

ALPHA OCEAN RESOURCES BERHAD

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

INTERIM UNAUDITED FINANCIAL STATEMENTS

For the 1ST half-year ended 31 December 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 31 DECEMBER 2022 ⁽¹⁾****(The figures have not been audited)**

| | (Unaudited) As at 31.12.2022 RM | (Audited) As at 30.06.2022 RM |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 8,705,258 | 8,944,642 |
| Intangible asset | 263,089 | - |
| Right-of-use assets | 4,319 | 1,854 |
| Total non-current assets | <u>8,972,666</u> | <u>8,946,496</u> |
| Current assets | | |
| Inventories | 104,876 | 433,252 |
| Trade receivables | 865,908 | 386,691 |
| Other receivables and deposits | 4,506,304 | 3,018,291 |
| Current tax assets | 1,803,350 | 1,794,354 |
| Fixed deposits placed with licensed banks | 1,583,801 | 1,574,088 |
| Cash and bank balances | 6,458,266 | 12,786,519 |
| Total current assets | <u>15,322,505</u> | <u>19,993,195</u> |
| TOTAL ASSETS | <u>24,295,171</u> | <u>28,939,691</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to shareholders of the Company | | |
| Share capital | 21,250,080 | 21,250,080 |
| Reserves | 242,606 | 210,910 |
| Retained earnings | 1,057,281 | 4,386,051 |
| Total equity | <u>22,549,967</u> | <u>25,847,041</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 128,608 | 128,608 |
| Lease liabilities | 15,821 | 23,490 |
| Total non-current liabilities | <u>144,429</u> | <u>152,098</u> |

ALPHA OCEAN RESOURCES BERHAD

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

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022 ⁽¹⁾

(The figures have not been audited)

| | (Unaudited) As at 31.12.2022 RM | (Audited) As at 30.06.2022 RM |
|--|--|--|
| Current liabilities | | |
| Trade payables | 199,143 | 207,105 |
| Other payables and accruals | 881,722 | 2,712,273 |
| Lease liabilities | 19,442 | 16,724 |
| Bank borrowings | 500,468 | 774 |
| Current tax liabilities | - | 3,676 |
| Total current liabilities | <u>1,600,775</u> | <u>2,940,552</u> |
| TOTAL LIABILITIES | <u>1,745,204</u> | <u>3,092,650</u> |
| TOTAL EQUITY AND LIABILITIES | <u>24,295,171</u> | <u>28,939,691</u> |
| Net Assets per ordinary share (RM) ⁽²⁾ | <u>0.23</u> | <u>0.26</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 Alpha Ocean Resources Berhad (“**AORB**” or the “**Company**”) and its subsidiaries (“**Group**”) for the financial year ended 30 June 2022 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 31 December 2022 and as at 30 June 2022.

ALPHA OCEAN RESOURCES BERHAD

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022 ⁽¹⁾**

(The figures have not been audited)

| | Individual 6 months ended | | Cumulative 6 months ended | |
|--|---------------------------------------|---|--------------------------------------|---|
| | Unaudited Current Year 6 Months | Preceding Year Corresponding 6 Months | Unaudited Current Year To-Date | Preceding Year Corresponding Period |
| | 31.12.2022 RM | 31.12.2021 RM | 31.12.2022 RM | 31.12.2021 RM |
| Revenue | 929,831 | 1,583,577 | 929,831 | 1,583,577 |
| Cost of sales | (1,179,566) | (1,282,956) | (1,179,566) | (1,282,956) |
| Gross (loss) / profit | (249,735) | 300,621 | (249,735) | 300,621 |
| Other operating income | 109,941 | 107,371 | 109,941 | 107,371 |
| Administrative expenses | (3,181,908) | (1,630,894) | (3,181,908) | (1,630,894) |
| (Loss) / Profit from operations | (3,321,702) | (1,222,902) | (3,321,702) | (1,222,902) |
| Interest expense | (7,068) | (5,362) | (7,068) | (5,362) |
| (Loss) / Profit before taxation | (3,328,770) | (1,228,264) | (3,328,770) | (1,228,264) |
| Taxation | - ^(R) | 1,952,276 | - | 1,952,276 |
| (Loss) / Profit for the period | (3,328,770) | 724,012 | (3,328,770) | 724,012 |
| Other comprehensive (expense) / income | | | | |
| Foreign currencies translation | 31,696 | 35,547 | 31,696 | 35,547 |
| Total comprehensive (expense) / income for the period | (3,297,074) | 759,559 | (3,297,074) | 759,559 |

