

**STRAITS ENERGY RESOURCES BERHAD**

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

(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

**SUMMARY OF KEY FINANCIAL INFORMATION**

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 Sept 2022 RM'000	Quarter Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2022 RM'000	Period Ended 30 Sept 2021 RM'000
Revenue	906,341	341,211	2,375,621	873,463
Operating profit	6,708	2,568	16,856	9,081
Finance costs	(2,625)	(1,815)	(6,558)	(5,490)
Share of result of associate	(1,683)	1,191	1,428	2,840
Profit before tax	2,400	1,944	11,726	6,431
Income tax expense	(1,395)	(437)	(4,986)	(1,855)
Profit after taxation	1,005	1,507	6,740	4,576
Profit attributable to :				
Owners of the Parent	227	1,789	5,839	3,579
Non-controlling interest	778	(282)	901	997
Profit for the period	1,005	1,507	6,740	4,576
Basic earnings per share (sen)	0.03	0.23	0.68	0.48
Diluted earnings per share (sen)	N/A	0.21	N/A	0.44
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 THIRD QUARTER ENDED 30 SEPTEMBER 2022**  
**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 2022 RM'000	Quarter Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2022 RM'000	Period Ended 30 Sept 2021 RM'000
Revenue	906,341	341,211	2,375,621	873,463
Operating expenses	(899,719)	(337,210)	(2,356,770)	(860,853)
Interest income	10	10	51	29
Other operating income	4,772	2,177	11,574	6,476
Depreciation	(4,696)	(3,620)	(13,620)	(10,034)
<b>Operating profit</b>	<b>6,708</b>	<b>2,568</b>	<b>16,856</b>	<b>9,081</b>
Finance costs	(2,625)	(1,815)	(6,558)	(5,490)
Share of results of associate	(1,683)	1,191	1,428	2,840
<b>Profit before tax</b>	<b>2,400</b>	<b>1,944</b>	<b>11,726</b>	<b>6,431</b>
Income tax expense	(1,395)	(437)	(4,986)	(1,855)
<b>Profit after taxation</b>	<b>1,005</b>	<b>1,507</b>	<b>6,740</b>	<b>4,576</b>
Other comprehensive income, net of tax	4,747	362	7,847	1,472
<b>Total comprehensive income for the period</b>	<b>5,752</b>	<b>1,869</b>	<b>14,587</b>	<b>6,048</b>
Profit attributable to :				
Owners of the Parent	227	1,789	5,839	3,579
Non-controlling interest	778	(282)	901	997
<b>Profit after taxation</b>	<b>1,005</b>	<b>1,507</b>	<b>6,740</b>	<b>4,576</b>
Total comprehensive income attributable to :				
Owners of the Parent	3,478	2,151	11,138	5,051
Non-controlling interest	2,274	(282)	3,449	997
<b>Total comprehensive income for the period</b>	<b>5,752</b>	<b>1,869</b>	<b>14,587</b>	<b>6,048</b>
Basic earnings per share (sen)	0.03	0.23	0.68	0.48
Diluted earnings per share (sen)	N/A	0.21	N/A	0.44

**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.

**STRAITS ENERGY RESOURCES BERHAD**

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

(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(These figures have not been audited)

	As At 30 Sept 2022 (Unaudited) RM'000	As At 31 Dec 2021 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	188,318	157,216
Goodwill on consolidation	43,710	30,559
Investment in associates	26,336	25,562
<b>Total Non-Current Assets</b>	<b>258,364</b>	<b>213,337</b>
<b>Current Assets</b>		
Inventories	74,228	37,900
Trade receivables	58,967	52,220
Contract assets	1,264	-
Other receivables, deposits & prepaid expenses	80,978	96,541
Tax recoverable	102	342
Fixed deposits	3,459	500
Cash & bank balances	28,351	46,599
<b>Total Current Assets</b>	<b>247,349</b>	<b>234,102</b>
<b>TOTAL ASSETS</b>	<b>505,713</b>	<b>447,439</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	146,740	124,897
Other reserve	-	(17,625)
Warrant reserve	-	17,625
Forex currency translation reserve	5,952	653
Retained profits	8,749	5,313
Equity Attributable to Owners of the Parent	161,441	130,863
Non-controlling interests	21,200	14,361
<b>Total Equity</b>	<b>182,641</b>	<b>145,224</b>
<b>Non-Current Liabilities</b>		
Other creditors	13,581	22,115
Leased liabilities	6,998	8,930
Bank borrowings	2,224	732
Deferred tax liabilities	4,550	4,544
<b>Total Non-Current Liabilities</b>	<b>27,353</b>	<b>36,321</b>
<b>Current Liabilities</b>		
Trade payables	141,901	91,555
Other payables and accruals	32,109	98,975
Bank borrowings	114,790	70,875
Leased liabilities	3,376	3,211
Tax liabilities	3,543	1,278
<b>Total Current Liabilities</b>	<b>295,719</b>	<b>265,894</b>
<b>Total Liabilities</b>	<b>323,072</b>	<b>302,215</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>505,713</b>	<b>447,439</b>
Net asset per share attributable to Owners of the Parent (sen)	17.99	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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**STRAITS ENERGY RESOURCES BERHAD**

