

STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------|---------------|--------------------|--------------|
| | Quarter Ended | Quarter Ended | Period Ended | Period Ended |
| | 31 Mar 2021 | 31 Mar 2020 | 31 Mar 2021 | 31 Mar 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 295,199 | 262,363 | 295,199 | 262,363 |
| Operating profit | 5,029 | 2,586 | 5,029 | 2,586 |
| Finance costs | (1,836) | (1,253) | (1,836) | (1,253) |
| Share of result of associate | (258) | 440 | (258) | 440 |
| Profit before tax | 2,935 | 1,773 | 2,935 | 1,773 |
| Income tax expense | (1,006) | (248) | (1,006) | (248) |
| Profit after taxation | 1,929 | 1,525 | 1,929 | 1,525 |
| Profit attributable to : | | | | |
| Owners of the Parent | 706 | 1,024 | 706 | 1,024 |
| Non-controlling interest | 1,223 | 501 | 1,223 | 501 |
| Profit for the period | 1,929 | 1,525 | 1,929 | 1,525 |
| Basic earnings per share (sen) | 0.10 | 0.16 | 0.10 | 0.16 |
| Diluted earnings per share (sen) | 0.09 | 0.14 | 0.09 | 0.14 |
| 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 FIRST QUARTER ENDED 31 MARCH 2021 CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|--|--|
| | Quarter Ended 31 Mar 2021 RM'000 | Quarter Ended 31 Mar 2020 RM'000 | Period Ended 31 Mar 2021 RM'000 | Period Ended 31 Mar 2020 RM'000 |
| Revenue | 295,199 | 262,363 | 295,199 | 262,363 |
| Operating expenses | (290,339) | (261,068) | (290,339) | (261,068) |
| Interest income | 11 | 2 | 11 | 2 |
| Other operating income | 3,339 | 3,538 | 3,339 | 3,538 |
| Depreciation | (3,181) | (2,249) | (3,181) | (2,249) |
| Operating profit | 5,029 | 2,586 | 5,029 | 2,586 |
| Finance costs | (1,836) | (1,253) | (1,836) | (1,253) |
| Share of result of associate | (258) | 440 | (258) | 440 |
| Profit before tax | 2,935 | 1,773 | 2,935 | 1,773 |
| Income tax expense | (1,006) | (248) | (1,006) | (248) |
| Profit after taxation | 1,929 | 1,525 | 1,929 | 1,525 |
| Other comprehensive income, net of tax | 1,164 | 249 | 1,164 | 249 |
| Total comprehensive income for the period | 3,093 | 1,774 | 3,093 | 1,774 |
| Profit attributable to : | | | | |
| Owners of the Parent | 706 | 1,024 | 706 | 1,024 |
| Non-controlling interest | 1,223 | 501 | 1,223 | 501 |
| Profit after taxation | 1,929 | 1,525 | 1,929 | 1,525 |
| Total comprehensive income attributable to : | | | | |
| Owners of the Parent | 1,870 | 1,273 | 1,870 | 1,273 |
| Non-controlling interest | 1,223 | 501 | 1,223 | 501 |
| Total comprehensive income for the period | 3,093 | 1,774 | 3,093 | 1,774 |
| Basic earnings per share (sen) | 0.10 | 0.16 | 0.10 | 0.16 |
| Diluted earnings per share (sen) | 0.09 | 0.14 | 0.09 | 0.14 |

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 2020 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 FIRST QUARTER ENDED 31 MARCH 2021**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(These figures have not been audited)

