

ALPHA OCEAN RESOURCES BERHAD

(Company No.: 201901034353 (1343683-K))
(Incorporated in Malaysia)

INTERIM UNAUDITED FINANCIAL STATEMENTS

For the Second Half Year Ended 30 June 2022

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY THE LISTED CORPORATION. INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

ALPHA OCEAN RESOURCES BERHAD

(Company No.: 201901034353 (1343683-K))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2022 ⁽¹⁾****(The figures have not been audited)**

	(Unaudited) As at 30.06.2022 RM	(Audited) As at 30.06.2021 RM
ASSETS		
Non-current assets		
Property, plant and equipment	8,944,642	9,257,902
Right-of-use assets	1,854	6,991
Intangible assets	68,656	68,656
Total non-current assets	<u>9,015,152</u>	<u>9,333,549</u>
Current assets		
Inventories	433,252	1,014,508
Trade receivables	386,691	5,697,461
Other receivables and deposits	3,018,292	1,393,980
Current tax assets	1,794,355	179,828
Fixed deposits placed with licensed banks	1,574,088	1,545,511
Cash and bank balances	12,275,737	7,107,429
Total current assets	<u>19,482,415</u>	<u>16,938,717</u>
TOTAL ASSETS	<u>28,497,567</u>	<u>26,272,266</u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	21,250,080	18,250,080
Reserves	204,043	(427,654)
Retained earnings	4,461,374	4,330,526
Total equity	<u>25,915,497</u>	<u>22,152,952</u>
Non-current liabilities		
Deferred tax liabilities	128,608	69,728
Lease liabilities	23,490	40,145
Total non-current liabilities	<u>152,098</u>	<u>109,873</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2022 ⁽¹⁾

(The figures have not been audited)

	(Unaudited) As at 30.06.2022 RM	(Audited) As at 30.06.2021 RM
Current liabilities		
Trade payables	207,105	485,494
Other payables and accruals	2,201,690	1,805,708
Lease liabilities	16,724	19,456
Bank borrowings	776	524,264
Current tax liabilities	3,677	1,174,519
Total current liabilities	<u>2,429,972</u>	<u>4,009,441</u>
TOTAL LIABILITIES	<u>2,582,070</u>	<u>4,119,314</u>
TOTAL EQUITY AND LIABILITIES	<u>28,497,567</u>	<u>26,272,266</u>
Net Assets per ordinary share (RM) ⁽²⁾	<u>0.26</u>	<u>0.25</u>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Company's total number of issued shares as at the end of the respective financial reporting period based on total number of shares of 100,000,000 as at 30 June 2022 and 90,000,000 as at 30 June 2021.

ALPHA OCEAN RESOURCES BERHAD

(Company No.: 201901034353 (1343683-K))

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD / YEAR ENDED 30 JUNE 2022 ⁽¹⁾****(The figures have not been audited)**

	Individual 6 months ended		Cumulative 12 months ended	
	Current Year 6 Months Period Ended 30.06.2022 RM	Previous Year 6 Months Period Ended ⁽²⁾ 30.06.2021 RM	Current Year To-Date 30.06.2022 RM	Previous Year To-Date 30.06.2021 RM
Revenue	4,488,224	N/A	6,071,871	28,378,222
Cost of sales	(2,387,287)	N/A	(3,670,243)	(21,030,645)
Gross profit	2,100,937	N/A	2,401,628	7,347,577
Other operating income	399,612	N/A	801,229	264,508
Administrative expenses ⁽³⁾	(2,421,123)	N/A	(4,295,618)	(2,909,401)
Profit / (Loss) from operations	79,426	N/A	(1,092,761)	4,702,684
Finance costs	(18,910)	N/A	(24,273)	(13,290)
(Loss) / Profit before taxation	60,516	N/A	(1,117,034)	4,689,394
Taxation	1,872,882	N/A	1,872,882	(2,090,881)
Profit for the period / year	1,933,398	N/A	755,848	2,598,513
Other comprehensive income				
Foreign currencies translation	631,697	N/A	631,697	(112,360)
Total comprehensive income for the period / year	2,565,095	N/A	1,387,545	2,486,153

ALPHA OCEAN RESOURCES BERHAD

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE PERIOD / YEAR ENDED 30 JUNE 2022 ⁽¹⁾****(The figures have not been audited)**

