

STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2020	Quarter Ended 31 Dec 2019	Year Ended 31 Dec 2020 (Unaudited)	Year Ended 31 Dec 2019 (Audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	176,520	203,519	675,316	663,188
Operating profit	2,894	4,471	7,193	13,727
Finance costs	(2,174)	(1,401)	(5,984)	(3,824)
Share of result of associate	1,668	598	5,277	2,523
Profit before tax	2,388	3,668	6,486	12,426
Income tax expense	(1,476)	(1,500)	(2,362)	(3,002)
Profit after taxation	912	2,168	4,124	9,424
Profit attributable to :				
Owners of the Parent	726	2,049	3,121	7,084
Non-controlling interest	186	119	1,003	2,340
Profit for the period/year	912	2,168	4,124	9,424
Basic earnings per share (sen)	0.11	0.24	0.48	1.12
Diluted earnings per share (sen)	0.10	0.22	0.44	1.00
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 FOURTH QUARTER ENDED 31 DECEMBER 2020 CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2020	Quarter Ended 31 Dec 2019	Year Ended 31 Dec 2020 (Unaudited)	Year Ended 31 Dec 2019 (Audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	176,520	203,519	675,316	663,188
Operating expenses	(168,957)	(197,585)	(658,069)	(643,622)
Interest income	3	6	13	23
Other operating income	(371)	516	1,591	417
Depreciation	(4,301)	(1,985)	(11,658)	(6,279)
Operating profit	2,894	4,471	7,193	13,727
Finance costs	(2,174)	(1,401)	(5,984)	(3,824)
Share of result of associate	1,668	598	5,277	2,523
Profit before tax	2,388	3,668	6,486	12,426
Income tax expense	(1,476)	(1,500)	(2,362)	(3,002)
Profit after taxation	912	2,168	4,124	9,424
Other comprehensive income, net of tax	(216)	(170)	(201)	(28)
Total comprehensive income for the period/year	696	1,998	3,923	9,396
Profit attributable to :				
Owners of the Parent	726	2,049	3,121	7,084
Non-controlling interest	186	119	1,003	2,340
Profit after taxation	912	2,168	4,124	9,424
Total comprehensive income attributable to :				
Owners of the Parent	510	1,879	2,920	7,056
Non-controlling interest	186	119	1,003	2,340
Total comprehensive income for the period/year	696	1,998	3,923	9,396
Basic earnings per share (sen)	0.11	0.24	0.48	1.12
Diluted earnings per share (sen)	0.10	0.22	0.44	1.00

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 FOURTH QUARTER ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	As At 31 Dec 2020 (Unaudited) RM'000	As At 31 Dec 2019 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	121,503	98,584
Goodwill on consolidation	30,559	30,559
Investment in associates	21,576	17,136
Deferred tax assets	-	214
Total Non-Current Assets	173,638	146,493
Current Assets		
Inventories	18,175	31,863
Trade receivables	63,785	59,372
Other receivables, deposits & prepaid expenses	47,387	48,823
Tax recoverable	65	3
Amount owing from associate	24	15
Fixed deposit	682	669
Cash & bank balances	10,917	7,595
Total Current Assets	141,035	148,340
TOTAL ASSETS	314,673	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	(337)	(136)
Retained profits	9,394	6,273
Equity Attributable to Owners of the Parent	113,523	110,603
Non-controlling interests	12,330	12,141
Total Equity	125,853	122,744
Non-Current Liabilities		
Other creditors	25,140	22,570
Leased liabilities	7,824	3,254
Deferred tax liabilities	983	-
Total Non-Current Liabilities	33,947	25,824
Current Liabilities		
Trade payables	39,676	70,021
Other payables and accruals	40,437	38,476
Amount due to associate	-	18
Bank borrowing	71,759	35,665
Leased liabilities	2,540	1,114
Tax liabilities	461	971
Total Current Liabilities	154,873	146,265
Total Liabilities	188,820	172,089
TOTAL EQUITY AND LIABILITIES	314,673	294,833
Net asset per share attributable to Owners of the Parent (sen)	17.45	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.