| | As At 31 Mar 2021 (Unaudited) RM'000 | As At 31 Dec 2020 (Audited) RM'000 |
|--|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant & equipment | 122,857 | 121,343 |
| Goodwill on consolidation | 30,559 | 30,559 |
| Investment in associates | 20,905 | 21,318 |
| Total Non-Current Assets | 174,321 | 173,220 |
| Current Assets | | |
| Inventories | 26,471 | 18,175 |
| Trade receivables | 61,270 | 63,708 |
| Other receivables, deposits & prepaid expenses | 37,214 | 47,441 |
| Tax recoverable | 3 | 301 |
| Amount owing from associate | 29 | 24 |
| Fixed deposit | 684 | 682 |
| Cash & bank balances | 27,824 | 10,919 |
| Total Current Assets | 153,495 | 141,250 |
| TOTAL ASSETS | 327,816 | 314,470 |
| EQUITY AND LIABILITIES | | |
| Capital and Reserves | | |
| Share capital | 124,897 | 104,466 |
| Other reserve | (17,625) | (17,625) |
| Warrant reserve | 17,625 | 17,625 |
| Forex currency translation reserve | 569 | (595) |
| Retained profits | 1,687 | 9,834 |
| Equity Attributable to Owners of the Parent | 127,153 | 113,705 |
| Non-controlling interests | 10,787 | 12,461 |
| Total Equity | 137,940 | 126,166 |
| Non-Current Liabilities | | |
| Other creditors | 24,899 | 24,899 |
| Leased liabilities | 8,135 | 7,824 |
| Deferred tax liabilities | 1,118 | 1,118 |
| Total Non-Current Liabilities | 34,152 | 33,841 |
| Current Liabilities | | |
| Trade payables | 19,122 | 38,031 |
| Other payables and accruals | 62,437 | 42,299 |
| Amount due to associate | - | - |
| Bank borrowing | 70,667 | 70,898 |
| Leased liabilities | 2,333 | 2,540 |
| Tax liabilities | 1,165 | 695 |
| Total Current Liabilities | 155,724 | 154,463 |
| Total Liabilities | 189,876 | 188,304 |
| TOTAL EQUITY AND LIABILITIES | 327,816 | 314,470 |
| Net asset per share attributable to Owners of the Parent (sen) | 16.29 | 17.48 |

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 2020 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 FIRST QUARTER ENDED 31 MARCH 2021

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 | 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 31 March 2021 | | | | | | | | | |
| At 1 January 2021 | 104,466 | (17,625) | 86,841 | 17,625 | (595) | 9,834 | 113,705 | 12,461 | 126,166 |
| Profit for the period | - | - | - | - | - | 706 | 706 | 1,223 | 1,929 |
| Translation reserve | - | - | - | - | 1,164 | - | 1,164 | - | 1,164 |
| New issuance of shares | 20,431 | - | 20,431 | - | - | - | 20,431 | - | 20,431 |
| Change in equity shareholdings in subsidiary | - | - | - | - | - | (8,853) | (8,853) | (2,897) | (11,750) |
| At 31 March 2021 | 124,897 | (17,625) | 107,272 | 17,625 | 569 | 1,687 | 127,153 | 10,787 | 137,940 |
| Period ended 31 March 2020 | | | | | | | | | |
| At 1 January 2020 | 104,466 | (17,625) | 86,841 | 17,625 | (136) | 6,274 | 110,604 | 12,142 | 122,746 |
| Profit for the period | - | - | - | - | - | 1,024 | 1,024 | 501 | 1,525 |
| Translation reserve | - | - | - | - | 249 | - | 249 | - | 249 |
| Conversion of warrant | - | - | - | - | - | - | - | - | - |
| Acquisition of non-controlling interest | - | - | - | - | - | - | - | 1,470 | 1,470 |
| At 31 March 2020 | 104,466 | (17,625) | 86,841 | 17,625 | 113 | 7,298 | 111,877 | 14,113 | 125,990 |

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 2020 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 FIRST QUARTER ENDED 31 MARCH 2021

