

**STRAITS ENERGY RESOURCES BERHAD**  
**(f.k.a. STRAITS INTER LOGISTICS BERHAD)**  
(Company No.: 199601040053 (412406-T))  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021**  
ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

**SUMMARY OF KEY FINANCIAL INFORMATION**

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2021 RM'000	Quarter Ended 30 June 2020 RM'000	Period Ended 30 June 2021 RM'000	Period Ended 30 June 2020 RM'000
Revenue	237,053	75,216	532,252	337,579
Operating profit	1,484	1,575	6,513	4,161
Finance costs	(1,839)	(1,226)	(3,675)	(2,479)
Share of result of associate	1,907	710	1,649	1,150
Profit before tax	1,552	1,059	4,487	2,832
Income tax expense	(412)	(117)	(1,418)	(365)
Profit after taxation	1,140	942	3,069	2,467
Profit attributable to :				
Owners of the Parent	1,084	319	1,790	1,343
Non-controlling interest	56	623	1,279	1,124
Profit for the period	1,140	942	3,069	2,467
Basic earnings per share (sen)	0.14	0.16	0.24	0.21
Diluted earnings per share (sen)	0.13	0.14	0.22	0.19
Proposed/Declared Dividend per share (sen)	N/A	N/A	N/A	N/A

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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021**  
**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2021 RM'000	Quarter Ended 30 June 2020 RM'000	Period Ended 30 June 2021 RM'000	Period Ended 30 June 2020 RM'000
Revenue	237,053	75,216	532,252	337,579
Operating expenses	(233,304)	(70,695)	(523,643)	(331,763)
Interest income	8	6	19	8
Other operating income	960	(440)	4,299	3,098
Depreciation	(3,233)	(2,512)	(6,414)	(4,761)
<b>Operating profit</b>	<b>1,484</b>	<b>1,575</b>	<b>6,513</b>	<b>4,161</b>
Finance costs	(1,839)	(1,226)	(3,675)	(2,479)
Share of result of associate	1,907	710	1,649	1,150
<b>Profit before tax</b>	<b>1,552</b>	<b>1,059</b>	<b>4,487</b>	<b>2,832</b>
Income tax expense	(412)	(117)	(1,418)	(365)
<b>Profit after taxation</b>	<b>1,140</b>	<b>942</b>	<b>3,069</b>	<b>2,467</b>
Other comprehensive income, net of tax	(54)	(15)	1,110	234
<b>Total comprehensive income for the period</b>	<b>1,086</b>	<b>927</b>	<b>4,179</b>	<b>2,701</b>
Profit attributable to :				
Owners of the Parent	1,084	319	1,790	1,343
Non-controlling interest	56	623	1,279	1,124
<b>Profit after taxation</b>	<b>1,140</b>	<b>942</b>	<b>3,069</b>	<b>2,467</b>
Total comprehensive income attributable to :				
Owners of the Parent	1,030	304	2,900	1,577
Non-controlling interest	56	623	1,279	1,124
<b>Total comprehensive income for the period</b>	<b>1,086</b>	<b>927</b>	<b>4,179</b>	<b>2,701</b>
Basic earnings per share (sen)	0.14	0.16	0.24	0.21
Diluted earnings per share (sen)	0.13	0.14	0.22	0.19

**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.

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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(These figures have not been audited)

	As At 30 June 2021 (Unaudited) RM'000	As At 31 Dec 2020 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	124,340	121,343
Goodwill on consolidation	30,559	30,559
Investment in associates	22,517	21,318
<b>Total Non-Current Assets</b>	<b>177,416</b>	<b>173,220</b>
<b>Current Assets</b>		
Inventories	28,486	18,175
Trade receivables	43,112	63,708
Other receivables, deposits & prepaid expenses	50,554	47,441
Tax recoverable	3	301
Amount owing from associate	-	24
Fixed deposits	687	682
Cash & bank balances	37,644	10,919
<b>Total Current Assets</b>	<b>160,486</b>	<b>141,250</b>
<b>TOTAL ASSETS</b>	<b>337,902</b>	<b>314,470</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	124,897	104,466
Other reserve	(17,625)	(17,625)
Warrant reserve	17,625	17,625
Forex currency translation reserve	515	(595)
Retained profits	2,774	9,834
Equity Attributable to Owners of the Parent	128,186	113,705
Non-controlling interests	12,630	12,461
<b>Total Equity</b>	<b>140,816</b>	<b>126,166</b>
<b>Non-Current Liabilities</b>		
Other creditors	21,138	24,899
Leased liabilities	9,338	7,824
Bank borrowings	824	-
Deferred tax liabilities	1,118	1,118
<b>Total Non-Current Liabilities</b>	<b>32,418</b>	<b>33,841</b>
<b>Current Liabilities</b>		
Trade payables	47,620	38,031
Other payables and accruals	42,531	42,299
Bank borrowings	70,168	70,898
Leased liabilities	3,253	2,540
Tax liabilities	1,096	695
<b>Total Current Liabilities</b>	<b>164,668</b>	<b>154,463</b>
<b>Total Liabilities</b>	<b>197,086</b>	<b>188,304</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>337,902</b>	<b>314,470</b>
Net asset per share attributable to Owners of the Parent (sen)	16.42	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.

