

STRAITS ENERGY RESOURCES BERHAD

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

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Mar 2022 RM'000	Quarter Ended 31 Mar 2021 RM'000	Period Ended 31 Mar 2022 RM'000	Period Ended 31 Mar 2021 RM'000
Revenue	641,709	295,199	641,709	295,199
Operating profit	2,114	5,029	2,114	5,029
Finance costs	(1,799)	(1,836)	(1,799)	(1,836)
Share of result of associate	1,304	(258)	1,304	(258)
Profit before tax	1,619	2,935	1,619	2,935
Income tax expense	(1,018)	(1,006)	(1,018)	(1,006)
Profit after taxation	601	1,929	601	1,929
Profit attributable to :				
Owners of the Parent	1,060	706	1,060	706
Non-controlling interest	(459)	1,223	(459)	1,223
Profit for the period	601	1,929	601	1,929
Basic earnings per share (sen)	0.13	0.10	0.13	0.10
Diluted earnings per share (sen)	0.12	0.09	0.12	0.09
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 FIRST QUARTER ENDED 31 MARCH 2022
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 2022 RM'000	Quarter Ended 31 Mar 2021 RM'000	Period Ended 31 Mar 2022 RM'000	Period Ended 31 Mar 2021 RM'000
Revenue	641,709	295,199	641,709	295,199
Operating expenses	(636,070)	(290,339)	(636,070)	(290,339)
Interest income	19	11	19	11
Other operating income	608	3,339	608	3,339
Depreciation	(4,152)	(3,181)	(4,152)	(3,181)
Operating profit	2,114	5,029	2,114	5,029
Finance costs	(1,799)	(1,836)	(1,799)	(1,836)
Share of result of associate	1,304	(258)	1,304	(258)
Profit before tax	1,619	2,935	1,619	2,935
Income tax expense	(1,018)	(1,006)	(1,018)	(1,006)
Profit after taxation	601	1,929	601	1,929
Other comprehensive income, net of tax	472	1,164	472	1,164
Total comprehensive income for the period	1,073	3,093	1,073	3,093
Profit attributable to :				
Owners of the Parent	1,060	706	1,060	706
Non-controlling interest	(459)	1,223	(459)	1,223
Profit after taxation	601	1,929	601	1,929
Total comprehensive income attributable to :				
Owners of the Parent	1,382	1,870	1,382	1,870
Non-controlling interest	(309)	1,223	(309)	1,223
Total comprehensive income for the period	1,073	3,093	1,073	3,093
Basic earnings per share (sen)	0.13	0.10	0.13	0.10
Diluted earnings per share (sen)	0.12	0.09	0.12	0.09

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 2021 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 FIRST QUARTER ENDED 31 MARCH 2022**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(These figures have not been audited)

	As At 31 Mar 2022 (Unaudited) RM'000	As At 31 Dec 2021 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	157,700	157,216
Goodwill on consolidation	30,559	30,559
Investment in associates	26,605	25,562
Total Non-Current Assets	214,864	213,337
Current Assets		
Inventories	50,592	37,900
Trade receivables	65,493	52,220
Other receivables, deposits & prepaid expenses	69,120	96,541
Tax recoverable	3	342
Fixed deposits	1,203	500
Cash & bank balances	14,620	46,599
Total Current Assets	201,031	234,102
TOTAL ASSETS	415,895	447,439
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	139,845	124,897
Other reserve	(16,468)	(17,625)
Warrant reserve	16,468	17,625
Forex currency translation reserve	975	653
Retained profits	6,373	5,313
Equity Attributable to Owners of the Parent	147,193	130,863
Non-controlling interests	14,052	14,361
Total Equity	161,245	145,224
Non-Current Liabilities		
Other creditors	18,914	22,115
Leased liabilities	8,612	8,930
Bank borrowings	732	732
Deferred tax liabilities	4,544	4,544
Total Non-Current Liabilities	32,802	36,321
Current Liabilities		
Trade payables	38,806	91,555
Other payables and accruals	107,382	98,975
Bank borrowings	70,878	70,875
Leased liabilities	3,192	3,211
Tax liabilities	1,590	1,278
Total Current Liabilities	221,848	265,894
Total Liabilities	254,650	302,215
TOTAL EQUITY AND LIABILITIES	415,895	447,439
Net asset per share attributable to Owners of the Parent (sen)	16.68	16.77

