

STRAITS ENERGY RESOURCES BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2023 RM'000	Quarter Ended 30 June 2022 RM'000	Period Ended 30 June 2023 RM'000	Period Ended 30 June 2022 RM'000
Revenue	566,432	827,571	1,183,464	1,469,280
Operating profit	8,433	8,034	12,440	10,148
Finance costs	(2,745)	(2,134)	(5,477)	(3,933)
Share of result of associate	1,610	1,807	1,427	3,111
Profit before tax	7,298	7,707	8,390	9,326
Income tax expense	(2,626)	(2,573)	(3,188)	(3,591)
Profit after taxation	4,672	5,134	5,202	5,735
Profit attributable to :				
Owners of the Parent	4,237	4,552	4,542	5,612
Non-controlling interest	435	582	660	123
Profit for the period	4,672	5,134	5,202	5,735
Basic earnings per share (sen)	0.45	0.52	0.45	0.66
Diluted earnings per share (sen)	N/A	0.50	N/A	0.63
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 SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2023 RM'000	Quarter Ended 30 June 2022 RM'000	Period Ended 30 June 2023 RM'000	Period Ended 30 June 2022 RM'000
Revenue	566,432	827,571	1,183,464	1,469,280
Operating expenses	(559,377)	(820,981)	(1,169,575)	(1,457,051)
Interest income	24	22	58	41
Other operating income	8,393	6,194	10,815	6,802
Depreciation	(7,039)	(4,772)	(12,322)	(8,924)
Operating profit	8,433	8,034	12,440	10,148
Finance costs	(2,745)	(2,134)	(5,477)	(3,933)
Share of result of associate	1,610	1,807	1,427	3,111
Profit before tax	7,298	7,707	8,390	9,326
Income tax expense	(2,626)	(2,573)	(3,188)	(3,591)
Profit after taxation	4,672	5,134	5,202	5,735
Other comprehensive income, net of tax	5,176	2,628	5,793	3,100
Total comprehensive income for the quarter/period	9,848	7,762	10,995	8,835
Profit attributable to :				
Owners of the Parent	4,237	4,552	4,542	5,612
Non-controlling interest	435	582	660	123
Profit after taxation	4,672	5,134	5,202	5,735
Total comprehensive income attributable to :				
Owners of the Parent	7,617	6,278	8,326	7,660
Non-controlling interest	2,231	1,484	2,669	1,175
Total comprehensive income for the quarter/period	9,848	7,762	10,995	8,835
Basic earnings per share (sen)	0.45	0.52	0.45	0.66
Diluted earnings per share (sen)	N/A	0.50	N/A	0.63

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.

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	As At 30 June 2023 (Unaudited) RM'000	As At 31 Dec 2022 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	196,760	181,805
Goodwill on consolidation	47,407	46,344
Investment in associates	29,836	31,647
Other receivables	3,015	3,129
Total Non-Current Assets	277,018	262,925
Current Assets		
Inventories	50,964	45,658
Trade receivables	81,886	38,199
Other receivables, deposits & prepaid expenses	142,319	156,063
Tax recoverable	177	232
Fixed deposits	1,129	4,511
Cash & bank balances	38,233	56,317
Total Current Assets	314,708	300,980
TOTAL ASSETS	591,726	563,905
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	146,740	146,740
Forex currency translation reserve	7,828	4,044
Retained profits	10,683	8,887
Equity Attributable to Owners of the Parent	165,251	159,671
Non-controlling interests	21,492	17,338
Total Equity	186,743	177,009
Non-Current Liabilities		
Other creditors	11,102	10,447
Leased liabilities	9,033	6,326
Bank borrowings	4,544	8,395
Deferred tax liabilities	599	193
Total Non-Current Liabilities	25,278	25,361
Current Liabilities		
Trade payables	60,739	93,351
Contract liabilities	587	57
Other payables and accruals	200,024	148,596
Bank borrowings	112,370	113,580
Leased liabilities	4,473	3,486
Tax liabilities	1,512	2,465
Total Current Liabilities	379,705	361,535
Total Liabilities	404,983	386,896
TOTAL EQUITY AND LIABILITIES	591,726	563,905
Net asset per share attributable to Owners of the Parent (sen)	17.54	16.95

