

ooctoberSTRAITS ENERGY RESOURCES BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2023	Quarter Ended 31 Dec 2022	Year Ended 31 Dec 2023 (unaudited)	Year Ended 31 Dec 2022 (audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	962,351	735,130	2,917,391	3,110,751
Operating profit/ (loss)	8,659	(4,136)	22,789	12,720
Finance costs	(2,746)	(2,796)	(11,040)	(9,354)
Share of result of associate	(190)	5,222	2,529	6,650
Profit/ (loss) before tax	5,723	(1,710)	14,278	10,016
Income tax (expense)/ credit	(4,290)	1,918	(7,485)	(3,068)
Profit after taxation	1,433	208	6,793	6,948
Profit attributable to :				
Owners of the Parent	2,289	319	7,527	6,158
Non-controlling interest	(856)	(111)	(734)	790
Profit for the period/ year	1,433	208	6,793	6,948
Basic earnings per share (sen)	0.23	0.03	0.84	0.69
Proposed/Declared Dividend per share (sen)	N/A	N/A	N/A	N/A

STRAITS ENERGY RESOURCES BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2023	Quarter Ended 31 Dec 2022	Year Ended 31 Dec 2023 (unaudited)	Year Ended 31 Dec 2022 (audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	962,351	735,130	2,917,391	3,110,751
Operating expenses	(945,884)	(726,248)	(2,878,128)	(3,083,018)
Interest income	20	19	86	70
Other operating income	(1,149)	(7,684)	9,158	3,890
Depreciation	(6,679)	(5,353)	(25,718)	(18,973)
Operating profit/ (loss)	8,659	(4,136)	22,789	12,720
Finance costs	(2,746)	(2,796)	(11,040)	(9,354)
Share of result of associate	(190)	5,222	2,529	6,650
Profit/ (Loss) before tax	5,723	(1,710)	14,278	10,016
Income tax (expense)/ credit	(4,290)	1,918	(7,485)	(3,068)
Profit after taxation	1,433	208	6,793	6,948
Other comprehensive income, net of tax	(2,313)	(3,331)	3,956	4,516
Total comprehensive income for the quarter/year	(880)	(3,123)	10,749	11,464
Profit attributable to :				
Owners of the Parent	2,289	319	7,527	6,158
Non-controlling interest	(856)	(111)	(734)	790
Profit after taxation	1,433	208	6,793	6,948
Owners of the Parent	1,702	(1,769)	11,030	9,369
Non-controlling interest	(2,582)	(1,354)	(281)	2,095
Total comprehensive income for the quarter/year	(880)	(3,123)	10,749	11,464
Basic earnings per share (sen)	0.23	0.03	0.84	0.69
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

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 2022 and the accompanying explanatory notes attached to the interim financial statements.
- 2) Certain comparative figures have been reclassified to conform to the current quarter's presentation.

STRAITS ENERGY RESOURCES BERHAD
(Company No.: 199601040053 (412406-T))
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	As At 31 Dec 2023 (Unaudited) RM'000	As At 31 Dec 2022 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	187,109	181,805
Goodwill on consolidation	47,407	46,344
Investment in associates	30,722	31,647
Other receivables	5,463	3,129
Total Non-Current Assets	270,701	262,925
Current Assets		
Inventories	76,005	45,658
Trade receivables	112,933	38,199
Contract assets	2,233	-
Other receivables, deposits & prepaid expenses	299,422	156,063
Tax recoverable	67	232
Fixed deposits	1,789	4,511
Cash & bank balances	26,771	56,317
Total Current Assets	519,220	300,980
TOTAL ASSETS	789,921	563,905
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	152,495	146,740
Forex currency translation reserve	7,546	4,044
Retained profits	14,204	8,887
Equity Attributable to Owners of the Parent	174,245	159,671
Non-controlling interests	18,430	17,338
Total Equity	192,675	177,009
Non-Current Liabilities		
Other creditors	-	10,447
Leased liabilities	8,800	6,326
Bank borrowings	4,089	8,395
Deferred tax liabilities	163	193
Total Non-Current Liabilities	13,052	25,361
Current Liabilities		
Trade payables	91,785	93,351
Contract liabilities	-	57
Other payables and accruals	371,961	148,596
Bank borrowings	112,262	113,580
Leased liabilities	5,574	3,486
Tax liabilities	2,612	2,465
Total Current Liabilities	584,194	361,535
Total Liabilities	597,246	386,896
TOTAL EQUITY AND LIABILITIES	789,921	563,905
Net asset per share attributable to Owners of the Parent (sen)	17.52	16.95

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 2022 and the accompanying explanatory notes attached to these interim financial statements.

