

STRAITS ENERGY RESOURCES BERHAD

(f.k.a. STRAITS INTER LOGISTICS BERHAD)

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2021 RM'000	Quarter Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2020 RM'000
Revenue	341,211	161,217	873,463	498,796
Operating profit	2,568	138	9,081	4,299
Finance costs	(1,815)	(1,331)	(5,490)	(3,810)
Share of result of associate	1,191	2,459	2,840	3,609
Profit before tax	1,944	1,266	6,431	4,098
Income tax expense	(437)	(521)	(1,855)	(886)
Profit after taxation	1,507	745	4,576	3,212
Profit attributable to :				
Owners of the Parent	1,789	1,052	3,579	2,395
Non-controlling interest	(282)	(307)	997	817
Profit for the period	1,507	745	4,576	3,212
Basic earnings per share (sen)	0.23	0.16	0.48	0.37
Diluted earnings per share (sen)	0.21	0.15	0.44	0.34
Proposed/Declared Dividend per share (sen)	N/A	N/A	N/A	N/A

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(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 Sept 2021 RM'000	Quarter Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2020 RM'000
Revenue	341,211	161,217	873,463	498,796
Operating expenses	(337,210)	(157,349)	(860,853)	(489,112)
Interest income	10	2	29	10
Other operating income	2,177	(1,136)	6,476	1,962
Depreciation	(3,620)	(2,596)	(10,034)	(7,357)
Operating profit	2,568	138	9,081	4,299
Finance costs	(1,815)	(1,331)	(5,490)	(3,810)
Share of result of associate	1,191	2,459	2,840	3,609
Profit before tax	1,944	1,266	6,431	4,098
Income tax expense	(437)	(521)	(1,855)	(886)
Profit after taxation	1,507	745	4,576	3,212
Other comprehensive income, net of tax	362	(219)	1,472	15
Total comprehensive income for the period	1,869	526	6,048	3,227
Profit attributable to :				
Owners of the Parent	1,789	1,052	3,579	2,395
Non-controlling interest	(282)	(307)	997	817
Profit after taxation	1,507	745	4,576	3,212
Total comprehensive income attributable to :				
Owners of the Parent	2,151	833	5,051	2,410
Non-controlling interest	(282)	(307)	997	817
Total comprehensive income for the period	1,869	526	6,048	3,227
Basic earnings per share (sen)	0.23	0.16	0.48	0.37
Diluted earnings per share (sen)	0.21	0.15	0.44	0.34

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 THIRD QUARTER ENDED 30 SEPTEMBER 2021**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(These figures have not been audited)

	As At 30 Sept 2021 (Unaudited) RM'000	As At 31 Dec 2020 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	132,716	121,343
Goodwill on consolidation	30,559	30,559
Investment in associates	23,453	21,318
Total Non-Current Assets	186,728	173,220
Current Assets		
Inventories	27,151	18,175
Trade receivables	50,344	63,708
Other receivables, deposits & prepaid expenses	46,090	47,441
Tax recoverable	3	301
Amount owing from associate	-	24
Fixed deposits	1,197	682
Cash & bank balances	34,553	10,919
Total Current Assets	159,338	141,250
TOTAL ASSETS	346,066	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	877	(595)
Retained profits	4,563	9,834
Equity Attributable to Owners of the Parent	130,337	113,705
Non-controlling interests	14,595	12,461
Total Equity	144,932	126,166
Non-Current Liabilities		
Other creditors	18,793	24,899
Leased liabilities	8,518	7,824
Bank borrowings	778	-
Deferred tax liabilities	1,118	1,118
Total Non-Current Liabilities	29,207	33,841
Current Liabilities		
Trade payables	44,571	38,031
Other payables and accruals	52,106	42,299
Bank borrowings	71,005	70,898
Leased liabilities	3,270	2,540
Tax liabilities	975	695
Total Current Liabilities	171,927	154,463
Total Liabilities	201,134	188,304
TOTAL EQUITY AND LIABILITIES	346,066	314,470
Net asset per share attributable to Owners of the Parent (sen)	16.69	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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30 Sept 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	-	-	-	-	-	3,579	3,579	997	4,576
Translation reserve	-	-	-	-	1,472	-	1,472	-	1,472
New issuance of shares	20,431	-	20,431	-	-	-	20,431	-	20,431
Acquisition of non-controlling interest	-	-	-	-	-	-	-	4,573	4,573
Change in equity shareholdings in subsidiary	-	-	-	-	-	(8,850)	(8,850)	(2,897)	(11,747)
Dividend paid	-	-	-	-	-	-	-	(539)	(539)
At 30 Sept 2021	124,897	(17,625)	107,272	17,625	877	4,563	130,337	14,595	144,932
Period ended 30 Sept 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	-	-	-	-	-	2,395	2,395	817	3,212
Translation reserve	-	-	-	-	15	-	15	-	15
Acquisition of non-controlling interest	-	-	-	-	-	-	-	1,470	1,470
At 30 Sept 2020	104,466	(17,625)	86,841	17,625	(121)	8,669	113,014	14,429	127,443

