

STRAITS ENERGY RESOURCES BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024

SUMMARY OF KEY FINANCIAL INFORMATION

(These figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2024	Quarter Ended 30 June 2023	Period Ended 30 June 2024	Period Ended 30 June 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	909,614	566,432	1,706,928	1,183,464
Operating profit	8,409	8,433	13,103	12,440
Finance costs	(6,274)	(2,745)	(9,897)	(5,477)
Share of result of associate	-	1,610	-	1,427
Profit before tax	2,135	7,298	3,206	8,390
Income tax expense	(1,238)	(2,626)	(1,905)	(3,188)
Profit after taxation	897	4,672	1,301	5,202
Profit attributable to :				
Owners of the Parent	846	4,237	1,314	4,542
Non-controlling interest	51	435	(13)	660
Profit for the period	897	4,672	1,301	5,202
Basic earnings per share (sen)	0.09	0.45	0.13	0.48

STRAITS ENERGY RESOURCES BERHAD

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

(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024
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 2024 RM'000	Quarter Ended 30 June 2023 RM'000	Period Ended 30 June 2024 RM'000	Period Ended 30 June 2023 RM'000
Revenue	909,614	566,432	1,706,928	1,183,464
Operating expenses	(904,364)	(559,377)	(1,696,071)	(1,169,575)
Interest income	146	24	164	58
Other operating income	9,948	8,393	15,685	10,815
Depreciation	(6,935)	(7,039)	(13,603)	(12,322)
Operating profit	8,409	8,433	13,103	12,440
Finance costs	(6,274)	(2,745)	(9,897)	(5,477)
Share of result of associate	-	1,610	-	1,427
Profit before tax	2,135	7,298	3,206	8,390
Income tax expense	(1,238)	(2,626)	(1,905)	(3,188)
Profit after taxation	897	4,672	1,301	5,202
Other comprehensive income, net of tax	(53)	5,176	3,022	5,793
Total comprehensive income for the quarter/period	844	9,848	4,323	10,995
Profit attributable to :				
Owners of the Parent	846	4,237	1,314	4,542
Non-controlling interest	51	435	(13)	660
Profit after taxation	897	4,672	1,301	5,202
Total comprehensive income attributable to :				
Owners of the Parent	855	7,617	3,622	8,326
Non-controlling interest	(11)	2,231	701	2,669
Total comprehensive income for the quarter/period	844	9,848	4,323	10,995
Basic earnings per share (sen)	0.09	0.45	0.13	0.48

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 SECOND QUARTER ENDED 30 JUNE 2024
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(These figures have not been audited)

	As At 30 June 2024 (Unaudited) RM'000	As At 31 Dec 2023 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant & equipment	181,405	180,798
Goodwill on consolidation	47,407	47,407
Investment in associates	51,313	50,783
Other receivables	1,637	2,251
Total Non-Current Assets	281,762	281,239
Current Assets		
Inventories	59,305	73,009
Trade receivables	102,827	110,228
Contract assets	1,338	2,366
Other receivables, deposits & prepaid expenses	161,281	112,353
Amount owing from associates	328	-
Tax recoverable	285	356
Fixed deposits	3,239	1,139
Cash & bank balances	33,412	27,354
Total Current Assets	362,015	326,805
TOTAL ASSETS	643,777	608,044
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	152,495	152,495
Foreign currency translation reserve	8,545	8,398
Retained profits	20,512	16,710
Equity Attributable to Owners of the Parent	181,552	177,603
Non-controlling interests	14,750	14,230
Total Equity	196,302	191,833
Non-Current Liabilities		
Leased liabilities	2,969	4,117
Bank borrowings	7,406	8,889
Deferred tax liabilities	149	149
Total Non-Current Liabilities	10,524	13,155
Current Liabilities		
Trade payables	46,617	176,280
Other payables and accruals	50,447	108,374
Bank borrowings	336,844	114,427
Leased liabilities	2,799	3,341
Tax liabilities	244	634
Total Current Liabilities	436,951	403,056
Total Liabilities	447,475	416,211
TOTAL EQUITY AND LIABILITIES	643,777	608,044
Net asset per share attributable to Owners of the Parent (sen)	18.26	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 SECOND QUARTER ENDED 30 JUNE 2024
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2024

