTEMBER 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 Sept 2019 RM'000	Quarter Ended 30 Sept 2018 RM'000	Quarter Ended 30 Sept 2019 RM'000	Quarter Ended 30 Sept 2018 RM'000
Revenue	225,690	69,390	459,669	150,029
Operating expenses	(221,356)	(67,898)	(446,715)	(147,373)
Interest income	6	1	17	20
Other operating income	355	62	579	442
Depreciation	(1,659)	(272)	(4,294)	(485)
<b>Operating profit</b>	<b>3,036</b>	<b>1,283</b>	<b>9,256</b>	<b>2,633</b>
Finance costs	(862)	(2)	(2,423)	(2)
Share of result of associate	735	-	1,925	-
<b>Profit before tax</b>	<b>2,909</b>	<b>1,281</b>	<b>8,758</b>	<b>2,631</b>
Income tax expense	(709)	(238)	(1,502)	(311)
<b>Profit after taxation</b>	<b>2,200</b>	<b>1,043</b>	<b>7,256</b>	<b>2,320</b>
Other comprehensive income, net of tax	178	106	142	94
<b>Total comprehensive income for the period</b>	<b>2,378</b>	<b>1,149</b>	<b>7,398</b>	<b>2,414</b>
Profit attributable to :				
Owners of the Parent	1,860	1,014	5,035	2,331
Non-controlling interest	340	29	2,221	(11)
<b>Profit after taxation</b>	<b>2,200</b>	<b>1,043</b>	<b>7,256</b>	<b>2,320</b>
Total comprehensive income attributable to :				
Owners of the Parent	2,038	1,120	5,177	2,425
Non-controlling interest	340	29	2,221	(11)
<b>Total comprehensive income for the period</b>	<b>2,378</b>	<b>1,149</b>	<b>7,398</b>	<b>2,414</b>
Basic earnings per share (sen)	0.28	0.25	0.84	0.61
Diluted earnings per share (sen)	0.25	0.20	0.74	0.48

#### 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.: 199601040053 (412406-T))

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

#### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	Unaudited As At 30 September 2019 RM'000	Audited As At 31 December 2018 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	96,052	51,194
Goodwill on consolidation	30,559	30,559
Investment in associates	16,617	-
Deferred tax assets	1,421	1,421
<b>Total Non-Current Assets</b>	<b>144,649</b>	<b>83,174</b>
<b>Current Assets</b>		
Inventories	7,790	6,236
Trade receivables	69,493	40,591
Other receivables, deposits & prepaid expenses	3,626	11,424
Tax recoverable	3	25
Amount owing from associate	5	11
Fixed deposit	653	1,500
Cash & bank balances	3,386	5,010
<b>Total Current Assets</b>	<b>84,956</b>	<b>64,797</b>
<b>TOTAL ASSETS</b>	<b>229,605</b>	<b>147,971</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	104,466	86,287
Other reserve	(17,625)	(20,806)
Warrant reserve	17,625	20,806
Forex currency translation reserve	34	(108)
Retained profit / (Accumulated losses)	4,224	(811)
Equity Attributable to Owners of the Parent	108,724	85,368
Non-controlling interests	8,641	5,504
<b>Total Equity</b>	<b>117,365</b>	<b>90,872</b>
<b>Non-Current Liabilities</b>		
Hire purchase payables	488	477
Other Creditors	24,103	-
<b>Total Non-Current Liabilities</b>	<b>24,591</b>	<b>477</b>
<b>Current Liabilities</b>		
Trade payables	20,640	19,327
Other payables and accruals	34,675	7,656
Hire purchase payables	180	145
Bank borrowing	31,128	29,189
Tax liabilities	1,026	305
<b>Total Current Liabilities</b>	<b>87,649</b>	<b>56,622</b>
<b>Total Liabilities</b>	<b>112,240</b>	<b>57,099</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>229,605</b>	<b>147,971</b>
Net asset per share attributable to Owners of the Parent (sen)	16.71	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.: 199601040053 (412406-T))

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

#### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

	----- Attributable to Owners of the Parent ----->					Total	Non-Controlling Interest	Total Equity	
	----- Non-Distributable ----->								
	Share Capital	Other Reserve*	Sub-Total	Warrant Reserve	Forex Currency Translation Reserve	Retained Profit/ (Accumulated Losses)			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Period ended 30 September 2019</b>									
At 1 January 2019	86,287	(20,806)	65,481	20,806	(108)	(811)	85,368	5,504	90,872
Profit for the period	-	-	-	-	-	5,035	5,035	2,221	7,256
Translation reserve	-	-	-	-	142	-	142	-	142
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
<b>At 30 September 2019</b>	<b>104,466</b>	<b>(17,625)</b>	<b>86,841</b>	<b>17,625</b>	<b>34</b>	<b>4,224</b>	<b>108,724</b>	<b>8,641</b>	<b>117,365</b>
<b>Period ended 30 September 2018</b>									
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	-	-	-	-	-	2,331	2,331	(11)	2,320
Translation reserve	-	-	-	-	94	-	94	-	94
Conversion of warrant	65	65	130	(65)	-	-	65	-	65
Private placement	16,880	-	16,880	-	-	-	16,880	-	16,880
New share issue	27,950	-	27,950	-	-	-	27,950	-	27,950
Acquisition of non- controlling interest	-	-	-	-	-	-	-	7,506	7,506
<b>At 30 September 2018</b>	<b>86,005</b>	<b>(21,089)</b>	<b>64,916</b>	<b>21,089</b>	<b>(206)</b>	<b>(2,532)</b>	<b>83,267</b>	<b>7,874</b>	<b>91,141</b>