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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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
<b>Period ended 30 June 2021</b>									
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	-	-	-	-	-	1,790	1,790	1,279	3,069
Translation reserve	-	-	-	-	1,110	-	1,110	-	1,110
New issuance of shares	20,431	-	20,431	-	-	-	20,431	-	20,431
Acquisition of non-controlling interest	-	-	-	-	-	-	-	1,787	1,787
Change in equity shareholdings in subsidiary	-	-	-	-	-	(8,850)	(8,850)	(2,897)	(11,747)
<b>At 30 June 2021</b>	<b>124,897</b>	<b>(17,625)</b>	<b>107,272</b>	<b>17,625</b>	<b>515</b>	<b>2,774</b>	<b>128,186</b>	<b>12,630</b>	<b>140,816</b>
<b>Period ended 30 June 2020</b>									
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	-	-	-	-	-	1,343	1,343	1,124	2,467
Translation reserve	-	-	-	-	234	-	234	-	234
Acquisition of non-controlling interest	-	-	-	-	-	-	-	1,470	1,470
<b>At 30 June 2020</b>	<b>104,466</b>	<b>(17,625)</b>	<b>86,841</b>	<b>17,625</b>	<b>98</b>	<b>7,617</b>	<b>112,181</b>	<b>14,736</b>	<b>126,917</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 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.

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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2021**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(These figures have not been audited)

	Period Ended 30 June 2021 RM'000	Period Ended 30 June 2020 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	4,487	2,832
Adjustments for :		
Depreciation of property, plant and equipment	6,414	4,761
Bad debt written off	368	-
Interest income	(19)	(8)
Finance costs	3,675	2,479
Loss on disposal of property, plant and equipment	-	172
Unrealised forex loss/(gain)	392	(1,466)
Share of result of associates	(1,649)	(1,150)
Operating profit before working capital changes	<u>13,668</u>	<u>7,620</u>
Net change in current assets	7,719	70,734
Net change in current liabilities	8,807	(69,583)
Cash from operations	<u>30,194</u>	<u>8,771</u>
Tax paid	(277)	(448)
Tax refund	-	195
<b>Net cash from operating activities</b>	<b><u>29,917</u></b>	<b><u>8,518</u></b>
<b>Cash Flows From Investing Activities</b>		
Interest income received	19	8
Investment in subsidiaries	(11,747)	-
Proceed from disposal of property, plant and equipment	-	24
Purchase of property, plant and equipment	(6,894)	(6,682)
<b>Net cash used in investing activities</b>	<b><u>(18,622)</u></b>	<b><u>(6,650)</u></b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	20,431	-
Proceeds from issuance of shares in subsidiary	1,788	1,470
Purchase of leased liabilities	3,455	381
Repayment of leased liabilities	(1,323)	(449)
Repayment of bank borrowings	(768)	(217)
Repayment of vendor financing	(4,519)	(2,193)
Repayment from/(Advance to) associate company	24	(2)
Finance costs	(3,675)	(2,479)
<b>Net cash from/(used in) financing activities</b>	<b><u>15,413</u></b>	<b><u>(3,489)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>26,708</b>	<b>(1,621)</b>
Cash and cash equivalents at beginning of the period	11,601	8,264
Effect of exchange rate changes on cash and cash equivalent held	22	16
<b>Cash and cash equivalents at end of the period</b>	<b><u>38,331</u></b>	<b><u>6,659</u></b>
Cash and cash equivalents at end of the period comprise :		
Fixed deposit	687	678
Cash and bank balances	37,644	5,981
	<b><u>38,331</u></b>	<b><u>6,659</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 2020 and the accompanying explanatory notes attached to these interim financial statements.

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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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
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***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
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

***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 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.

Ship-to-Ship ("STS") Operations

This involves the provision of STS operations.