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(These figures have not been audited)

| | Period Ended 31 Mar 2021 RM'000 | Period Ended 31 Mar 2020 RM'000 |
|--|---------------------------------------|---------------------------------------|
| Cash Flows From Operating Activities | | |
| Profit before taxation | 2,935 | 1,773 |
| Adjustments for : | | |
| Depreciation of property, plant and equipment | 3,181 | 2,249 |
| Bad debt written off | 336 | - |
| Interest income | (11) | (2) |
| Finance costs | 1,836 | 1,253 |
| Loss on disposal of property, plant and equipment | - | 213 |
| Unrealised forex loss | (1,192) | (1,934) |
| Share of result of associates | 258 | (440) |
| Operating profit before working capital changes | <u>7,343</u> | <u>3,112</u> |
| Net change in current assets | 4,948 | 61,272 |
| Net change in current liabilities | 3,190 | (55,477) |
| Cash from operations | <u>15,481</u> | <u>8,907</u> |
| Tax paid | (92) | (195) |
| Tax refund | - | 195 |
| Net cash from operating activities | <u>15,389</u> | <u>8,907</u> |
| Cash Flows From Investing Activities | | |
| Interest income received | 11 | 2 |
| Investment in subsidiary | (11,750) | - |
| Proceed from disposal of property, plant and equipment | - | 36 |
| Purchase of property, plant and equipment | (2,123) | (2,652) |
| Net cash used in investing activities | <u>(13,862)</u> | <u>(2,614)</u> |
| Cash Flows From Financing Activities | | |
| Proceeds from issuance of shares | 20,431 | - |
| Proceeds from issuance of shares in subsidiary | - | 1,470 |
| Purchase of leased liabilities | 776 | - |
| Repayment of leased liabilities | (672) | (300) |
| Repayment of bank borrowing | (1,092) | (911) |
| Repayment of vendor financing | (2,241) | (1,088) |
| Advance to associate company | (5) | (2) |
| Finance costs | (1,836) | (1,253) |
| Net cash from/(used in) financing activities | <u>15,361</u> | <u>(2,084)</u> |
| Net increase in cash and cash equivalents | 16,888 | 4,209 |
| Cash and cash equivalents at beginning of the period | 11,601 | 8,264 |
| Effect of exchange rate changes on cash and cash equivalent held | 19 | 16 |
| Cash and cash equivalents at end of the period | <u>28,508</u> | <u>12,489</u> |
| Cash and cash equivalents at end of the period comprise : | | |
| Fixed deposit | 684 | 672 |
| Cash and bank balances | 27,824 | 11,817 |
| | <u>28,508</u> | <u>12,489</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 2020 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 FIRST QUARTER ENDED 31 MARCH 2021

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 2020. 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 2020.

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 2020, and for the following standards and interpretation which became effective on 1 January 2021:

| | |
|--|--|
| Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 | Interest Rate Benchmark Reform Phase 2 |
| Amendments to MFRS 16 | Covid-19-Related Rent Concessions |

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 April 2021

| | |
|-----------------------|---|
| Amendments to MFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 |
|-----------------------|---|

Effective for financial periods beginning on or after 1 January 2022

| | |
|---|--|
| 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 |
| Annual Improvements to MFRS Standards 2018–2020 | |

Effective for financial periods beginning on or after 1 January 2023

| | |
|---|---|
| MFRS 17 | Insurance Contracts |
| Amendments to MFRS 17 | Insurance Contracts |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current |
| Amendments to MFRS 101 and MFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to MFRS 108 | Definition of Accounting Estimates |

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

A7 Debt and equity securities

On 1 March 2021, the issued and paid-up share capital of the Company was increased from RM104,465,174 to RM124,895,843 by way of issuance of 130,131,649 new ordinary shares at RM0.157 each for a Private Placement exercise.