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STRAITS ENERGY RESOURCES BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(These figures have not been audited)

	-----> Attributable to Owners of the Parent <----->					Retained Profits	Total	Non-Controlling Interest ("NCI")	Total Equity
	-----> Non-Distributable <----->			Warrant Reserve	Forex Currency Translation Reserve				
	Share Capital	Other Reserve*	Sub-Total						
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2023	146,740	-	146,740	-	4,044	8,887	159,671	17,338	177,009
Profit for the year	-	-	-	-	-	7,527	7,527	(734)	6,793
Translation reserve	-	-	-	-	3,502	-	3,502	454	3,956
New issuance of shares	5,755	-	5,755	-	-	-	5,755	-	5,755
Acquisition of subsidiaries	-	-	-	-	-	-	-	(112)	(112)
Acquisition of NCI	-	-	-	-	-	538	538	(116)	422
Capital contribution from NCI	-	-	-	-	-	-	-	1,600	1,600
Dilution in investment in associate	-	-	-	-	-	(2,748)	(2,748)	-	(2,748)
At 31 Dec 2023	152,495	-	152,495	-	7,546	14,204	174,245	18,430	192,675
At 1 January 2022	124,897	(17,625)	107,272	17,625	653	5,313	130,863	14,361	145,224
Profit for the year	-	-	-	-	-	6,158	6,158	790	6,948
Translation reserve	-	-	-	-	3,211	-	3,211	1,305	4,516
New issuance of shares	13,792	-	13,792	-	-	-	13,792	-	13,792
Conversion of warrant	8,051	8,051	16,102	(8,051)	-	-	8,051	-	8,051
Expiry of Warrant	-	9,574	9,574	(9,574)	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	(354)	(354)
Acquisition of NCI	-	-	-	-	-	-	-	-	-
Capital contribution from NCI	-	-	-	-	-	-	-	2,387	2,387
Dividend paid	-	-	-	-	-	(1,764)	(1,764)	-	(1,764)
Changes in equity shareholdings in subsidiary	-	-	-	-	180	(820)	(640)	(1,151)	(1,791)
At 31 Dec 2022	146,740	-	146,740	-	4,044	8,887	159,671	17,338	177,009

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 2022 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.

STRAITS ENERGY RESOURCES BERHAD

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(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(These figures have not been audited)

	Year Ended 31 Dec 2023 RM'000 (unaudited)	Year Ended 31 Dec 2022 RM'000 (audited)
Cash Flows From Operating Activities		
Profit before taxation	14,278	10,016
Adjustments for :		
(Reversal)/allowance for expected credit losses on trade receivables	(294)	5,325
Depreciation of property, plant and equipment	25,718	18,973
Bad debt written off	31	623
Deposits written off	1,243	-
Goodwill written off	-	1
Gain on acquisition of subsidiaries	(5)	-
Gain on insurance compensation for property, plant and equipment	-	(3)
Gain on disposal of property, plant and equipment	(188)	-
Fair value adjustment on other receivable	-	643
Interest income	(86)	(70)
Interest expense	11,040	9,354
Property, plant and equipment written off	12	233
Unrealised forex loss/(gain) on foreign exchange	(3,172)	623
Share of results of associates	(2,529)	(6,649)
	<hr/>	<hr/>
Operating profit before working capital changes	46,048	39,069
Net change in current assets	(253,626)	(60,174)
Net change in current liabilities	226,465	46,290
	<hr/>	<hr/>
Cash from operations	18,887	25,185
Tax paid	(6,420)	(4,685)
Tax refund	12	114
	<hr/>	<hr/>
Net cash generated from operating activities	12,479	20,614
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Cash Flows From Investing Activities		
Acquisition of associates	(20)	-
Interest income received	76	70
Net cash outflow from acquisition of subsidiaries	(658)	(14,242)
Net cash inflow/ (outflow) for increased equity interest in a subsidiary	422	(1,791)
Purchase of property, plant and equipment	(23,466)	(30,890)
Proceeds from disposal of property, plant and equipment	149	-
Placement of fixed deposit pledged	(650)	-
	<hr/>	<hr/>
Net cash used in investing activities	(24,147)	(46,853)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Proceeds from issuance of shares	5,755	13,792
Proceed from exercise of warrant	-	8,051
(Repayment to)/ advances from directors	(473)	193
Net drawdown/ (repayment) of Tawarruq working capital financing-i	(518)	40,038
Drawdown / (repayment) of bank borrowings	1,726	4,353
Dividend paid	-	(1,764)
Repayment of vendor financing	(13,424)	(13,670)
Finance costs	(11,040)	(8,705)
Repayment of lease liabilities	(3,471)	(3,394)
Capital contribution from non-controlling interest of a subsidiary	1,600	2,387
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(19,845)	41,281
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Net (decrease)/ increase in cash and cash equivalents	(31,513)	15,042
Cash and cash equivalents at beginning of the year	59,789	46,599
Effect of exchange rate changes on cash and cash equivalents held	(1,927)	(1,852)
Cash and cash equivalents at end of the year	26,349	59,789
Cash and cash equivalents at end of the period comprise :		
Fixed deposits	1,789	4,511
Cash and bank balances	26,771	56,317
Less : Bank overdraft	(433)	(539)
Fixed deposit pledged	(1,778)	(500)
	26,349	59,789