(These figures have not been audited)

	-----> Attributable to Owners of the Parent <----->					
	-----> Non-Distributable <----->					
	Share Capital	Foreign 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 30 June 2024						
At 1 January 2024	152,495	8,398	16,710	177,603	14,230	191,833
Profit for the period	-	-	1,314	1,314	(13)	1,301
Translation reserve	-	2,309	-	2,309	713	3,022
Changes in equity shareholdings in subsidiaries	-	(2,162)	2,488	326	(480)	(154)
Acquisition of subsidiaries	-	-	-	-	300	300
At 30 June 2024	152,495	8,545	20,512	181,552	14,750	196,302
Period ended 30 June 2023						
At 1 January 2023	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	-	-	-	-	(113)	(113)
Acquisition of NCI	-	-	2	2	(2)	-
Dilution in investment in associate	-	-	(2,748)	(2,748)	-	(2,748)
At 30 June 2023	146,740	7,828	10,683	165,251	19,892	185,143

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 SECOND QUARTER ENDED 30 JUNE 2024

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(These figures have not been audited)

	Period Ended 30 June 2024 RM'000 (Unaudited)	Period Ended 30 June 2023 RM'000 (Unaudited)
Cash Flows From Operating Activities		
Profit before taxation	3,206	8,390
Adjustments for :		
Depreciation of property, plant and equipment	13,603	12,322
Property, plant and equipment written off	2	(122)
Gain on disposal of property, plant and equipment	(159)	(71)
Gain on acquisition of subsidiary	-	(5)
Interest income	(164)	(58)
Interest expense	9,897	5,477
Unrealised loss/ (gain) on foreign exchange translation	7,071	(9,051)
Reversal for expected credit losses on trade receivables	-	(313)
Share of results of associates	-	(1,427)
Operating profit before working capital changes	<u>33,456</u>	<u>15,142</u>
Net change in current assets	(28,045)	(34,264)
Net change in current liabilities	<u>(179,868)</u>	<u>34,189</u>
Cash (used in)/ generated from operations	(174,457)	15,067
Tax paid	<u>(2,225)</u>	<u>(3,102)</u>
Net cash (used in)/ from operating activities	<u>(176,682)</u>	<u>11,965</u>
Cash Flows From Investing Activities		
Investment in associates	(530)	(20)
Changes in equity shareholdings in subsidiaries	(154)	-
Addition subscription of subsidiary by non-controlling interest	300	-
Interest income received	159	55
Purchase of property, plant and equipment	(11,080)	(23,285)
Proceeds from disposal of property, plant and equipment	234	-
Net cash outflow from acquisition of subsidiaries	-	(658)
Net cash used in investing activities	<u>(11,071)</u>	<u>(23,908)</u>
Cash Flows From Financing Activities		
(Repayment to)/ Advances from directors	(18)	1,664
Increased in pledged fixed deposit	(2,000)	-
Drawdown/ (Repayment) of bank borrowings	220,860	(404)
Repayment of vendor financing	(5,633)	(7,315)
Finance costs	(9,897)	(5,474)
Repayment of lease liabilities	<u>(1,689)</u>	<u>(1,569)</u>
Net cash generated from/ (used in) financing activities	<u>201,623</u>	<u>(13,098)</u>
Net increase/ (decrease) in cash and cash equivalents	13,870	(25,041)
Cash and cash equivalents at beginning of the period	26,932	59,171
Effect of exchange rate changes on cash and cash equivalents held	<u>(7,953)</u>	<u>3,667</u>
Cash and cash equivalents at end of the period	<u>32,849</u>	<u>37,797</u>

	Period Ended 30 June 2024 RM'000 (Unaudited)	Period Ended 30 June 2023 RM'000 (Unaudited)
Cash and cash equivalents at end of the period comprise :		
Fixed deposits	3,239	1,129
Cash and bank balances	33,412	38,233
Less : Bank overdraft	(574)	(477)
Fixed deposit pledged	(3,228)	(1,118)
	<u><u>32,849</u></u>	<u><u>37,797</u></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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(Company No.: 199601040053 (412406-T))