ALPHA OCEAN RESOURCES BERHAD

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022 ⁽¹⁾**

(The figures have not been audited)

| | Individual 6 months ended | | Cumulative 6 months ended | |
|--|---------------------------------------|---|--------------------------------------|---|
| | Unaudited Current Year 6 Months | Preceding Year Corresponding 6 Months | Unaudited Current Year To-Date | Preceding Year Corresponding Period |
| | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| | RM | RM | RM | RM |
| (Loss) / Profit attributable to: | | | | |
| Owners of the Company | (3,328,770) | 724,012 | (3,328,770) | 724,012 |
| | <u>(3,328,770)</u> | <u>724,012</u> | <u>(3,328,770)</u> | <u>724,012</u> |
| Total comprehensive (expense) / income attributable to: | | | | |
| Owners of the Company | (3,297,074) | 759,559 | (3,297,074) | 759,559 |
| | <u>(3,297,074)</u> | <u>759,559</u> | <u>(3,297,074)</u> | <u>759,559</u> |
| Basic (loss) / earnings per share (sen) ⁽²⁾ | <u>(3.33)</u> | <u>0.79</u> | <u>(3.33)</u> | <u>0.79</u> |

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 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share is calculated based on the Company's weighted average number of shares of 100,000,000 as at 31 December 2022 and 91,358,696 ordinary shares as at 31 December 2021.

ALPHA OCEAN RESOURCES BERHAD

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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 2022 | 21,250,080 | 710,481 | (499,571) | 4,386,051 | 25,847,041 |
| Issuance of new shares | - | - | - | - | - |
| Loss for the financial period | - | - | - | (3,328,770) | (3,328,770) |
| Foreign currencies translation, representing total other comprehensive income for the period | - | 31,696 | - | - | 31,696 |
| Total comprehensive income / (expense) for the period | - | 31,696 | - | (3,328,770) | (3,297,074) |
| At 31 December 2022 | <u>21,250,080</u> | <u>742,177</u> | <u>(499,571)</u> | <u>1,057,281</u> | <u>22,549,967</u> |

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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 2022 and the accompanying explanatory notes attached to this interim financial report.

ALPHA OCEAN RESOURCES BERHAD

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021 ⁽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 |
| Profit for the financial period | - | - | - | 724,012 | 724,012 |
| Foreign currencies translation, representing total other comprehensive income for the period | - | 35,547 | - | - | 35,547 |
| Total comprehensive income for the period | - | 35,547 | - | 724,012 | 759,559 |
| At 31 December 2021 | <u>21,250,080</u> | <u>107,464</u> | <u>(499,571)</u> | <u>5,054,538</u> | <u>25,912,511</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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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022 ⁽¹⁾****(The figures have not been audited)**

| | Cumulative 6 months ended | |
|--|----------------------------------|-------------------|
| | 31.12.2022 | 31.12.2021 |
| | RM | RM |
| Cash flow from operating activities | | |
| Loss before taxation | (3,328,770) | (1,228,264) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 354,764 | 367,612 |
| Depreciation of right-of-use assets | 2,796 | 2,645 |
| Amortisation of intangible asset | 4,459 | - |
| Interest expense | 13,312 | 5,362 |
| Interest income | (17,517) | (2,838) |
| Unrealised loss / (gain) on foreign exchange | 30,434 | (50,409) |
| Reversal of impairment losses of: | | |
| - Trade receivables | - | (371,657) |
| - Other receivables | - | (484) |
| Operating loss before working capital changes | (2,940,522) | (1,278,033) |
| Changes in working capital: | | |
| Trade and other receivables | (1,997,664) | 2,196,365 |
| Trade and other payables | (1,838,513) | (447,926) |
| Inventories | 328,376 | (112,352) |
| Cash generated from operations | (6,448,323) | 358,054 |
| Tax paid | (12,672) | (800,941) |
| Net cash used in operating activities | (6,460,995) | (442,887) |
| Cash flow from investing activities | | |
| Purchases of property, plant and equipment | (115,380) | (9,094) |
| Acquisition of intangible asset | (267,548) | - |
| Placement of fixed deposits with licensed banks | - | (999,999) |
| Interest received | 7,804 | 2,838 |
| Net cash used in investing activities | (375,124) | (1,006,255) |