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

(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

(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	Warrant Reserve	Forex Currency Translation Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period ended 30 September 2022</b>									
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	-	-	-	-	-	5,839	5,839	901	6,740
Translation reserve	-	-	-	-	5,299	-	5,299	2,548	7,847
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	-	-	-	-	-	-	-	(329)	(329)
Acquisition of NCI	-	-	-	-	-	(639)	(639)	(1,152)	(1,791)
Capital contribution from NCI	-	-	-	-	-	-	-	4,871	4,871
Dividend paid	-	-	-	-	-	(1,764)	(1,764)	-	(1,764)
<b>At 30 September 2022</b>	<b>146,740</b>	<b>-</b>	<b>146,740</b>	<b>-</b>	<b>5,952</b>	<b>8,749</b>	<b>161,441</b>	<b>21,200</b>	<b>182,641</b>
<b>Period ended 30 September 2021</b>									
At 1 January 2021	104,466	(17,625)	86,841	17,625	(595)	9,834	113,705	12,461	126,166
Profit for the period	-	-	-	-	-	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 NCI	-	-	-	-	-	-	-	1,787	1,787
Change in equity shareholdings in subsidiary	-	-	-	-	-	(8,850)	(8,850)	(2,897)	(11,747)
Capital contribution from NCI	-	-	-	-	-	-	-	2,786	2,786
Dividend paid	-	-	-	-	-	-	-	(539)	(539)
<b>At 30 September 2021</b>	<b>124,897</b>	<b>(17,625)</b>	<b>107,272</b>	<b>17,625</b>	<b>877</b>	<b>4,563</b>	<b>130,337</b>	<b>14,595</b>	<b>144,932</b>

**Note :**

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 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.

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**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(These figures have not been audited)

	Period Ended 30 Sept 2022 RM'000	Period Ended 30 Sept 2021 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	11,726	6,431
Adjustments for :		
Depreciation of property, plant and equipment	13,620	10,034
Bad debt written off	552	368
Deposits written off	2	-
Interest income	(51)	(29)
Finance costs	6,558	5,490
Impairment loss on receivables	867	-
Unrealised forex (gain)/loss	(5,604)	2,346
Share of results of associates	(1,428)	(2,840)
Operating profit before working capital changes	26,242	21,800
Net change in current assets	12,362	6,287
Net change in current liabilities	(61,654)	11,728
Cash (used in)/from operations	(23,050)	39,815
Tax paid	(1,611)	(578)
Tax refund	109	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(24,552)</b>	<b>39,237</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of non-controlling interest	(1,150)	(11,747)
Acquisition of subsidiaries	(13,811)	-
Capital contribution from non-controlling interest of a subsidiary	4,871	-
Interest income received	51	29
Purchase of property, plant and equipment	(26,440)	(16,819)
<b>Net cash used in investing activities</b>	<b>(36,479)</b>	<b>(28,537)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	21,843	20,431
Proceeds from issuance of shares in subsidiary	-	1,787
Acquisition of non-controlling interest	-	2,786
Dividend paid	(1,764)	(539)
Purchase of leased liabilities	-	3,455
Repayment of leased liabilities	(2,481)	(2,127)
Proceeds from bank borrowings	45,407	23
Repayment of vendor financing	(10,728)	(6,903)
Advance to associate company	-	24
Finance costs	(6,558)	(5,490)
<b>Net cash generated from financing activities</b>	<b>45,719</b>	<b>13,487</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(15,312)</b>	<b>24,147</b>
Cash and cash equivalents at beginning of the period	47,099	11,601
Effect of exchange rate changes on cash and cash equivalents held	23	2
<b>Cash and cash equivalents at end of the period</b>	<b>31,810</b>	<b>35,750</b>
Cash and cash equivalents at end of the period comprise :		
Fixed deposits	3,459	1,197
Cash and bank balances	28,351	34,553
	<b>31,810</b>	<b>35,750</b>

**Note :**

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 for financial periods beginning on or after 1 January 2024***

Amendments to MFRS 16	Leases
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##### ***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**

There were no major issuances, cancellations, repurchase, resale and repayment of debt and equity securities for the period under review.