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 for financial periods beginning on or after 1 January 2026

Amendments to MFRS 9 and MFRS 7	Classification and Measurement of Financial Instruments
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Effective for financial periods beginning on or after 1 January 2027

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures

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 30 June 2024

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	503	(503)	-
Oil Bunkering & Shipping Related Services	899,774	165	(165)	899,774
Inland Transportation & Logistics	1,121	-	-	1,121
Port Operation & Management	4,016	-	-	4,016
STS Operation	620	-	-	620
Telecommunication & Network Services	4,083	-	-	4,083
	<u>909,614</u>	<u>668</u>	<u>(668)</u>	<u>909,614</u>

Segmental Revenue For Cumulative Quarter Ended 30 June 2024

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	1,044	(1,044)	-
Oil Bunkering & Shipping Related Services	1,690,071	381	(381)	1,690,071
Inland Transportation & Logistics	2,481	-	-	2,481
Port Operation & Management	7,675	-	-	7,675
STS Operation	1,106	-	-	1,106
Telecommunication & Network Services	5,595	-	-	5,595
	<u>1,706,928</u>	<u>1,425</u>	<u>(1,425)</u>	<u>1,706,928</u>

Segmental Revenue For Individual Quarter Ended 30 June 2023

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	740	(740)	-
Oil Bunkering & Shipping Related Services	559,301	74	(74)	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	-	-	620
	<u>566,432</u>	<u>847</u>	<u>(847)</u>	<u>566,432</u>

Segmental Revenue For Cumulative Quarter Ended 30 June 2023

Business Segments	External Revenue RM'000	Inter Segment Revenue RM'000	Adjustments & Eliminations RM'000	Consolidated Revenue RM'000
Investment Holding & Management Services	-	1,395	(1,395)	-
Oil Bunkering & Shipping Related Services	1,169,475	374	(374)	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	-	-	1,586
	<u>1,183,464</u>	<u>1,802</u>	<u>(1,802)</u>	<u>1,183,464</u>

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

Business Segments	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30 June 2024	Quarter Ended 30 June 2023	Period Ended 30 June 2024	Period Ended 30 June 2023
	RM'000	RM'000	RM'000	RM'000
Investment Holding & Management Services	(1,455)	(68)	(1,912)	(498)
Oil Bunkering & Shipping Related Services	4,663	9,054	8,264	12,851
Inland Transportation & Logistics	(308)	(293)	(773)	(528)
Port Operation & Management	724	(828)	1,268	(1,391)
STS Operation	(765)	(1,223)	(1,835)	(1,571)
Telecommunication & Network Services	(607)	(900)	(1,574)	(1,802)
Share of Result of Associates	-	1,610	-	1,427
Others	(117)	(54)	(232)	(98)
	<u>2,135</u>	<u>7,298</u>	<u>3,206</u>	<u>8,390</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 7 February 2024, the Company's indirect wholly-owned subsidiary, Straits Marine Fuels & Energy Sdn Bhd ("SMF") entered into a conditional shares sale and purchase agreement with Dato' Mohd Suhaimi bin Hashim ("Dato' Suhaimi") and Mr. Goo Yong Sing ("Mr. Goo") for the proposed acquisition by SMF of 4,500,000 Tumpuan Megah Development Sdn Bhd ("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 TMD Energy Limited ("TMDel") shares or a combination of both, within 12 months from the completion date. Subsequently, the acquisition was completed on 31 May 2024 and 3,474,934 new TMDel Shares were allotted and issued to Dato' Suhaimi and Mr. Goo, equally. TMD became wholly-owned subsidiary to SMF.
- (ii) 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 ("Platinum Gate") for the proposed acquisition by SMF of 49,000 Straits Marine Services Pte Ltd ("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. Subsequently, the acquisition was completed on 31 May 2024 and 1,188,543 new TMDel Shares were allotted and issued to Platinum Gate. SMS became wholly-owned subsidiary to SMF.

Upon completion of the above transactions (i) and (ii), the Company's equity interest in TMDel had been diluted from 100% to 76.68%.

