

STRAITS ENERGY RESOURCES BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2024

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Mar 2024 RM'000	Quarter Ended 31 Mar 2023 RM'000	Period Ended 31 Mar 2024 RM'000	Period Ended 31 Mar 2023 RM'000
Revenue	797,314	617,032	797,314	617,032
Operating profit	4,694	4,007	4,694	4,007
Finance costs	(3,623)	(2,732)	(3,623)	(2,732)
Share of result of associate	-	(183)	-	(183)
Profit before tax	1,071	1,092	1,071	1,092
Income tax expense	(667)	(562)	(667)	(562)
Profit after taxation	404	530	404	530
Profit attributable to :				
Owners of the Parent	468	305	468	305
Non-controlling interest	(64)	225	(64)	225
Profit for the period	404	530	404	530
Basic earnings per share (sen)	0.05	0.03	0.05	0.03
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 FIRST QUARTER ENDED 31 MARCH 2024
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 2024 RM'000	Quarter Ended 31 Mar 2023 RM'000	Period Ended 31 Mar 2024 RM'000	Period Ended 31 Mar 2023 RM'000
Revenue	797,314	617,032	797,314	617,032
Operating expenses	(791,707)	(610,198)	(791,707)	(610,198)
Interest income	18	34	18	34
Other operating income	5,737	2,422	5,737	2,422
Depreciation	(6,668)	(5,283)	(6,668)	(5,283)
Operating profit	4,694	4,007	4,694	4,007
Finance costs	(3,623)	(2,732)	(3,623)	(2,732)
Share of result of associate	-	(183)	-	(183)
Profit before tax	1,071	1,092	1,071	1,092
Income tax expense	(667)	(562)	(667)	(562)
Profit after taxation	404	530	404	530
Other comprehensive income, net of tax	3,075	617	3,075	617
Total comprehensive income for the quarter/ period	3,479	1,147	3,479	1,147
Profit attributable to :				
Owners of the Parent	468	305	468	305
Non-controlling interest	(64)	225	(64)	225
Profit after taxation	404	530	404	530
Total comprehensive income attributable to :				
Owners of the Parent	2,767	709	2,767	709
Non-controlling interest	712	438	712	438
Total comprehensive income for the quarter/period	3,479	1,147	3,479	1,147
Basic earnings per share (sen)	0.05	0.03	0.05	0.03
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

Notes :

- 1) The Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 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 2024
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	As At 31 Mar 2024 (Unaudited) RM'000	As At 31 Dec 2023 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	182,864	180,798
Goodwill on consolidation	47,407	47,407
Investment in associates	50,933	50,783
Other receivables	2,193	2,251
Total Non-Current Assets	283,397	281,239
Current Assets		
Inventories	82,947	73,009
Trade receivables	101,754	110,228
Contract assets	1,539	2,366
Other receivables, deposits & prepaid expenses	106,341	112,353
Tax recoverable	650	356
Fixed deposits	1,795	1,139
Cash & bank balances	35,957	27,354
Total Current Assets	330,983	326,805
TOTAL ASSETS	614,380	608,044
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	152,495	152,495
Forex currency translation reserve	10,696	8,398
Retained profits	17,178	16,710
Equity Attributable to Owners of the Parent	180,369	177,603
Non-controlling interests	15,243	14,230
Total Equity	195,612	191,833
Non-Current Liabilities		
Leased liabilities	4,064	4,117
Bank borrowings	8,762	8,889
Deferred tax liabilities	149	149
Total Non-Current Liabilities	12,975	13,155
Current Liabilities		
Trade payables	98,371	176,280
Other payables and accruals	45,618	108,374
Bank borrowings	258,763	114,427
Leased liabilities	2,468	3,341
Tax liabilities	573	634
Total Current Liabilities	405,793	403,056
Total Liabilities	418,768	416,211
TOTAL EQUITY AND LIABILITIES	614,380	608,044
Net asset per share attributable to Owners of the Parent (sen)	18.14	17.86

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 2023 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 FIRST QUARTER ENDED 31 MARCH 2024
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2024

(These figures have not been audited)

	<----- Attributable to Owners of the Parent ----->			<----- Non-Distributable ----->		
	Share Capital	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
Period ended 31 March 2024						
At 1 January 2024	152,495	8,398	16,710	177,603	14,230	191,833
Profit for the period	-	-	468	468	(64)	404
Translation reserve	-	2,298	-	2,298	777	3,075
Acquisition of subsidiaries	-	-	-	-	300	300
At 31 March 2024	152,495	10,696	17,178	180,369	15,243	195,612
Period ended 31 March 2023						
At 1 January 2023	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)
At 31 March 2023	146,740	4,447	6,444	157,631	17,621	175,252

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 2023 and the accompanying explanatory notes attached to these interim financial statements.