**A8 Dividends**

A final single tier dividend of 0.2 sen per ordinary share for the financial year ended 31 December 2021 amounting to RM1,764,377 has been paid on 18 July 2022.

**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 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 is 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 entail the offering of marine logistics and marine supports services to companies mainly in the fields 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.

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

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 30 September 2022**

<b>BUSINESS SEGMENTS</b>	<b>External Revenue RM'000</b>	<b>Inter Segment Revenue RM'000</b>	<b>Adjustments and Eliminations RM'000</b>	<b>Consolidated RM'000</b>
Investment Holding and Management Services	-	1,627	(1,627)	-
Oil Bunkering and Shipping Related Services	898,843	5,342	(5,342)	898,843
Inland Transportation & Logistics	1,632	425	(425)	1,632
Port Operation & Management	3,986	57	(57)	3,986
STS Operation	996	71	(71)	996
Telecommunication & Network	884	-	-	884
	<u>906,341</u>	<u>7,522</u>	<u>(7,522)</u>	<u>906,341</u>

**Segmental Revenue For Cumulative Quarter Ended 30 September 2022**

<b>Business Segments</b>	<b>External Revenue RM'000</b>	<b>Inter Segment Revenue RM'000</b>	<b>Adjustments and Eliminations RM'000</b>	<b>Consolidated RM'000</b>
Investment Holding and Management Services	-	2,830	(2,830)	-
Oil Bunkering and Shipping Related Services	2,359,784	20,201	(20,201)	2,359,784
Inland Transportation & Logistics	4,178	1,098	(1,098)	4,178
Port Operation & Management	9,310	153	(153)	9,310
STS Operation	1,252	71	(71)	1,252
Telecommunication & Network	1,097	-	-	1,097
	<u>2,375,621</u>	<u>24,353</u>	<u>(24,353)</u>	<u>2,375,621</u>

**Segmental Revenue For Individual Quarter Ended 30 September 2021**

<b>BUSINESS SEGMENTS</b>	<b>External Revenue RM'000</b>	<b>Inter Segment Revenue RM'000</b>	<b>Adjustments and Eliminations RM'000</b>	<b>Consolidated RM'000</b>
Investment Holding and Management Services	-	952	(952)	-
Oil Bunkering and Shipping Related Services	338,004	(1,488)	1,488	338,004
Inland Transportation & Logistics	867	306	(306)	867
Port Operation & Management	2,340	-	-	2,340
	<u>341,211</u>	<u>(230)</u>	<u>230</u>	<u>341,211</u>

### Segmental Revenue For Cumulative Quarter Ended 30 September 2021

Business Segments	External	Inter Segment	Adjustments	Consolidated
	Revenue	Revenue	and	
	RM'000	RM'000	Eliminations	RM'000
			RM'000	
Investment Holding and Management Services	-	6,645	(6,645)	-
Oil Bunkering and Shipping Related Services	861,754	6,725	(6,725)	861,754
Inland Transportation & Logistics	2,458	807	(807)	2,458
Port Operation & Management	9,251	-	-	9,251
	<u>873,463</u>	<u>14,177</u>	<u>(14,177)</u>	<u>873,463</u>

### Segmental Profit Before Tax

Business Segments	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter	Quarter	Period	Period
	Ended	Ended	Ended	Ended
	30 Sept 2022	30 Sept 2021	30 Sept 2022	30 Sept 2021
	RM'000	RM'000	RM'000	RM'000
Investment Holding and Management Services	591	787	(891)	3,651
Oil Bunkering and Shipping Related Services	4,223	1,024	17,575	7,276
Inland Transportation & Logistics	(683)	(647)	(1,585)	(1,679)
Port Operation & Management	1,073	(46)	667	1,494
STS Operation	241	254	(2,679)	(1,156)
Telecommunication & Network	(495)	-	(1,206)	-
Share of result of associate	(1,683)	1,191	1,428	2,840
Others	(18)	(330)	(75)	(281)
	<u>3,249</u>	<u>2,233</u>	<u>13,234</u>	<u>12,145</u>
Adjustments and Eliminations	<u>(849)</u>	<u>(289)</u>	<u>(1,508)</u>	<u>(5,714)</u>
	<u>2,400</u>	<u>1,944</u>	<u>11,726</u>	<u>6,431</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 15 September 2022, the Company completed the acquisition of 51% equity interest in Benua Hijau Sdn Bhd for a purchase consideration of RM510 and satisfied entirely via cash.