Save from above, 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 marine 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 | Period Ended | Period Ended |
| | 31 Mar 2021 RM'000 | 31 Mar 2020 RM'000 | 31 Mar 2021 RM'000 | 31 Mar 2020 RM'000 |
| <u>Segment Revenue</u> | | | | |
| Oil Trading & Bunkering Services | 290,331 | 261,198 | 290,331 | 261,198 |
| Inland Transportation & Logistics | 926 | 1,165 | 926 | 1,165 |
| Vessel Management | 286 | - | 286 | - |
| Port Management | 3,656 | - | 3,656 | - |
| | <u>295,199</u> | <u>262,363</u> | <u>295,199</u> | <u>262,363</u> |
| <u>Segment Profit Before Tax</u> | | | | |
| Investment Holding | (1,442) | (1,159) | (1,442) | (1,159) |
| Oil Trading & Bunkering Services | 3,849 | 3,358 | 3,849 | 3,358 |
| Inland Transportation & Logistics | (424) | (657) | (424) | (657) |
| Vessel Management | 544 | 292 | 544 | 292 |
| Port Management | 669 | (498) | 669 | (498) |
| Share of result of associate | (258) | 440 | (258) | 440 |
| Others | (3) | (3) | (3) | (3) |
| | <u>2,935</u> | <u>1,773</u> | <u>2,935</u> | <u>1,773</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

- (a) On 15 January 2021, Straits Marine Fuels & Energy Sdn Bhd (“SMF”), a 67% owned subsidiary of the Company, incorporated Sierra Pioneer Marine Ltd (“Sierra”) in Labuan under the Labuan Companies Act 1990 with an issued and paid-up capital of USD 100 comprising 100 ordinary shares of USD1 each. Sierra’s intended activity is investment holding and is 51% owned by SMF.

With the above incorporation, Sierra has entered into a Memorandum of Agreement (“MOA”) on 16 February 2021 with Ocean World Inc to acquire a vessel, named M.T. Guo Kang No.1 for a purchase consideration of USD1,600,000 (equivalent to RM6,464,000) to be satisfied entirely by cash over a period of one month from the MOA date. The acquisition of M.T. Guo Kang No.1 is to expand the business of the Group especially in the supply of High Sulphur Fuel Oil (“HSFO”) to cater for the increasing demand of HSFO in Malaysia.

- (b) On 3 March 2021, the Company further acquire 2,250,000 ordinary shares in TMD, representing 15% equity interest in TMD from Dato’ Mohd Suhaimi Bin Hashim for a purchase consideration of RM11,714,647 to be satisfied entirely via cash resulting in TMD being a 70% owned subsidiary of the Company. As at 31 December 2020, TMD is a 55% owned subsidiary of the Company.
- (c) On 29 March 2021, Fajar Maritime and Logistics Sdn Bhd (“FML”), a 49% owned associate, has subscribed for 70% equity interest in Victoria STS (Labuan) Sdn Bhd. Subsequently on 31 March 2021, the Company and Puan Harison Binti Yusoff had transferred their equity interest of 49% and 11% respectively in FML to Straits Port Management Sdn Bhd.

- (d) On 7 April 2021, Straits Marine Services Pte Ltd (“SMS”), a 51% owned subsidiary of the Company, incorporated a wholly owned subsidiary, namely Straits Maritime Services Pte Ltd (“SMT”) in Singapore under Accounting and Corporate Regulatory Authority with an issued and paid-up capital of SGD50,000 comprising 50,000 ordinary shares of SGD1 each. The intended activity of SMT is in provision of general cleaning services (excluding household cleaning).
- (e) On 18 May 2021, SMF incorporated Katsu Pioneer Marine Ltd (“Katsu”) in Labuan under the Labuan Companies Act 1990 with an issued and paid-up capital of USD 100 comprising 100 ordinary shares of USD1 each. Katsu’s intended activity is investment holding and is 51% owned by SMF.

A13 Contingencies

There were no contingent liabilities or contingent assets arising since 31 December 2020.

A14 Capital commitments

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

| | Period Ended 31 Mar 2021 RM’000 | Period Ended 31 Mar 2020 RM’000 |
|-------------------------|--|--|
| Approved and contracted | <u>6,174</u> | <u>-</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 Mar 2021 RM’000 | Quarter Ended 31 Mar 2020 RM’000 | Period Ended 31 Mar 2021 RM’000 | Period Ended 31 Mar 2020 RM’000 |
| Forwarding services | <u>177</u> | <u>138</u> | <u>177</u> | <u>138</u> |

