

**STRAITS ENERGY RESOURCES BERHAD**

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

(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

**SUMMARY OF KEY FINANCIAL INFORMATION**

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Mar 2023 RM'000	Quarter Ended 31 Mar 2022 RM'000	Period Ended 31 Mar 2023 RM'000	Period Ended 31 Mar 2022 RM'000
Revenue	<u>617,032</u>	<u>641,709</u>	<u>617,032</u>	<u>641,709</u>
Operating profit	4,007	2,114	4,007	2,114
Finance costs	(2,732)	(1,799)	(2,732)	(1,799)
Share of result of associate	(183)	1,304	(183)	1,304
Profit before tax	<u>1,092</u>	<u>1,619</u>	<u>1,092</u>	<u>1,619</u>
Income tax expense	(562)	(1,018)	(562)	(1,018)
Profit after taxation	<u>530</u>	<u>601</u>	<u>530</u>	<u>601</u>
Profit attributable to :				
Owners of the Parent	305	1,060	305	1,060
Non-controlling interest	225	(459)	225	(459)
Profit for the period	<u>530</u>	<u>601</u>	<u>530</u>	<u>601</u>
Basic earnings per share (sen)	<u>0.03</u>	<u>0.13</u>	<u>0.03</u>	<u>0.13</u>
Diluted earnings per share (sen)	<u>N/A</u>	<u>0.12</u>	<u>N/A</u>	<u>0.12</u>
Proposed/Declared Dividend per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**STRAITS ENERGY RESOURCES BERHAD**

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

(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 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 Mar 2023 RM'000	Quarter Ended 31 Mar 2022 RM'000	Period Ended 31 Mar 2023 RM'000	Period Ended 31 Mar 2022 RM'000
Revenue	617,032	641,709	617,032	641,709
Operating expenses	(610,198)	(636,070)	(610,198)	(636,070)
Interest income	34	19	34	19
Other operating income	2,422	608	2,422	608
Depreciation	(5,283)	(4,152)	(5,283)	(4,152)
<b>Operating profit</b>	<b>4,007</b>	<b>2,114</b>	<b>4,007</b>	<b>2,114</b>
Finance costs	(2,732)	(1,799)	(2,732)	(1,799)
Share of result of associate	(183)	1,304	(183)	1,304
<b>Profit before tax</b>	<b>1,092</b>	<b>1,619</b>	<b>1,092</b>	<b>1,619</b>
Income tax expense	(562)	(1,018)	(562)	(1,018)
<b>Profit after taxation</b>	<b>530</b>	<b>601</b>	<b>530</b>	<b>601</b>
Other comprehensive income, net of tax	380	472	380	472
<b>Total comprehensive income for the quarter/period</b>	<b>910</b>	<b>1,073</b>	<b>910</b>	<b>1,073</b>
Profit attributable to :				
Owners of the Parent	305	1,060	305	1,060
Non-controlling interest	225	(459)	225	(459)
<b>Profit after taxation</b>	<b>530</b>	<b>601</b>	<b>530</b>	<b>601</b>
Total comprehensive income attributable to :				
Owners of the Parent	472	1,382	472	1,382
Non-controlling interest	438	(309)	438	(309)
<b>Total comprehensive income for the quarter/period</b>	<b>910</b>	<b>1,073</b>	<b>910</b>	<b>1,073</b>
Basic earnings per share (sen)	0.03	0.13	0.03	0.13
Diluted earnings per share (sen)	N/A	0.12	N/A	0.12

**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 FIRST QUARTER ENDED 31 MARCH 2023  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(These figures have not been audited)