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 30 Sept 2022 RM'000	Period Ended 30 Sept 2021 RM'000
Approved and contracted	<u>1,536</u>	<u>30,954</u>
Approved and not contracted	<u>-</u>	<u>804</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 2022 RM'000	Quarter Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2022 RM'000	Period Ended 30 Sept 2021 RM'000
Shipping agency services	1,022	1,108	2,833	1,549
Launch boat services	50	83	163	183
Provision of fresh water	<u>-</u>	<u>-</u>	<u>(23)</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 30 Sept 2022 RM'000	Quarter Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2022 RM'000	Period Ended 30 Sept 2021 RM'000
(a) Bad debt written off	550	-	552	368
(b) Depreciation & amortisation	4,696	3,620	13,620	10,034
(c) Deposit written off	-	-	2	-
(d) Finance costs	2,625	1,815	6,558	5,490
(e) Interest income	(10)	(10)	(51)	(29)
(f) Impairment loss on receivables	289	-	867	-
(g) Foreign exchange (gain) / loss - unrealised	(1,322)	1,954	(5,604)	2,346
- realised	(3,637)	(2,839)	(5,902)	(6,545)

**STRAITS ENERGY RESOURCES BERHAD**  
(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 RM563.1 million to RM906.3 million, from RM341.2 million recorded in the corresponding quarter of the previous year. The significant increase was mainly contributed by the Oil Bunkering and Shipping Related Services segment which increased by RM561.0 million as the cargo volume sold has increased by approximately 80%. In addition, there has been aggressive marketing efforts to increase its ports coverage and customers, coupled with the spike in global oil prices. Port Operation & Management segment contributed an increase of RM1.6 million due to more vessel callings with the recovery of economy from the full lifting of the Covid-19 Pandemic Movement Control Orders.

The Group's profit before tax ("PBT") has increased by RM0.5 million to RM2.4 million in the current quarter, from RM1.9 million in the previous corresponding quarter. The Oil Bunkering and Shipping Related Services segment has contributed a PBT increase of RM3.2 million as cargo volume sold increased in line with its horizontal expansion as well with increase in global oil prices. With the increased vessel callings at the port, the Port Operation & Management Segment's PBT contribution too had increased by RM1.1 million during the current quarter. However, these increases in PBT had been offset by the Telecommunication & Network segment's initial setup cost of RM0.5 million and share of associates losses amounting to RM1.7 million in current quarter. This share of losses from associates of RM1.7 million is mainly due to listing expenses of approximately RM5.8 million incurred in this quarter.

**B2 Variation of results against preceding quarter**

	Current Quarter 30 Sept 2022 RM'000	Preceding Quarter 30 June 2022 RM'000	Changes	
			RM'000	%
Revenue	906,341	827,571	78,770	9.5
Profit Before Tax	2,400	7,707	(5,307)	(68.9)
Profit After Tax ("PAT")	1,005	5,134	(4,129)	(80.4)
Profit Attributable to Owners of the Parent	227	4,552	(4,325)	(95.0)

The revenue in the current quarter increased by RM78.8 million from RM827.6 million in the preceding quarter to RM906.4 million driven mainly by the Oil Bunkering and Shipping Related Services segment of RM75.6 million as a result of higher volume sold. Meanwhile, the Port Operation & Management segment contributed a revenue increase of RM1.4 million with more vessel callings in the quarter under review. The tugboats under the STS Operation segment which had obtained its leasing licence in July 2022 has commenced operation and contributed RM0.7 million in revenue. The acquisition of a 90%-equity in Sinar Maju Logistik Sdn Bhd ("SML") and a 51%-equity in Wire & Wireless Sdn Bhd ("W&W") in the preceding quarter had contributed RM0.2 million and RM0.7 million in revenue respectively.

The PBT in the current quarter decreased by RM5.3 million to RM2.4 million from RM7.7 million in the preceding quarter substantially due to a drop in PBT of RM5.1 million from the Oil Bunkering and Shipping Related Services segment, as it had competitively priced its cargo to garner a larger market share. There is also a share of associates losses of RM1.7 million in current quarter mainly due to incurrance of listing expenses. However, the decline in PBT has been mitigated by the improved performance of its Port Operation & Management and STS Operation segments by RM1.3 million and RM1.8 million respectively.

### B3 Group's prospects

The Group had completed the acquisition of 90% equity interest in SML and 51% equity interest in W&W via Straits Technology Solutions Sdn Bhd, a 75% owned subsidiary of the company.

SML will be a vertical expansion of the Group's Oil Bunkering and Shipping Related Services segment, which will allow the Group to offer a broader range of related services within the shipping 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.