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STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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
Year ended 31 December 2020									
At 1 January 2020	104,466	(17,625)	86,841	17,625	(136)	6,273	110,603	12,141	122,744
Profit for the year	-	-	-	-	-	3,121	3,121	1,003	4,124
Translation reserve	-	-	-	-	(201)	-	(201)	-	(201)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(814)	(814)
At 31 December 2020	104,466	(17,625)	86,841	17,625	(337)	9,394	113,523	12,330	125,853
Year ended 31 December 2019									
At 1 January 2019	86,287	(20,806)	65,481	20,806	(108)	(811)	85,368	5,504	90,872
Profit for the year	-	-	-	-	-	7,084	7,084	2,340	9,424
Translation reserve	-	-	-	-	(28)	-	(28)	-	(28)
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
Change in equity shareholdings in subsidiaries	-	-	-	-	-	-	-	4,297	4,297
At 31 December 2019	104,466	(17,625)	86,841	17,625	(136)	6,273	110,603	12,141	122,744

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

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(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

	Year Ended 31 Dec 2020 (Unaudited) RM'000	Year Ended 31 Dec 2019 (Audited) RM'000
Cash Flows From Operating Activities		
Profit before taxation	6,486	12,426
Adjustments for :		
Depreciation of property, plant and equipment	11,658	6,279
Deposits written off	6	1
Bad debt written off	-	2
Interest income	(13)	(23)
Finance costs	5,984	3,824
Loss on disposal of property, plant and equipment	161	167
Property, plant and equipment written off	2	-
Impairment loss on receivables	803	559
Reversal of impairment loss on receivables	-	(240)
Unrealised forex loss	1,935	587
Share of result of associates	(5,277)	(2,523)
Operating profit before working capital changes	<u>21,745</u>	<u>21,059</u>
Net change in current assets	10,173	(82,239)
Net change in current liabilities	(37,012)	76,430
Cash (used in) / from operations	<u>(5,094)</u>	<u>15,250</u>
Tax paid	(1,160)	(1,100)
Tax refund	261	394
Net cash (used in) / from operating activities	<u>(5,993)</u>	<u>14,544</u>
Cash Flows From Investing Activities		
Interest income received	13	23
Investment in associate	-	(15)
Proceed from disposal of property, plant and equipment	24	102
Purchase of property, plant and equipment	(20,736)	(19,868)
Net cash used in investing activities	<u>(20,699)</u>	<u>(19,758)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of shares	-	3,181
Proceeds from issuance of shares in subsidiary	2,460	4,297
Acquisition of non-controlling interest	(3,273)	-
Purchase of leased liabilities	7,557	-
Repayment of leased liabilities	(1,561)	(340)
Drawdown of bank borrowing	36,095	5,754
Repayment of vendor financing	(5,245)	(2,135)
Advance (to) / from associate company	(27)	14
Finance costs	(5,984)	(3,824)
Net cash from financing activities	<u>30,022</u>	<u>6,947</u>
Net increase in cash and cash equivalents	3,330	1,733
Cash and cash equivalents at beginning of the year	8,264	6,510
Effect of exchange rate changes on cash and cash equivalent held	5	21
Cash and cash equivalents at end of the year	<u>11,599</u>	<u>8,264</u>

Cash and cash equivalents at end of the year comprise :

Fixed deposit	682	669
Cash and bank balances	10,917	7,595
	<u>11,599</u>	<u>8,264</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 2019 and the accompanying explanatory notes attached to these interim financial statements.

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STRAITS INTER LOGISTICS BERHAD

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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
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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 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 period or in the 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 the 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	Year Ended	Year Ended
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
<u>Segment Revenue</u>				
Oil Trading & Bunkering Services	171,838	202,345	662,244	659,379
Inland Transportation & Logistics	879	1,174	2,959	3,809
Vessel Management	541	-	546	-
Port Management	3,262	-	9,567	-
	<u>176,520</u>	<u>203,519</u>	<u>675,316</u>	<u>663,188</u>
<u>Segment Profit Before Tax</u>				
Investment Holding	(1,199)	(736)	(3,964)	(3,968)
Oil Trading & Bunkering Services	2,708	3,937	7,612	14,690
Inland Transportation & Logistics	(1,319)	(514)	(3,226)	(1,423)
Vessel Management	341	422	1,358	663
Port Management	192	-	(543)	-
Share of result of associate	1,668	598	5,277	2,523
Others	(3)	(39)	(28)	(59)
	<u>2,388</u>	<u>3,668</u>	<u>6,486</u>	<u>12,426</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 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 17 December 2020, Tumpuan Megah Development Sdn. Bhd, a 55% owned subsidiary of the Company disposed its 100% owned dormant subsidiary in Beluga Asia Ltd to Straits Marine Fuels & Energy Sdn Bhd ("SMF"), a 67% owned subsidiary of the Company.