Note :

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

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STRAITS ENERGY RESOURCES BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2023

(These figures have not been audited)

	-----> Attributable to Owners of the Parent <----->					Retained Profits	Total	Non-Controlling Interest ("NCI")	Total Equity
	-----> Non-Distributable <----->			Warrant Reserve	Forex Currency Translation Reserve				
	Share Capital	Other Reserve*	Sub-Total	Warrant Reserve	Forex Currency Translation Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 30 June 2023									
At 1 January 2023	146,740	-	146,740	-	4,044	8,887	159,671	17,338	177,009
Profit for the period	-	-	-	-	-	4,542	4,542	660	5,202
Translation reserve	-	-	-	-	3,784	-	3,784	2,009	5,793
Acquisition of subsidiaries	-	-	-	-	-	-	-	(112)	(112)
Acquisition of NCI	-	-	-	-	-	2	2	(3)	(1)
Capital contribution from NCI	-	-	-	-	-	-	-	1,600	1,600
Dilution in investment in associate	-	-	-	-	-	(2,748)	(2,748)	-	(2,748)
At 30 June 2023	146,740	-	146,740	-	7,828	10,683	165,251	21,492	186,743
Period ended 30 June 2022									
At 1 January 2022	124,897	(17,625)	107,272	17,625	653	5,313	130,863	14,361	145,224
Profit for the period	-	-	-	-	-	5,612	5,612	123	5,735
Translation reserve	-	-	-	-	2,048	-	2,048	1,052	3,100
New issuance of shares	13,792	-	13,792	-	-	-	13,792	-	13,792
Conversion of warrant	1,271	1,271	2,542	(1,271)	-	-	1,271	-	1,271
Share application monies	-	1,612	1,612	-	-	-	1,612	-	1,612
Acquisition of subsidiaries	-	-	-	-	-	-	-	(825)	(825)
Acquisition of NCI	-	-	-	-	-	(639)	(639)	(1,152)	(1,791)
Capital contribution from NCI	-	-	-	-	-	-	-	4,871	4,871
At 30 June 2022	139,960	(14,742)	125,218	16,354	2,701	10,286	154,559	18,430	172,989

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.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(These figures have not been audited)

	Period Ended 30 June 2023 (unaudited) RM'000	Year Ended 31 Dec 2022 (audited) RM'000
Cash Flows From Operating Activities		
Profit before taxation	8,390	10,016
Adjustments for :		
(Reversal)/allowance for expected credit losses on trade receivables	(313)	5,325
Depreciation of property, plant and equipment	12,322	18,973
Bad debt written off	-	623
Gain on disposal of property, plant and equipment	(71)	-
Gain on insurance compensation for property, plant and equipment	-	(4)
Gain on acquisition of subsidiary	(5)	-
Goodwill written off	-	1
Interest income	(58)	(69)
Interest expense	5,477	9,355
Fair value adjustment on other received	-	643
Property, plant and equipment written off	(122)	233
Unrealised forex loss/(gain) on foreign exchange	(9,051)	624
Share of results of associates	(1,427)	(6,650)
	<hr/>	<hr/>
Operating profit before working capital changes	15,142	39,070
Net change in current assets	(34,264)	(60,175)
Net change in current liabilities	34,189	46,290
	<hr/>	<hr/>
Cash from operations	15,067	25,185
Tax paid	(3,102)	(4,685)
Tax refund	-	114
	<hr/>	<hr/>
Net cash generated from operating activities	11,965	20,614
Cash Flows From Investing Activities		
Interest income received	55	69
Acquisition of associates	(20)	-
Net cash outflow from acquisition of subsidiaries	(658)	(14,242)
Net cash outflow for increased equity interest in a subsidiary	-	(1,791)
Purchase of property, plant and equipment	(23,285)	(30,890)
Withdrawal/ (placement) of fixed deposit pledged	-	(95)
	<hr/>	<hr/>
Net cash used in investing activities	(23,908)	(46,949)
Cash Flows From Financing Activities		
Proceeds from issuance of shares	-	13,792
Proceed from exercise of warrant	-	8,051
Advances from directors	64	193
Net drawdown/ (repayment) of Tawarruq working capital financing-i	329	40,038
Drawdown / (repayment) of bank borrowings	(733)	4,354
Dividend paid	-	(1,764)
Repayment of leased liabilities	(1,569)	(3,394)
Repayment of vendor financing	(7,315)	(13,670)
Finance costs	(5,474)	(8,705)
Net capital contribution from non-controlling interest of a subsidiary	1,600	2,387
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(13,098)	41,282
Net (decrease)/ increase in cash and cash equivalents	(25,041)	14,947
Cash and cash equivalents at beginning of the period/year	59,171	46,076
Effect of exchange rate changes on cash and cash equivalents held	3,667	(1,852)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period/year	37,797	59,171

