

STRAITS ENERGY RESOURCES BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2022	Quarter Ended 31 Dec 2021	Year Ended 31 Dec 2022 (unaudited)	Year Ended 31 Dec 2021 (audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	735,639	445,560	3,111,260	1,319,023
Operating profit	1,142	2,991	17,998	12,072
Finance costs	(3,176)	(1,892)	(9,734)	(7,382)
Share of result of associate	1,407	2,146	2,835	4,986
(Loss)/profit before tax	(627)	3,245	11,099	9,676
Income tax expense	1,735	(3,645)	(3,251)	(5,500)
Profit/(loss) after taxation	1,108	(400)	7,848	4,176
Profit attributable to :				
Owners of the Parent	318	723	6,157	4,302
Non-controlling interest	790	(1,123)	1,691	(126)
Profit/(loss) for the period/year	1,108	(400)	7,848	4,176
Basic earnings per share (sen)	0.03	0.09	0.69	0.57
Diluted earnings per share (sen)	N/A	0.09	N/A	0.52
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 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 Dec 2022	Quarter Ended 31 Dec 2021	Year Ended 31 Dec 2022 (unaudited)	Year Ended 31 Dec 2021 (audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	735,639	445,560	3,111,260	1,319,023
Operating expenses	(720,853)	(436,738)	(3,077,623)	(1,297,591)
Interest income	19	10	70	39
Other operating income	(9,422)	(1,944)	2,152	4,532
Depreciation	(4,241)	(3,897)	(17,861)	(13,931)
Operating profit	1,142	2,991	17,998	12,072
Finance costs	(3,176)	(1,892)	(9,734)	(7,382)
Share of results of associate	1,407	2,146	2,835	4,986
(Loss)/profit before tax	(627)	3,245	11,099	9,676
Income tax expense	1,735	(3,645)	(3,251)	(5,500)
Profit/(loss) after taxation	1,108	(400)	7,848	4,176
Other comprehensive income, net of tax	(4,195)	80	3,652	1,552
Total comprehensive income for the period/year	(3,087)	(320)	11,500	5,728
Profit attributable to :				
Owners of the Parent	318	723	6,157	4,302
Non-controlling interest	790	(1,123)	1,691	(126)
Profit/(loss) after taxation	1,108	(400)	7,848	4,176
Total comprehensive income attributable to :				
Owners of the Parent	(2,533)	499	8,605	5,550
Non-controlling interest	(554)	(819)	2,895	178
Total comprehensive income for the period/year	(3,087)	(320)	11,500	5,728
Basic earnings per share (sen)	0.03	0.09	0.69	0.57
Diluted earnings per share (sen)	N/A	0.09	N/A	0.52

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 FOURTH QUARTER ENDED 31 DECEMBER 2022

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	As At 31 Dec 2022 (Unaudited) RM'000	As At 31 Dec 2021 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	181,898	157,216
Goodwill on consolidation	43,905	30,559
Investment in associates	27,045	25,562
Total Non-Current Assets	252,848	213,337
Current Assets		
Inventories	45,830	37,900
Trade receivables	41,207	52,220
Contract assets	220	-
Other receivables, deposits & prepaid expenses	156,066	96,541
Tax recoverable	232	342
Fixed deposits	5,432	500
Cash & bank balances	54,730	46,599
Total Current Assets	303,717	234,102
TOTAL ASSETS	556,565	447,439
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	146,740	124,897
Other reserve	-	(17,625)
Warrant reserve	-	17,625
Forex currency translation reserve	3,101	653
Retained profits	9,067	5,313
Equity Attributable to Owners of the Parent	158,908	130,863
Non-controlling interests	18,138	14,361
Total Equity	177,046	145,224
Non-Current Liabilities		
Other creditors	10,447	22,115
Leased liabilities	6,490	8,930
Bank borrowings	8,263	732
Deferred tax liabilities	173	4,544
Total Non-Current Liabilities	25,373	36,321
Current Liabilities		
Trade payables	93,479	91,555
Contract liabilities	658	-
Other payables and accruals	140,853	98,975
Bank borrowings	113,183	70,875
Leased liabilities	3,272	3,211
Tax liabilities	2,701	1,278
Total Current Liabilities	354,146	265,894
Total Liabilities	379,519	302,215
TOTAL EQUITY AND LIABILITIES	556,565	447,439
Net asset per share attributable to Owners of the Parent (sen)	16.87	16.76

