

ALPHA OCEAN RESOURCES BERHAD

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

(Incorporated in Malaysia)

INTERIM UNAUDITED FINANCIAL STATEMENTS

For the Second Half Year Ended 30 June 2023

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 2023 ⁽¹⁾
(The figures have not been audited)

	(Unaudited) As at 30.06.2023 RM	(Audited) As at 30.06.2022 Restated ⁽³⁾ RM
ASSETS		
Non-current assets		
Property, plant and equipment	6,207,768	9,494,679
Intangible asset	249,712	-
Right-of-use assets	7,223	1,854
Other receivables	891,924	-
Total non-current assets	<u>7,356,627</u>	<u>9,496,533</u>
Current assets		
Inventories	984,332	433,252
Trade receivables	1,684,715	386,691
Other receivables and deposits	2,400,611	3,018,291
Current tax assets	231,692	1,794,354
Fixed deposits placed with licensed banks	1,604,508	1,574,088
Cash and bank balances	5,891,856	12,786,519
Total current assets	<u>12,797,714</u>	<u>19,993,195</u>
TOTAL ASSETS	<u>20,154,341</u>	<u>29,489,728</u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	21,250,080	21,250,080
Reserves (Accumulated losses) / Retained earnings	676,281 (2,921,011)	210,910 4,936,088
Total equity	<u>19,005,350</u>	<u>26,397,078</u>
Non-current liabilities		
Deferred tax liabilities	-	128,608
Lease liabilities	7,985	23,490
Total non-current liabilities	<u>7,985</u>	<u>152,098</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023
(CONTINUED) ⁽¹⁾

(The figures have not been audited)

	(Unaudited)	(Audited)
	As at	As at
	30.06.2023	30.06.2022
	RM	Restated ⁽³⁾
		RM
Current liabilities		
Trade payables	635,739	207,105
Other payables and accruals	482,128	2,712,273
Lease liabilities	22,869	16,724
Bank borrowings	-	774
Current tax liabilities	270	3,676
Total current liabilities	<u>1,141,006</u>	<u>2,940,552</u>
TOTAL LIABILITIES	<u>1,148,991</u>	<u>3,092,650</u>
TOTAL EQUITY AND LIABILITIES	<u>20,154,341</u>	<u>29,489,728</u>
Net Assets per ordinary share (RM) ⁽²⁾	<u>0.19</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 30 June 2023 and as at 30 June 2022.

(3) Certain comparative amounts of the Company have been reclassified to conform with current year’s presentation.

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 2023 ⁽¹⁾

(The figures have not been audited)

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2023	30.06.2022 Restated ⁽³⁾	30.06.2023	30.06.2022 Restated ⁽³⁾
	RM	RM	RM	RM
Revenue	2,321,672	4,488,224	3,251,503	6,071,872
Cost of sales	(2,458,805)	(2,387,287)	(3,638,371)	(3,670,243)
Gross (loss) / profit	<u>(137,133)</u>	<u>2,100,937</u>	<u>(386,868)</u>	<u>2,401,629</u>
Other operating income	977,295	949,649	1,088,099	1,344,597
Administrative expenses	(5,317,029)	(2,421,123)	(8,525,424)	(4,364,275)
(Loss) / Profit from operations	<u>(4,476,867)</u>	<u>629,463</u>	<u>(7,824,193)</u>	<u>(618,049)</u>
Interest expense	(164,277)	(18,910)	(171,344)	(24,272)
(Loss) / Profit before taxation	<u>(4,641,144)</u>	<u>610,553</u>	<u>(7,995,537)</u>	<u>(642,321)</u>
Taxation	138,438	1,872,882	138,438	1,872,883
(Loss) / Profit for the period / year	<u>(4,502,706)</u>	<u>2,483,435</u>	<u>(7,857,099)</u>	<u>1,230,562</u>
Other comprehensive (expense) / income				
Foreign currencies translation	513,157	631,697	465,371	638,564
Total comprehensive (expense) / income for the period / year	<u>(3,989,549)</u>	<u>3,115,132</u>	<u>(7,391,728)</u>	<u>1,869,126</u>

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD / YEAR ENDED 30 JUNE 2023 (CONTINUED) ⁽¹⁾

(The figures have not been audited)

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
		Restated ⁽³⁾		Restated ⁽³⁾
	RM	RM	RM	RM
(Loss) / Profit attributable to:				
Owners of the Company	<u>(4,502,706)</u>	<u>2,483,435</u>	<u>(7,857,099)</u>	<u>1,230,562</u>
	<u>(4,502,706)</u>	<u>2,483,435</u>	<u>(7,857,099)</u>	<u>1,230,562</u>
Total comprehensive (expense) / income attributable to:				
Owners of the Company	<u>(3,989,549)</u>	<u>3,115,132</u>	<u>(7,391,728)</u>	<u>1,869,126</u>
	<u>(3,989,549)</u>	<u>3,115,132</u>	<u>(7,391,728)</u>	<u>1,869,126</u>
Basic (loss) / earnings per share	<u>(4.50)</u>	<u>2.48</u>	<u>(7.86)</u>	<u>1.29</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 30 June 2023 and 95,643,836 ordinary shares as at 30 June 2022.
- (3)** Certain comparative amounts of the Company have been reclassified to conform with current year's presentation.