	Individual 6 months ended		Cumulative 12 months ended	
	Current Year 6 Months Period Ended 30.06.2022 RM	Previous Year 6 Months Period Ended ⁽²⁾ 30.06.2021 RM	Current Year To-Date 30.06.2022 RM	Previous Year To-Date 30.06.2021 RM
Profit attributable to:				
Owner of the Company	1,933,398	N/A	755,848	2,598,513
Total comprehensive income attributable to:				
Owner of the Company	2,565,095	N/A	1,387,545	2,486,153
Basic earnings per share (sen) ^{(4) (5)}	1.93	N/A	0.80	2.89

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) No comparative figures for the preceding period are available, as this is the Group's second interim financial report on its consolidated results announced in compliance with the LEAP Market Listing Requirements of Bursa Securities.
- (3) Included one-off expenses related to the listing of the Company on the LEAP Market of Bursa Securities during the financial year ending 30 June 2022, amounting to RM 1,015,907.30.
- (4) Basic earnings per share is calculated based on the Company's weighted average number of shares of 100,000,000 ordinary shares for 6-months financial period ended 30 June 2022.
- (5) Basic earnings per share is calculated based on the Company's weighted average number of shares of 94,958,904 ordinary shares for 12-months financial period ended 30 June 2022 and 90,000,000 ordinary shares for 12-months financial period ended 30 June 2021.

N/A – Not applicable

ALPHA OCEAN RESOURCES BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 ⁽¹⁾**

(The figures have not been audited)

	Attributable to the owners of the company				Total Equity RM
	Share capital RM	Non-Distributable Foreign currencies translation reserve RM	Merger reserve RM	Distributable Retained earnings RM	
At 1 July 2021	18,250,080	71,917	(499,571)	4,330,526	22,152,952
Issuance of new shares	3,000,000	-	-	-	3,000,000
Dividend on ordinary shares	-	-	-	(625,000)	(625,000)
Profit for the financial year	-	-	-	755,848	755,848
Foreign currencies translation, representing total other comprehensive income for the year	-	631,697	-	-	631,697
Total comprehensive income for the year	-	631,697	-	755,848	1,387,545
At 30 June 2022	<u>21,250,080</u>	<u>703,614</u>	<u>(499,571)</u>	<u>4,461,374</u>	<u>25,915,497</u>

Notes:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 ⁽¹⁾****(The figures have not been audited)**

	←-----		Attributable to the owners of the company		-----→		
	Share capital	Non-Distributable Foreign currencies translation reserve	Merger reserve	Distributable Retained earnings	Total	Non-controlling interest	Total Equity
	RM	RM	RM	RM	RM	RM	RM
At 1 July 2020	18,250,080	184,277	(499,571)	1,910,032	1,322,011	1,322,011	21,166,829
Acquisition of equity interest in a subsidiary	-	-	-	(178,019)	(178,019)	(1,322,011)	(1,500,030)
Profit for the financial year	-	-	-	2,598,513	2,598,513	-	2,598,513
Foreign currencies translation, representing total other comprehensive income for the year	-	(112,360)	-	-	(112,360)	-	(112,360)
Total comprehensive income for the year	-	(112,360) [®]	-	2,598,513	2,486,153	-	2,486,153
At 30 June 2021	<u>18,250,080</u>	<u>71,917</u>	<u>(499,571)</u>	<u>4,330,526</u>	<u>22,152,952</u>	<u>-</u>	<u>22,152,952</u>

Notes:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.

ALPHA OCEAN RESOURCES BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 ⁽¹⁾****(The figures have not been audited)**

	Cumulative 12 months ended	
	30.06.2022	30.06.2021
	RM	RM
Cash flow from operating activities		
(Loss) / Profit before taxation	(1,117,034)	4,689,394
Adjustments for:		
Depreciation of property, plant and equipment	794,572	728,426
Depreciation of right-of-use assets	5,338	3,496
Written-off property, plant and equipment	843	6,750
Gain on disposal of property, plant and equipment	(250,062)	-
Interest expense	24,273	13,290
Interest income	(34,493)	(66,752)
Unrealised loss / (gain) on foreign exchange	92,750	(91,315)
Reversal of impairment losses of:		
- Trade receivables	(371,657)	368,447
- Other receivables	(484)	484
Operating (loss) / profit before working capital changes	(855,954)	5,652,220
Changes in working capital:		
Trade and other receivables	4,027,863	(4,261,616)
Trade and other payables	32,880	(455,851)
Inventories	581,256	(1,014,508)
Cash generated from / (used in) operations [®]	3,786,045	(79,755)
Tax paid	(853,607)	(1,171,213)
Net cash generated from / (used in) operating activities	2,932,438	(1,250,968)
Cash flow from investing activities		
Purchases of property, plant and equipment	(2,389,676)	(300,152)
Acquisition of intangible assets	-	(68,656)
Acquisition of subsidiaries	-	(1,500,030)
Proceeds from sales of property, plant and equipment	2,157,582	-
Interest received	5,916	21,241
Net cash used in investing activities	(226,178)	(1,847,597)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 ⁽¹⁾****(The figures have not been audited)**