	As At 31 March 2023 (Unaudited) RM'000	As At 31 Dec 2022 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	186,938	181,805
Goodwill on consolidation	47,407	46,344
Investment in associates	28,483	31,647
Other receivables	3,129	3,129
<b>Total Non-Current Assets</b>	<b>265,957</b>	<b>262,925</b>
<b>Current Assets</b>		
Inventories	30,585	45,658
Trade receivables	44,451	38,199
Other receivables, deposits & prepaid expenses	126,384	156,063
Tax recoverable	146	232
Fixed deposits	629	4,511
Cash & bank balances	45,058	56,317
<b>Total Current Assets</b>	<b>247,253</b>	<b>300,980</b>
<b>TOTAL ASSETS</b>	<b>513,210</b>	<b>563,905</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	146,740	146,740
Forex currency translation reserve	4,447	4,044
Retained profits	6,444	8,887
Equity Attributable to Owners of the Parent	157,631	159,671
Non-controlling interests	17,621	17,338
<b>Total Equity</b>	<b>175,252</b>	<b>177,009</b>
<b>Non-Current Liabilities</b>		
Other creditors	10,511	10,447
Leased liabilities	5,754	6,326
Bank borrowings	7,872	8,395
Deferred tax liabilities	599	193
<b>Total Non-Current Liabilities</b>	<b>24,736</b>	<b>25,361</b>
<b>Current Liabilities</b>		
Trade payables	62,318	93,351
Contract liabilities	579	57
Other payables and accruals	132,973	148,596
Bank borrowings	113,022	113,580
Leased liabilities	3,960	3,486
Tax liabilities	370	2,465
<b>Total Current Liabilities</b>	<b>313,222</b>	<b>361,535</b>
<b>Total Liabilities</b>	<b>337,958</b>	<b>386,896</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>513,210</b>	<b>563,905</b>
Net asset per share attributable to Owners of the Parent (sen)	16.73	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.

----- The rest of this page is intentionally left blank -----

**STRAITS ENERGY RESOURCES BERHAD**

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

(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2023**

(These figures have not been audited)

	-----> Attributable to Owners of the Parent <-----				-----> Non-Distributable <-----				
	Share Capital	Other Reserve*	Sub-Total	Warrant Reserve	Forex Currency Translation Reserve	Retained Profits	Total	Non-Controlling Interest ("NCI")	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period ended 31 March 2023</b>									
At 1 January 2023	146,740		146,740		4,044	8,887	159,671	17,338	177,009
Profit for the period	-	-	-	-	-	305	305	225	530
Translation reserve	-	-	-	-	403	-	403	214	617
Acquisition of subsidiaries	-	-	-	-	-	-	-	(156)	(156)
Dilution in investment in associate	-	-	-	-	-	(2,748)	(2,748)	-	(2,748)
<b>At 31 Mar 2023</b>	<b>146,740</b>	<b>-</b>	<b>146,740</b>	<b>-</b>	<b>4,447</b>	<b>6,444</b>	<b>157,631</b>	<b>17,621</b>	<b>175,252</b>
<b>Period ended 31 March 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	-	-	-	-	-	1,060	1,060	(459)	601
Translation reserve	-	-	-	-	322	-	322	150	472
New issuance of shares	13,792	-	13,792	-	-	-	13,792	-	13,792
Conversion of warrant	1,156	1,156	2,312	(1,156)	-	-	1,156	-	1,156
<b>At 31 March 2022</b>	<b>139,845</b>	<b>(16,469)</b>	<b>123,376</b>	<b>16,469</b>	<b>975</b>	<b>6,373</b>	<b>147,193</b>	<b>14,052</b>	<b>161,245</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 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**

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

(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(These figures have not been audited)

	Period Ended 31 Mar 2023 (unaudited) RM'000	Year Ended 31 Dec 2022 (audited) RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	1,092	10,016
Adjustments for :		
(Reversal)/allowance for expected credit losses on trade receivables	(313)	5,325
Depreciation of property, plant and equipment	5,283	18,973
Bad debt written off	-	623
Gain on insurance compensation for property, plant and equipment	-	(4)
Goodwill written off	-	1
Interest income	(34)	(69)
Interest expense	2,732	9,355
Fair value adjustment on other received	-	643
Property, plant and equipment written off	-	233
Unrealised forex loss/(gain) on foreign exchange	(1,768)	624
Share of results of associates	183	(6,650)
	<hr/>	<hr/>
Operating profit before working capital changes	7,175	39,070
Net change in current assets	42,788	(60,175)
Net change in current liabilities	(44,471)	46,290
	<hr/>	<hr/>
Cash from operations	5,492	25,185
Tax paid	(1,877)	(4,685)
Tax refund	-	114
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>3,615</b>	<b>20,614</b>
<b>Cash Flows From Investing Activities</b>		
Interest income received	34	69
Net cash outflow from acquisition of subsidiaries	(693)	(14,242)
Net cash outflow for increased equity interest in a subsidiary	-	(1,791)
Purchase of property, plant and equipment	(9,564)	(30,890)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(10,223)</b>	<b>(46,854)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	-	13,792
Proceed from exercise of warrant	-	8,051
Advances from directors	58	193
Drawdown / (repayment) of bank borrowings	(1,121)	44,392
Dividend paid	-	(1,764)
Repayment of leased liabilities	(1,072)	(3,394)
Repayment of vendor financing	(3,908)	(13,670)
Finance costs	(2,732)	(8,705)
Net capital contribution from non-controlling interest of a subsidiary	-	2,387
	<hr/>	<hr/>
<b>Net cash (used in)/generated from financing activities</b>	<b>(8,775)</b>	<b>41,282</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(15,383)</b>	<b>15,042</b>
Cash and cash equivalents at beginning of the period/year	59,789	46,599
Effect of exchange rate changes on cash and cash equivalents held	781	(1,852)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period/year</b>	<b>45,187</b>	<b>59,789</b>