A16 Profit before taxation

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

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|--|--|
| | Quarter Ended 31 Mar 2021 RM’000 | Quarter Ended 31 Mar 2020 RM’000 | Period Ended 31 Mar 2021 RM’000 | Period Ended 31 Mar 2020 RM’000 |
| (a) Bad debt written off | 336 | - | 336 | - |
| (b) Interest income | (11) | (2) | (11) | (2) |
| (c) Finance costs | 1,836 | 1,253 | 1,836 | 1,253 |
| (d) Depreciation & amortisation | 3,181 | 2,249 | 3,181 | 2,249 |
| (e) Loss on disposal of property, plant and equipment | - | 213 | - | 213 |
| (f) Foreign exchange (gain) / loss - unrealised | (1,192) | (1,934) | (1,192) | (1,934) |
| - realised | (1,880) | (1,450) | (1,880) | (1,450) |

STRAITS INTER LOGISTICS BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance

The Group's revenue in the current quarter increased by RM32.8 million to RM295.2 million from RM262.4 million recorded in the corresponding quarter of the previous year. The increase was substantially attributed to oil trading & bunkering services segment due to the recovery of oil price compared to the corresponding quarter of the previous year. As a result, the revenue from this segment increased by RM29.1 million. The port management operation which commenced its operation in April 2020 had generated a revenue of RM3.7 million in the current quarter.

The Group recorded an improvement in profit before tax ("PBT") of RM1.1 million to RM2.9 million in the current quarter from RM1.8 million in the previous corresponding quarter with oil trading & bunkering services contributed RM1.6 million and port management operation has started generating RM0.6 million profit since it commenced operation in April 2020. However, these increase in PBT was being partly offset by corporate exercise expenses of RM0.4 million related to Private Placement and an acquisition of an additional 15% in TMD and higher payroll cost of RM0.9 million.

The share of results from its associate company that has charged out USD0.8 million (equivalent to RM3.3 million) in listing expenses for its proposed listing on Growth Enterprise Market of the Stock Exchange of Hong Kong Limited resulting in a share of losses amounting to RM0.26 million has eroded the Group PBT.

B2 Variation of results against preceding quarter

| | Current Quarter | Preceding Quarter | Changes | |
|---|-----------------------|-----------------------|---------|-------|
| | 31 Mar 2021 RM'000 | 31 Dec 2020 RM'000 | RM'000 | % |
| Revenue | 295,199 | 176,520 | 118,679 | 67.2 |
| PBT | 2,935 | 2,388 | 547 | 22.9 |
| Profit after tax ("PAT") | 1,929 | 912 | 1,017 | 111.5 |
| Profit Attributable to Owners of the Parent | 706 | 726 | (20) | (2.8) |

The significant increase in revenue in the current quarter by RM118.7 million to RM295.2 million from RM176.5 million achieved in the preceding quarter was mainly attributable to the increase in the revenue of oil trading & bunkering services by RM118.5 million.

The increase in PBT in the current quarter by RM0.5 million to RM2.9 million compared to the preceding quarter was mainly contributed by improved performance of the oil trading & bunkering services segment by RM1.2 million. Port management segment contributed to an increase of RM0.5 million compared to preceding quarter due to higher revenue generated in the current quarter. However, these improvements were reduced by corporate exercise expenses of RM0.4 million related to the Private Placement and an acquisition of additional 15% in TMD and share of losses from its associate company that charged out USD0.8 million (equivalent to RM3.3 million) in listing expenses in the current quarter.

B3 Group's prospects

The COVID-19 pandemic continue to pose challenges to global business environment since its outbreak in March 2020. The economy outlook remains highly uncertain with the continuous mutation of the COVID-19 virus and more movement control are expected to be reimposed to break the chain of infection.

With the majority of the group businesses being classified as essential services, the Group business is able to continue operating but concurrently complying with the Standard Operating Procedures ("SOP") to ensure the safety and wellness of employees and also to ensure the its smooth and continuous growth and execution of its expansion programs.

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.