ALPHA OCEAN RESOURCES BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**FOR THE PERIOD ENDED 31 DECEMBER 2021 ⁽¹⁾****(The figures have not been audited)**

| | Cumulative 6 months ended | |
|--|----------------------------------|--------------------------|
| | 31.12.2022 | 31.12.2021 |
| | RM | RM |
| Cash flow from financing activities | | |
| Interest paid | (13,312) | (5,362) |
| Proceeds from issuance of ordinary shares | - | 3,000,000 |
| Repayment of lease liability | (10,212) | (9,641) |
| Net cash (used in) / from financing activities | (23,524) | 2,984,997 |
| Net (decrease) / increase in cash and cash equivalents | (6,859,643) | 1,535,855 |
| Effect of foreign exchange | 31,696 | 35,547 |
| Cash and cash equivalents at the beginning of the financial period | 12,785,745 | 6,583,165 |
| Cash and cash equivalents at the end of the financial period | <u>5,957,798</u> | <u>8,154,567</u> |
| Cash and cash equivalents at the end of the financial period comprises: | | |
| Cash and bank balances | 6,458,266 | 8,400,894 |
| Fixed deposits with licensed banks | 1,583,801 | 2,545,510 |
| Bank overdrafts | (500,468) | (246,327) |
| | <u>7,541,599</u> | <u>10,700,077</u> |
| Less: Fixed deposits pledged to banks | (1,583,801) | (2,545,510) |
| | <u>5,957,798</u> | <u>8,154,567</u> |

Notes:

- (1) The basis 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 2022 and the accompanying explanatory notes attached to this interim financial report.

ALPHA OCEAN RESOURCES BERHAD

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

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 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 2022 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 2022, except for the adoption of the following accounting standards and amendments of Malaysian Financial Reporting Standards (“MFRS”) with effect from 1 July 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)*
- 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)*

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 2023

- *MFRS 17, Insurance Contracts*
- *Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- *Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- *Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

ALPHA OCEAN RESOURCES BERHAD

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 2022 (CONTINUED)

2. Significant accounting policies (cont.)

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023 (cont.)

- *Amendments to MFRS 112, Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2024

- *Amendment to MFRS 16, Leases – Lease Liability in a Sale and Leaseback*
- *Amendment to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

MFRSs and amendments effective for annual periods beginning on or after 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.

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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 nature of our business. Revenue for our 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.

ALPHA OCEAN RESOURCES BERHAD

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 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 first came into effect on 18 March 2020 and entailed the closure of all Government and private premises except those involved in essential services. 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 has effectively concluded all 4 phases of the NRP as of 8th November 2021.

Despite no major interruptions in our operations from the start of the MCO back in March 2020 until the end of the NRP in November 2021, however we did face an increased in logistics costs (referring to the rates of freight charges for our traded products) quoted by the carriers, which has direct impact in the financial performance in our trading of tuna and other deep-sea fishes segment. The increase in logistics cost of between 2 to 10 times the usual rates in freight charges during the COVID-19 pandemic still have a lingering impact to our trading segment until the date of this interim report. Hence, this has resulted in no trading activities in the current financial period ended 31 December 2022 and corresponding financial period ended 31 December 2021.

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 under review.



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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 2022 (CONTINUED)

5. Material changes in accounting estimates

There were no significant changes in estimates of amounts reported in prior financial years that have a material impact on the financial period under review.

6. Debt and equity securities

There was no issuance of securities during the current financial period ended 31 December 2022. In the corresponding financial period ended 31 December 2021, the Group’s share capital increased by RM3,000,000 due to the new issuance of shares as part of the Company’s listing on the LEAP Market of Bursa Malaysia.

| | Number of shares units | Amount RM |
|---------------------------|------------------------------|--------------|
| At 1 July 2021 | 90,000,000 | 18,250,080 |
| Issuance of share capital | 10,000,000 | 3,000,000 |
| At 31 December 2021 | 100,000,000 | 21,250,080 |
| At 1 July 2022 | 100,000,000 | 21,250,080 |
| Issuance of share capital | - | - |
| At 31 December 2022 | 100,000,000 | 21,250,080 |

7. Changes in Group’s composition[®]

On 8 December 2022, the Company incorporated a wholly owned subsidiary, named Aquamarine Plentiful Sdn Bhd under Companies Act, 2016. The issued share capital of this subsidiary is RM1.00 comprising 1 ordinary share. The intended principal activity of this subsidiary is deep-sea fishing, retail sale of fish and all kinds of other seafood and related products, fishing vessels operators, provision of port landing and other support related services.