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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 2022									
At 1 January 2022	124,897	(17,625)	107,272	17,625	653	5,313	130,863	14,361	145,224
Profit for the period	-	-	-	-	-	1,060	1,060	(459)	601
Translation reserve	-	-	-	-	322	-	322	150	472
New issuance of shares	13,792	-	13,792	-	-	-	13,792	-	13,792
Conversion of warrant	1,156	1,156	2,312	(1,156)	-	-	1,156	-	1,156
At 31 March 2022	139,845	(16,469)	123,376	16,469	975	6,373	147,193	14,052	161,245
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

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 2021 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 FIRST QUARTER ENDED 31 MARCH 2022**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(These figures have not been audited)

	Period Ended 31 Mar 2022 RM'000	Period Ended 31 Mar 2021 RM'000
Cash Flows From Operating Activities		
Profit before taxation	1,619	2,935
Adjustments for :		
Depreciation of property, plant and equipment	4,152	3,181
Bad debt written off	-	336
Interest income	(19)	(11)
Finance costs	1,799	1,836
Impairment loss on receivables	289	-
Unrealised forex gain	(628)	(1,192)
Share of result of associates	(1,304)	258
Operating profit before working capital changes	<u>5,908</u>	<u>7,343</u>
Net change in current assets	1,119	4,948
Net change in current liabilities	(44,354)	3,190
Cash (used in)/from operations	<u>(37,327)</u>	<u>15,481</u>
Tax paid	(218)	(92)
Tax refund	109	-
Net cash (used in)/generated from operating activities	<u>(37,436)</u>	<u>15,389</u>
Cash Flows From Investing Activities		
Acquisition of non-controlling interest	-	(11,750)
Interest income received	19	11
Purchase of property, plant and equipment	(3,178)	(2,123)
Net cash used in investing activities	<u>(3,159)</u>	<u>(13,862)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of shares	14,949	20,431
Purchase of leased liabilities	-	776
Repayment of leased liabilities	(641)	(672)
Proceeds from/(Repayment to) bank borrowings	3	(1,092)
Repayment of vendor financing	(3,188)	(2,241)
Advance to associate company	-	(5)
Finance costs	(1,799)	(1,836)
Net cash generated from financing activities	<u>9,324</u>	<u>15,361</u>
Net (decrease)/increase in cash and cash equivalents	<u>(31,271)</u>	<u>16,888</u>
Cash and cash equivalents at beginning of the period	47,099	11,601
Effect of exchange rate changes on cash and cash equivalents held	(5)	19
Cash and cash equivalents at end of the period	<u>15,823</u>	<u>28,508</u>
Cash and cash equivalents at end of the period comprise :		
Fixed deposit	1,203	684
Cash and bank balances	14,620	27,824
	<u>15,823</u>	<u>28,508</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 2021 and the accompanying explanatory notes attached to these interim financial statements.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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 2021. 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 2021.

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 2021, and for the following standards and interpretation which became effective on 1 January 2022:

Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018–2020	

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

Effective for financial periods beginning on or after 1 January 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 estimate 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 9 February 2022, 59,000 of Warrants were exercised at an exercise price of RM0.115 per Warrant for every one new ordinary share of Straits. The issued and paid-up share capital of the Company was increased from RM124,895,843 to RM124,902,628.

On 18 February 2022, the issued and paid-up share capital of the Company was increased from RM124,902,628 to RM138,694,968 by way of issuance of 91,340,000 new ordinary shares at RM0.151 each for a Private Placement exercise.

On 18 March 2022, 10,000,000 of Warrants were exercised at an exercise price of RM0.115 per Warrant for every one new ordinary share of Straits. The issued and paid-up share capital of the Company was increased from RM138,694,968 to RM139,844,968.

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

On 22 April 2022, the Board of Directors approved and declared a final single tier dividend of 0.2 sen per ordinary share for the financial year ended 31 December 2021 to be payable on 18 July 2022.

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.

Vessels Management

This involves the provision of the vessel and marine management services.

Port Operation & Management

This involves the provision of Labuan Port management services.

Ship-to-Ship ("STS") Operation

This involves the provision of STS operation.

