

STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2020 RM'000	Quarter Ended 30 Sept 2019 RM'000	Period Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2019 RM'000
Revenue	161,217	225,690	498,796	459,669
Operating profit	138	3,036	4,299	9,256
Finance costs	(1,331)	(862)	(3,810)	(2,423)
Share of result of associate	2,459	735	3,609	1,925
Profit before tax	1,266	2,909	4,098	8,758
Income tax expense	(521)	(709)	(886)	(1,502)
Profit after taxation	745	2,200	3,212	7,256
Profit attributable to :				
Owners of the Parent	1,052	1,860	2,395	5,035
Non-controlling interest	(307)	340	817	2,221
Profit for the period	745	2,200	3,212	7,256
Basic earnings per share (sen)	0.16	0.28	0.37	0.84
Diluted earnings per share (sen)	0.15	0.25	0.34	0.74
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 2020 CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2020 RM'000	Quarter Ended 30 Sept 2019 RM'000	Period Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2019 RM'000
Revenue	161,217	225,690	498,796	459,669
Operating expenses	(157,349)	(221,679)	(489,112)	(446,037)
Interest income	2	6	10	17
Other operating income	(1,136)	678	1,962	(99)
Depreciation	(2,596)	(1,659)	(7,357)	(4,294)
Operating profit	138	3,036	4,299	9,256
Finance costs	(1,331)	(862)	(3,810)	(2,423)
Share of result of associate	2,459	735	3,609	1,925
Profit before tax	1,266	2,909	4,098	8,758
Income tax expense	(521)	(709)	(886)	(1,502)
Profit after taxation	745	2,200	3,212	7,256
Other comprehensive income, net of tax	(219)	178	15	142
Total comprehensive income for the period	526	2,378	3,227	7,398
Profit attributable to :				
Owners of the Parent	1,052	1,860	2,395	5,035
Non-controlling interest	(307)	340	817	2,221
Profit after taxation	745	2,200	3,212	7,256
Total comprehensive income attributable to :				
Owners of the Parent	833	2,038	2,410	5,177
Non-controlling interest	(307)	340	817	2,221
Total comprehensive income for the period	526	2,378	3,227	7,398
Basic earnings per share (sen)	0.16	0.28	0.37	0.84
Diluted earnings per share (sen)	0.15	0.25	0.34	0.74

Notes :

- 1) The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.
- 2) Certain comparative figures have been reclassified to conform to the current quarter's presentation.

STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	As At 30 Sept 2020 (Unaudited) RM'000	As At 31 Dec 2019 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	118,165	98,584
Goodwill on consolidation	30,559	30,559
Investment in associates	20,181	17,136
Deferred tax assets	214	214
Total Non-Current Assets	169,119	146,493
Current Assets		
Inventories	20,287	31,863
Trade receivables	52,004	59,372
Other receivables, deposits & prepaid expenses	3,111	48,823
Tax recoverable	48	3
Amount owing from associate	24	15
Fixed deposit	680	669
Cash & bank balances	32,091	7,595
Total Current Assets	108,245	148,340
TOTAL ASSETS	277,364	294,833
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	104,466	104,466
Other reserve	(17,625)	(17,625)
Warrant reserve	17,625	17,625
Forex currency translation reserve	(121)	(136)
Retained profits	8,668	6,273
Equity Attributable to Owners of the Parent	113,013	110,603
Non-controlling interests	14,429	12,142
Total Equity	127,442	122,745
Non-Current Liabilities		
Other creditors	30,810	22,570
Leased liabilities	2,918	3,254
Total Non-Current Liabilities	33,728	25,824
Current Liabilities		
Trade payables	23,518	70,021
Other payables and accruals	23,419	38,475
Amount due to associate	-	18
Bank borrowing	67,038	35,665
Leased liabilities	1,228	1,114
Tax liabilities	991	971
Total Current Liabilities	116,194	146,264
Total Liabilities	149,922	172,088
TOTAL EQUITY AND LIABILITIES	277,364	294,833
Net asset per share attributable to Owners of the Parent (sen)	17.37	15.27

Note :

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

----- The rest of this page is intentionally left blank -----

STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(These figures have not been audited)

	-----> Attributable to Owners of the Parent <----->								
	-----> Non-Distributable <----->								
	Share Capital	Other Reserve*	Sub-Total	Warrant Reserve	Forex Currency Translation Reserve	(Accumulated Losses) / Retained Profits	Total	Non- Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 30 September 2020									
At 1 January 2020	104,466	(17,625)	86,841	17,625	(136)	6,273	110,603	12,142	122,745
Profit for the period	-	-	-	-	-	2,395	2,395	817	3,212
Translation reserve	-	-	-	-	15	-	15	-	15
Acquisition of non-controlling interest	-	-	-	-	-	-	-	1,470	1,470
At 30 September 2020	104,466	(17,625)	86,841	17,625	(121)	8,668	113,013	14,429	127,442
Period ended 30 September 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	-	-	-	-	-	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
At 30 September 2019	104,466	(17,625)	86,841	17,625	34	4,224	108,724	8,641	117,365

Note :

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

- * Other Reserve represent the discount on issuance of shares and the value of which is represented by the fair value of the warrant. The other reserve, in substance, form part of the issued and paid up share capital and is presented separately for better understanding.

STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	Period Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2019 RM'000
Cash Flows From Operating Activities		
Profit before taxation	4,098	8,758
Adjustments for :		
Depreciation of property, plant and equipment	7,357	4,294
Deposits written off	6	-
Interest income	(10)	(17)
Finance costs	3,810	2,423
Loss on disposal of property, plant and equipment	161	-
Impairment loss on receivables	-	3
Unrealised forex loss / (gain)	394	(114)
Share of result of associates	(3,609)	(1,925)
Operating profit before working capital changes	12,207	13,422
Net change in current assets	63,443	(22,616)
Net change in current liabilities	(65,809)	22,446
Cash from operations	9,841	13,252
Tax paid	(541)	(540)
Tax refund	195	87
Net cash from operating activities	9,495	12,799
Cash Flows From Investing Activities		
Interest income received	10	17
Proceed from disposal of property, plant and equipment	24	-
Purchase of property, plant and equipment	(10,559)	(49,010)
Net cash used in investing activities	(10,525)	(48,993)
Cash Flows From Financing Activities		
Proceeds from issuance of shares	-	3,181
Proceeds from issuance of shares in subsidiary	1,470	916
Purchase of leased liabilities	381	-
Repayment of leased liabilities	(603)	(635)
Drawdown of bank borrowing	31,373	32,678
Repayment of vendor financing	(3,238)	-
Advance (to) / from associate company	(27)	6
Finance costs	(3,810)	(2,423)
Net cash from financing activities	25,546	33,723
Net increase / (decrease) in cash and cash equivalents	24,516	(2,471)
Cash and cash equivalents at beginning of period	8,264	6,510
Effect of exchange rate changes on cash and cash equivalent held	(9)	-
Cash and cash equivalents at end of period	32,771	4,039
Cash and cash equivalents at end of period comprise :		
Fixed deposit	680	653
Cash and bank balances	32,091	3,386
	32,771	4,039

Note :

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

----- The rest of this page is intentionally left blank -----

STRAITS INTER LOGISTICS BERHAD

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 Interim Financial Reporting

A1 Basis of preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market.

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2019.

A2 Significant accounting policies

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 2016 in Malaysia.

The financial information presented herein have been prepared in accordance with the accounting policies used in preparing the audited financial statements for the financial year ended 31 December 2019, and for the following standards and interpretation which became effective on 1 January 2020:

Amendments to MFRS 3	Definition of Business
Amendments to MFRS 4	Insurance Contracts
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards	

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

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform Phase 2
Annual Improvements to MFRS Standards 2018–2020	

Effective for financial periods beginning on or after 1 January 2023

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

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate Joint Venture
---------------------------------------	---

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 period or in prior financial period that have had a material effect on the result in the quarter under review.

A7 Debt and equity securities

There were no major issuances, cancellations, repurchase, resale and repayment of debt and equity securities for the period under review.

A8 Dividends

No dividend has been declared or paid during the period under review.

A9 Segment information

The Group's business has been segregated into the following core business segments :

Investment Holding

Investment in shares and provision of management services.

Oil Trading & Bunkering Services

This involves the provision of refuelling marine gas oil and marine fuel oil through vessels to other ships and ocean faring vessels such as container vessels, cargo vessels and oil tankers. In essence, oil bunkering services entail the offering of marine logistics and marine supports services to companies mainly in the fields of transportation and oil and gas industries.

Inland Transportation & Logistics

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

Vessel Management

This involves the provision of vessel and marine management services.

Port Management

This involves the provision of Labuan Port management services.

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30 Sept 2020 RM'000	30 Sept 2019 RM'000	30 Sept 2020 RM'000	30 Sept 2019 RM'000
<u>Segment Revenue</u>				
Oil Trading & Bunkering Services	157,353	224,781	490,405	457,034
Inland Transportation & Logistics	683	909	2,080	2,635
Vessel Management	5	-	5	-
Port Management	3,176	-	6,306	-
	<u>161,217</u>	<u>225,690</u>	<u>498,796</u>	<u>459,669</u>
<u>Segment Profit Before Tax</u>				
Investment Holding	(740)	(908)	(2,765)	(3,232)
Oil Trading & Bunkering Services	186	3,606	4,904	10,753
Inland Transportation & Logistics	(397)	(763)	(1,907)	(909)
Vessel Management	464	249	1,017	241
Port Management	(695)	-	(735)	-
Share of result of associate	2,459	735	3,609	1,925
Others	(11)	(10)	(25)	(20)
	<u>1,266</u>	<u>2,909</u>	<u>4,098</u>	<u>8,758</u>

A10 Valuation of property, plant & equipment

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect in the current quarter under review.