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 2022 and the accompanying explanatory notes attached to these interim financial statements.

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STRAITS ENERGY RESOURCES BERHAD

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(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

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 2022. 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 2022.

A2 Significant accounting policies

The financial statements of the Group and of the company 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 Group of the company have also considered the new accounting pronouncements in the preparation of the financial statements.

Accounting pronouncements that are effective and adopted during the financial year

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9- Comparative Information
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

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and the company.

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 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendment to MFRS 101	Non current Liabilities with Covenants
Amendment to MFRS 107 and MFRS 7	Disclosure : Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability
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A2 Significant accounting policies (cont'd)

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 Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial period. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon initial application.

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

Save for the issuance of 52,319,478 new ordinary shares of Straits which was listed and quoted on 1 December 2023, amounting to RM5,755,142.58 pursuant to the first tranche of the Private Placement of up to 10% of the total number of issued share of Straits announced on 20 October 2023, there were no other issuances, cancellations, repurchases, resale and/ or repayment of debt and equity securities for the period under review.

A8 Dividends

There is no dividend proposed in the current quarter.

A9 Segment information

The Group's business has been segregated into the following core business segments:

Investment Holding and Management Services

This involves the investment in equity, shares and provision of management services.

Oil Bunkering and Shipping Related Services

This segment includes oil trading & bunkering services and its ancillary support services which are vessels management services, chartering services and shipping agency services.

- Oil trading & bunkering services 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 entails the offering of marine logistics and marine supports services to companies mainly in the field of marine transportation and oil and gas industries.
- Vessels management services involves the provision of the vessel and marine management services.
- Chartering services involves vessels chartering services for oil trading & bunkering.
- Shipping agency services involves the provision of shipping agency and related services.

Inland Transportation & Logistics

This involves the provision of transportation services by land, mainly through tankers, trucks and/or lorries.

A9 Segment information (cont'd)

Port Operation & Management

This involves the provision of Labuan Port management services.

Ship-to-Ship (“STS”) Operation

This involves the provision of STS operation.

Telecommunication & Network Services

This involves the provision of solutions, dealing with all kinds of products and services in telecommunication from infrastructure, networking, maintenance, software and hardware and related services.

Segmental Revenue For Individual Quarter Ended 31 Dec 2023

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	739	(739)	-
Oil Bunkering & Shipping Related Services	953,363	191	(191)	953,363
Inland Transportation & Logistics	1,354	-	-	1,354
Port Operation & Management	3,902	93	(93)	3,902
STS Operation	808	-	-	808
Telecommunication & Network Services	2,924	-	-	2,924
	<u>962,351</u>	<u>1,023</u>	<u>(1,023)</u>	<u>962,351</u>