BUSINESS SEGMENTS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31 Mar 2022 RM'000	31 Mar 2021 RM'000	31 Mar 2022 RM'000	31 Mar 2021 RM'000
<u>Segment Revenue</u>				
Oil Trading & Bunkering Services	637,766	290,331	637,766	290,331
Inland Transportation & Logistics	1,323	926	1,323	926
Vessels Management	(108)	286	(108)	286
Port Operation & Management	2,728	3,656	2,728	3,656
	<u>641,709</u>	<u>295,199</u>	<u>641,709</u>	<u>295,199</u>
<u>Segment Profit Before Tax</u>				
Investment Holding	(1,431)	(1,442)	(1,431)	(1,442)
Oil Trading & Bunkering Services	3,899	3,849	3,899	3,849
Inland Transportation & Logistics	(502)	(424)	(502)	(424)
Vessels Management	460	544	460	544
Port Operation & Management	(216)	669	(216)	669
STS Operation	(1,636)	-	(1,636)	-
Share of result of associate	1,304	(258)	1,304	(258)
Others	(259)	(3)	(259)	(3)
	<u>1,619</u>	<u>2,935</u>	<u>1,619</u>	<u>2,935</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 1 April 2022, the Company completed the acquisition of 270,000 ordinary shares of Sinar Maju Logistik Sdn Bhd ("SML"), representing 90% equity interest in SML for a purchase consideration of RM16,380,000 and the granting by the vendor to the Company of a call option to acquire all the remaining ordinary shares, representing 10% equity interest for a purchase consideration of RM1,820,000 to be satisfied entirely via cash.

On 21 April 2022, Straits Marine Fuels & Energy Sdn Bhd, being a 67%-owned subsidiary of Straits, incorporated a wholly-owned subsidiary, SMF Cero Ltd 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.

On 28 April 2022, the Company incorporated a new wholly-owned subsidiary known as Straits Management Services Sdn Bhd under with an issued and paid-up capital of RM100 comprising 100 ordinary shares of RM1 each.

Save as disclosed above, there has been no other 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 2021.

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 2022 RM'000	Period Ended 31 Mar 2021 RM'000
Approved and contracted	<u>10,772</u>	<u>6,174</u>
Approved but not contracted	<u>983</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 2022 RM'000	Quarter Ended 31 Mar 2021 RM'000	Period Ended 31 Mar 2022 RM'000	Period Ended 31 Mar 2021 RM'000
Shipping agency services	797	177	797	177
Launch boat services	65	-	65	-
Provision of fresh water	<u>(11)</u>	<u>-</u>	<u>(11)</u>	<u>-</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 2022 RM'000	Quarter Ended 31 Mar 2021 RM'000	Period Ended 31 Mar 2022 RM'000	Period Ended 31 Mar 2021 RM'000
(a) Bad debt written off	-	336	-	336
(b) Depreciation & amortisation	4,152	3,181	4,152	3,181
(c) Finance costs	1,799	1,836	1,799	1,836
(d) Interest income	(19)	(11)	(19)	(11)
(e) Impairment loss on receivables	289	-	289	-
(f) Foreign exchange (gain) / loss - unrealised	(628)	(1,192)	(628)	(1,192)
- realised	126	(1,880)	126	(1,880)

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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 RM346.5 million to RM641.7 million, from RM295.2 million recorded in the corresponding quarter of the previous year. The increase was mainly contributed by the oil trading & bunkering services segment of RM347.5 million as a result of its market expansion into Port Klang, besides riding on the recovery in the maritime industry and rising global oil prices. However lower revenue was generated by our port operation & management segment, which decreased by RM0.9 million, due to lesser vessels calling during the quarter.

The Group profit before tax ("PBT") decreased by RM1.3 million to RM1.6 million in the current quarter from RM2.9 million in the previous corresponding quarter. This was mainly due the port operation & management segment churning in RM0.9 million lesser in revenue, and the STS segment incurring a RM1.6 million loss in initial setup cost, despite its associate contributing a profit of RM1.3 million.

Meanwhile, the STS segment had successfully completed its maiden STS transfer on 10 May 2022, in a strategic collaboration with Fendercare Marine (Asia Pacific) Pte Ltd.

B2 Variation of results against preceding quarter

	Current Quarter 31 Mar 2022 RM'000	Preceding Quarter 31 Dec 2021 RM'000	Changes	
			RM'000	%
Revenue	641,709	445,560	196,149	44.0
Profit Before Tax	1,619	3,245	(1,626)	(50.1)
Profit/(Loss) After Tax ("PAT")	601	(400)	1,001	250.3
Profit Attributable to Owners of the Parent	1,060	723	337	46.6

The revenue in the current quarter stood at RM641.7 million, an increase of RM196.1 million from RM445.6 million achieved in the preceding quarter mainly due to the oil trading & bunkering services segment registering an increase of RM197.0 million. The increase was due to rising of global oil prices and the continuous recovery in the maritime industry.