A11 Subsequent material events

There was no material event subsequent to the end of the quarter under review which is likely to substantially affect the results of the operations of the Group.

A12 Changes in the composition of the Group

On 30 September 2020, Tumpuan Megah Development Sdn. Bhd ("TMD"), a 55% owned subsidiary of the Company entered into a Sale and Purchase Agreement with Banle Energy International Limited to acquire 260,000 units of ordinary shares representing 26% equity interest of Banle in Straits Marine Fuels & Energy Sdn. Bhd, a 67% owned Subsidiary of the Company for a purchase consideration of United States Dollars: One Hundred Twenty-Seven Thousand Five Hundred and Seventy-Eight (USD127,578.00) or a sum in equivalent to Ringgit Malaysia: Five Hundred Thirty One Thousand Five Hundred and Fifty Four Only (RM531,554.00).

Save as disclosed above, 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 2019.

A14 Capital commitments

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

	Period Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2019 RM'000
Approved and contracted	<u>6,075</u>	<u>9,187</u>
Approved but not contracted	<u>-</u>	<u>1,806</u>

A15 Significant related party transactions

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2020 RM'000	Quarter Ended 30 Sept 2019 RM'000	Period Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2019 RM'000
Forwarding services	<u>193</u>	<u>102</u>	<u>434</u>	<u>102</u>

A16 Profit before taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2020 RM'000	Quarter Ended 30 Sept 2019 RM'000	Period Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2019 RM'000
(a) Interest income	(2)	(6)	(10)	(17)
(b) Finance costs	1,331	862	3,810	2,423
(c) Depreciation & amortisation	2,596	1,659	7,357	4,294
(d) (Gain) / Loss on disposal of property, plant and equipment	(11)	-	161	-
(e) Foreign exchange (gain) / loss - unrealised	1,860	(168)	394	(114)
- realised	(265)	(246)	(1,319)	740

----- The rest of this page is intentionally left blank -----

STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance

The Group's revenue for current quarter decreased by 28.6%, a RM64.5 million drop to RM161.2 million as compared to RM225.7 million recorded in the corresponding quarter of previous year. The reduction in revenue was from the oil trading & bunkering services of RM67.5 million. The reduction in revenue is mainly because of the COVID-19 pandemic that hit the shipping industry worldwide including Malaysia. The Government has announced the Recovery Movement Control Order ("RMCO") in early June where more activities was allowed subject to social distancing. In addition, the economy of the country was still in recovering stage compared to previous year.

The Group recorded a profit before tax ("PBT") of RM1.3 million in the current quarter, a decrease of RM1.6 million as compared to RM2.9 million of the previous corresponding quarter. The decrease of PBT was mainly due to lower profit contribution by the oil trading & bunkering services segment and initial setup cost incurred by the port management segment of RM2.2 million and RM0.7 million respectively.

The share of profits from its associate company reflected an increase of RM1.7 million as compared to the previous corresponding quarter following China speedy economic recovery from the COVID-19 pandemic which enhanced the maritime activities in the North Asia and Greater China region resulting in improved demand and usage of fuel consumption.

B2 Variation of results against preceding quarter

	Current Quarter 30 Sept 2020 RM'000	Current Quarter 30 June 2020 RM'000	Changes	
			RM'000	%
Revenue	161,217	75,216	86,001	114.3
PBT	1,266	1,059	207	19.5
Profit after tax ("PAT")	745	942	(197)	(20.9)
Profit Attributable to Owners of the Parent	1,052	319	733	229.8

The increase in revenue for the current quarter by RM86.0 million to RM161.2 million, from RM75.2 million achieved in the preceding quarter was mainly attributable to the resumption of economic activities following the relaxation of Movement Control Order ("MCO") to RMCO since early June 2020. Oil trading & bunkering services segment and inland transportation & logistics segment has seen an improvement in revenue of RM85.5 million and RM0.5 million respectively compared to preceding quarter.

PBT for the Group reflected an increase of RM0.2 million in the current quarter compared to the preceding quarter results due to macroeconomic recovery.