Cash and cash equivalents at end of the period/year comprise :		
Fixed deposits	1,129	4,511
Cash and bank balances	38,233	56,317
Less : Bank overdraft	(447)	(539)
Fixed deposit pledged	(1,118)	(1,118)
	<u>37,797</u>	<u>59,171</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.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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
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The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial period. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon initial application.

A3 Auditors report of preceding annual financial statements

The audit report of the preceding annual financial statements was not subject to any qualification.

A4 Seasonal or cyclical factors

The Group's interim operations are normally affected by the monsoon season and festive period in the first and fourth quarter of the year.

A5 Unusual items

During the current quarter under review, there were no items or events that arose, which will affect assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

A6 Material changes in estimates

There were no major changes in the estimate of amounts reported in prior interim periods of the current financial period or in the prior financial period that have had a material effect on the result in the quarter under review.

A7 Debt and equity securities

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 equity, shares and provision of management services.

Oil Bunkering and Shipping Related Services

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

Inland Transportation & Logistics

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

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 30 June 2023

Business Segments	External	Inter	Adjustments & Eliminations	Consolidated Revenue
	Revenue	Segment		
	RM'000	Revenue	RM'000	RM'000
Investment Holding & Management Services	-	740	(740)	-
Oil Bunkering & Shipping Related Services	559,301	9,067	(9,067)	559,301
Inland Transportation & Logistics	1,665	-	-	1,665
Port Operation & Management	3,333	-	-	3,333
STS Operation	1,513	33	(33)	1,513
Telecommunication & Network Services	620	103	(103)	620
	<u>566,432</u>	<u>9,943</u>	<u>(9,943)</u>	<u>566,432</u>

Segmental Revenue For Cumulative Quarter Ended 30 June 2023

Business Segments	External	Inter	Adjustments & Eliminations	Consolidated Revenue
	Revenue	Revenue		
	RM'000	RM'000	RM'000	RM'000
Investment Holding & Management Services	-	1,395	(1,395)	-
Oil Bunkering & Shipping Related Services	1,169,475	17,480	(17,480)	1,169,475
Inland Transportation & Logistics	2,948	-	-	2,948
Port Operation & Management	5,912	-	-	5,912
STS Operation	3,543	33	(33)	3,543
Telecommunication & Network Services	1,586	103	(103)	1,586
	<u>1,183,464</u>	<u>19,011</u>	<u>(19,011)</u>	<u>1,183,464</u>

Segmental Revenue For Individual Quarter Ended 30 June 2022

Business Segments	External	Inter	Adjustments & Eliminations	Consolidated Revenue
	Revenue	Revenue		
	RM'000	RM'000	RM'000	RM'000
Investment Holding & Management Services	-	791	(791)	-
Oil Bunkering & Shipping Related Services	823,283	9,861	(9,861)	823,283
Inland Transportation & Logistics	1,223	410	(410)	1,223
Port Operation & Management	2,596	53	(53)	2,596
STS Operation	256	-	-	256
Telecommunication & Networking	213	-	-	213
	<u>827,571</u>	<u>11,115</u>	<u>(11,115)</u>	<u>827,571</u>