Segmental Revenue For The Year Ended 31 Dec 2023

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	2,874	(2,874)	-
Oil Bunkering & Shipping Related Services	2,886,112	690	(690)	2,886,112
Inland Transportation & Logistics	5,999	-	-	5,999
Port Operation & Management	13,090	391	(391)	13,090
STS Operation	4,861	97	(97)	4,861
Telecommunication & Network Services	7,329	-	-	7,329
	<u>2,917,391</u>	<u>4,052</u>	<u>(4,052)</u>	<u>2,917,391</u>

Segmental Revenue For Individual Quarter Ended 31 Dec 2022

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	706	(706)	-
Oil Bunkering & Shipping Related Services	725,880	521	(521)	726,880
Inland Transportation & Logistics	1,686	-	-	1,686
Port Operation & Management	3,860	229	(229)	3,860
STS Operation	2,907	25	(25)	2,907
Telecommunication & Networking	797	-	-	797
	<u>735,130</u>	<u>1,481</u>	<u>(1,481)</u>	<u>735,130</u>

Segmental Revenue For The Year Ended 31 Dec 2022

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	3,536	(3,536)	-
Oil Bunkering & Shipping Related Services	3,086,177	1,804	(1,804)	3,086,177
Inland Transportation & Logistics	5,864	-	-	5,864
Port Operation & Management	13,171	382	(382)	13,171
STS Operation	4,159	96	(96)	4,159
Telecommunication & Networking	1,380	-	-	1,380
	<u>3,110,751</u>	<u>5,818</u>	<u>(5,818)</u>	<u>3,110,751</u>

A9 Segment information (cont'd)**Segmental Profit Before Tax**

Business Segments	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Year Ended	Year Ended
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Investment Holding & Management Services	(1,393)	(5,089)	(1,651)	(5,980)
Oil Bunkering & Shipping Related Services	8,720	2,069	21,745	18,136
Inland Transportation & Logistics	(472)	(1,978)	(1,219)	(3,563)
Port Operation & Management	1,148	250	56	917
STS Operation	(1,714)	(1,038)	(4,747)	(3,717)
Telecommunication & Network Services	(260)	(1,097)	(2,186)	(2,303)
Share of Result of Associates	(190)	5,222	2,529	6,650
Others	(116)	(49)	(249)	(124)
	<u>5,723</u>	<u>(1,710)</u>	<u>14,278</u>	<u>10,016</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

Apart from the following, there is no other changes in the composition of the Group during the financial quarter under review :

- (i) On 21 November 2023, the Company acquired 100 ordinary shares, representing 100% equity interest in TMD Energy Limited ("TMDel"), a dormant company incorporated in the Cayman Islands for a total cash consideration of USD0.01 (equivalent to RM0.05) from the subscriber shareholder, Ogier Global Subscriber (Cayman) Limited.
- (ii) On 30 November 2023, the Company entered into a conditional shares sale and purchase agreement with its 70%-owned subsidiary, Tumpuan Megah Development Sdn Bhd ("TMD") for the acquisition of 330,000 Straits Marine Fuels & Energy Sdn Bhd ("SMF") Shares, representing 33% of the equity interest in SMF for a purchase consideration of RM3,663,619 that was fully satisfied via cash. This acquisition was completed on 1 December 2023 and SMF becomes a direct wholly-owned subsidiary of the Company.
- (iii) On 13 December 2023, the Company entered into a shares sale and purchase agreement with its wholly owned subsidiary, TMDel for the transfer of 1,000,000 ordinary shares in SMF, representing 100% of the equity interest in SMF to TMDel for a purchase consideration of RM11,101,874 (equivalent to USD2,381,814) to be satisfied entirely via cash or the issuance of new TMDel Shares or a combination of both. This transfer was completed on 14 December 2023 and SMF becomes a direct wholly-owned subsidiary of TMDel, which is a wholly-owned subsidiary of the Company.

A13 Contingencies

There were no contingent liabilities or contingent assets arising since 31 December 2022.