The acquisition of W&W will enable SCS to tap into W&W's exposure in engineering services implementation and installation. Besides, W&W would be able to provide in-house engineering services to Straits' Telecommunication and Network division.

The Group is optimistic on the growth prospect for 2022 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 30 Sept 2022 RM'000	Quarter Ended 30 Sept 2021 RM'000	Period Ended 30 Sept 2022 RM'000	Period Ended 30 Sept 2021 RM'000
<b>Income tax</b>				
Current tax	928	168	3,572	1,148
Underprovision in prior year	393	-	765	2
	<u>1,321</u>	<u>168</u>	<u>4,337</u>	<u>1,150</u>
<b>Deferred tax</b>				
Origination of temporary differences	(5)	-	(5)	-
	<u>(5)</u>	<u>-</u>	<u>(5)</u>	<u>-</u>
Tax on share of associate's profit	79	269	654	705
	<u>1,395</u>	<u>437</u>	<u>4,986</u>	<u>1,855</u>

The Group's high effective tax rate of 58.1% in the current quarter was mainly due to non-allowable expenses incurred, including listing expenses incurred by its associate in current quarter and provision for taxation for inter-group 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 Group does not hold any quoted or marketable securities as of 30 September 2022. There was no purchase or disposal of quoted securities for the current quarter.

## B9(a) 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 ordinary share, on an entitlement date to be determined and announced later. This proposal has been approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 29 April 2022 and approved by shareholders at Annual General Meeting on 23 June 2022. The Company has 6 months validity period from 29 April 2022 to implement the said proposal. The proposal has been aborted on 28 September 2022.

On 30 June 2022, Straits had received the approval from Bursa Malaysia for an extension of time of 6 months from 15 June 2022 until 14 December 2022 to complete the implementation of the private placement of up to 186,811,479 new ordinary shares of Straits, representing up to 20% of the total enlarged number of issued shares of Straits to third party investors to be identified and at an issued price to be determined later pursuant to Rule 6.60(1) of the ACE Market Listing Requirements.

On 29 August 2022, the Company announce that CBL International Limited ("CBL"), being the ultimate holding of Banle International Group Limited ("BVI"), a 38%-associate company of Straits after the reorganization is proposing for a listing on the Nasdaq Capital Market ("Nasdaq") via an Initial Public Offering ("Proposed Listing"), subject to obtaining the relevant approvals from all governing authorities pertaining to the Proposed Listing.

Save for the above, there has been no ongoing corporate exercise during the financial quarter under review.

## B9(b) 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	-	-	-
	<b>TOTAL</b>	13,790	13,790	-	-	-	-

## B10 Group borrowings and debt securities

	Period Ended 30 Sept 2022 RM'000	Period Ended 30 Sept 2021 RM'000
<b>CURRENT</b>		
<b>Secured</b>		
Leased liabilities	3,376	3,270
Term loan	3,223	179
Tawarruq financing	111,567	70,826
	<u>118,166</u>	<u>74,275</u>
<b>NON-CURRENT</b>		
<b>Secured</b>		
Leased liabilities	6,998	8,518
Term loan	2,224	778
	<u>9,222</u>	<u>9,296</u>
	<u>127,388</u>	<u>83,571</u>

The lease liabilities of the Group bears an interest rate of between 2.22% to 4.35% per annum.

The term loan of the Group bears an interest rate of between 3.50% to 6.99% per annum.

The tawarruq financing the Group bears an interest at rate of 7.75% per annum.

## **B12 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 was earlier fixed for 2 June 2022 to update the filing of Grounds of Judgement and Notes of Proceedings, if made available. The Case Management for the Appeal is still ongoing and the next Case Management is fixed on 6 December 2022.

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.

## **B13 Dividends**

There is no dividend proposed in the current quarter.



**B14 Earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30 Sept 2022	30 Sept 2021	30 Sept 2022	30 Sept 2021
Profit after tax attributable to the owners of the Parent (RM'000)	227	1,789	5,839	3,579
<b>Basic Earnings Per Share</b>				
Weighted Average Number of Ordinary Shares in Issue ('000)	882,556	780,790	865,100	752,666
Basic Earnings Per Share (sen)	<u>0.03</u>	<u>0.23</u>	<u>0.67</u>	<u>0.48</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)	N/A	844,813	N/A	817,682
Diluted Earnings Per Share (sen)	<u>N/A</u>	<u>0.21</u>	<u>N/A</u>	<u>0.44</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.

**B15 Authorisation for Issue**

The unaudited condensed consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 November 2022.

**By Order of the Board**

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Dato' Sri Ho Kam Choy  
Group Managing Director  
Kuala Lumpur  
Date : 30 November 2022