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 THIRD QUARTER ENDED 30 SEPTEMBER 2021**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(These figures have not been audited)

	Period Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2020 RM'000
Cash Flows From Operating Activities		
Profit before taxation	6,431	4,098
Adjustments for :		
Depreciation of property, plant and equipment	10,034	7,357
Bad debt written off	368	-
Interest income	(29)	(10)
Finance costs	5,490	3,810
Deposit written off	-	6
Loss on disposal of property, plant and equipment	-	161
Unrealised forex loss/(gain)	2,346	394
Share of result of associates	(2,840)	(3,609)
Operating profit before working capital changes	21,800	12,207
Net change in current assets	6,287	63,443
Net change in current liabilities	11,728	(65,809)
Cash from operations	39,815	9,841
Tax paid	(578)	(541)
Tax refund	-	195
Net cash from operating activities	39,237	9,495
Cash Flows From Investing Activities		
Interest income received	29	10
Investment in subsidiaries	(11,747)	-
Proceed from disposal of property, plant and equipment	-	24
Purchase of property, plant and equipment	(16,819)	(10,559)
Net cash used in investing activities	(28,537)	(10,525)
Cash Flows From Financing Activities		
Acquisition of non-controlling interest	2,786	-
Dividend paid	(539)	-
Proceeds from issuance of shares	20,431	-
Proceeds from issuance of shares in subsidiary	1,787	1,470
Purchase of leased liabilities	3,455	381
Repayment of leased liabilities	(2,127)	(603)
Proceeds from bank borrowings	23	31,373
Repayment of vendor financing	(6,903)	(3,238)
Repayment from/(Advance to) associate company	24	(27)
Finance costs	(5,490)	(3,810)
Net cash from financing activities	13,447	25,546
Net increase in cash and cash equivalents	24,147	24,516
Cash and cash equivalents at beginning of the period	11,601	8,264
Effect of exchange rate changes on cash and cash equivalents held	2	(9)
Cash and cash equivalents at end of the period	35,750	32,771

Cash and cash equivalents at end of the period comprise :

Fixed deposit	1,197	680
Cash and bank balances	34,553	32,091
	<u>35,750</u>	<u>32,771</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.

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	Quarter Ended	Period Ended	Period Ended
	30 Sept 2021 RM'000	30 Sept 2020 RM'000	30 Sept 2021 RM'000	30 Sept 2020 RM'000
<u>Segment Revenue</u>				
Oil Trading & Bunkering Services	337,719	157,353	860,944	490,405
Inland Transportation & Logistics	867	683	2,458	2,080
Vessel Management	285	5	810	5
Port Management	2,340	3,176	9,251	6,306
	<u>341,211</u>	<u>161,217</u>	<u>873,463</u>	<u>498,796</u>
<u>Segment Profit Before Tax</u>				
Investment Holding	(78)	(740)	(2,752)	(2,765)
Oil Trading & Bunkering Services	743	186	6,130	4,904
Inland Transportation & Logistics	(646)	(397)	(1,701)	(1,907)
Vessel Management	537	464	1,612	1,017
Port Management	(47)	(695)	1,474	(735)
STS Operations	253	-	(1,156)	-
Share of result of associate	1,191	2,459	2,840	3,609
Others	(9)	(11)	(16)	(25)
	<u>1,944</u>	<u>1,266</u>	<u>6,431</u>	<u>4,098</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

There has been no material change in the composition of the Group during the financial quarter under review.