A14 Capital commitments

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

	Year Ended 31 Dec 2023 RM'000	Year Ended 31 Dec 2022 RM'000
Approved and contracted	-	6,212
Approved and not contracted	-	1,751

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	Quarter Ended	Year Ended	Year Ended
	31 Dec 2023 RM'000	31 Dec 2022 RM'000	31 Dec 2023 RM'000	31 Dec 2022 RM'000
Shipping agency services	-	981	-	3,814
Launch boat services	-	46	-	209
Provision of fresh water	-	-	-	(23)

A16 Profit before taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Year Ended	Year Ended
	31 Dec 2023 RM'000	31 Dec 2022 RM'000	31 Dec 2023 RM'000	31 Dec 2022 RM'000
(a) Bad debt written off	-	101	31	623
(b) Depreciation & amortisation	6,679	5,353	25,718	18,973
(c) Deposit written off	1,243	-	1,243	-
(d) Finance costs	2,746	2,796	11,040	9,354
(e) Gain on disposal of property, plant and equipment	(122)	-	(188)	-
(f) Interest income	(20)	(19)	(86)	(70)
(g) Property, plant and equipment written off	-	-	12	-
(h) Goodwill written off	-	1	-	1
(i) (Reversal)/Impairment loss on receivables	19	-	(294)	5,325
(j) Foreign exchange (gain) / loss - unrealised	3,433	6,228	(3,172)	624
- realised	(1,751)	1,755	(2,860)	(4,147)

STRAITS ENERGY RESOURCES BERHAD
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of performance

The Group's revenue in the current quarter recorded a 30.91% increase of RM227.22 million to RM962.35 million from RM735.13 million in the corresponding quarter of the previous year. This was attributed by the increase of RM227.48 million in the revenue of Oil Bunkering & Shipping Related Services Segment as the cargo volume sold has increased by 57.72%. Besides, the Telecommunication & Network Services has recorded a substantial increase in revenue of RM2.1 million as a result of commencement of work for projects.

The Group's profit before tax (PBT) has increased by RM7.43 million to RM5.72 million from a loss RM1.71 million in the corresponding quarter of the previous year. This was mainly attributed to a larger loss on foreign exchange translation as the RM weaken against the USD in the corresponding quarter of the previous year as compared to current quarter. In addition, there is an associate's aborted GEM listing expenses which has been reported in the corresponding quarter of the previous year.

Our associate company CBL International Limited, which is listed on National Association of Securities Dealers Automated Quotations ("NASDAQ") Stock Exchange is only required to disclose and announce its results on a half yearly basis. As such, the share of associate's result in the current quarter was based on estimate of the associate's result for the financial year 2023 and taking into account the share of result recognised for the 9 months up to September 2023.

B2 Variation of results against preceding quarter

	Current Quarter 31 Dec 2023 RM'000	Preceding Quarter 30 Sept 2023 RM'000	Changes	
			RM'000	%
Revenue	962,351	771,576	190,775	24.73
Profit Before Tax	5,723	165	5,558	3368.48
Profit After Tax	1,433	158	1,275	806.96
Profit Attributable to Owners of the Parent	2,289	696	1,593	228.88

The revenue in the current quarter increased by RM190.77 million to RM962.35 million from RM771.57 million in the preceding quarter contributed substantially by the Oil Bunkering & Shipping Related Services Segment. It contributed an increase of RM190.09 million as a result of an increase of approximately 18% in the cargo volume sold. The growth of revenue in Oil Bunkering & Shipping Related Services Segment was driven by higher demand of both MGO & LSFO from international shipping liners. The Telecommunication & Network Segment also recorded a 4% increase on its revenue compared to preceding quarter.

The Group's PBT increased by RM5.56 million to RM5.72 million from RM0.16 million in the preceding quarter substantially due to increase in revenue during the current quarter.

B3 Group's prospects

The Telecommunication and Network Services Segment is seeing promising and progressive growth in line with further 4G/5G rollout and the enhanced digitalization across many business segments. The Group had announced the acceptance of two major letter of awards of RM71.56 million awarded by Teras Khidmat Niaga Sdn Bhd and RM27.74 million awarded by Tianu Sdn Bhd in October 2023 for this segment. There is excellent traction in this segment and the Group is positive on the strong growth prospects for 2024 and 2025 moving forward.

B4 Profit forecast and profit guarantee

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

B6 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2023 RM'000	Quarter Ended 31 Dec 2022 RM'000	Year Ended 31 Dec 2023 RM'000	Year Ended 31 Dec 2022 RM'000
Income tax				
Current tax	3,901	1,769	6,430	5,342
Under/ (over) provision in prior year	708	(61)	801	704
	<u>4,609</u>	<u>1,708</u>	<u>7,231</u>	<u>6,046</u>
Deferred tax				
Origination of temporary differences	(472)	(4,349)	(472)	(4,354)
	<u>(472)</u>	<u>(4,349)</u>	<u>(472)</u>	<u>(4,354)</u>
Tax on share of associate's profit	153	723	726	1,376
	<u>4,290</u>	<u>(1,918)</u>	<u>7,485</u>	<u>3,068</u>

The Group's higher effective tax rate for the quarter was mainly due to non-allowable expenses incurred and provision for taxation for inter-company transactions.