The PBT in the current quarter decreased by RM1.6 million to RM1.6 million from RM3.2 million in the preceding quarter, as the PBT of the oil and bunkering services segment decreased by RM0.7 million and the associate dropped by RM0.7 million on the back of significant increase in fuel cost price during the current quarter under review, while the telecommunication & networking segment had incurred an initial start-up cost of RM0.2 million.

B3 Group's prospects

The Group had on 1 April 2022 announced the completion of acquisition of 90% equity interest in Sinar Maju Logistik Sdn Bhd ("Sinar Maju"). This 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.

The Company, via its 70% indirect-owned subsidiary, Straits CommNet Solutions Sdn Bhd ("SCS") is mobilising its resources to participate in the vast business opportunities of the 4G and 5G network solution rollout and the digitalization transformation of the port, oil and gas industry through the Smart Technologies and Internet of Things ("IoT") in Malaysia and regionally.

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.

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 2022 RM'000	Quarter Ended 31 Mar 2021 RM'000	Period Ended 31 Mar 2022 RM'000	Period Ended 31 Mar 2021 RM'000
Income tax				
Current tax	766	856	766	856
Underprovision in prior year	-	2	-	2
	<u>766</u>	<u>858</u>	<u>766</u>	<u>858</u>
Tax on share of associate's profit	261	148	261	148
	<u>1,018</u>	<u>1,006</u>	<u>1,018</u>	<u>1,006</u>

The Group's high effective tax rate of 62.9% in the current quarter was mainly due to the non-allowable expenses incurred in current quarter and provision for taxation for inter-group transactions, partially offset by the lower tax rate of its associate.

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 2022. There was no purchase or disposal of quoted securities for the current quarter.

B8 Corporate Exercise

On 7 April 2022, the Company had proposed to consolidate every 2 existing ordinary shares held by the shareholders of Straits into 1 Share, on an entitlement date to be determined and announced later. This proposal has been approved by Bursa on 29 April 2022 and is now pending shareholders' approval at the Company's forthcoming Annual General Meeting on 23 June 2022.

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 first tranche of Private Placement on 18 February 2022

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 SML	13,790	13,790	Fully utilised	-	-	-
	TOTAL	13,790	13,790		-	-	

B10 Group borrowings and debt securities

	Period Ended 31 Mar 2022 RM'000	Period Ended 31 Mar 2021 RM'000
CURRENT		
Secured		
Leased liabilities	3,192	2,333
Term loan	137	-
Banker acceptances	70,741	70,667
	<u>74,070</u>	<u>73,000</u>
NON-CURRENT		
Secured		
Leased liabilities	8,612	8,135
Term loan	732	-
	<u>9,344</u>	<u>8,135</u>
	<u>83,414</u>	<u>81,135</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. 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.

The High Court Judge dismissed the application for issues to be tried and TMD has since filed an Appeal against this decision. TMD has also since applied to stay the proceedings pending disposal of the Appeal and the application for stay of proceedings is fixed for case management on 26 January 2022.

The hearing for stay of Setting Aside Application pending the Appeal was held and stay was granted. The record of Appeal was duly filed on 18 March 2022 and Case Management for the Appeal is fixed for 2 June 2022 to update the filing of Grounds of Judgement and Notes of Proceedings, if made available.

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 2022	Quarter Ended 31 Mar 2021	Period Ended 31 Mar 2022	Period Ended 31 Mar 2021
Profit after tax attributable to the owners of the Parent (RM'000)	1,060	706	1,060	706
Basic Earnings Per Share				
Weighted Average Number of Ordinary Shares in Issue ('000)	828,783	695,481	828,783	695,481
Basic Earnings Per Share (sen)	<u>0.13</u>	<u>0.10</u>	<u>0.13</u>	<u>0.10</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)	867,427	753,043	867,427	753,043
Diluted Earnings Per Share (sen)	<u>0.12</u>	<u>0.09</u>	<u>0.12</u>	<u>0.09</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 26 May 2022.

By Order of the Board

Dato' Sri Ho Kam Choy
Group Managing Director
Kuala Lumpur
Date : 26 May 2022