ALPHA OCEAN RESOURCES BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 ⁽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 / (Non-Distributable) Retained earnings / (Accumulated loss) RM	
At 1 July 2022	21,250,080	710,481	(499,571)	4,936,088	26,397,078
Total comprehensive income for the financial year:					
Profit for the financial year	-	-	-	(7,857,099)	(7,857,099)
Foreign currencies translation	-	465,371	-	-	465,371
Total comprehensive income	-	465,371	-	(7,857,099)	(7,391,728)
Transactions with owners:					
Issuance of new shares	-	-	-	-	-
Dividend on ordinary shares	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
At 30 June 2023	<u>21,250,080</u>	<u>1,175,852</u>	<u>(499,571)</u>	<u>(2,921,011)</u>	<u>19,005,350</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 2022 and the accompanying explanatory notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 ⁽¹⁾
 (The figures have not been audited)

	← Attributable to the owners of the Company →				
	Share capital	Non-Distributable	Distributable	Retained earnings	Total Equity Restated ⁽³⁾
	RM	Foreign currencies translation reserve RM	Merger reserve RM	RM	RM
At 1 July 2021	18,250,080	71,917	(499,571)	4,330,526	22,152,952
Total comprehensive income for the financial year:					
Profit for the financial year	-	-	-	1,230,562	1,230,562
Foreign currencies translation	-	638,564	-	-	638,564
Total comprehensive income	-	638,564	-	1,230,562	1,869,126
Transactions with owners:					
Issuance of new shares	3,000,000	-	-	-	3,000,000
Dividend on ordinary shares	-	-	-	(625,000)	(625,000)
Total transactions with owners	3,000,000	-	-	(625,000)	2,375,000
At 30 June 2022	<u>21,250,080</u>	<u>710,481</u>	<u>(499,571)</u>	<u>4,936,088</u>	<u>26,397,078</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 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Certain comparative amounts of the Company have been reclassified to conform with current year's presentation.

ALPHA OCEAN RESOURCES BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 ⁽¹⁾

(The figures have not been audited)

	Cumulative 12 months ended	
	30.06.2023	30.06.2022
	RM	Restated ⁽²⁾
	RM	RM
Cash flow from operating activities		
Loss before taxation	(7,995,537)	(642,321)
Adjustments for:		
Depreciation of property, plant and equipment	711,388	794,572
Depreciation of right-of-use assets	5,372	5,137
Written-off property, plant and equipment	1,767	843
Gain on disposal of property, plant and equipment	-	(800,099)
Interest expense	171,345	24,272
Interest income	(74,298)	(34,493)
Unrealised loss on foreign exchange	387,686	92,749
Impairment losses / (Reversal of impairment losses) on:		
- Trade receivables	-	(368,447)
- Other receivables	-	(484)
- Intangible assets	-	68,656
- Property, plants & equipment	2,691,201	-
Operating loss before working capital changes	<u>(4,101,076)</u>	<u>(859,615)</u>
Changes in working capital:		
Trade and other receivables	(2,114,029)	4,705,479
Trade and other payables	(1,801,511)	515,164
Inventories	(551,079)	581,256
Cash (used in) / generated from operations	<u>(8,567,695)</u>	<u>4,942,284</u>
Tax refund / (paid)	1,569,085	(853,606)
Net cash (used in) / generated from operating activities	<u>(6,998,610)</u>	<u>4,088,678</u>
Cash flow from investing activities		
Purchases of property, plant and equipment	(117,445)	(2,508,930)
Proceeds from sales of property, plant and equipment	-	2,276,837
Acquisition of intangible asset	(249,712)	-
Interest received	43,877	5,916
Net cash used in investing activities	<u>(323,280)</u>	<u>(226,177)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED) ⁽¹⁾

(The figures have not been audited)

	Cumulative 12 months ended	
	30.06.2023	30.06.2022
	RM	Restated ⁽²⁾
		RM
Cash flow from financing activities		
Interest paid	(17,269)	(24,272)
Proceeds from issuance of ordinary shares	-	3,000,000
Repayment of lease liability	(20,101)	(19,387)
Dividend paid to shareholders	-	(625,000)
Net cash (used in) / generated from financing activities	(37,370)	2,331,341
Net (decrease) / increase in cash and cash equivalents	(7,359,260)	6,193,842
Effect of foreign exchange rate changes	465,371	8,738
Cash and cash equivalents at the beginning of the financial year	12,785,745	6,583,165
Cash and cash equivalents at the end of the financial year	<u>5,891,856</u>	<u>12,785,745</u>
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	5,891,856	12,786,519
Fixed deposits with licensed banks	1,604,508	1,574,088
Bank overdrafts	-	(774)
	7,496,364	14,359,833
Less: Fixed deposits pledged to banks	(1,604,508)	(1,574,088)
	5,891,856	12,785,745

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.
- (2)** Certain comparative amounts of the Company have been reclassified to conform with current year's presentation.