Cash and cash equivalents at end of the period/year comprise :

Fixed deposits	629	4,511
Cash and bank balances	45,058	56,317
Less : Bank overdraft	-	(539)
Fixed deposit pledged	(500)	(500)
	<u>45,187</u>	<u>59,789</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 2022 and the accompanying explanatory notes attached to these interim financial statements.

----- The rest of this page is intentionally left blank -----

## STRAITS ENERGY RESOURCES BERHAD

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

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 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
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
---------------------------------------	---

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**

There were no major issuances, cancellations, repurchase, resale and 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 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 March 2023

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	655	(655)	-
Oil Bunkering & Shipping Related Services	607,882	3,278	(3,278)	607,882
Inland Transportation & Logistics	1,283	-	-	1,283
Port Operation & Management	2,325	-	-	2,325
STS Operation	4,576	5,135	(5,135)	4,576
Telecommunication & Network Services	966	-	-	966
	<u>617,032</u>	<u>9,068</u>	<u>(9,068)</u>	<u>617,032</u>

### Segmental Revenue For Cumulative Quarter Ended 31 March 2023

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	655	(655)	-
Oil Bunkering & Shipping Related Services	607,882	3,278	(3,278)	607,882
Inland Transportation & Logistics	1,283	-	-	1,283
Port Operation & Management	2,325	-	-	2,325
STS Operation	4,576	5,135	(5,135)	4,576
Telecommunication & Network Services	966	-	-	966
	<u>617,032</u>	<u>9,068</u>	<u>(9,068)</u>	<u>617,032</u>

### Segmental Revenue For Individual Quarter Ended 31 March 2022

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	314	(314)	-
Oil Bunkering & Shipping Related Services	637,658	5,292	(5,292)	637,658
Inland Transportation & Logistics	1,323	-	-	1,323
Port Operation & Management	2,728	-	-	2,728
	<u>641,709</u>	<u>5,605</u>	<u>(5,605)</u>	<u>641,709</u>

### Segmental Revenue For Cumulative Quarter Ended 31 March 2022

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	314	(314)	-
Oil Bunkering & Shipping Related Services	637,658	5,292	(5,292)	637,658
Inland Transportation & Logistics	1,323	-	-	1,323
Port Operation & Management	2,728	-	-	2,728
	<u>641,709</u>	<u>5,605</u>	<u>(5,605)</u>	<u>641,709</u>

### Segmental Profit Before Tax

Business Segments	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 March 2023	Quarter Ended 31 March 2022	Period Ended 31 March 2023	Period Ended 31 March 2022
	RM'000	RM'000	RM'000	RM'000
Investment Holding & Management Services	(1,085)	(1,431)	(1,085)	(1,431)
Oil Bunkering & Shipping Related Services	4,661	4,359	4,661	4,359
Inland Transportation & Logistics	(145)	(502)	(145)	(502)
Port Operation & Management	(563)	(216)	(563)	(216)
STS Operation	(648)	(1,636)	(648)	(1,636)
Telecommunication & Network Services	(902)	-	(902)	-
Share of Result of Associates	(183)	1,304	(183)	1,304
Others	(43)	(259)	(43)	(259)
	<u>1,092</u>	<u>1,619</u>	<u>1,092</u>	<u>1,619</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 3 March 2023, the Company through its 75%-owned subsidiary, Straits Technology Solutions Sdn Bhd had completed the acquisition of a 70% equity interest in Straits Infra Sdn Bhd (f.k.a Macro Lynx Sdn Bhd) ("Straits Infra") for a purchase consideration of RM700,000 that was fully satisfied via cash.
- (ii) CBL International Limited ("CBLIL") being an associate company of Straits, upon obtaining its listing approval by United States Securities And Exchange Commission ("SEC"), was listed on the Nasdaq Capital Market ("NASDAQ") on 23 March 2023. With this listing, the Company's equity interest in CBLIL was diluted from 38.0% to 32.3% arising from the issuance of 3,750,000 new shares to new investors. The total number of CBLIL's shares upon listing is 25,000,000 shares. With this, the Group has a dilution in value of RM2.7 million in its investment in associate which has been reversed from its retained profits.