- (iii) On 9 April 2024, TMD further subscribed 380,000 ordinary shares in Horizon Shipyard Inter Globe (M) Sdn Bhd ("Horizon") for cash consideration of RM380,000. TMD's equity holding in Horizon remained at 20% after the additional subscription of 380,000 ordinary shares.
- (iv) On 5 June 2024, Straits CommNet Solutions Sdn Bhd, an indirect 52.50%-owned subsidiary of the Company had subscribed for 510 ordinary shares in Straits D1 Cloud Sdn Bhd ("D1") for a cash consideration of RM510, representing 51% equity interest in D1.

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 30 June 2024 RM'000	Quarter Ended 30 June 2023 RM'000
Approved and contracted	243	-
Approved and not contracted	8,337	2,000

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 30 June 2024 RM'000	Quarter Ended 30 June 2023 RM'000	Period Ended 30 June 2024 RM'000	Period Ended 30 June 2023 RM'000
(a) Depreciation & amortisation	6,935	7,039	13,603	12,322
(b) Finance costs	6,274	2,745	9,897	5,477
(c) Interest income	(146)	(24)	(164)	(58)
(d) Gain on disposal of property, plant and equipment	(130)	(71)	(159)	(71)
(e) Reversal of property, plant and equipment written off in prior year	-	(122)	-	(122)
(f) Property, plant and equipment written off	1	-	2	-
(g) (Reversal)/Impairment loss on receivables	-	-	-	(313)
(h) Foreign exchange (gain) / loss - unrealised	20,762	(7,283)	7,071	(9,051)
- realised	(30,900)	(716)	(22,794)	383

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(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 60.59% increase of RM343.18 million to RM909.61 million from RM566.43 million in the corresponding quarter of the previous year. This was attributed by the increase of RM340.47 million in the revenue of Oil Bunkering & Shipping Related Services Segment as the cargo volume sold had increased by 48.63%. The cargo volume increase in the current quarter was due to availability of higher vessel capacity in the current quarter as compared to the corresponding quarter of the previous year, where one vessel was chartered to a third party and another vessel was sent for dry docking. Telecommunication & Network Services also recorded an increase in revenue of RM3.46 million compared to the corresponding quarter of the previous year as part of the contracts that are secured in the second half of 2023 are being carried out in the current quarter.

The Group's profit before tax ("PBT") had decreased by RM5.16 million to RM2.14 million from RM7.30 million in the corresponding quarter of the previous year. The decline was primarily due to a 128.56% increase in interest expenses, as the Group utilised additional working capital financing facilities of approximately RM221 million in the current quarter to meet the financing needs of its increase in revenue.

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	Preceding Quarter	Changes	
	30 June 2024 RM'000	31 Mar 2024 RM'000	RM'000	%
Revenue	909,614	797,314	112,300	14.08
PBT	2,135	1,071	1,064	99.35
Profit After Tax	897	404	493	122.03
Profit Attributable to Owners of the Parent	846	468	378	80.77

The revenue in the current quarter increased by RM112.30 million to RM909.61 million from RM797.31 million in the preceding quarter attributed substantially to the Oil Bunkering & Shipping Related Services Segment and Telecommunications & Network Services Segment. Oil Bunkering & Shipping Related Services Segment contributed to an increase of RM109.48 million in its revenue as a result of an increase of approximately 14.32% in the cargo volume sold. Telecommunications & Network Services Segment contributed to a revenue increase of RM2.57 million as one of the projects shifted from preparatory work stage to civil, mechanical and electrical work stage in the current quarter as compared to the previous quarter.

The Group's PBT increased by RM1.06 million to RM2.14 million from RM1.07 million in the preceding quarter as the weakening of the RM against USD had contributed to the increase in the Group's foreign exchange gain of RM4.55 million. This gain helped to mitigate the rise in interest expenses of approximately RM5.91 million in the current quarter.

B3 Group's prospects

The Telecommunication & Network Services Segment is expected to see further growth in 2024 and 2025 as it carries out the implementation of the contracts that it secured in 2023 and it is also actively pursuing other projects in the pipe line. 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.