B3 Group's prospects

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

B4 Profit forecast and profit guarantee

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

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2020 RM'000	Quarter Ended 30 Sept 2019 RM'000	Period Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2019 RM'000
Income tax				
Current tax	86	577	277	1,196
Underprovision of prior year tax	45	-	45	-
	<u>131</u>	<u>577</u>	<u>322</u>	<u>1,196</u>
Tax on share of associate's profit	390	132	564	306
	<u>521</u>	<u>709</u>	<u>886</u>	<u>1,502</u>

The Group's higher effective tax rate than statutory tax rate in current quarter was due to certain expenses not deductible for tax purposes and underprovision in prior year tax.

B6 Unquoted investments and properties

There was no acquisitions or disposals of unquoted investments and properties during the financial period under review.

B7 Quoted and marketable securities

The Group does not hold any quoted or marketable securities as at 30 September 2020. There were no purchase or disposal of quoted securities for the current quarter.

B8 Corporate Exercise

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

B9 Group borrowings and debt securities

	Period Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2019 RM'000
CURRENT		
Secured		
Leased liabilities	1,228	180
Banker acceptances	67,038	31,128
	<u>68,266</u>	<u>31,308</u>
NON-CURRENT		
Secured		
Leased liabilities	2,918	488
	<u>2,918</u>	<u>488</u>
	<u>71,184</u>	<u>31,796</u>

The lease liabilities of the Group bear interest at rates of 2.32% to 4.35% per annum.

The borrowings of the Group bear interest at rates of 7.00% per annum.

The comparative figures for hire purchase payables has been reclassified under leased liabilities to comply with the disclosure requirements under MFRS 16 Leases.

B10 Material litigation / arbitration

Arbitration between ING Bank N.V ("ING" or "First Claimant"), O.W. Bunker Far East (Singapore) Pte Ltd ("OWBFE" or "Second Claimant"), collectively referred to as the "Claimants" and TMD (the "Respondent").

The Claimants alleged that on 19 December 2013, a series of financing agreements were entered into between O.W. Bunker & Trading A/S ("OWBAS"), together with certain subsidiary companies (including OWBFE) and a syndicate of banks and ING (in its capacity as a security agent under a revolving borrowing base facilities agreement). As part of that transaction, ING entered into an English law Omnibus Security Agreement dated 19 December 2013 ("OSA") with OWBAS and certain of its subsidiaries (including OWBFE) to assign to ING certain trade and intercompany receivables, insurances and brokerage accounts. The Claimants further alleged that pursuant to the aforesaid, notice of assignment of supply receivables was given to TMD.

The Claimants also alleged that on or about 17 October 2014 and 29 October 2014, TMD and OWBFE entered into contracts both made orally or by yahoo messenger evidenced by a nomination sheet, invoice and sales order confirmation whereby OWBFE agreed in the ordinary course of business to supply and/ or sell to TMD 423.73 MT of gas oil at a price of USD753 per MT for delivery at the port of Pasir Gudang and 794.915 MT of gas oil at a price of USD775.50 per MT for delivery at the port of Kuantan respectively.

Notwithstanding the ongoing arbitration which commenced on 2 May 2017, the Vendor (Raja Ismail Bin Raja Mohamed) via an irrevocable Personal Guarantee dated 30 April 2020 had undertaken to indemnify the Company against the liabilities of TMD arising from the arbitration and shall promptly pay such liabilities upon receipt of a payment demand from the Company and accordingly, no provisions have been made in the financial statements.

As at the date of this report, the Group has no material litigation which will materially and adversely affect the position or business of the Group.

B11 Dividends

There is no dividend proposed in the current quarter.

B12 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2020	Quarter Ended 30 Sept 2019	Period Ended 30 Sept 2020	Period Ended 30 Sept 2019
Profit after tax attributable to the owner of the Parent (RM'000)	1,052	1,860	2,395	5,035
Basic Earnings Per Share				
Weighted Average Number of Ordinary Shares in Issue ('000)	650,658	674,410	650,658	597,554
Basic Earnings Per Share (sen)	<u>0.16</u>	<u>0.28</u>	<u>0.37</u>	<u>0.84</u>

Basic earnings per share is calculated by dividing the profit after tax attributable to the owners of the Parent by the weighted average number of shares in issue during the period.

Diluted Earnings Per Share

Weighted Average Number of Ordinary Shares in Issue ('000)	699,218	753,981	705,701	677,125
Diluted Earnings Per Share (sen)	<u>0.15</u>	<u>0.25</u>	<u>0.34</u>	<u>0.74</u>

Diluted earnings per share is calculated by dividing the net profit attributable to the owners of the Parent by the weighted average number of ordinary shares in issue during the period after taking into consideration of all dilutive potential ordinary shares.

B13 Authorisation for Issue

The unaudited condensed consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 November 2020.

By Order of the Board

Dato' Sri Ho Kam Choy
Group Managing Director
Kuala Lumpur
Date : 25 November 2020