	Cumulative 12 months ended	
	30.06.2022	30.06.2021
	RM	RM
Cash flow from financing activities		
Interest paid	(14,261)	(13,290)
Proceeds from issuance of ordinary shares	3,000,000	-
Dividend paid to shareholders	(625,000)	-
Repayment to a director	-	(1,824,459)
Repayment of lease liabilities	(19,588)	(16,134)
Net cash generated from / (used in) financing activities	2,341,151	(1,853,883)
Net increase / (decrease) in cash and cash equivalents	5,047,411	(4,952,448)
Effect of foreign exchange rate changes	644,385	90,318
Cash and cash equivalents at the beginning of the financial year	6,583,165	11,445,295
Cash and cash equivalents at the end of the financial year	<u>12,274,961</u>	<u>6,583,165</u>
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	12,275,737	7,107,429
Fixed deposits with licensed banks	1,574,088	1,545,511
Bank overdrafts	(776)	(524,264)
	13,849,049	8,128,676
Less: Fixed deposits pledged to banks	(1,574,088)	(1,545,511)
	12,274,961	6,583,165

Notes:

- (1) The basis of preparation of the Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.

ALPHA OCEAN RESOURCES BERHAD

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2022

1. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 6.12 and Part A, Appendix 6A of the LEAP Market Listing Requirements issued by Bursa Securities.

This interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.

2. Significant accounting policies

The significant accounting policies applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 30 June 2021, except for the adoption of the following accounting standards and amendments of Malaysian Financial Reporting Standards (“MFRS”) with effect from 1 July 2021.

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform Phase 2*
- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions* beyond 30 June 2021

The adoption of the above accounting standards and amendments did not have any material impact to the Group’s financial statements.

The following are accounting standards and amendments of the MFRSs that have been issued by the MASB but have not been adopted by the Group.

MFRSs and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2022 (CONTINUED)

2. Significant accounting policies (continued)

MFRSs and amendments effective for annual periods beginning on or after 1 January 2022 (continued)

- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards and amendments, where applicable, in the respective financial years when the abovementioned accounting standards and amendments become effective, except for MFRS 17 which is not applicable to the Group.

The initial application of the amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

3. Seasonality or cyclical factors

The business of the Group is not significantly affected by any seasonality or cyclical factors, other than those that is pertaining to the ordinary course of business – certain segment (e.g. commercial deep-sea fishing segment) depends on the duration of the voyage and timing of landing of our vessels at the end of the respective fishing expeditions.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2022 (CONTINUED)

4. Unusual items due to their nature, size or incidence

As a result of the COVID-19 pandemic, the Movement Control Order (“MCO”) was introduced by the Malaysian government, which came into effect on 18 March 2020 that entails the closure of all Government and private premises except those involved in essential services. As we are involved in food supply, which is considered as essential services, we are permitted to operate during the MCO period.

Subsequently, there were several rounds of MCOs announced by the Government and implemented from 13 January 2021. Following the MCO stages, the National Recovery Plan (NRP) was put in place starting June 1, 2021. NRP consists of a four-phase recovery plan that is developed to steer Malaysia out of the pandemic. Malaysia have effectively concluded all 4 phases of the NRP to date (date of interim financial report). Besides that, the Group was not adversely affected as we are involved in the business of food supply and were still allowed to operate during these periods.

Despite no major interruptions in our operations, however there is an increase in the logistic costs (referring to the freight charges rates for our traded products) quoted by the carriers. The increase of up to 2 to 10 times the usual rates in freight charges was a result of the dominos effect (chain reaction) of the Covid-19 pandemic. Hence, this has resulted in no trading activities in the current individual 6 months period and cumulative 12 months period.