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 2024 RM'000	Quarter Ended 30 June 2023 RM'000	Period Ended 30 June 2024 RM'000	Period Ended 30 June 2023 RM'000
Income tax				
Current tax	<u>1,238</u>	<u>2,348</u>	<u>1,905</u>	<u>2,678</u>
	<u>1,238</u>	<u>2,348</u>	<u>1,905</u>	<u>2,678</u>
Tax on share of associate's profit	<u>-</u>	<u>278</u>	<u>-</u>	<u>510</u>
	<u>1,238</u>	<u>2,626</u>	<u>1,905</u>	<u>3,188</u>

The Group's higher effective tax rate for the quarter was mainly due to non-allowable expenses incurred.

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 currently holds 8,075,000 shares of our associate company CBLIL that is listed on NASDAQ, representing an equity holding of 32.30% in CBLIL. 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 to complete 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 12 August 2024, the Company had announced the proposed listing of its 76.68%-owned subsidiary, TMDel which is under the oil bunkering and shipping related services segment via the listing and quotation of the ordinary shares in TMDel on the NYSE American by way of an initial public offering ("IPO").

B10 Group borrowings and debt securities

	Quarter Ended 30 June 2024 RM'000	Quarter Ended 30 June 2023 RM'000
CURRENT		
Secured		
Bank overdraft	574	447
Leased liabilities	1,162	1,701
Term loan	3,157	1,357
Trade financing	333,113	111,709
	<u>338,006</u>	<u>115,214</u>
Unsecured		
Leased liabilities	1,637	1,629
	<u>1,637</u>	<u>1,629</u>
	<u>339,643</u>	<u>116,843</u>
NON-CURRENT		
Secured		
Leased liabilities	1,768	3,154
Term loan	7,406	7,592
	<u>9,174</u>	<u>10,746</u>
Unsecured		
Leased liabilities	1,201	2,831
	<u>1,201</u>	<u>2,831</u>
	<u>10,375</u>	<u>13,577</u>
Total	<u>350,018</u>	<u>130,420</u>

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 5.82% - 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").

OWBFE, a company that was engaged in sale of marine bunker fuels, went into liquidation. ING was appointed as assignee of OWBFE's receivables, which gave ING the right to collect any outstanding payment owed to OWBFE.

ING subsequently commenced arbitration against TMD in London. ING/OWB's case is that TMD purchased bunkers from OWBFE and that the bunkers were duly supplied to TMD's vessels as evidenced by the Bunker Receiving Reports. TMD's position was that the supply never took place.

On 26 January 2021, ING/OWBFE filed an originating summons in the High Court of Malaya at Kuala Lumpur seeking to have the English High Court judgment registered as a judgment of the High Court of Malaya pursuant to the Reciprocal Enforcement of the Judgment Act 1958 (Malaysia). The High Court of Malaya, on an ex parte basis, granted ING/OWBFE's application to register the English High Court judgment.

On 14 April 2021, TMD received a sealed Order of the High Court of Malaya at Kuala Lumpur dated 22 March 2021 and undated Notice of Registration of Foreign Judgement for USD937,353 with interest and cost to register the English judgement as a judgement of the High Court of Malaya.

Since then, TMD had taken steps to strenuously resist the attempt to enforce the UK Arbitration Award which TMD contends was 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 said sealed Order and undated Notice of Registration of Foreign Judgement.

TMD's initial application for a full trial of the triable issues was dismissed by the High Court, however the Court of Appeal on 17 November 2023 had allowed the said appeal, pursuant to which the appellants applied for leave to appeal against the Court of Appeal's decision, and the Federal Court granted the leave on 30 May 2024.

TMD's Solicitors had on 20 August 2024 informed the Company that pursuant to a Leave granted by the Federal Court to ING Bank and OWB on 30 May 2024, the Federal Court has fixed the Case for hearing on 27 November 2024.

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.

The Board is of the opinion that if in the event the outcome is not in favour of the Company, there will be no adverse material effect on the Company as the potential liabilities arising therefrom is fully indemnified by the Vendor i.e. Raja Ismail Bin Raja Mohamed.

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 2024	30 June 2023	30 June 2024	30 June 2023
Profit after tax attributable to the owners of the Parent (RM'000)	846	4,237	1,314	4,542
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>0.09</u>	<u>0.45</u>	<u>0.13</u>	<u>0.48</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 August 2024.

By Order of the Board

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