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2021 RM'000	Quarter Ended 30 June 2020 RM'000	Period Ended 30 June 2021 RM'000	Period Ended 30 June 2020 RM'000
<b>Segment Revenue</b>				
Oil Trading & Bunkering Services	232,895	71,854	523,224	333,052
Inland Transportation & Logistics	664	232	1,591	1,397
Vessel Management	239	-	526	-
Port Management	3,255	3,130	6,911	3,130
	<u>237,053</u>	<u>75,216</u>	<u>532,252</u>	<u>337,579</u>
<b>Segment Profit Before Tax</b>				
Investment Holding	(1,232)	(866)	(2,674)	(2,025)
Oil Trading & Bunkering Services	1,538	1,360	5,387	4,718
Inland Transportation & Logistics	(631)	(853)	(1,053)	(1,510)
Vessel Management	531	261	1,074	553
Port Management	851	458	1,520	(40)
STS Operations	(1,410)	-	(1,410)	-
Share of result of associate	1,907	710	1,649	1,150
Others	(2)	(11)	(6)	(14)
	<u>1,552</u>	<u>1,059</u>	<u>4,487</u>	<u>2,832</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 30 June 2021, the Company incorporated a new wholly-owned subsidiary known as Straits Bulkera Maritime Sdn Bhd ("SBM") as an investment holding company with an issued and paid-up capital of RM100 comprising 100 ordinary shares of RM1 each. SBM's intended activity is investment holding.

**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 30 June 2021 RM'000	Period Ended 30 June 2020 RM'000
Approved and contracted	<u>6,665</u>	<u>10,419</u>
Approved but not contracted	<u>-</u>	<u>18,772</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 June 2021 RM'000	Quarter Ended 30 June 2020 RM'000	Period Ended 30 June 2021 RM'000	Period Ended 30 June 2020 RM'000
Shipping agency services	264	103	441	241
Launch boat services	100	-	100	-

**A16 Profit before taxation**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2021 RM'000	Quarter Ended 30 June 2020 RM'000	Period Ended 30 June 2021 RM'000	Period Ended 30 June 2020 RM'000
(a) Bad debt written off	32	-	368	-
(b) Interest income	(8)	(6)	(19)	(8)
(c) Finance costs	1,839	1,226	3,675	2,479
(d) Depreciation & amortisation	3,233	2,512	6,414	4,761
(e) (Gain)/loss on disposal of property, plant and equipment	-	(41)	-	172
(f) Foreign exchange (gain) / loss - unrealised	1,584	468	392	(1,466)
- realised	(1,826)	396	(3,706)	(1,054)

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**QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 RM161.9 million to RM237.1 million from RM75.2 million recorded in the corresponding quarter of the previous year. The increase was substantially attributed to the oil trading & bunkering services segment due to the recovery of the maritime industry and global oil price compared to corresponding quarter where the country was in stricter movement control order ("MCO") throughout the quarter. The revenue from this segment increased by RM161.0 million. The inland transportation segment business activity in the current quarter increased as it was allowed for operation for the entire quarter compared to the corresponding quarter which has minimal operation, contributing to an increased revenue of RM0.4 million.

The Group recorded an improved profit before tax ("PBT") of RM0.5 million to RM1.6 million in the current quarter from RM1.1 million in the previous corresponding quarter with port management services and ship management services contributing RM0.4 million and RM0.3 million respectively. However, this increase in PBT was partly offset by an increased finance cost of RM0.6 million due to higher bank borrowing and vendor financing.

The share of profits from its associate company increased by RM1.2 million as compared to the previous corresponding quarter due to economic recovery in North Asia and Greater China region and partially due to China's introduction of incentives to enhance the competitiveness of Chinese fuels in global presence.

**B2 Variation of results against preceding quarter**

	<b>Current Quarter 30 June 2021 RM'000</b>	<b>Preceding Quarter 31 Mar 2021 RM'000</b>	<b>Changes</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	237,053	295,199	(58,146)	(19.7)
PBT	1,552	2,935	(1,383)	(47.1)
Profit after tax ("PAT")	1,140	1,929	(789)	(40.9)
Profit Attributable to Owners of the Parent	1,084	706	378	53.5

The revenue in the current quarter decreased by RM58.1 million to RM237.1 million from RM295.2 million achieved in the preceding quarter mainly due to the decline in the revenue of oil trading & bunkering services by RM57.4 million as a result of stiff competition from China.

The decrease in PBT in the current quarter by RM1.4 million to RM1.6 million compared to the preceding quarter was due to lower margin from the oil trading & bunkering segment as a result of stiff competition faced from the global market especially from China and the inland transportation segment incurring further losses of RM0.2 million. PBT also decreased with the charge out of RM1.4 million pre-operational costs incurred by the STS operation segment. However, the decrease in PBT was partially offset by the improved performance of the port management segment by RM0.2 million. The share of profits from its associate company increased by RM2.2 million being its operating profit as there was no listing expenses charged out in the current quarter as compared to preceding quarter.