B7 Unquoted investments and properties

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

B8 Quoted and marketable securities

The Company holds 8,075,000 shares of our associate company CBLIL that is listed on NASDAQ. There was no purchase or disposal of quoted securities for the current quarter.

B9 Corporate Exercise

- (i) On 20 October 2023, the Company had announced to undertake a private placement of up to 10% of the total number of issued shares of Straits to third party investor(s) to be identified later, at an issued price to be determined and announced later.

On 6 November 2023, the Company had submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") an application for a Private Placement of up to 94,214,279 new ordinary shares of Straits to third party investor(s) to be identified later, representing up to 10% of the total number of issued shares of Straits, to raise funds to finance expansion and growth of telecommunication and network services segment and to finance its working capital. Bursa Securities had on 20 November 2023 resolved to approve the listing and quotation of these new shares.

The first tranche of 52,319,478 Private Placement Shares were issued at RM0.11 each and was listed and quoted on the ACE Market of Bursa Securities on 1 December 2023. This first tranche raised RM5,755,142.58 for the Company.

B9 Corporate Exercise (cont'd)**Status of utilisation of proceeds raised from the Proposed Private Placement announced on 20 October 2023**

No.	Purpose	Proposed Private Placement	First Tranche	Actual Utilisation	Balance	Deviation (First Tranche)
		RM'000	RM'000	RM'000	RM'000	%
1	Expansion and growth of telecommunication and network service segment	8,000	4,478	4,478	3,411	-
2	Working capital	2,135	1,120	1,120	1,015	-
3	Estimated expenses	276	157	157	119	-
	TOTAL	10,411	5,755	5,755	4,656	-

(ii) On 7 February 2024, the Company had announced that: -

- (a) SMF and TMDel entered into a conditional shares sale and purchase agreement with Dato' Mohd Suhaimi Bin Hashim and Goo Yong Sing for the proposed acquisition by SMF of 4,500,000 TMD's ordinary shares, representing 30% of the equity interest in TMD for a purchase consideration of RM9,720,989 (equivalent to USD2,085,557) to be satisfied entirely via cash or the issuance of new TMDEL ordinary shares or a combination of both ("TMD SSA"); and
- (b) SMF and TMDel entered into a conditional shares sale agreement with Platinum Gate Capital Pte Ltd for the proposed acquisition by SMF of 49,000 Straits Marine Services Pte Ltd ("SMS")'s shares, representing 49% of the equity interest in SMS for a purchase consideration of RM3,324,902 (equivalent to USD713,330) to be satisfied entirely via cash or the issuance of new TMDEL Shares or a combination of both ("SMS SSA").

(Collectively referred to as the "Proposed Acquisitions")

The status of Proposed Acquisitions is currently pending fulfilment of the conditions precedent sets out in the terms of TMD SSA and SMS SSA.

B10 Group borrowings and debt securities

	Year Ended 31 Dec 2023 RM'000	Year Ended 31 Dec 2022 RM'000
CURRENT		
Secured		
Bank overdraft	433	539
Leased liabilities	4,096	2,066
Term loan	831	1,661
Tawarruq financing	110,998	111,380
	<u>116,358</u>	<u>115,646</u>
Unsecured		
Leased liabilities	1,478	1,420
	<u>1,478</u>	<u>1,420</u>
	<u>117,836</u>	<u>117,066</u>
NON-CURRENT		
Secured		
Leased liabilities	6,799	3,418
Term loan	4,089	8,395
	<u>10,888</u>	<u>11,813</u>
Unsecured		
Leased liabilities	2,001	2,908
	<u>2,001</u>	<u>2,908</u>
	<u>12,889</u>	<u>14,721</u>
Total	<u>130,725</u>	<u>131,787</u>

B10 Group borrowings and debt securities (cont'd)

The lease liabilities of the Group bears an interest rate of between 3.88% to 6.72% (2022: 4.20% to 8.68%) per annum.