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 FOURTH QUARTER ENDED 31 DECEMBER 2022
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(These figures have not been audited)

	-----> Attributable to Owners of the Parent <----->					Retained Profits	Total	Non-Controlling Interest ("NCI")	Total Equity
	-----> Non-Distributable <----->		Sub-Total	Warrant Reserve	Forex Currency Translation Reserve				
	Share Capital	Other Reserve*							
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 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 year	-	-	-	-	-	6,157	6,157	1,691	7,848
Translation reserve	-	-	-	-	2,448	-	2,448	1,204	3,652
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	-	-	-	-	-	-	-	(353)	(353)
Acquisition of NCI	-	-	-	-	-	(639)	(639)	(1,152)	(1,791)
Capital contribution from NCI	-	-	-	-	-	-	-	2,387	2,387
Dividend paid	-	-	-	-	-	(1,764)	(1,764)	-	(1,764)
At 31 December 2022	146,740	-	146,740	-	3,101	9,067	158,908	18,138	177,046
Year ended 31 December 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 year	-	-	-	-	-	4,302	4,302	(126)	4,176
Translation reserve	-	-	-	-	1,248	-	1,248	304	1,552
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	-	-	-	-	-	(8,823)	(8,823)	(2,925)	(11,748)
Capital contribution from NCI	-	-	-	-	-	-	-	3,399	3,399
Dividend paid	-	-	-	-	-	-	-	(539)	(539)
At 31 December 2021	124,897	(17,625)	107,272	17,625	653	5,313	130,863	14,361	145,224

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 FOURTH QUARTER ENDED 31 DECEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(These figures have not been audited)

	Year Ended 31 Dec 2022 (unaudited)	Year Ended 31 Dec 2021 (audited)
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	11,099	9,676
Adjustments for :		
Depreciation of property, plant and equipment	17,861	13,931
Bad debt written off	579	228
Deposit written off	2	140
Goodwill written off	-	20
Interest income	(70)	(39)
Finance costs	9,734	7,382
Impairment loss on receivables	2,528	354
Property, plant and equipment written off	-	2
Unrealised forex loss/(gain)	2,157	(1,944)
Share of results of associates	(2,835)	(4,986)
Operating profit before working capital changes	<u>41,055</u>	<u>24,764</u>
Net change in current assets	59,596	(57,107)
Net change in current liabilities	(78,534)	108,482
Cash from operations	<u>22,117</u>	<u>76,138</u>
Tax paid	(4,640)	(489)
Tax refund	114	-
Net cash generated from operating activities	<u>17,591</u>	<u>75,650</u>
Cash Flows From Investing Activities		
Acquisition of non-controlling interest	(1,152)	2
Acquisition of subsidiaries	(11,723)	-
Capital contribution from non-controlling interest of a subsidiary	2,387	2,034
Interest income received	70	39
Purchase of property, plant and equipment	(35,615)	(29,369)
Net cash used in investing activities	<u>(46,033)</u>	<u>(27,294)</u>
Cash Flows From Financing Activities		
Proceeds from issuance of shares	21,843	8,681
Proceeds from issuance of shares in subsidiary	-	1,787
Repayment to Directors	-	(471)
Dividend paid	(1,764)	(539)
Repayment of leased liabilities	(3,444)	1,080
Proceeds from bank borrowings	47,747	550
Repayment of vendor financing	(13,670)	(16,003)
Advance to associate company	-	(819)
Finance costs	(9,274)	(7,127)
Net cash generated from/(used in) financing activities	<u>41,438</u>	<u>(12,861)</u>
Net increase in cash and cash equivalents	12,996	35,495
Cash and cash equivalents at beginning of the year	47,099	11,601
Effect of exchange rate changes on cash and cash equivalents held	67	3
Cash and cash equivalents at end of the year	<u>60,162</u>	<u>47,099</u>

Cash and cash equivalents at end of the year comprise :

Fixed deposits	5,432	500
Cash and bank balances	54,730	46,599
	<u>60,162</u>	<u>47,099</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 FOURTH QUARTER ENDED 31 DECEMBER 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
Amendments to MFRS 101	Non-current Liabilities with Covenants