A13 Contingencies

There were no contingent liabilities or contingent assets arising since 31 December 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 Sept 2021 RM'000	Period Ended 30 Sept 2020 RM'000
Approved and contracted	<u>30,954</u>	<u>6,075</u>
Approved but not contracted	<u>804</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 30 Sept 2021 RM'000	Quarter Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2020 RM'000
Shipping agency services	1,108	193	1,549	434
Launch boat services	83	-	183	-

A16 Profit before taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2021 RM'000	Quarter Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2020 RM'000
(a) Bad debt written off	-	-	368	-
(b) Interest income	(10)	(2)	(29)	(10)
(c) Finance costs	1,815	1,331	5,490	3,810
(d) Depreciation & amortisation	3,620	2,596	10,034	7,357
(e) (Gain)/loss on disposal of property, plant and equipment	-	(11)	-	161
(f) Foreign exchange (gain) / loss - unrealised	1,954	1,860	2,346	394
- realised	(2,839)	(265)	(6,545)	(1,319)

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance

The Group's revenue in the current quarter surged by RM180.0 million to RM341.2 million, from RM161.2 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 prices compared to corresponding quarter. The revenue from this segment itself increased by RM161.0 million.

The Group recorded an improved profit before tax ("PBT") of RM0.7 million to RM1.9 million in the current quarter from RM1.3 million in the previous corresponding quarter. The improvement was from the port management segment as a loss of RM0.7 million was incurred in the previous corresponding quarter, whereby an initial setup cost of RM0.5 million was charged out.

In addition, the PBT contribution from the oil trading and bunkering services segment in the current quarter improved to RM0.74 million, from RM0.19 million achieved in the corresponding quarter of the previous year as result of the increase in revenue.

B2 Variation of results against preceding quarter

	Current Quarter 30 Sept 2021 RM'000	Preceding Quarter 30 June 2021 RM'000	Changes RM'000	%
Revenue	341,211	237,053	104,158	43.9
PBT	1,944	1,552	392	25.3
Profit after tax ("PAT")	1,507	1,140	367	32.2
Profit Attributable to Owners of the Parent	1,789	1,084	705	65.0

The revenue in the current quarter increased by RM104.1 million to RM341.2 million from RM237.1 million achieved in the preceding quarter mainly due to the oil trading & bunkering services segment expanding its footprint into Port Klang, increase in global oil prices and the continuous recovery in the maritime industry.

The increase in PBT in the current quarter by RM0.4 million to RM1.9 million compared to the preceding quarter was due to pre-operational costs amounting to RM1.4 million incurred by the STS operation that eroded the profits generated by the oil trading and bunkering services, vessel management and port management segments in the 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 Transshipment 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 December 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 the other hand, the Group has on 25 October 2021 announced the proposed acquisition of 90% equity interest in Sinar Maju Logistik Sdn Bhd ("Sinar Maju") and the proposed granting by the vendor to Straits of a call option to acquire 10% equity interest in Sinar Maju. This proposed acquisition will be a horizontal expansion of the Group's

port operation and facility management services, which will allow the Group to offer a broader range of related services within the port operation, logistics and transportation sector to provide additional value to clients and enhance the revenue and earnings of Straits Group.

As 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.

With the majority of the Group's businesses being classified as essential services, the Group is 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.

B4 Profit forecast and profit guarantee

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

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2021 RM'000	Quarter Ended 30 Sept 2020 RM'000	Period Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2020 RM'000
Income tax				
Current tax	168	86	1,148	277
Underprovision in prior year	-	45	2	45
	<u>168</u>	<u>131</u>	<u>1,150</u>	<u>322</u>
Tax on share of associate's profit	269	390	705	564
	<u>437</u>	<u>521</u>	<u>1,855</u>	<u>886</u>

The Group's 22.5% effective tax rate in the current quarter was marginally lower than the statutory tax rate of 24% due to lower tax rate of its associate and offsetted by the provision for taxation for inter-group transactions.

The Group's high effective tax rate of 28.8% in the cumulative quarter was due to provision for taxation on inter-company 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 Sept 2021. There was no purchase or disposal of quoted securities for the current quarter.