STRAITS ENERGY RESOURCES BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(These figures have not been audited)

	Period Ended 31 Mar 2024 RM'000 (Unaudited)	Year Ended 31 Dec 2023 RM'000 (Audited)
Cash Flows From Operating Activities		
Profit before taxation	1,071	8,790
Adjustments for :		
Accretion of interest income on other receivables	-	(208)
Depreciation of property, plant and equipment	6,668	25,834
Bad debt written off	-	9
Deposits written off	-	1,243
Goodwill written off	-	91
Property, plant and equipment written off	1	842
Gain on dilution of equity interest in associate	-	(16,518)
Gain on disposal of property, plant and equipment	-	(186)
Interest income	(18)	(87)
Interest expense	3,623	11,121
Impairment loss on property, plant and equipment	-	5,407
Unrealised gain on foreign exchange translation	(13,691)	(11,572)
Reversal for expected credit losses on trade receivables	-	(301)
Share of results of associates	-	(2,113)
	<hr/>	<hr/>
Operating (loss)/ profit before working capital changes	(2,346)	22,352
Net change in current assets	6,670	(59,023)
Net change in current liabilities	(138,917)	41,228
	<hr/>	<hr/>
Cash (used in)/ generated from operations	(134,593)	4,557
Tax paid	(1,024)	(6,511)
Tax refund	-	220
	<hr/>	<hr/>
Net cash used in operating activities	(135,617)	(1,734)
Cash Flows From Investing Activities		
Investment in associates	(150)	(20)
Addition subscription of subsidiary by non-controlling interest	300	-
Interest income received	13	87
Purchase of property, plant and equipment	(3,210)	(15,726)
Proceeds from disposal of property, plant and equipment	-	252
Net cash outflow from acquisition of subsidiaries	-	(652)
	<hr/>	<hr/>
Net cash used in investing activities	(3,047)	(16,059)
Cash Flows From Financing Activities		
Proceeds from issuance of shares	-	5,755
Advances from directors	51	1,127
Increased in pledged fixed deposit	-	(10)
Drawdown/ (repayment) of bank borrowings	144,267	(2,527)
Repayment of vendor financing	(3,440)	(13,720)
Finance costs	(3,623)	(10,822)
Repayment of lease liabilities	(926)	(3,890)
	<hr/>	<hr/>
Net cash generated from/ (used in) financing activities	136,329	(24,087)
Net decrease in cash and cash equivalents		
	(2,335)	(41,880)
Cash and cash equivalents at beginning of the period/ year	26,932	59,172
Effect of exchange rate changes on cash and cash equivalents held	11,594	9,640
	<hr/>	<hr/>
Cash and cash equivalents at end of the period/ year	36,191	26,932

	Period Ended 31 Mar 2024 RM'000 (Unaudited)	Year Ended 31 Dec 2023 RM'000 (Audited)
Cash and cash equivalents at end of the period/ year comprise :		
Fixed deposits	1,795	1,139
Cash and bank balances	35,957	27,354
Less : Bank overdraft	(433)	(433)
Fixed deposit pledged	(1,128)	(1,128)
	<u>36,191</u>	<u>26,932</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 2023 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 FIRST QUARTER ENDED 31 MARCH 2024

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 2023. 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 2023.

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 2024

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

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 2025

Amendments to MFRS 121	Lack of Exchangeability
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Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate Joint Venture
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The 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 are vessels management services, chartering services and shipping agency services.

- Oil trading & bunkering services involves the provision of refuelling marine gas oil and marine fuel oil through vessels to other ships and ocean faring vessels such as container vessels, cargo vessels and oil tankers. In essence, oil bunkering services entails the offering of marine logistics and marine supports services to companies mainly in the field of marine transportation and oil and gas industries.
- Vessels management services involves the provision of the vessel and marine management services.
- Chartering services involves vessels chartering services for oil trading & bunkering.
- Shipping agency services involves the provision of shipping agency and related services.

Inland Transportation & Logistics

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

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.