As at 25 May 2023, the Company has 8,075,000 quoted shares of CBLIL with a market value of RM100.9 million equivalent.

**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:

	<b>Quarter Ended 31 Mar 2023 RM'000</b>	<b>Quarter Ended 31 Mar 2022 RM'000</b>
Approved and contracted	<u>754</u>	<u>10,772</u>
Approved and not contracted	<u>2,200</u>	<u>983</u>

**A15 Significant related party transactions**

Save as disclosed below, there were no other significant related party transactions during the financial quarter under review:

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Quarter Ended 31 Mar 2023 RM'000</b>	<b>Quarter Ended 31 Mar 2022 RM'000</b>	<b>Period Ended 31 Mar 2023 RM'000</b>	<b>Period Ended 31 Mar 2022 RM'000</b>
Shipping agency services	-	797	-	797
Launch boat services	-	65	-	65
Provision of fresh water	-	(11)	-	(11)

**A16 Profit before taxation**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Mar 2023 RM'000	Quarter Ended 31 Mar 2022 RM'000	Period Ended 31 Mar 2023 RM'000	Period Ended 31 Mar 2022 RM'000
(a) Depreciation & amortisation	5,283	4,152	5,283	4,152
(b) Finance costs	2,732	1,799	2,732	1,799
(c) Interest income	(34)	(19)	(34)	(19)
(d) (Reversal)/Impairment loss on receivables	(313)	289	(313)	289
(e) Foreign exchange (gain) / loss - unrealised	(1,768)	(628)	(1,768)	(628)
- realised	1,099	126	1,099	126

## STRAITS ENERGY RESOURCES BERHAD

(Incorporated in Malaysia)

### QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 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 3.9% marginal drop of RM24.7 million to RM617.0 million from RM641.7 million in the corresponding quarter of the previous year. This was attributed by a drop of RM29.8 million in the revenue of Oil Bunkering & Shipping Related Services Segment as average global oil prices has dropped by approximately 20%.

Nevertheless, this drop in revenue has been mitigated by both the Telecommunication & Network Services and STS Operation Segments that commenced operation in the second quarter of FY 2022 and had contributed RM1.0 million and RM4.6 million in revenue respectively in the current quarter.

Despite the drop in revenue in this quarter, operating profit has increased by RM1.9 million to RM4.0 million in the current quarter from RM2.1 million in the corresponding quarter of the previous year. This was attributable to improve in margins of oil cargo which has doubled during the quarter under review and the charged out of STS initial setup cost amounting to RM1.6 million in the corresponding quarter of the previous year. The increase in interest rate by 1.0% from 7.0% in the corresponding quarter of the previous year to 8.0% in the current quarter, and an additional utilisation of RM40.5 million in the Tawarruq financing facilities has increased the Group's financing cost by RM0.9 million. Together with a loss contribution from its associate, the Group's incurred a drop in its profit before tax from RM1.6 million in the corresponding period to RM1.1 million.

Our associate company CBLIL was listed in NASDAQ on 23 March 2023 and they are only required to disclose and announce its results on a half yearly basis. As such, the share of results of associate in the current quarter was estimated based on the share of profit of associate recognised in the corresponding quarter of the previous financial year, and after taking into consideration the estimated listing expenses based on the Company's diluted share of 32.3%.

##### B2 Variation of results against preceding quarter

	Current Quarter 31 Mar 2023 RM'000	Preceding Quarter 31 Dec 2022 RM'000	Changes	
			RM'000	%
Revenue	617,032	735,639	(118,607)	(16.1)
(Loss)/profit Before Tax	1,092	(627)	1,719	NA
Profit After Tax	530	1,108	(578)	(52.2)
Profit Attributable to Owners of the Parent	305	318	(13)	(4.1)

The revenue in the current quarter decreased by RM118.6 million to RM617.0 million from RM735.6 million in the preceding quarter was substantially attributed by the Oil Bunkering & Shipping Related Services Segment as it continues to face stabilising average global oil prices that has dropped by approximately 10% since the preceding quarter.