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 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 December 2022

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
Investment Holding and Management Services	-	706	(706)	-
Oil Bunkering and Shipping Related Services	726,389	9,927	(9,927)	726,389
Inland Transportation & Logistics	1,686	425	(425)	1,686
Port Operation & Management	3,860	230	(230)	3,860
STS Operation	2,907	25	(25)	2,907
Telecommunication & Network Services	797	-	-	797
	<u>735,639</u>	<u>11,313</u>	<u>(11,313)</u>	<u>735,639</u>

Segmental Revenue For Cumulative Quarter Ended 31 December 2022

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
Investment Holding and Management Services	-	3,536	(3,536)	-
Oil Bunkering and Shipping Related Services	3,086,173	30,128	(30,128)	3,086,173
Inland Transportation & Logistics	5,864	1,523	(1,523)	5,864
Port Operation & Management	13,170	383	(383)	13,170
STS Operation	4,159	96	(96)	4,159
Telecommunication & Network Services	1,894	-	-	1,894
	<u>3,111,260</u>	<u>35,666</u>	<u>(35,666)</u>	<u>3,111,260</u>

Segmental Revenue For Individual Quarter Ended 31 December 2021

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
Investment Holding and Management Services	-	390	(390)	-
Oil Trading & Bunkering Services	441,169	8,265	(8,265)	441,169
Inland Transportation & Logistics	1,658	-	-	1,658
Port Operation & Management	2,733	-	-	2,733
	<u>445,560</u>	<u>8,655</u>	<u>(8,655)</u>	<u>445,560</u>

Segmental Revenue For Cumulative Quarter Ended 31 December 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	-	7,035	(7,035)	-
Oil Bunkering and Shipping Related Services	1,302,924	14,990	(14,990)	1,302,924
Inland Transportation & Logistics	4,115	807	(807)	4,115
Port Operation & Management	11,984	-	-	11,984
	<u>1,319,023</u>	<u>22,832</u>	<u>(22,832)</u>	<u>1,319,023</u>

Segmental Profit Before Tax

Business Segments	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter	Quarter	Period	Period
	Ended	Ended	Ended	Ended
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Investment Holding and Management Services	(1,004)	(967)	(1,895)	2,684
Oil Bunkering and Shipping Related Services	333	4,279	17,908	11,555
Inland Transportation & Logistics	(499)	(583)	(2,084)	(2,262)
Port Operation & Management	216	(232)	883	1,262
STS Operation	(721)	(1,696)	(3,400)	(2,852)
Telecommunication & Network Services	(498)	-	(1,704)	-
Share of result of associate	1,407	2,146	2,835	4,986
Others	(49)	(14)	(124)	(295)
	<u>(815)</u>	<u>2,933</u>	<u>12,419</u>	<u>15,078</u>
Adjustments and Eliminations	<u>188</u>	<u>312</u>	<u>(1,320)</u>	<u>(5,402)</u>
	<u>(627)</u>	<u>3,245</u>	<u>11,099</u>	<u>9,676</u>

A10 Valuation of property, plant & equipment

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have effect in the current quarter under review.

A11 Subsequent material events

There was no material event subsequent to the end of the quarter under review which is likely to substantially affect the results of the operations of the Group.

A12 Changes in the composition of the Group

There has been no 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:

	Year Ended 31 Dec 2022 RM'000	Year Ended 31 Dec 2021 RM'000
Approved and contracted	<u>6,212</u>	<u>8,849</u>
Approved and not contracted	<u>1,751</u>	<u>1,731</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 Dec 2022 RM'000	Quarter Ended 31 Dec 2021 RM'000	Year Ended 31 Dec 2022 RM'000	Year Ended 31 Dec 2021 RM'000
Shipping agency services	981	670	3,814	2,219
Launch boat services	46	91	209	274
Provision of fresh water	<u>-</u>	<u>(8)</u>	<u>(23)</u>	<u>(8)</u>