Segmental Revenue For Cumulative Quarter Ended 30 June 2022

Business Segments	External	Inter	Adjustments & Eliminations	Consolidated Revenue
	Revenue	Revenue		
	RM'000	RM'000	RM'000	RM'000
Investment Holding & Management Services	-	1,203	(1,203)	-
Oil Bunkering & Shipping Related Services	1,460,941	14,859	(14,859)	1,460,941
Inland Transportation & Logistics	2,546	673	(673)	2,546
Port Operation & Management	5,324	96	(96)	5,324
STS Operation	256	-	-	256
Telecommunication & Networking	213	-	-	213
	<u>1,469,280</u>	<u>16,831</u>	<u>(16,831)</u>	<u>1,469,280</u>

Segmental Profit Before Tax

Business Segments	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Investment Holding & Management Services	(68)	(484)	(498)	(1,622)
Oil Bunkering & Shipping Related Services	9,054	9,160	12,851	12,988
Inland Transportation & Logistics	(293)	(399)	(528)	(902)
Port Operation & Management	(828)	(346)	(1,391)	(561)
STS Operation	(1,223)	(1,522)	(1,571)	(2,920)
Telecommunication & Network Services	(900)	(469)	(1,802)	(711)
Share of Result of Associates	1,610	1,807	1,427	3,111
Others	(54)	(40)	(98)	(57)
	<u>7,298</u>	<u>7,707</u>	<u>8,390</u>	<u>9,326</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 15 April 2023, an indirect 51%-owned subsidiary, Megah Port Management Sdn. Bhd has transferred its 100% owned subsidiary namely Victoria 3 Limited, (formerly known as MPM Victoria 3 Limited), (formerly known as SMF Cero Ltd.) to Victoria STS (Labuan) Sdn Bhd.
- (ii) On 19 April 2023, the Company through its 75%-owned subsidiary, Straits Technology Solutions Sdn Bhd had completed the acquisition of 60,002 ordinary shares, representing 60% equity interest in Straits Union Networks Sdn Bhd (formerly known as 5Bar Sdn Bhd) for a purchase consideration of RM60,002 that was fully satisfied via cash.
- (iii) On 22 June 2023, the Company through its 70%-owned subsidiary, Tumpuan Megah Development Sdn Bhd had completed the subscription of 20,000 ordinary shares representing 20% equity interest in Horizon Shipyard Inter Globe (M) Sdn Bhd. In addition, the Company's 51%-owned subsidiary, Straits Marine Services Pte Ltd had completed the subscription of 4,000 ordinary shares representing 4% equity interest in Horizon Shipyard Inter Globe (M) Sdn Bhd.

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 2022.

A14 Capital commitments

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

	Quarter Ended 30 June 2023 RM'000	Quarter Ended 30 June 2022 RM'000
Approved and contracted	-	3,745
Approved and not contracted	2,000	-

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 June 2023 RM'000	Quarter Ended 30 June 2022 RM'000	Period Ended 30 June 2023 RM'000	Period Ended 30 June 2022 RM'000
Shipping agency services	-	1,014	-	1,811
Launch boat services	-	48	-	113
Provision of fresh water	-	(12)	-	(23)

A16 Profit before taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2023 RM'000	Quarter Ended 30 June 2022 RM'000	Period Ended 30 June 2023 RM'000	Period Ended 30 June 2022 RM'000
(a) Bad debt written off	-	2	-	2
(b) Depreciation & amortisation	7,039	4,772	12,322	8,924
(c) Finance costs	2,745	2,134	5,477	3,933
(d) Gain on disposal of property, plant and equipment	(71)	-	(71)	-
(e) Interest income	(24)	(22)	(58)	(41)
(f) Reversal of property, plant and equipment written off in prior year	(122)	-	(122)	-
(g) (Reversal)/Impairment loss on receivables	-	289	(313)	578
(h) Foreign exchange (gain) / loss - unrealised - realised	(7,283) (716)	(3,654) (2,391)	(9,051) 383	(4,282) (2,265)

STRAITS ENERGY RESOURCES BERHAD
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 31.55% drop of RM261.14 million to RM566.43 million from RM827.57 million in the corresponding quarter of the previous year. This was attributed by a drop of RM263.98 million in the revenue of Oil Bunkering & Shipping Related Services Segment as average global oil prices has dropped by approximately 40%.