Other than the different phases of MCOs that were continuously imposed by the Government to curb the spread of COVID-19 disease and the subsequent conclusion of the 4-phase recovery plan, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the reporting period ended 30 June 2022.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2022 (CONTINUED)

5. Changes in critical accounting estimates

There were no material changes in critical accounting estimates that had a material effect in the period ended 30 June 2022.

6. Debt and equity securities

There was issuance of new share capital as part of our listing on the LEAP Market of Bursa Securities during the financial year ended 30 June 2022 of RM3,000,000 and no issuance of equities securities during the financial year ended 30 June 2021.

	Number of shares units	Amount RM
At 1 July 2020 ⁽¹⁾	N/A	N/A
Issuance of share capital	N/A	N/A
At 30 June 2021	N/A	N/A
At 1 July 2021	90,000,000	18,250,080
Issuance of share capital	10,000,000	3,000,000
At 30 June 2022	100,000,000	21,250,080

Notes:

- (1) There is no comparative figures for the correspondence preceding period as this is the Group's second interim report on its consolidated results announced in compliance with the LEAP market Listing Requirement of Bursa Securities.

N/A – Not applicable

7. Changes in Group's composition

There are no changes in the group's composition during the current period ended 30 June 2022.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2022 (CONTINUED)

8. Segment information

The Group's net revenue based on its business segments is presented as follows:

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2022	30.06.2021 ⁽²⁾	30.06.2022	30.06.2021
	RM	RM	RM	RM
NET REVENUE				
Business Segments				
Commercial deep-sea fishing	4,446,924	N/A	6,096,989	2,147,810
Port landing services	111,003	N/A	108,755	176,659
Trading of tuna and other deep-sea fishes ⁽¹⁾	(87,746)	N/A	(163,800)	25,989,151
Management of trade services	18,043	N/A	29,927	64,602
	<u>4,488,224</u>	<u>N/A</u>	<u>6,071,871</u>	<u>28,378,222</u>
GROSS PROFIT				
Business Segments				
Commercial deep-sea fishing	2,162,581	N/A	2,529,690	818,362
Port landing services	8,059	N/A	5,811	11,428
Trading of tuna and other deep-sea fishes ⁽¹⁾	(87,746)	N/A	(163,800)	6,453,185
Management of trade services	18,043	N/A	29,927	64,602
	<u>2,100,937</u>	<u>N/A</u>	<u>2,401,628</u>	<u>7,347,577</u>

Notes:

(1) The negative net revenue and gross profit amount is due to discounts given to customers for full settlement of their trade receivables during the current financial period.

(2) There is no comparative figures for the correspondence preceding period as this is the Group's second interim report on its consolidated results announced in compliance with the LEAP Market Listing Requirements of Bursa Securities.

N/A – Not Applicable

9. Material events subsequent to the balance sheet date

There was no material event subsequent to the end of the current financial period ended 30 June 2022.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2022 (CONTINUED)

10. Contingent Assets and Contingent liabilities

There were no material contingent assets and liabilities as at the end of the current financial period ended 30 June 2022.

11. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment during the financial period ended 30 June 2022.

12. Capital Commitments

As at the date of this report, the Group has the following capital commitment:

	Individual 6 months ended
	30.06.2022
	RM
Contracted but not provided for:-	
- ERP System (Odoo)	60,006
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13. Material litigation

There were no material litigations pending as at end of the current financial period ended 30 June 2022.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2022 (CONTINUED)

14. Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares.

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2022	30.06.2021 ⁽¹⁾	30.06.2022	30.06.2021 ⁽¹⁾
	RM	RM	RM	RM
Profit attributable to owners of the Company	1,933,398	N/A	755,848	2,598,513
Total weighted average number of ordinary shares	100,000,000 ⁽²⁾	N/A	94,958,904 ⁽³⁾	90,000,000 ⁽³⁾
Basic earnings per share (sen)	1.93	N/A	0.80	2.89

Notes:

- (1) There is no comparative figures for the correspondence preceding period as this is the Group's second interim report on its consolidated results announced in compliance with the LEAP Market Listing Requirements of Bursa Securities.
- (2) Basic earnings per share is calculated based on the Company's weighted average number of shares of 100,000,000 ordinary shares for 6-months financial period ended 30 June 2022.
- (3) Basic earnings per share is calculated based on the Company's weighted average number of shares of 94,958,904 ordinary shares for 12-months financial year ended 30 June 2022 and 90,000,000 ordinary shares for 12-months financial year ended 30 June 2021.