B8 Corporate Exercise

Victoria STS (Labuan) Sdn. Bhd. ("Victoria"), a 70% owned subsidiary of Fajar Maritime and Logistics Sdn Bhd, which in turn is a 60% owned indirect subsidiary of the Company had on 12 July 2021 received a Letter of approval ("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. As Victoria had successfully fulfilled all the terms and conditions imposed by the Marine Department Malaysia in its LOA, the Marine Department Malaysia had on 30 July 2021 issued a letter stating no objections to the commencement of activities by Victoria for a duration of five (5) years commencing from 30 July 2021 to 29 July 2026.

On 25 October 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 ("Proposed Private Placement");
- (ii) An acquisition of 270,000 ordinary shares in Sinar Maju Logistik Sdn Bhd ("Sinar Maju") ("Sale Share(s)"), representing 90% equity interest in Sinar Maju, from Tan Sri Mohd Bakri Bin Mohd Zinin ("Tan Sri Mohd Bakri" or the "Vendor") for a purchase consideration of RM16,380,000 ("Purchase Consideration") to be satisfied entirely via cash ("Proposed Acquisition");
- (iii) The granting by the Vendor to Straits of a call option ("Call Option") for Straits to acquire all the remaining ordinary shares in Sinar Maju ("Sinar Maju Share(s)") to be held by the Vendor after the completion of the Proposed Acquisition ("Call Options Share(s)"), representing 10% equity interest in Sinar Maju, for a purchase consideration of RM1,820,000 ("Call Option Price") to be satisfied entirely via cash in a single transaction by serving a written notice to the Vendor ("Call Option Notice") ("Proposed Call Option").

The Proposed Private Placement, Proposed Acquisition and Proposed Call Option are collectively referred to as the "Proposals". The application pursuant to the Proposals had been submitted to Bursa Malaysia Securities Berhad on 8 November 2021.

Save for the 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 Completed on 1 March 2021

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	8,386	Fully utilised	-	-	-
3	Defray estimated expenses	330	330	Fully utilised	-	-	-
	TOTAL	20,431	20,431		-	-	

B10 Group borrowings and debt securities

	Period Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2020 RM'000
CURRENT		
Secured		
Leased liabilities	3,270	1,228
Term loan	179	-
Banker acceptances	70,826	67,038
	<u>74,275</u>	<u>68,266</u>
NON-CURRENT		
Secured		
Leased liabilities	8,518	2,918
Term loan	778	-
	<u>9,296</u>	<u>2,918</u>
	<u>83,571</u>	<u>71,184</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 proceedings between ING Bank N.V ("ING" or "First Claimant"), O.W. Bunker Far East (Singapore) Pte Ltd ("OWBFE" or "Second Claimant"), collectively referred to as the "Claimants" and Tumpuan Megah Development Sdn Bhd ("TMD" or the "Respondent")

The Claimants alleged that on 19 December 2013, a series of financing agreements were entered to 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 Judgment for USD937,353.24 with interest and cost of which TMD has disputed jurisdiction.

TMD is taking steps to strenuously resist this attempt to enforce an invalid arbitration award issued without jurisdiction. On 27 April 2021, TMD's solicitors had filed an application to set aside the sealed Order dated 22 March 2021 and undated Notice of Registration of Foreign Judgment. On 3 June 2021, TMD's solicitors 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 Judgment.

Notwithstanding the aforesaid, the vendor of TMD in the initial acquisition of TMD by Straits (i.e. Raja Ismail bin Raja Mohamed) via an irrevocable personal guarantee dated 30 April 2020 had undertaken to indemnify Straits against the liabilities of TMD arising from the arbitration and to promptly pay such liabilities upon receipt of a payment demand from Straits and accordingly, no provision 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 Sept 2021	Quarter Ended 30 Sept 2020	Period Ended 30 Sept 2021	Period Ended 30 Sept 2020
Profit after tax attributable to the owners of the Parent (RM'000)	1,789	1,052	3,579	2,395
Basic Earnings Per Share				
Weighted Average Number of Ordinary Shares in Issue ('000)	780,790	650,658	752,666	650,658
Basic Earnings Per Share (sen)	<u>0.23</u>	<u>0.16</u>	<u>0.48</u>	<u>0.37</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)	844,813	699,218	817,682	705,701
Diluted Earnings Per Share (sen)	<u>0.21</u>	<u>0.15</u>	<u>0.44</u>	<u>0.34</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 25 November 2021.

By Order of the Board

Dato' Sri Ho Kam Choy
Group Managing Director
Kuala Lumpur
Date : 25 November 2021