The slowing down in the vessels calling to Labuan Port has caused the drop in its revenue by RM1.5 million from the preceding quarter. However, this was mitigated by the improved in the performance of the STS Operation and Telecommunication & Network Services Segment that saw an increased in their revenue by RM1.7 million and RM0.2 million respectively.

The Group's enjoyed a profit before tax of RM1.1 million as compared to the RM0.6 million losses it suffered in the preceding quarter due to RM1.7 million impairment of receivables by the Oil Bunkering & Shipping Related Services Segment in the preceding quarter.

### B3 Group's prospects

There has been a strong traction in the Telecommunication and Network Services Segment in tandem with the rollout of the 4G and 5G network solution and digitalization transformation of commercial buildings, factories, ports, oil and gas industry's establishments through the Smart Technologies and Internet of Things ("IoT") in Malaysia and regionally. The Group is optimistic on its growth prospects 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 31 Mar 2023 RM'000	Quarter Ended 31 Mar 2022 RM'000	Period Ended 31 Mar 2023 RM'000	Period Ended 31 Mar 2022 RM'000
<b>Income tax</b>				
Current tax	<u>330</u>	<u>757</u>	<u>330</u>	<u>766</u>
	<u>330</u>	<u>757</u>	<u>330</u>	<u>766</u>
Tax on share of associate's profit	<u>232</u>	<u>261</u>	<u>232</u>	<u>261</u>
	<u>562</u>	<u>1,018</u>	<u>562</u>	<u>1,018</u>

The Group's higher effective tax rate for the quarter was mainly due to non-allowable expenses incurred, including listing expenses incurred by its associates during the quarter 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 Group does not hold any quoted or marketable securities as of 31 March 2023. There was no purchase or disposal of quoted securities for the current quarter.

### B9 Corporate Exercise

During the quarter under review, the Group had completed the following corporate exercises :

- (i) 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"). This proposed diversification was approved by shareholders at an Extraordinary General Meeting ("EGM") on 27 March 2023.
- (ii) On 3 March 2023, the Company through its 75%-owned subsidiary, Straits Technology Solutions Sdn Bhd had completed the acquisition of a 70% equity interest in Straits Infra Sdn Bhd (f.k.a Macro Lynx Sdn Bhd) ("Straits Infra") for a purchase consideration of RM700,000 that was fully satisfied via cash.

**B10 Group borrowings and debt securities**

	Quarter Ended 31 Mar 2023 RM'000	Quarter Ended 31 Mar 2022 RM'000
<b>CURRENT</b>		
<b>Secured</b>		
Leased liabilities	1,663	1,503
Term loan	1,815	137
Tawarruq financing	111,207	70,741
	<u>114,685</u>	<u>72,381</u>
<b>Unsecured</b>		
Leased liabilities	2,297	1,689
	<u>2,297</u>	<u>1,689</u>
	<u>116,982</u>	<u>74,070</u>
<b>NON-CURRENT</b>		
<b>Secured</b>		
Leased liabilities	3,177	4,908
Term loan	7,872	732
	<u>11,049</u>	<u>5,640</u>
<b>Unsecured</b>		
Leased liabilities	2,577	3,704
	<u>2,577</u>	<u>3,704</u>
	<u>13,626</u>	<u>9,344</u>
	<u>130,608</u>	<u>83,414</u>

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

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

The Tawarruq financing the Group bears an interest at rate of 8.00% (2022: 7.00% to 8.00%) 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.

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.

The next Case Management Conference and hearing of the Appeal is currently fixed on 3 July 2023 and 13 July 2023 respectively.

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
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
Profit after tax attributable to the owners of the Parent (RM'000)	305	1,060	305	1,060
<b>Basic Earnings Per Share</b>				
Weighted Average Number of Ordinary Shares in Issue ('000)	942,143	828,783	942,143	828,783
Basic Earnings Per Share (sen)	<u>0.03</u>	<u>0.13</u>	<u>0.03</u>	<u>0.13</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	867,427	N/A	867,427
Diluted Earnings Per Share (sen)	<u>N/A</u>	<u>0.12</u>	<u>N/A</u>	<u>0.12</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 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 29 May 2023.

**By Order of the Board**

---

Dato' Sri Ho Kam Choy  
Group Managing Director  
Kuala Lumpur  
Date : 29 May 2023