N/A – Not Applicable

Diluted earnings per share

The diluted per share were not presented as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2022 (CONTINUED)

15. Related Party Transaction

Significant related party transactions

The significant related party transactions of the Group are shown below.

		Individual 12 months ended	
		30.06.2022	30.06.2021 ⁽¹⁾
		RM	RM
(i)	<i>Transactions with Companies in which certain Directors have substantial financial interests:</i>		
	SS Oil & Gas Sdn Bhd		
	Purchases of diesel for vessels	1,315,426	N/A
	Rental income	18,000	N/A
	Virtual Outlook Sdn Bhd		
	Rental income	18,000	N/A

Notes:

- (1) There is no comparative figures for the correspondence preceding period as this is the Group's second interim report on its consolidated results announced in compliance with the LEAP Market Listing Requirements of Bursa Securities.

N/A – Not Applicable

ALPHA OCEAN RESOURCES BERHAD

(Company No.: 201901034353 (1343683-K))

(Incorporated in Malaysia)

PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“LISTING REQUIREMENTS”)

1. Review of performance

Group Financial Results in terms of:	Individual 6 months ended		Individual 12 months ended	
	30.06.2022	30.06.2021 ⁽¹⁾	30.06.2022	30.06.2021
	RM	RM	RM	RM
Net Revenue	4,488,224	N/A	6,071,871	28,378,222
Gross Profit	2,100,937	N/A	2,401,628	7,347,577
Profit after tax	1,933,398	N/A	755,848	2,598,513

Notes:

- (1) There is no comparative figures for the correspondence preceding period as this is the Group's second interim report on its consolidated results announced in compliance with the LEAP Market Listing Requirements of Bursa Securities.

N/A – Not Applicable

The Group recorded a net revenue of RM 4.49 million for the current six months financial period ended 30 June 2022. The main contributor of our revenue is from the commercial deep-sea fishing segment. Major factors that contributed to the increase in net revenue of commercial deep-sea fishing are because of increased in fishing trips and landings during the period which resulted in higher catch volume, coupled with higher average selling prices and favourable foreign exchange rates. The negative net revenue amount from the trading of tuna and other deep-sea fishes segment is due to discounts given to customers for full settlement of their trade receivables during the current financial period. Besides that, there was also no revenue contributed by the trading of tuna and other deep-sea fishes segment during this financial period due to high freight charges as a result of the Covid-19 pandemic which our Group will not be able to pass on to our customers.

The Group has recorded a net revenue of RM 6.07 million for the current twelve months financial year ended 30 June 2022 which represents a decrease of RM 22.31 million / 78.6% as compared to the net revenue of RM 28.38 million in the preceding financial year ended 30 June 2021. The decrease was due to the respective decrease in net revenue from the three other segments, except deep-sea fishing segment which saw a significant increase from the preceding year. Much of the decrease of net revenue is due to non-contribution from the trading of tuna and other deep-sea fishes segment because of high freight charges as a result of the Covid-19 pandemic which our Group will not be able to pass on to our customers.

The Group has generated a gross profit RM 2.10 million for the current six months financial period ended 30 June 2022 contributed by the commercial deep-sea fishing segment, the port landing services segment, and management of trade services segment, while the trading of tuna and other deep-sea fishes recorded gross loss due to discounts given to customers for full settlement of their trade receivables.

ALPHA OCEAN RESOURCES BERHAD

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PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“LISTING REQUIREMENTS”)

1. Review of performance (continued)

The Group has generated a gross profit RM 2.40 million for the current twelve months financial year ended 30 June 2022 which represent the decrease of RM4.95 million / 67.31% as compared to the gross profit of RM 7.35 million in the preceding financial year ended 30 June 2021. Correspondingly, the decrease was due to the respective decrease in gross profit from the three other segments, except deep-sea fishing segment which saw a significant increase from the preceding year. Much of the decrease of gross profit is due to non-contribution from the trading of tuna and other deep-sea fishes segment because of high freight charges as mentioned above. Besides that, the trading of tuna and other deep-sea fishes segment recorded gross loss due to discounts given to customers for full settlement of their trade receivables.