A16 Profit before taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Dec 2022 RM'000	Quarter Ended 31 Dec 2021 RM'000	Year Ended 31 Dec 2022 RM'000	Year Ended 31 Dec 2021 RM'000
(a) Bad debt written off	27	-	579	228
(b) Depreciation & amortisation	4,241	3,897	17,861	13,931
(c) Deposit written off	-	-	2	140
(d) Finance costs	3,176	1,892	9,734	7,382
(e) Goodwill written off	-	-	-	20
(f) Income from shortfall in profit guarantee	-	(1,019)	-	(1,019)
(g) Interest income	(19)	(10)	(70)	(39)
(h) Impairment loss on receivables	1,661	354	2,528	354
(i) Property, plant and equipment written off	-	2	-	2
(j) Foreign exchange (gain) / loss - unrealised	7,761	(4,290)	2,157	(1,944)
- realised	1,668	7,041	(4,234)	496

STRAITS ENERGY RESOURCES BERHAD
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

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 65.1% increase of RM290.0 million to RM735.6 million, from RM445.6 million 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 64.6% equivalent to RM285.2 million attributed by a sustainable 38.7% volume growth driven by its market expansion since Q3 of FY 2021 and backed by global oil prices that has grown by 22.2%. Since the commencement of its maiden operation in May, the Group has completed three STS operations and strengthened its operational procedures to the level sought by major oil companies and traders from reliable STS operators along the busiest maritime trade road in Southeast Asia. The STS Operations with its 2 tugboats which is of largest bollard pull capacity in Labuan waters has boosted the Port Operation & Management segment which saw a revenue growth of RM1.1 million as compared to previous corresponding period due to higher vessel callings.

The Group however recorded a loss before tax of RM0.6 million for the current quarter as the result of partial impairment loss of RM1.2 million on the receivable of its Oil Bunkering and Shipping Related Services segment. The RM1.3 million increase in the trade financing cost for this segment is due to higher borrowing cost since the corresponding quarter of FY 2021 which has further eroded the segment's profit.

The new Telecommunication & Network Services segment incurred a RM0.5 million loss as it increased its manpower to kick off its engineering projects as it further strengthened its presence in the telecommunication industry in line with the roll-out of the 5G network nationwide.

B2 Variation of results against preceding quarter

	Current Quarter 31 Dec 2022 RM'000	Preceding Quarter 30 Sept 2022 RM'000	Changes	
			RM'000	%
Revenue	735,639	906,341	(170,702)	(18.8)
(Loss)/profit Before Tax	(627)	2,400	(3,027)	(126.1)
Profit After Tax	1,108	1,005	103	10.2
Profit Attributable to Owners of the Parent	318	227	91	40.1

The revenue in the current quarter decreased by RM170.7 million to RM735.6 million from the RM906.3 million in the preceding quarter and this is mainly attributed from the Oil Bunkering and Shipping Related Services segment as global oil prices dropped by 26.0% from its peak in Q2 and Q3 of FY 2022. The drop in revenue was marginally mitigated by improved performance by the STS Operation segment which saw an almost 200% increase in its revenue to RM2.9 million from RM1.0 million in the preceding quarter.

The Group's loss before tax of RM0.6 million for the current quarter as compared to RM2.4 million profit in the preceding quarter was substantially attributed by impairment on receivables and increased in financing cost of the Oil Bunkering and Shipping Related Services segment.

B3 Group's prospects

With the completion of the Group's vertical expansion through a 90% equity acquisition of Sinar Maju Logistik Sdn Bhd completed on 1 April 2022, the Group will be able to offer internally a broader range of related services within the Oil Bunkering and Shipping Related Services segment. This will further improve its overall profit margin by retaining the profits within the Group and having additional ready resources to capture its competitors' market share.

The continuous effort to widen the business activities of its Telecommunication and Network Services Segment through aggressive promotion and tendering of turnkey telecommunication projects especially in line with the implementation of the 4G and 5G network solution rollout and digitalization transformation of the port, oil and gas industry through the Smart Technologies and Internet of Things ("IoT") in Malaysia and regionally augurs well for the growth of the Group in the immediate term.