The Company had on 29 December 2020 submitted separate applications to the Suruhanjaya Syarikat Malaysia ("SSM") for striking off its two (2) 100% owned dormant subsidiaries, namely Quest System & Engineering Sdn Bhd and Quest Equipment & Services Sdn Bhd of which the approval has yet to be obtained as of the date of this announcement.

On 15 January 2021, SMF, a 67% owned subsidiary of the Company had incorporated a 51% owned subsidiary known as Sierra Pioneer Marine Ltd with an issued and paid-up share capital of USD100 comprising 100 ordinary shares.

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:

	Year Ended 31 Dec 2020 RM'000	Year Ended 31 Dec 2019 RM'000
Approved and contracted	<u>6,071</u>	<u>795</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 31 Dec 2020 RM'000	Quarter Ended 31 Dec 2019 RM'000	Year Ended 31 Dec 2020 RM'000	Year Ended 31 Dec 2019 RM'000
Forwarding services	<u>227</u>	<u>117</u>	<u>661</u>	<u>219</u>

A16 Profit before taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2020 RM'000	Quarter Ended 31 Dec 2019 RM'000	Year Ended 31 Dec 2020 RM'000	Year Ended 31 Dec 2019 RM'000
(a) Interest income	(3)	(6)	(13)	(23)
(b) Finance costs	2,174	1,401	5,984	3,824
(c) Deposit written off	-	-	6	-
(d) Depreciation & amortisation	4,301	1,985	11,658	6,279
(e) Impairment loss on receivables	803	559	803	559
(f) Reversal on impairment loss on receivables	-	(240)	-	(240)
(g) Property, plant and equipment written off	2	-	2	-
(h) Loss on disposal of property, plant and equipment	-	167	161	167
(i) Foreign exchange (gain) / loss - unrealised	1,541	701	1,935	587
- realised	(236)	(1,097)	(1,555)	(357)

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance

The decrease of Group's revenue in the current quarter by RM27.0 million to RM176.5 million from RM203.5 million recorded in the corresponding quarter of the previous year was due to the continuous slowdown in the shipping industry following the global lockdown in the early part of the current financial year caused by the COVID-19 Pandemic. This drop was substantially attributed to the oil trading & bunkering services segment revenue that dropped by RM30.5 million but mitigated by RM3.2 million generated by the new port management operation in Labuan Liberty Port.

The Group recorded a lower profit before tax ("PBT") of RM2.5 million in the current quarter, a drop of RM1.2 million as compared to RM3.7 million recorded in the previous corresponding quarter. This was mainly due to lower contribution from the oil trading & bunkering services segment arising from the COVID-19 Pandemic impact.

The share of profit from its associate company increased by RM1.0 million as compared to the previous corresponding quarter due to increase in sales volume and enlarged customer base.

B2 Variation of results against preceding quarter

	Current Quarter 31 Dec 2020 RM'000	Preceding Quarter 30 Sept 2020 RM'000	Changes	
			RM'000	%
Revenue	176,520	161,217	15,303	9.5
PBT	2,388	1,266	1,122	88.6
Profit after tax ("PAT")	912	745	167	22.4
Profit Attributable to Owners of the Parent	726	1,052	(326)	(31.0)

The increase in revenue in the current quarter by RM15.3 million to RM176.5 million from RM161.2 million achieved in the preceding quarter was mainly attributable to the increase in the revenue of oil trading & bunkering services and vessel management segments by RM14.5 million and RM0.5 million respectively as a result of continuing recovery of the economy from the Covid-19 pandemic.

The increase in PBT in the current quarter by RM1.1 million to RM2.4 million compared to the preceding quarter was mainly contributed by improved performance of the oil trading & bunkering services and port management segments by RM2.6 million and RM0.9 million respectively, sustained by the economic recovery from the COVID-19 Pandemic. However, these improvements were reduced by lower profit contribution of RM0.8 million from its associate company, continuing losses of RM1.3 million by the inland transportation & logistics segment and year end provision for RM0.2 million in its annual corporate expenditure.