A9 Segment information (cont'd)

Segmental Revenue For Individual Quarter Ended 31 March 2024

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	541	(541)	-
Oil Bunkering & Shipping Related Services	790,297	-	-	790,297
Inland Transportation & Logistics	1,360	-	-	1,360
Port Operation & Management	3,659	-	-	3,659
STS Operation	486	-	-	486
Telecommunication & Network Services	1,512	-	-	1,512
	<u>797,314</u>	<u>541</u>	<u>(541)</u>	<u>797,314</u>

Segmental Revenue For Cumulative Quarter Ended 31 March 2024

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	541	(541)	-
Oil Bunkering & Shipping Related Services	790,297	-	-	790,297
Inland Transportation & Logistics	1,360	-	-	1,360
Port Operation & Management	3,659	-	-	3,659
STS Operation	486	-	-	486
Telecommunication & Network Services	1,512	-	-	1,512
	<u>797,314</u>	<u>541</u>	<u>(541)</u>	<u>797,314</u>

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	610,174	300	(300)	610,174
Inland Transportation & Logistics	1,283	-	-	1,283
Port Operation & Management	2,579	-	-	2,579
STS Operation	2,030	-	-	2,030
Telecommunication & Network Services	966	-	-	966
	<u>617,032</u>	<u>955</u>	<u>(955)</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	610,174	300	(300)	610,174
Inland Transportation & Logistics	1,283	-	-	1,283
Port Operation & Management	2,579	-	-	2,579
STS Operation	2,030	-	-	2,030
Telecommunication & Network Services	966	-	-	966
	<u>617,032</u>	<u>955</u>	<u>(955)</u>	<u>617,032</u>

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

Business Segments	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023
	RM'000	RM'000	RM'000	RM'000
Investment Holding & Management Services	(457)	(430)	(457)	(430)
Oil Bunkering & Shipping Related Services	3,603	3,797	3,603	3,797
Inland Transportation & Logistics	(465)	(235)	(465)	(235)
Port Operation & Management	544	(208)	544	(208)
STS Operation	(1,070)	(703)	(1,070)	(703)
Telecommunication & Network Services	(968)	(902)	(968)	(902)
Share of Result of Associates	-	(183)	-	(183)
Others	(116)	(44)	(116)	(44)
	<u>1,071</u>	<u>1,092</u>	<u>1,071</u>	<u>1,092</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 28 December 2023, the Company entered into a conditional shares sale and purchase agreement with TMD Energy Limited ("TMDel") for the proposed transfer of 10 ordinary shares in TMD Straits Ltd ("S1"), representing 100% of the equity interest in S1 for a purchase consideration of RM2,489,812 (equivalent to USD534,168) to be satisfied via the issuance of new TMDel shares and the transaction was completed on 10 January 2024.
- (ii) On 28 December 2023, the Company entered into a conditional shares sale and purchase agreement with TMDel for the proposed transfer of 10 ordinary shares in TMD Sturgeon Ltd ("Sturgeon"), representing 100% of the equity interest in Sturgeon for a purchase consideration of RM3,168,423 (equivalent to USD679,759) to be satisfied via the issuance of new TMDel shares and the transaction was completed on 10 January 2024.
- (iii) On 28 December 2023, Straits Marine Fuels & Energy Sdn Bhd ("SMF") entered into a conditional shares sale and purchase agreement with the Company and TMDel for the proposed transfer of 51,000 ordinary shares in SMS, representing 51% of the equity interest in Straits Marine Services Pte Ltd ("SMS") for a purchase consideration of RM3,460,612 (equivalent to USD742,445) to be satisfied via cash or the issuance of new TMDel shares or a combination of both, within 12 months from the completion date. The transaction was completed on 24 January 2024.
- (iv) On 28 December 2023, SMF entered into a conditional shares sale and purchase agreement with the Company and TMDel for the proposed transfer of 10,500,000 ordinary shares in Tumpuan Megah Development Sdn Bhd ("TMD"), representing 70% of the equity interest in TMD for a purchase consideration of RM22,682,307 (equivalent to USD4,866,299) to be satisfied via cash or the issuance of new TMDel shares or a combination of both, within 12 months from the completion date. The transaction was completed on 24 January 2024.
- (v) On 3 January 2024, TMD acquired 300 ordinary shares in TMD Marine Fuels Sdn Bhd ("TMDF"), representing 30% equity interest in TMDF for cash consideration of RM300. Subsequently on 23 February 2024, TMD further subscribed 149,700 new ordinary shares in TMDF for cash consideration of RM149,700. TMD's holding in TMDF remained 30% after subscription of new shares.

A13 Contingencies

There were no contingent liabilities or contingent assets arising since 31 December 2023.