There were no changes in the Group’s composition during the corresponding financial period ended 31 December 2021.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 2022 (CONTINUED)

8. Segment information

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

| | Individual 6 months ended | |
|---|---------------------------|-------------------------|
| | 31.12.2022 | 31.12.2021 |
| | RM | RM |
| NET REVENUE | | |
| Business Segments | | |
| Commercial deep-sea fishing | 887,831 | 1,650,065 |
| Port landing services | - | (2,246) ⁽¹⁾ |
| Trading of tuna and other deep-sea fishes | - | (76,187) ⁽¹⁾ |
| Management of trade services | 42,000 | 11,945 |
| | <u>929,831</u> | <u>1,583,577</u> |
| GROSS PROFIT / (LOSS) | | |
| Business Segments | | |
| Commercial deep-sea fishing | (291,735) ⁽²⁾ | 367,109 |
| Port landing services | - | (2,246) ⁽¹⁾ |
| Trading of tuna and other deep-sea fishes | - | (76,187) ⁽¹⁾ |
| Management of trade services | 42,000 | 11,945 |
| | <u>(249,735)</u> | <u>300,621</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) Please see Note 1: Review of performance, under Part B: Additional Information of this interim financial report for further explanation.

9. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the financial period under review that have not been reflected in this interim financial report.

ALPHA OCEAN RESOURCES BERHAD

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 2022 (CONTINUED)

10. Contingent Assets and Contingent liabilities

There were no material contingent assets and liabilities as at the end of the financial period under review.

11. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment during the financial period under review.

12. Capital Commitments

There are no capital commitments by the Company for the financial period under review.

13. Material litigation

There were no material litigations pending as at end of the financial period under review.

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 | |
|--|---------------------------|------------|
| | 31.12.2022 | 31.12.2021 |
| | RM | RM |
| Profit attributable to owners of the Company | (3,328,770) | 724,012 |
| Total weighted average number of ordinary shares | 100,000,000 | 91,358,696 |
| Basic (loss) / earnings per share (sen) | (3.33) | 0.79 |

Diluted earnings per share

There is no diluted earnings per share as there are no securities issued by the Company which are dilutive in nature.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 2022 (CONTINUED)

15. Related Party Transaction

Significant related party transactions

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

| | Individual 6 months ended | |
|---|---------------------------|------------|
| | 31.12.2022 | 31.12.2021 |
| | RM | RM |
| (i) <i>Transactions with Companies in which certain Directors have substantial financial interests:</i> | | |
| <i>SS Oil & Gas Sdn Bhd</i> | | |
| Purchases of diesel for vessels | 1,059,891 | 572,156 |
| Rental income | 1,500 | 9,000 |
| <i>Virtual Outlook Sdn Bhd</i> | | |
| Rental income | 4,500 | 9,000 |

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

| Group Financial Results in terms of: | Individual 6 months ended | |
|--------------------------------------|---------------------------|------------|
| | 31.12.2022 | 31.12.2021 |
| | RM | RM |
| Net Revenue | 929,831 | 1,583,577 |
| Gross Profit / (Loss) | (249,735) | 300,621 |
| Profit / (Loss) after tax | (3,328,770) | 724,012 |

The Group recorded a net revenue of RM0.93 million for the current six months financial period ended 31 December 2022, which represent a decrease of RM0.65 million / 41.28% as compared to the net revenue of RM1.58 million in the corresponding six months financial period ended 31 December 2021. The main contributor of the Group's net revenue is from the commercial deep-sea fishing segment for both periods under review. The decrease in net revenue in the current six months financial period is due to lower number of landings which directly affected the number of catch volume and hence, a lower sales volume/transaction. This factor alone is rather impactful to the financial results despite enjoying a higher average selling price and favourable foreign exchange conversion rate in the same period. The lower number of landings for the current financial period is due to the fluctuating duration of each fishing expedition undertaken by our vessels. The Group envisions that the financial results will improve in the following six months period due to the expected increase in the number of landings as our vessels return from their fishing expeditions. The other contributor to the Group's net revenue is the management of trade segment, which saw a two-and-half fold (251.60%) increase in net revenue in the current financial period ended 31 December 2022 in comparison to the corresponding financial period ended 31 December 2021. There were 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 gross loss of RM 0.25 million for the current six months financial period ended 31 December 2022, which represent a decrease of RM0.55 million / 183.07% as compared to the gross profit of RM 0.30 million in the corresponding six months financial period ended 31 December 2021. The main contributor of the Group's gross loss is from the commercial deep-sea fishing segment for the current six months financial period. The main reason for the gross loss is due a higher cost of goods sold stemming from the increase in average diesel cost (estimated around 52% increase) and the increase in diesel usage due to a longer fishing voyage in the current financial period ended 31 December 2022 as compared to the corresponding financial period ended 31 December 2021. Similarly to the net revenue, the other contributor to the Group's gross profit is the management of trade segment, which saw a two-and-half fold (251.60%) increase in the current financial period ended 31 December 2022 in comparison to the corresponding financial period ended 31 December 2021, as there are no cost of sales for this particular segment of the Group.