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 2023

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.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2023 (CONTINUED)

2. Significant accounting policies (continued)

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
- Amendments to MFRS 112, Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 4, Extension of the Temporary Exemption from Applying MFRS 9

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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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2023 (CONTINUED)

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.

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 exported 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 (export) in the current financial period ended 30 June 2023 and corresponding financial period ended 30 June 2022. Besides that, another relevant impact from the COVID Pandemic is the increased in diesel cost, which affected our profit margins in the deep-sea fishing segment. There was a 80% increased in the average market selling price of the diesel cost in the current financial period as compared to pre-Covid 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 under review.

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.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2023 (CONTINUED)

6. Debt and equity securities

There was no issuance of securities during the current financial period ended 30 June 2023. In the corresponding financial period ended 30 June 2022, 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 30 June 2022	<u>100,000,000</u>	<u>21,250,080</u>
At 1 July 2022	100,000,000	21,250,080
Issuance of share capital	-	-
At 30 June 2023	<u>100,000,000</u>	<u>21,250,080</u>

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 30 June 2022.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2023 (CONTINUED)

8. Segment information

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

NET REVENUE	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Business Segments	RM	RM	RM	RM
Commercial deep-sea fishing	2,219,308	4,446,924	3,107,139	6,099,235
Port landing services	368	111,003	368	106,510
Trading of tuna and other deep-sea fishes ⁽¹⁾	53,996	(87,746)	53,996	(163,800)
Management of trade services	48,000	18,043	90,000	29,927
	<u>2,321,672</u>	<u>4,488,224</u>	<u>3,251,503</u>	<u>6,071,872</u>
GROSS PROFIT / (LOSS)				
Business Segments				
Commercial deep-sea fishing	(205,437)	2,162,581	(497,172)	2,529,690
Port landing services	56	8,059	56	5,811
Trading of tuna and other deep-sea fishes ⁽¹⁾	20,248	(87,746)	20,248	(163,800)
Management of trade services	48,000	18,043	90,000	29,928
	<u>(137,133)</u>	<u>2,100,937</u>	<u>(386,868)</u>	<u>2,401,629</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 corresponding financial period ended 30 June 2022.
- (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.

10. Contingent Assets and Contingent liabilities

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

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2023 (CONTINUED)

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 current financial period ended 30 June 2023.

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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	Restated ⁽³⁾ RM	RM	Restated ⁽³⁾ RM
Profit attributable to owners of the Company	(4,502,706)	2,483,435	(7,857,099)	1,230,562
Total weighted average number of ordinary shares	100,000,000	100,000,000	100,000,000	95,643,836
Basic (loss) / earnings per share (sen)	(4.50)	2.48	(7.86)	1.29

(1) 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.

(2) Basic earnings per share is calculated based on the Company’s weighted average number of shares of 100,000,000 ordinary shares for 12-months financial year ended 30 June 2023 and 95,643,836 ordinary shares for 12-months financial year ended 30 June 2022.

(3) Certain comparative amounts of the Company have been reclassified to conform with current year’s presentation.

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.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2023 (CONTINUED)

15. Related Party Transactions

Significant related party transactions

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

	Cumulative 12 months ended	
	30.06.2023	30.06.2022
	RM	RM
(i) Transactions with Companies in which certain Directors have substantial financial interests:		
<i>SS Oil & Gas Sdn Bhd</i>		
Purchases of diesel for vessels	(1,476,891)	(1,315,426)
Rental income	1,500	18,000
<i>Virtual Outlook Sdn Bhd</i>		
Rental income	4,500	18,000

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		Cumulative 12 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	Restated RM	RM	Restated RM
Net Revenue	2,321,672	4,488,224	3,251,503	6,071,872
Gross Profit / (Loss)	(137,133)	2,100,937	(386,868)	2,401,629
Profit / (Loss) after tax	<u>(4,502,706)</u>	<u>2,483,435</u>	<u>(7,857,099)</u>	<u>1,230,562</u>

The Group recorded a net revenue of RM2.32 million for the current six months financial period ended 30 June 2023, which represent a decrease of RM2.16 million / 48% as compared to the net revenue of RM4.48 million in the corresponding six months financial period ended 30 June 2022. The main contributor of the Group’s net revenue is from the commercial deep-sea fishing segment for both periods under review.