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 from time to time and to ensure appropriate risk mitigation measures are undertaken to preserve value and protect shareholders' interests.

With the bunkering and logistics operations being an essential services, the Group has adopted strict compliance to the Standard Operating Procedures ("SOP") set out by the Government to further ensure its smooth and continuous growth and execution of its expansion programs.

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 31 Dec 2020 RM'000	Quarter Ended 31 Dec 2019 RM'000	Year Ended 31 Dec 2020 RM'000	Year Ended 31 Dec 2019 RM'000
Income tax				
Current tax	(7)	372	270	1,568
Under/(Over)provision in prior year	13	(173)	58	(173)
	<u>6</u>	<u>199</u>	<u>328</u>	<u>1,395</u>
Deferred tax				
Origination of temporary differences	1,168	1,082	1,168	1,082
Underprovision in prior year	29	125	29	125
	<u>1,197</u>	<u>1,207</u>	<u>1,197</u>	<u>1,207</u>
Tax on share of associate's profit	273	94	837	400
	<u>1,476</u>	<u>1,500</u>	<u>2,362</u>	<u>3,002</u>

The Group's higher effective tax rate than statutory tax rate in the current quarter was due to provision for deferred tax liabilities from early enjoyment of tax benefits.

B6 Unquoted investments and properties

There was no acquisition or disposal of unquoted investment and properties during the financial year under review.

B7 Quoted and marketable securities

The Group does not hold any quoted or marketable securities as of 31 December 2020. There was no purchase or disposal of quoted securities for the current quarter.

B8 Corporate Exercise

On 11 January 2021, the Company proposed to undertake the following:-

- i. a private placement of up to 20% of the total number of issued shares of Straits (excluding treasury shares) to third party investor(s) to be identified later pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed Private Placement"); and
- ii. an acquisition of an additional 2,250,000 ordinary shares in TMD, representing 15% equity interest in TMD from Dato' Mohd Suhaimi Bin Hashim at a purchase consideration of RM11,714,647.35 to be satisfied entirely via cash ("Proposed Acquisition").

Subsequently, Bursa has on 9 February 2021 approved the above Proposed Private Placement, with the funds raised to be utilized in the following manner :

	RM'000
i. Cash consideration for the proposed acquisition of TMD	11,715
ii. Working capital	8,386
iii. Defray estimated expenses	330
	<u>20,431</u>

Subsequently, 130,131,649 units of Placement Shares were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 1 March 2021, which marked the completion of the Proposed Private Placement. Pursuant to that, the Company had on 3 March 2021 announced the completion of the Proposed Acquisition and resulting in TMD being a 70% owned subsidiary of the Company.

B9 Group borrowings and debt securities

	Year Ended 31 Dec 2020 RM'000	Year Ended 31 Dec 2019 RM'000
CURRENT		
Secured		
Leased liabilities	2,540	1,114
Banker acceptances	71,759	35,665
	<u>74,299</u>	<u>36,779</u>
NON-CURRENT		
Secured		
Leased liabilities	7,824	3,254
	<u>7,824</u>	<u>3,254</u>
	<u>82,123</u>	<u>40,033</u>

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

The borrowings of the Group bears interest at rate 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 of 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 31 Dec 2020	Quarter Ended 30 Dec 2019	Year Ended 31 Dec 2020	Year Ended 31 Dec 2019
Profit after tax attributable to the owner of the Parent (RM'000)	726	2,049	3,121	7,084
Basic Earnings Per Share				
Weighted Average Number of Ordinary Shares in Issue ('000)	650,658	856,219	650,658	634,011
Basic Earnings Per Share (sen)	<u>0.11</u>	<u>0.24</u>	<u>0.48</u>	<u>1.12</u>

Basic earnings per share are 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)	699,734	928,449	704,275	709,518
Diluted Earnings Per Share (sen)	<u>0.10</u>	<u>0.22</u>	<u>0.44</u>	<u>1.00</u>

Diluted earnings per share are 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 12 March 2021.

By Order of the Board

Dato' Sri Ho Kam Choy
Group Managing Director
Kuala Lumpur
Date : 12 March 2021