### B3 Group's prospects

With the letter of approval ("LOA") received from Marine Department Malaysia for the development of Ship to Ship ("STS") Energy Transhipment Hub to provide and carry out liquid cargo transfer activities, the Group is looking to widening its business coverage into the STS operations. The new business is estimated to commence by fourth quarter of 2021 and the Group aims to be a major player in the Sustainable and Alternative Energy industry in addition to its current fuel bunkering and port operation business.

On 5 July 2021, the Group has announced that its 70% owned subsidiary, Tumpuan Megah Development Sdn Bhd ("TMD"), will be collaborating with Petronas Dagangan Berhad to provide Marine Fuel Oil to vessels within all ports in Malaysia. This collaboration will be value-adding to both parties' to extend its business coverage.

Meanwhile, the COVID-19 pandemic continues to pose challenges to the 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's businesses being classified as essential services, the Group able to continue operating and concurrently complying with the Standard Operating Procedures ("SOP") to ensure the safety and wellness of its employees and also to ensure the continuous growth and smooth execution of its expansion programs.

Nonetheless, the Board of Directors and management of the Company are closely monitoring the impact of this pandemic on the 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	Quarter Ended	Period Ended	Period Ended
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
<b>Income tax</b>				
Current tax	124	8	980	191
Underprovision in prior year	-	-	2	-
	<u>124</u>	<u>8</u>	<u>982</u>	<u>191</u>
Tax on share of associate's profit	288	109	436	174
	<u>412</u>	<u>117</u>	<u>1,418</u>	<u>365</u>

The Group's 26.5% effective tax rate in the current quarter was marginally higher than the statutory tax rate of 24% as lower tax rate of its associate offsetted the provision for taxation for inter-group transactions.

The Group's high effective tax rate of 31.6% in the cumulative quarter was due to provision for taxation on inter-group transactions and non-deductible expenses in associates.

### 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 30 June 2021. There was no purchase or disposal of quoted securities for the current quarter.

**B8 Corporate Exercise**

On 12 July 2021, Victoria STS (Labuan) Sdn. Bhd. (“Victoria”), a 70% indirect-owned subsidiary of Straits Port Management Sdn Bhd, which in turn is a 100% owned subsidiary the Company’s received a LOA from Marine Department Malaysia for the development of a Ship to Ship (“STS”) Energy Transshipment Hub to provide and carry out STS liquid cargo transfer activities for crude oil, marine gas oil, marine diesel oil, marine fuel oil, liquefied natural gas and liquefied petroleum gas within the port limits of Victoria Bay subject to the terms and conditions stated in the LOA.

Save from above, there has been no ongoing 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	-	-	-
	<b>TOTAL</b>	<b>20,431</b>	<b>20,045</b>		<b>386</b>	<b>1.9</b>	

**B10 Group borrowings and debt securities**

	Period Ended 30 June 2021 RM'000	Period Ended 30 June 2020 RM'000
<b>CURRENT</b>		
<b>Secured</b>		
Leased liabilities	3,253	1,238
Term loan	176	-
Banker acceptances	69,992	35,448
	<u>73,421</u>	<u>36,686</u>
<b>NON-CURRENT</b>		
<b>Secured</b>		
Leased liabilities	9,338	3,062
Term loan	824	-
	<u>10,162</u>	<u>3,062</u>
	<u>83,583</u>	<u>39,748</u>

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

The term loan of the Group bears an interest at rate of 6.24% per annum.

The banker acceptances 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, a 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. On 27 April 2021, TMD's solicitor had filed an application to set aside the sealed Order dated 22 March 2021 and the undated Notice of Registration of Foreign Judgement.

On 3 June 2021, TMD's solicitor had filed an Affidavit in Reply in relation to the application to set aside the sealed Order dated 22 March 2021 and the 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 30 June 2021	Quarter Ended 30 June 2020	Period Ended 30 June 2021	Period Ended 30 June 2020
Profit after tax attributable to the owners of the Parent (RM'000)	1,084	319	1,790	1,343
<b>Basic Earnings Per Share</b>				
Weighted Average Number of Ordinary Shares in Issue ('000)	780,790	650,658	738,371	650,658
Basic Earnings Per Share (sen)	<u>0.14</u>	<u>0.05</u>	<u>0.24</u>	<u>0.21</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)	853,020	698,171	803,875	708,651
Diluted Earnings Per Share (sen)	<u>0.13</u>	<u>0.05</u>	<u>0.22</u>	<u>0.19</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 30 August 2021.

**By Order of the Board**

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Dato' Sri Ho Kam Choy  
Group Managing Director  
Kuala Lumpur  
Date : 30 August 2021