A14 Capital commitments

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

	Quarter Ended 31 Mar 2024 RM'000	Quarter Ended 31 Mar 2023 RM'000
Approved and contracted	<u>40</u>	<u>754</u>
Approved and not contracted	<u>835</u>	<u>2,200</u>

A15 Significant related party transactions

There were no related party transactions during the current financial quarter under review.

A16 Profit before taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31 Mar 2024 RM'000	Quarter Ended 31 Mar 2023 RM'000	Period Ended 31 Mar 2024 RM'000	Period Ended 31 Mar 2023 RM'000
(a) Depreciation & amortisation	6,668	5,283	6,668	5,283
(b) Finance costs	3,623	2,732	3,632	2,732
(c) Interest income	(18)	(34)	(18)	(34)
(d) Property, plant and equipment written off	1	-	1	-
(e) Reversal for expected credit losses on trade receivables	-	(313)	-	(313)
(f) Foreign exchange (gain) / loss - unrealised	(13,691)	(1,768)	(13,691)	(1,768)
- realised	8,106	1,099	8,106	1,099

STRAITS ENERGY RESOURCES BERHAD
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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 29.22% increase of RM180.28 million to RM797.31 million from RM617.03 million in the corresponding quarter of the previous year. This was attributed by the increase of RM180.12 million in the revenue of Oil Bunkering & Shipping Related Services Segment as the cargo volume sold has increased by 20.55%. However, STS operation had decreased in revenue by RM1.54 million but it was compensated by the increased in revenue of RM1.08 million and RM0.55 million in Port Operation & Management and Telecommunication & Network Services respectively.

The Group's profit before tax ("PBT") has decreased by RM0.02 million to RM1.07 million from RM1.09 million in the corresponding quarter of the previous year. This was mainly attributed to the increase of interest expenses of 32.61% as the Group had obtained additional working capital financing facilities of approximately RM275 million in the current quarter.

Our associate company CBL International Limited ("CBLIL"), which is listed on National Association of Securities Dealers Automated Quotations ("NASDAQ") Stock Exchange is only required to disclose and announce its results on a half yearly basis. As such, the Group did not recognise any estimated share of associate's result in the current quarter until the associate announces its half-yearly financial results.

B2 Variation of results against preceding quarter

	Current Quarter 31 Mar 2024 RM'000	Preceding Quarter 31 Dec 2023 RM'000	Changes	
			RM'000	%
Revenue	797,314	962,259	(164,945)	(17.14)
Profit Before Tax	1,071	235	836	355.74
Profit / (Loss) After Tax	404	(1,340)	1,744	(130.15)
Profit Attributable to Owners of the Parent	468	1,833	(1,365)	(74.47)

The revenue in the current quarter decreased by RM164.95 million to RM797.31 million from RM962.26 million in the preceding quarter attributed substantially to the Oil Bunkering & Shipping Related Services Segment. It contributed to a decrease of RM163.06 million as a result of a decrease of approximately 14.30% in the cargo volume sold and the drop of cargo price approximately of 3.3%.

The Group's profit after tax increased by RM1.74 million to RM0.40 million from loss RM1.34 million in the preceding quarter due to one off impairment of cement tankers and equipment in Inland Transportation & Logistics Services and STS operation respectively in the preceding quarter. These are non-allowable expenses which resulted in the tax payable remained high and hence the Group suffered a loss of RM1.34 million in the preceding quarter.

B3 Group's prospects

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

B4 Profit forecast and profit guarantee

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

B6 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31 Mar 2024 RM'000	31 Mar 2023 RM'000	31 Mar 2024 RM'000	31 Mar 2023 RM'000
Income tax				
Current tax	667	330	667	330
	<u>667</u>	<u>330</u>	<u>667</u>	<u>330</u>
Tax on share of associate's profit	-	232	-	232
	<u>667</u>	<u>562</u>	<u>667</u>	<u>562</u>

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

B7 Unquoted investments and properties

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

B8 Quoted and marketable securities

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

B9 Corporate Exercise

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

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

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

On 17 May 2024, the Company had announced that Bursa Securities had granted the Company an extension of time of 6 months from 20 May 2024 to 20 November 2024 for the implementation of the Private Placement.