The Group has generated a net profit of RM 1.93 million for the current six months financial period ended 30 June 2022 as a result of the higher net revenue & gross profit contribution from the deep-sea fishing segment, and also by the increase in tax savings due to reversal of prior year provision of tax expense. The reversal stems from the change in tax jurisdiction for our Labuan subsidiary. Please see below for further explanation.

The Group has generated a net profit of RM 0.76 million for the current twelve months financial year ended 30 June 2022 which represent the decrease of RM1.84 million / 70.91% as compared to the net profit of RM 2.60 million in the preceding financial year ended 30 June 2021 due to one-off charge of LEAP Market listing related fees to the income statement during the current period and offset by the increase in tax savings due to reversal of prior year provision of tax expense. The reversal stems from the change in tax jurisdiction for our Labuan subsidiary.

For the financial year ended 30 June 2021, there was a change in taxation jurisdiction for our Labuan subsidiary from the Labuan Business Activity Tax Act 1990 (“LBATA”) to the Income Tax Act 1967 (“ITA”). As a result of the different tax rates, we provided for an increase in tax expense during the financial year ended 30 June 2021. However, during the current financial year ended 30 June 2022, our Company was notified by the Inland Revenue Board that the tax jurisdiction for our Labuan subsidiary will be reverted to the LBATA 1990 which will result in tax savings. Hence a reversal of the tax expenses previously provided for.

ALPHA OCEAN RESOURCES BERHAD

(Company No.: 201901034353 (1343683-K))

(Incorporated in Malaysia)

PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“LISTING REQUIREMENTS”) (CONTINUED)

2. Commentary of Prospect

i) Commercial deep-sea fishing segment – As of the date of this interim financial report, we have completed all upgrading works for our newly acquired vessel, Ibu Wira 7 (IW7). Besides that, we are pleased to announce that Ibu Wira 7 has also set out its maiden voyage in April 2022 and is expected to return for its first landing in October 2022. With this, our Group has officially deployed all 4 of our vessels for fishing trip. With the new addition, we believe this will further boost the Group's revenue and profitability moving forward.

As part of our Group's continuing expansion plan, we still intend to expand our fleet of fishing vessels to increase our catch capacity and to achieve more efficient economies of scale (in terms of Cost of Sales). Reason being, with increased number of vessels, we would be able to negotiate for favorable prices for supplies such as bunker fuel, fishing gears, bait, and consumable items and to negotiate for favorable terms with the carriers during the selling process of our catch.

Therefore, besides acquisitions of new fishing vessels, our Group is also exploring other avenues to increase our fleet of fishing vessels through fishing vessels collaboration arrangement. We believe such arrangement enables us to expand our operations and further boost revenues and profitability in an expedited and more capital efficient manner. At the moment, we are still in the discussion and planning stage of the feasibility and suitability of this arrangement with potential ship-owners. We shall provide timely updates and further announcement when available.

Additionally, another reason for the expansion of vessels is made due to the consistent feedback from the industry that the demand for tuna and tuna-like fishes has always exceeded the supplies. Hence, our Group are consolidating and channelling more resources and focus into the deep-sea fishing segment to increase the supplies (through catch) of these fishes in order to exploit this unfulfilled market demand.



ALPHA OCEAN RESOURCES BERHAD

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PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“LISTING REQUIREMENTS”) (CONTINUED)

2. Commentary of Prospect (continued)

ii) Processing & packaging plant segment – As mentioned in our Information Memorandum date 27 October 2021, our Group intends to venture downstream into processing, selling, and distributing food and snacks made from tuna and tuna-like fishes. We believe that setting up our own processing facility in the future will be synergistic with our Group’s existing business segment.

We have identified an opportunity to collaborate with the Malaysian Fisheries Development Authority (LKIM) to establish and operate a ‘collection, processing (minor) and packaging’ plant near landing port facilities within Peninsular Malaysia & Sabah state, with Kuala Kedah being the first location for the establishment of such plant. Our Group intends to lease existing cold rooms, warehouses, and space (near the port) for the operations of running a fish supplies collection and distribution centre (Pusat Pengumpulan dan Penedaran Ikan) in the Kedah State, that is enhanced with minor processing capability. Such strategic decision will serve as an effort to support our Fisheries Industries’ Development and to meet our grand mission of establishing a much bigger processing plant in the future.