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)

1. Review of performance (cont.)

The Group has recorded a net loss of RM 3.33 million for the current six months financial period ended 31 December 2022, which represent a decrease of RM4.05 million / 559.77% as compared to the gross profit of RM 0.72 million in the corresponding six months financial period ended 31 December 2021. The net loss is the effect from a lower contribution of revenue coupled with a higher cost of goods sold and an increase in vessel-related operational expenses. The higher vessel-related operational expenses were due to the increase in number of operating vessels, from 3 vessels in the financial period ended 31 December 2021 to 4 vessels in the current financial period ended 31 December 2022. Besides the increase in depreciation, there were some vessel maintenance expenses and other incidental expenses during the idle period (for 3 vessels) that was incurred during the current financial period. As mentioned above, the Group envisions that the financial results will improve in the following six months period due to the expected increase in the number of landings as our vessels return from their fishing expeditions.



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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

i) Commercial deep-sea fishing segment – 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 Goods Sold). 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.

Another reason for the expansion of vessels fleet is 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 is 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.

Our Group has also been exploring other avenues to increase our fleet of fishing vessels such as 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 have identified potential vessel-owners and are in discussion with them for a collaboration arrangement with our Group.

Additionally, besides collaboration arrangement with other vessel-owners, our Group has also been continuously looking into acquiring a few more vessels in the near future. Our Operations team has identified some potential and good-conditioned vessels that could be suitable for acquisition by the Group. At the moment, we are still in the discussion and planning stage of the potential acquisition.

ii) Processing & packaging plant segment – As mentioned in our Information Memorandum dated 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 and packaging' plant near landing port facilities within Peninsular Malaysia & Sabah state, with Kuala Kedah being identified as the first potential 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 Pengeedaran Ikan) in the Kedah State, that is enhanced with minor processing capability. Such strategic decision will serve as an effort to support our country's fisheries industries' development and to meet our grand mission of establishing a much bigger processing plant in the future.

As of the date of the interim report, we have submitted an official proposal to LKIM for the leasing and operation of the abovementioned plant which have been met with a positive response from LKIM. We are still in the midst of finalising the details of the terms and conditions of the agreement for the collaboration. We shall provide timely updates and further announcement when available.

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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 (cont.)

ii) Processing & packaging plant segment (cont.)

Besides that, there are discussions with LKIM for our Group to further collaborate in the upgrading of landing port facilities within Peninsular Malaysia & Sabah state and 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 to secure more fish supplies. As a result, we believe this will further boost our supply of fishes (raw materials) for the sustainability of our future processing plant. Lastly, this could potentially improve our Group's profitability by having a new revenue stream via the provision of landing port facilities management services.



ALPHA OCEAN RESOURCES BERHAD

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PART C – OTHER INFORMATION

1. Status of Corporate Proposal

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

2. Material Litigation

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

3. Dividend

There were no dividends paid by the Company during the current period ended 31 December 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

Date: 27th February 2023

REVIEW REPORT TO
ALPHA OCEAN RESOURCES BERHAD
(Company No.: 201901034353 (1343683-K))

We have reviewed the accompanying condensed consolidated statement of financial position of Alpha Ocean Resources Berhad ("the Company") at December 31, 2022, and the condensed consolidated statements of comprehensive income, changes in equity and cash flow for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with the Company's accounting policies based on Malaysian Financial Reporting Standards.



STYL ASSOCIATES PLT
LLP0019500-LCA & AF 001929
Chartered Accountants

17 February 2023