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

No.	Purpose	Proposed Private Placement	First Tranche	Actual Utilisation	Balance	Deviation (First Tranche)
		RM'000	RM'000	RM'000	RM'000	%
1	Expansion and growth of telecommunication and network service segment	8,000	4,478	4,478	3,522	-
2	Working capital	2,135	1,120	1,120	1,015	-
3	Estimated expenses	276	157	157	119	-
	TOTAL	10,411	5,755	5,755	4,656	-

- (ii) On 7 February 2024, the Company's indirect wholly-owned subsidiary, SMF entered into a conditional shares sale and purchase agreement with Dato' Mohd Suhaimi bin Hashim and Mr. Goo Yong Sing for the proposed acquisition of 4,500,000 TMD Shares, representing remaining 30% of the equity interest in TMD for a purchase consideration of RM9,720,989 (equivalent to USD2,085,557) to be satisfied entirely via cash or the issuance of new TMDel shares or a combination of both, within 12 months from the completion date.
- (iii) On 7 February 2024, the Company's indirect wholly-owned subsidiary, SMF entered into a conditional shares sale agreement with Platinum Gate Capital Pte Ltd for the proposed acquisition of 49,000 SMS Shares, representing remaining 49% of the equity interest in SMS for a purchase consideration of RM3,324,902 (equivalent to USD713,330) to be satisfied entirely via cash or the issuance of new TMDel shares or a combination of both, within 12 months from the completion date.

B10 Group borrowings and debt securities

	Quarter Ended 31 Mar 2024 RM'000	Quarter Ended 31 Mar 2023 RM'000
CURRENT		
Secured		
Bank overdraft	433	-
Leased liabilities	1,203	1,663
Term loan	2,493	1,815
Trade financing	255,837	111,207
	<u>259,966</u>	<u>114,685</u>
Unsecured		
Leased liabilities	1,265	2,297
	<u>1,265</u>	<u>2,297</u>
	<u>261,231</u>	<u>116,982</u>
NON-CURRENT		
Secured		
Leased liabilities	2,120	3,177
Term loan	8,762	7,872
	<u>10,882</u>	<u>11,049</u>
Unsecured		
Leased liabilities	1,944	2,577
	<u>1,944</u>	<u>2,577</u>
	<u>12,826</u>	<u>13,626</u>
Total	<u><u>274,057</u></u>	<u><u>130,608</u></u>

B10 Group borrowings and debt securities (cont'd)

The lease liabilities of the Group bears an interest rate of between 3.80% to 6.70% (2023: 3.80% to 6.70%) per annum.

The term loan of the Group bears an interest rate of ranging from :

- (i) Term Reference ("TR") rate plus margin of 1.2% (2023: 1.2%)
- (ii) Bank Financing Rate ("BFR") minus 2% (2023: 2%)

The trade financing of the Group bears an interest rate of between 5.94% - 8.25% (2023: 8.00% to 8.25%) per annum.

B12 Material litigation / arbitration

Arbitration Proceeding between ING Bank N.V ("ING" or "First Claimant"), O.W. Bunker Far East (Singapore) Pte Ltd ("OWBFE" or "Second Claimant"), collectively referred to as the "Claimants") and Tumpuan Megah Development Sdn Bhd ("TMD" or "Respondent")

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

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

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

The High Court Judge dismissed the application for issues to be tried and TMD has since filed an Appeal against this decision. TMD has also since applied to stay the proceedings pending disposal of the Appeal and the application for stay of proceedings was fixed for case management on 26 January 2022.

The hearing for stay of Setting Aside Application pending the Appeal was held and stay was granted. The record of Appeal was duly filed on 18 March 2022 and Case Management for the Appeal was fixed for 2 June 2022 to update the filing of Grounds of Judgement and Notes of Proceedings, if made available.

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

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

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

B12 Material litigation / arbitration (cont'd)

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

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

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

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

Notwithstanding the ongoing arbitration which commenced on 2 May 2017, the Vendor (Raja Ismail Bin Raja Mohamed) via an irrevocable Personal Guarantee dated 30 April 2020 had undertaken to indemnify the Company against the liabilities of TMD arising from the arbitration and shall promptly pay such liabilities upon receipt of a payment demand from the Company and accordingly, no provisions have been made in the financial statements.

B13 Dividends

There is no dividend proposed in the current quarter.

B14 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023
Profit after tax attributable to the owners of the Parent (RM'000)	468	305	468	305
Basic Earnings Per Share				
Weighted Average Number of Ordinary Shares in Issue ('000)	994,462	942,143	994,462	942,143
Basic Earnings Per Share (sen)	<u>0.05</u>	<u>0.03</u>	<u>0.05</u>	<u>0.03</u>

Basic earnings per share is calculated by dividing the profit after tax attributable to the owners of the Parent by the weighted average number of shares in issue during the period.

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 2024.

By Order of the Board

Dato' Sri Ho Kam Choy
Group Managing Director
Kuala Lumpur
Date : 29 May 2024