Besides that, there are discussion with LKIM for our Group to further collaborate in the upgrading of landing port facilities within Peninsular Malaysia & Sabah state, to penetrate the local market to source for other fishes and other seafood products. We believe by upgrading and improving the landing port facilities and its cold room facilities, this will attract more local fishermen to land at these ports. As such, our Group will be able to build up our relationship with a larger network of fishermen / suppliers in a manner to secure more fish supplies. As a result, we believe this will further boost our stockpile of fishes (raw materials) for the sustainability of our future processing plant.

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ALPHA OCEAN RESOURCES BERHAD

(Company No.: 201901034353 (1343683-K))

(Incorporated in Malaysia)

PART C – OTHER INFORMATION

1. Status of Corporate Proposal

There was no corporate proposal announced but pending completion as at the date of this unaudited interim financial report.

2. Utilisation of Proceeds Raised from Proposed Listing

Details of utilisation	Proposed utilisation	Actual utilisation	Balance unutilised as at 23 rd February 2022	Estimated time frame for utilisation upon listing	Balance unutilised as at 26 th August 2022
	RM	RM	RM		RM
Capital expenditure	1,720,000	-	1,720,000 ⁽¹⁾	Within 12 months	-
Estimated listing expenses	1,280,000	1,015,907 ⁽²⁾	264,093 ⁽¹⁾⁽²⁾	Immediately	-
Total	3,000,000	1,015,907	1,984,093 ⁽³⁾		- ⁽³⁾

Notes:

- (1) As set out in the information memorandum dated 27 October 2021, the proceeds earmarked for capital expenditure is expected to be utilised by Q1 of 2022 which is within 12 months upon listing. The purchase consideration of the fishing vessel (Ibu Wira 7) amounts to RM 2.90 million (vessel cost plus cost of vessel upgrading works). The excess unutilised balanced from the listing expenses of RM 0.26 million was reallocated to the capital expenditure. Therefore, after covering RM 1.98 million out of the RM 2.90 million, the remaining RM0.92 million required for the purchase of the vessel was funded out of internally generated funds, which has been fully paid as at 26 August 2022.
- (2) The actual listing expenses amounts to RM 1.02 million, covering various professional fees, such as Approved Adviser, Auditor & Reporting Accountant, Legal Adviser, Company Secretary, Independent Market Researcher, and Internal Auditor, has been utilised to-date (date of interim financial report). The balance unutilised of RM264,093 for the listing expenses has been reallocated to the amount earmarked for capital expenditure.
- (3) As at the date of this unaudited interim financial report, we have fully utilised the balance of the listing proceeds of RM1.98 million as at 23rd February 2022, the date of our previous half-yearly announcement, for the planned purchase of the fishing vessel (Ibu Wira 7).

The utilisation of proceeds as disclosed above should be read in conjunction with the Information Memorandum dated 27 October 2021.

ALPHA OCEAN RESOURCES BERHAD

(Company No.: 201901034353 (1343683-K))

(Incorporated in Malaysia)

PART C – OTHER INFORMATION (CONTINUED)

3. Material Litigation

The Company was not engaged in any material litigation as at the date of this unaudited interim financial report.

4. Dividend Paid

The Board of Directors of the Company has on 23 February 2022, declared a first interim single tier dividend of 0.625 sen per AORB Share held for the financial year ending 30 June 2022, to be paid on 7 April 2022 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 23 March 2022.

Authorization for issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board.

By Order of the Board

Name: Ms. Ooi Yoong Yoong
Secretary

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Date: 26th August 2022



STYL ASSOCIATES PLT

Chartered Accountants (AF001929)
(LLP0019500-LCA)

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Date: 23 August 2022

ALPHA OCEAN RESOURCES BERHAD
39, Irving Road,
10400 George Town,
Pulau Pinang.

Attention to: Board of Directors

Dear Sirs,

REVIEW OF INTERIM FINANCIAL INFORMATION OF ALPHA OCEAN RESOURCES BERHAD ("AORB" OR "THE COMPANY") FOR THE SECOND HALF OF THE FINANCIAL PERIOD ENDED 30 JUNE 2022


We have reviewed the accompanying condensed statements of financial position of AORB as of 30 June 2022 and the related condensed statements of comprehensive income, statements of changes in equity and statements of cash flows for the second half of the financial period then ended. Management is responsible for the preparation and presentation of the interim financial information in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the Malaysian Financial Reporting Standards 134, *Interim Financial Reporting*.


STYL ASSOCIATES PLT
(LLP0019500-LCA & AF 001929)
Petaling Jaya, Malaysia
23 August 2022