The term loan of the Group bears an interest rate of between 3.50% to 8.00% (2022: 1.20% to 6.24%) per annum.

The Tawarruq financing the Group bears an interest rate of between 8.00% to 8.25% (2022: 7.00% to 8.00%) per annum.

B12 Material litigation / arbitration

Arbitration Proceeding 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 "Respondent")

The Claimants alleged that on 19 December 2013, a series of financing agreements were entered into between O.W. Bunker & Trading A/S ("OWBAS"), together with certain subsidiary companies (including OWBFE) and a syndicate of banks and ING (in its capacity as a security agent under a revolving borrowing base facilities agreement). As part of that transaction, ING entered into an English law Omnibus Security Agreement dated 19 December 2013 ("OSA") with OWBAS and certain of its subsidiaries (including OWBFE) to assign to ING certain trade and intercompany receivables, insurances and brokerage accounts. The Claimants further alleged that pursuant to the aforesaid, notice of assignment of supply receivables was given to TMD.

The Claimants also alleged that on or about 17 October 2014 and 29 October 2014, TMD and OWBFE entered into contracts both made orally or by yahoo messenger evidenced by a nomination sheet, invoice and sales order confirmation whereby OWBFE agreed in the ordinary course of business to supply and/ or sell to TMD 423.73 MT of gas oil at a price of USD753 per MT for delivery at the port of Pasir Gudang and 794.915 MT of gas oil at a price of USD775.50 per MT for delivery at the port of Kuantan respectively.

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

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 was 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 was fixed for 2 June 2022 to update the filing of Grounds of Judgement and Notes of Proceedings, if made available.

Pursuant to the above, Case Management Conference for the Appeal was held on 11 August 2022, 21 October 2022, 20 December 2022, 20 January 2023 and 23 March 2023 respectively.

On 6 April 2023, the hearing of TMD's application to adduce further evidence in the Appeal took place and the application was allowed.

Subsequently, Case Management Conferences and hearings of the Appeal were held on 3 July 2023 and 13 July 2023 respectively.

B12 Material litigation / arbitration (cont'd)

Pursuant to an appeal for a trial on 20 November 2023 to determine the four (4) issues between TMD and ING Bank/OWB in aid of TMD's application to set aside the registration of the UK Judgement in Malaysia ("Application for Trial"); the Court of Appeal had decided to allow the appeal on the following brief grounds:-

- Recognized the availability of the passive remedy to TMD to raise the issue of the UK Tribunal's lack of jurisdiction for the first time at the enforcing court outside the UK. It was further held that the issue of jurisdiction should be decided by the High Court independently from the UK Tribunal's finding.
- The Court of Appeal also found that the High Court judge proceeded to decide on the merits of ING Bank / OWB's application to register UK Judgment in Malaysia. As such, it was ordered that the matter will be remitted to the High Court before a different High Court Judge.
- Cost in the sum of RM 15,000.00 (subject to 4% allocatur) was awarded to TMD.

The matter will now proceed for trial at the High Court within the parameters of the 4 issues of the Application for Trial. However, the Claimants had filed a Motion for Leave to Appeal at the Federal Court and in the case management held on 5 February 2024, the Federal Court had given directions for written submissions and documents by 15 May 2024 for case management on 16 May 2024 and a hearing had been fixed on 30 May 2024.

In respect thereto, in a case management to fix a hearing date for an application to stay the proceedings in the High Court pending the decision of Federal Court on 20 February 2024, the High Court had set 5 June 2024 for the hearing.

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.

B13 Dividends

There is no dividend proposed in the current quarter.

B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2023	Quarter Ended 31 Dec 2022	Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
Profit after tax attributable to the owners of the Parent (RM'000)	2,289	318	7,527	6,158
Basic Earnings Per Share				
Weighted Average Number of Ordinary Shares in Issue ('000)	994,462	942,143	898,479	894,034
Basic Earnings Per Share (sen)	<u>0.23</u>	<u>0.03</u>	<u>0.84</u>	<u>0.69</u>

Basic earnings per share is 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/year.

B15 Comparative Figures

Certain comparative figures have been reclassified to conform with current quarter's presentation.

B16 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 27 February 2024.

By Order of the Board

Dato' Sri Ho Kam Choy
Group Managing Director
Kuala Lumpur
Date : 27 February 2024