**Note :**

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

#### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	Quarter Ended 30 Sept 2019 RM'000	Quarter Ended 30 Sept 2018 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	8,758	2,631
Adjustments for :		
Depreciation of property, plant and equipment	4,294	485
Interest income	(17)	(20)
Finance cost	2,423	2
Property, plant and equipment written off	-	123
Gain on disposal of property, plant and equipment	-	(8)
Impairment loss on receivables	3	-
Unrealised forex (gain) / loss	(114)	10
Share of result of associates	(1,925)	-
Operating profit before working capital changes	<u>13,422</u>	<u>3,223</u>
Net change in current assets	(22,616)	(5,822)
Net change in current liabilities	22,446	(737)
Cash from / (used in) operations	<u>13,252</u>	<u>(3,336)</u>
Tax paid	(540)	(333)
Tax refund	87	-
<b>Net cash from / (used in) operating activities</b>	<b><u>12,799</u></b>	<b><u>(3,669)</u></b>
<b>Cash Flows From Investing Activities</b>		
Net outflow arising from acquisition of subsidiary	-	(4,006)
Interest income received	17	20
Proceed from disposal of property, plant and equipment	-	8
Purchase of property, plant and equipment	(49,010)	(1,448)
<b>Net cash used in investing activities</b>	<b><u>(48,993)</u></b>	<b><u>(5,426)</u></b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	3,181	16,945
Proceeds from issuance of shares in subsidiary	916	-
Proceeds from other creditor, hire purchase and bank borrowing	32,678	291
Repayment of other creditors and hire purchase	(635)	(10)
Advance to associate company	6	-
Finance cost	(2,423)	-
<b>Net cash from financing activities</b>	<b><u>33,723</u></b>	<b><u>17,226</u></b>
Net (decrease) / increase in cash and cash equivalents :	(2,471)	8,131
Cash and cash equivalents at beginning of period	6,510	2,790
<b>Cash and cash equivalents at end of period</b>	<b><u>4,039</u></b>	<b><u>10,921</u></b>
Cash and cash equivalents at end of period comprise :		
Fixed deposit	653	-
Cash and bank balances	3,386	10,921
	<b><u>4,039</u></b>	<b><u>10,921</u></b>

**Note :**

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

# STRAITS INTER LOGISTICS BERHAD

(Company No.: 199601040053 (412406-T))  
(Incorporated in Malaysia)

## QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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:

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	

**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 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 & 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 refueling 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.

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
<b>Segment Revenue</b>				
Oil Trading & Bunkering Services	224,781	69,390	457,034	150,029
Inland Transportation & Logistics	909	-	2,635	-
	<u>225,690</u>	<u>69,390</u>	<u>459,669</u>	<u>150,029</u>
<b>Segment Profit Before Tax</b>				
Investment Holding	(908)	(1,290)	(3,232)	(2,505)
Oil Trading & Bunkering Services	3,606	2,580	10,753	5,165
Inland Transportation & Logistics	(763)	-	(909)	-
Vessel Management	249	-	241	-
Share of result of associate	735	-	1,925	-
Others	(10)	(9)	(20)	(29)
	<u>2,909</u>	<u>1,281</u>	<u>8,758</u>	<u>2,631</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**

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	Quarter Ended	Quarter Ended	Quarter Ended
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
Approved and contracted	9,187	-	9,187	-
Approved but not contracted	1,806	-	1,806	-
	<u>10,993</u>	<u>-</u>	<u>10,993</u>	<u>-</u>



**A15 Significant related party transactions**

Save as disclosed below, there were no other significant related party transactions during the financial quarter ended 30 June 2019 under review and the financial year-to-date:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2019 RM'000	Quarter Ended 30 Sept 2018 RM'000	Quarter Ended 30 Sept 2019 RM'000	Quarter Ended 30 Sept 2018 RM'000
Forwarding services	102	-	102	-

**A16 Profit before taxation**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2019 RM'000	Quarter Ended 30 Sept 2018 RM'000	Quarter Ended 30 Sept 2019 RM'000	Quarter Ended 30 Sept 2018 RM'000
(a) Interest income	(6)	(1)	(17)	(20)
(b) Interest cost	862	2	2,423	2
(c) Depreciation & amortisation	1,659	272	4,294	485
(d) Foreign exchange (gain) / loss - unrealised	(168)	(177)	(114)	10
- realised	(246)	132	740	569

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## STRAITS INTER LOGISTICS BERHAD

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(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

##### B1 Review of performance

As the Group's strategy to continue building a sustainable revenue stream consisting of oil bunkering and trading in oil products takes place, it had more than tripled its revenue for the third quarter of 2019 by RM156.30 million to RM225.69 million, from RM69.39 million achieved in the third quarter of 2018. The substantial increase in revenue is mainly due to the consolidation of the results of Tumpuan Megah Development Sdn Bhd ("Tumpuan Megah").