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 Mar 2021 RM'000 | Quarter Ended 31 Mar 2020 RM'000 | Period Ended 31 Mar 2021 RM'000 | Period Ended 31 Mar 2020 RM'000 |
| Income tax | | | | |
| Current tax | 856 | 183 | 856 | 183 |
| Underprovision in prior year | 2 | - | 2 | - |
| | <u>858</u> | <u>183</u> | <u>858</u> | <u>183</u> |
| Tax on share of associate's profit | 148 | 65 | 148 | 65 |
| | <u>1,006</u> | <u>248</u> | <u>1,006</u> | <u>248</u> |

The Group's slightly higher effective tax rate than statutory tax rate in the current quarter was due to provision for taxation for inter-group transactions.

B6 Unquoted investments and properties

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

B7 Quoted and marketable securities

The Group does not hold any quoted or marketable securities as of 31 March 2021. There was no purchase or disposal of quoted securities for the current quarter.

B8 Corporate Exercise

On 1 March 2021, 130,131,649 units of Straits Placement Shares were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad, which marked the completion of the Proposed Private Placement. The Company had on 3 March 2021 announced the completion of the Proposed Acquisition of additional 15% equity interest in TMD, resulting in TMD being a 70% owned subsidiary of the Company.

Save from above, there has been no on-going corporate exercise during the financial quarter under review.

B9 Status of utilisation of proceeds raised from the Private Placement

| 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 TMD | 11,715 | 11,715 | Fully utilised | - | - | - |
| 2 | Working capital | 8,386 | 8,000 | Within 12 months | 386 | 4.6 | - |
| 3 | Defray estimated expenses | 330 | 330 | Fully utilised | - | - | - |
| | TOTAL | 20,431 | 20,045 | | 386 | 1.9 | |

B10 Group borrowings and debt securities

| | Period Ended 31 Mar 2021 RM'000 | Period Ended 31 Mar 2020 RM'000 |
|--------------------|---------------------------------------|---------------------------------------|
| CURRENT | | |
| Secured | | |
| Leased liabilities | 2,333 | 1,353 |
| Banker acceptances | 70,667 | 34,753 |
| | 73,000 | 36,106 |
| NON-CURRENT | | |
| Secured | | |
| Leased liabilities | 8,135 | 3,096 |
| | 8,135 | 3,096 |
| | 81,135 | 39,202 |

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

The borrowings of the Group bear an interest at rate of 7.00% 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 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.

On 14 April 2021, TMD received a sealed Order dated 22 March 2021 and undated Notice of Registration of Foreign Judgement and this represents an attempt by the Claimants to enforce an English Judgement for USD937,353 with interest and cost of which TMD has disputed jurisdiction. Accordingly, TMD is taking steps to strenuously resist this attempt to enforce an invalid arbitration award issued without jurisdiction and TMD's solicitors had on 27 April 2021 filed an application to the High Court of Malaya, Kuala Lumpur to set aside the earlier mentioned sealed Order and undated Notice of Registration of Foreign Judgement.

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.

B12 Dividends

There is no dividend proposed in the current quarter.

B13 Earnings per share

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------------------------------|------------------------------|-----------------------------|-----------------------------|
| | Quarter Ended 31 Mar 2021 | Quarter Ended 30 Mar 2020 | Period Ended 31 Mar 2021 | Period Ended 31 Mar 2020 |
| Profit after tax attributable to the owners of the Parent (RM'000) | 706 | 1,024 | 706 | 1,024 |
| Basic Earnings Per Share | | | | |
| Weighted Average Number of Ordinary Shares in Issue ('000) | 695,481 | 650,658 | 695,481 | 650,658 |
| Basic Earnings Per Share (sen) | <u>0.10</u> | <u>0.16</u> | <u>0.10</u> | <u>0.16</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) | 753,043 | 717,242 | 753,043 | 717,242 |
| Diluted Earnings Per Share (sen) | <u>0.09</u> | <u>0.14</u> | <u>0.09</u> | <u>0.14</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.

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 31 May 2021.

By Order of the Board

Dato' Sri Ho Kam Choy
Group Managing Director
Kuala Lumpur
Date : 31 May 2021