Despite the drop in revenue in the current quarter, operating profit has increased marginally by RM0.4 million to RM8.4 million from RM8.0 million in the corresponding quarter of the previous year. This was mainly attributed by a higher gain on foreign exchange as the RM continue to weaken against the USD and a 1% improvement in oil cargo gross profit margins.

Notwithstanding the above, the profit before tax has decreased by RM0.4 million to RM7.3 million from RM7.7 million in the corresponding quarter of the previous year. This was due to the increase in interest rate by 1.0% from 7.25% in the corresponding quarter that increased the Group's financing cost by RM0.6 million, and its share of result of associate has lowered by RM0.2 million as the Company effective interest in CBLIL has diluted from 38% to 32.3% as a result of CBLIL listing on NASDAQ.

Our associate company CBLIL was listed on 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 30 June 2023 RM'000	Preceding Quarter 31 March 2023 RM'000	Changes	
			RM'000	%
Revenue	566,432	617,032	(50,600)	(8.20)
Profit Before Tax	7,298	1,092	5,785	568.32
Profit After Tax	4,672	530	3,721	781.51
Profit Attributable to Owners of the Parent	4,237	305	3,510	1289.18

The revenue in the current quarter decreased by RM50.6 million to RM566.4 million from RM617 million in the preceding quarter substantially due to the Oil Bunkering & Shipping Related Services Segment which faced a further drop in average global oil prices by approximately 2.6% since the preceding quarter.

The Group enjoyed a profit before tax of RM7.29 million as compared to the RM1.09 million profit in the preceding quarter as the weakening of the RM against USD has contributed to the increased in the Group's unrealised foreign exchange gain.

B3 Group's prospects

The Telecommunication and Network Services Segment is seeing promising and progressive growth in line with further 4G/5G rollout and the enhanced digitalization across many business segments. As a result of further business expansion in this sector, the Group is positive on the growth prospects for 2023 and 2024 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 June 2023 RM'000	Quarter Ended 30 June 2022 RM'000	Period Ended 30 June 2023 RM'000	Period Ended 30 June 2022 RM'000
Income tax				
Current tax	2,348	1,887	2,678	2,644
Underprovision in prior year	-	372	-	372
	<u>2,348</u>	<u>2,259</u>	<u>2,678</u>	<u>3,016</u>
Tax on share of associate's profit	278	314	510	575
	<u>2,626</u>	<u>2,573</u>	<u>3,188</u>	<u>3,591</u>

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

B7 Unquoted investments and properties

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

B8 Quoted and marketable securities

The Group does not hold any quoted or marketable securities as of 30 June 2023. There was no purchase or disposal of quoted securities for the current quarter.

B9 Corporate Exercise

There has been no ongoing corporate exercise during the financial quarter under review.

B10 Group borrowings and debt securities

	Quarter Ended 30 June 2023 RM'000	Quarter Ended 30 June 2022 RM'000
CURRENT		
Secured		
Leased liabilities	2,844	2,152
Term loan	661	548
Tawarruq financing	111,709	106,510
	115,214	109,210
Unsecured		
Leased liabilities	1,629	1,495
	1,629	1,495
	116,843	110,705
NON-CURRENT		
Secured		
Leased liabilities	6,202	4,106
Term loan	4,544	2,336
	10,746	6,442
Unsecured		
Leased liabilities	2,831	3,416
	2,831	3,416
	13,577	9,858
	130,420	120,563

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 8.25% (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 Case Management Conference and hearing of the Appeal was fixed on 3 July 2023 and 13 July 2023 respectively.

Subsequently, the new hearing date for the Appeal has been fixed on 17 November 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	Quarter Ended	Period Ended	Period Ended
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Profit after tax attributable to the owners of the Parent (RM'000)	4,237	4,552	4,542	5,612
Basic Earnings Per Share				
Weighted Average Number of Ordinary Shares in Issue ('000)	942,143	883,718	1,010,584	855,725
Basic Earnings Per Share (sen)	<u>0.45</u>	<u>0.52</u>	<u>0.45</u>	<u>0.66</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	907,705	N/A	887,371
Diluted Earnings Per Share (sen)	<u>N/A</u>	<u>0.50</u>	<u>N/A</u>	<u>0.63</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 August 2023.

By Order of the Board

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