The Group recorded a profit before tax of RM2.91 million in the third quarter of 2019 as compared to RM1.28 million in third quarter of 2018. The 127.3% jump in profit before tax for the third quarter of 2019 as compared to the third quarter of 2018 was due to revenue improvement which increased by 225.3%, mainly contributed by the Group's expansion of its product line to include the bunkering of Marine Fuel Oil ("MFO").

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

	Current Quarter 30 Sept 2019 RM'000	Preceding Quarter 30 Jun 2019 RM'000	Changes	
			RM'000	%
Revenue	225,690	125,223	100,467	80.2
Profit before tax ("PBT")	2,909	3,217	(308)	(9.6)
Profit after tax ("PAT")	2,200	2,929	(729)	(24.9)
Profit Attributable to Owners of the Parent	1,860	1,819	41	2.3

For the third quarter of 2019, the revenue increased by RM100.47 million or 80.2% to RM225.69 million, from RM125.22 million achieved in the preceding quarter, as the Company commenced its MFO bunkering and increased its bunkering operation. The pick up in the oil and gas industry continued to contribute positively in demand for the bunkering business.

PBT for the Group had recorded a decrease of RM0.31 million in the current quarter compared to the preceding quarter. The 9.6% decrease in PBT for the third quarter of 2019 as compared to the preceding quarter was due to the commencement of depreciation of newly acquired vessels and tankers.

##### B3 Group's Prospects

The continued growth enjoyed by both Tumpuan Megah and Banle, which comes with a Profit After Tax Guarantee per annum of RM5.00 million and USD0.83 million respectively are expected to further enhance both the Group's revenue and profitability. 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 and product line, the Group is further 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.

On 1 October 2019, Tumpuan Megah, had entered into a second provision of bunkering services agreement with Lumut Maritime Terminal Sdn Bhd (“LMTSB”) for a contract period of one (1) year commencing from 1 October 2019 with the option to renew for not more than one (1) year to be mutually agreed upon. By entering into this agreement with LMTSB, it enable Tumpuan Megah to establish a base in bunkering business in Lumut, known as “PIT-STOP BUNKER HUB @ LUMUT”, and subsequently further expanding its bunkering business and operation into the West Coast of Peninsular Malaysia.

In line with the Group’s business strategy to further expand its bunkering services and supply of MFO, it had on 12 September 2019, through SMF Ixora Ltd, a wholly-owned subsidiary of Straits Marine Fuels & Energy Sdn Bhd had entered a Memorandum of Agreement to acquire its second vessel in this current financial year, namely M.T. Poseidon for a purchase consideration of USD4.84 million which is in line with the abovementioned strategy to further expand its bunkering services and supply of MFO. M.T. Poseidon is now the largest unit in the Groups’ fleet of vessels and has since been renamed M.T. Ixora.

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’ 70.0% owned subsidiary, Straits Alliance Transport Sdn Bhd operates in.

With the completion of the new vessels 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 year-to-date effective tax rate of 17.15% was due to 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**

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

**B10 Group borrowings and debt securities**

	Quarter Ended 30 Sept 2019 RM’000	Quarter Ended 30 Sept 2018 RM’000
<b>CURRENT</b>		
<b>Secured</b>		
Hire purchase payable	180	144
Banker acceptances	31,128	27,581
	31,308	27,725
<b>NON-CURRENT</b>		
<b>Secured</b>		
Hire purchase payable	488	512
	488	512
	31,796	28,237

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 Sept 2019	Quarter Ended 30 Sept 2018	Quarter Ended 30 Sept 2019	Quarter Ended 30 Sept 2018
Profit after tax attributable to the owner of the Parent (RM'000)	1,860	1,014	5,035	2,331
<b>Basic Earnings Per Share</b>				
Weighted Average Number of Ordinary Shares in Issue ('000)	674,410	406,948	597,554	381,062
Basic Earnings Per Share (sen)	<u>0.28</u>	<u>0.25</u>	<u>0.84</u>	<u>0.61</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)	753,981	503,959	677,125	480,923
Diluted Earnings Per Share (sen)	<u>0.25</u>	<u>0.20</u>	<u>0.74</u>	<u>0.48</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 22 November 2019.

**By Order of the Board**

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Dato' Sri Ho Kam Choy  
Group Managing Director  
Kuala Lumpur  
Date : 22 November 2019