The Group is optimistic on the growth prospect for 2023 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	Quarter Ended	Year Ended	Year Ended
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current tax	2,096	(460)	5,668	688
Underprovision in prior year	-	340	765	342
	<u>2,096</u>	<u>(120)</u>	<u>6,433</u>	<u>1,030</u>
Deferred tax				
(Reversal)/origination of temporary differences	(4,519)	468	(4,524)	468
(Over)/underprovision in prior year	(9)	2,959	(9)	2,959
	<u>(4,528)</u>	<u>3,427</u>	<u>(4,533)</u>	<u>3,427</u>
Tax on share of associate's profit	697	338	1,351	1,043
	<u>(1,735)</u>	<u>3,645</u>	<u>3,251</u>	<u>5,500</u>

The Group recorded a quarterly tax credit as its reversal of temporary differences exceeding the quarter's corporate income tax provision.

The Group's higher effective tax rate for the year was mainly due to non-allowable expenses incurred, including listing expenses incurred by its associates during the year 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 31 December 2022. There was no purchase or disposal of quoted securities for the current quarter.

B9(a) Corporate Exercise

- (i) On 15 December 2021, Straits had received the approval from by Bursa Malaysia Securities Berhad ("Bursa Malaysia") approving 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 issue price to be determined later pursuant to Rule 6.60(1) of the ACE Market Listing Requirements ("Private Placement").

On 18 February 2022, the Company had completed the first tranche of the Private Placement and had placed out 91,340,000 new ordinary shares of Straits at an issue price of RM 0.151 per each Placement Shares to third party investors.

Subsequently 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 issue price to be determined later pursuant to Rule 6.60(1) of the ACE Market Listing Requirements. The extension has lapsed on 14 December 2022 and the Company did not seek further extension of time.

- (ii) On 29 August 2022, the Company announced 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. As at the date of this announcement, the Proposed Listing on Nasdaq is still pending approval.
- (iii) On 16 December 2022, the Company announced that its 75% owned subsidiary, Straits Technology Solutions Sdn Bhd, had entered into a share sale agreement with ViewQwest Sdn Bhd for the acquisition of 350,000 ordinary shares in Macro Lynx Sdn Bhd ("Macro Lynx"), representing 70% equity interest in Macro Lynx for a purchase consideration of RM700,000.00 to be fully satisfied via cash ("Proposed Acquisition"). As at the date of this announcement, the Proposed Acquisition is still pending completion.
- (iv) On 4 January 2023, the Company announced its intention to undertake a proposed diversification of the existing principal activities of the Company and its subsidiaries to include telecommunication and network services ("Proposed Diversification"). Barring any unforeseen circumstances, the Proposed Diversification will take immediate effect upon obtaining the approval from the shareholders of the Company at an EGM to be convened.

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

B10 Group borrowings and debt securities

	Year Ended 31 Dec 2022 RM'000	Year Ended 31 Dec 2021 RM'000
CURRENT		
Secured		
Leased liabilities	3,272	3,211
Term loan	1,803	181
Tawarruq financing	111,380	70,694
	<u>116,455</u>	<u>74,086</u>
NON-CURRENT		
Secured		
Leased liabilities	6,490	8,930
Term loan	8,263	732
	<u>14,753</u>	<u>9,662</u>
	<u>131,208</u>	<u>83,748</u>

The lease liabilities of the Group bears an interest rate of between 2.15% to 5.60% (2021: 2.32% to 4.35%) per annum.

The term loan of the Group bears an interest rate of between 3.50% to 6.99% (2021: 6.24%) per annum.

The tawarruq financing the Group bears an interest at rate of 8.00% (2021: 7.00%) 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 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 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 22 May 2023.

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 31 Dec 2022	Quarter Ended 31 Dec 2021	Year Ended 31 Dec 2022	Year Ended 31 Dec 2021
Profit after tax attributable to the owners of the Parent (RM'000)	318	723	6,157	4,302
Basic Earnings Per Share				
Weighted Average Number of Ordinary Shares in Issue ('000)	942,143	780,790	894,035	759,755
Basic Earnings Per Share (sen)	<u>0.03</u>	<u>0.09</u>	<u>0.69</u>	<u>0.57</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/year.

Diluted Earnings Per Share

Weighted Average Number of Ordinary Shares in Issue ('000)	N/A	844,813	N/A	821,460
Diluted Earnings Per Share (sen)	<u>N/A</u>	<u>0.09</u>	<u>N/A</u>	<u>0.52</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/year 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 27 February 2023.

By Order of the Board

Dato' Sri Ho Kam Choy
Group Managing Director
Kuala Lumpur
Date : 27 February 2023