The Group recorded a net revenue of RM3.25 million for the current twelve months financial period ended 30 June 2023, which represent a decrease of RM2.82 million / 46% as compared to the net revenue of RM6.07 million in the corresponding twelve months financial period ended 30 June 2022. 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 observed in the current six and twelve months financial period can be attributed to a decline in the average selling price of our deep-sea catches. This situation has arisen due to an oversupply in the market, which in turn was caused by an inventory accumulation following the easing of pandemic-related lockdowns. During times of uncertainty, many of our clients opted to stock up on inventory as a precaution against potential supply disruptions in the future. Unfortunately, this accumulation led to a surplus of supply and subsequently led to a temporary decrease in market prices.

This shift in the market dynamics has had an impact on our financial results, even though we benefited from a favourable foreign exchange conversion rate during the same period. To address this challenge, we are committed to fostering closer collaboration with our clients through a proactive approach to forecasting. By sharing insights and data, we can develop a more accurate understanding of anticipated demand, thereby mitigating the risk of overstocking and inventory buildup.

Furthermore, we are exploring the possibility of expanding into new markets and customer segments. This diversification can help stabilise our revenue and even offer a competitive edge to the Group. Through these efforts, we aim to navigate the current market challenges and position ourselves for sustained growth in the future.

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

1. Review of performance (CONTINUED)

The other two contributors to the Group’s net revenue is the management of trade segment, which saw a one-and-half fold (166%) increase in net revenue and the trading segment, which saw a positive net revenue (from a negative net revenue) in the current six months financial period ended 30 June 2023 in comparison to the corresponding financial period ended 30 June 2022. Similarly, the management of trade segment saw a two-fold (201%) increase in net revenue whereas the trading segment, which saw a positive net revenue (from a negative net revenue) in the current twelve months financial period ended 30 June 2023 in comparison to the corresponding twelve month financial period ended 30 June 2022.

The Group has recorded a gross loss of RM0.13 million for the current six months financial period ended 30 June 2023, which represent a decrease of RM2.23 million / 107% as compared to the gross profit of RM2.10 million in the corresponding six months financial period ended 30 June 2022.

The Group has recorded a gross loss of RM0.38 million for the current twelve months financial period ended 30 June 2023, which represent a decrease of RM2.78 million / 116% as compared to the gross profit of RM2.40 million in the corresponding twelve months financial period ended 30 June 2022.

The primary driver of the Group’s gross loss in the current six and twelve months financial periods stems from the commercial deep-sea fishing segment. This loss is primarily attributed to a higher cost of goods sold, primarily arising from a significant increase in the average diesel cost. Specifically, there has been an approximate 42% increase in the current six months period and a 60% increase in the current twelve months period, ending on 30 June 2023, in comparison to the corresponding financial period that ended on 30 June 2022.

This considerable escalation in diesel costs is a result of various factors. Firstly, there was a surge in demand once the pandemic-related lockdowns were lifted and economic activities resumed. Additionally, the Russia-Ukraine situation introduced geopolitical uncertainty that had a ripple effect on oil markets, contributing to the rise in diesel prices.

To confront this challenge, we are actively exploring hedging options that would allow us to lock in diesel prices at specific levels for predetermined periods. This strategy is aimed at shielding our operations from sudden and unpredictable price spikes. Concurrently, we will maintain vigilant monitoring of market trends to make informed decisions. Through this measure, we are working diligently to address the impact of increased diesel costs and secure our operational sustainability in the face of challenging market conditions.

Similarly to the net revenue, the other contributors to the Group’s gross profit is the management of trade segment, which saw a one-and-half fold (166%) increase in the current six months and a two-fold (201%) increase in the twelve months financial period ended 30 June 2023 in comparison to the corresponding financial period ended 30 June 2022, as there are no cost of sales for this particular segment of the Group.

Additionally, the Group recorded gross profits in the trading segment in both the current six and twelve months financial period ended 30 June 2023 as compared to a gross loss position in the corresponding financial period ended 30 June 2022.

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

1. Review of performance (CONTINUED)

The Group has recorded a net loss of RM4.50 million for the current six months financial period ended 30 June 2023, which represent a decrease of RM6.99 million / 281% as compared to the net profit of RM2.48 million in the corresponding six months financial period ended 30 June 2022.

The Group has recorded a net loss of RM7.86 million for the current twelve months financial period ended 30 June 2023, which represent a decrease of RM9.09 million / 738% as compared to the net profit of RM1.23 million in the corresponding twelve months financial period ended 30 June 2022.

The net loss results from a combination of decreased revenue contribution, higher cost of goods sold, increased of RM1.22 million in vessel-related operational expenses, and several non-operating-related one-off expenses such as a RM2.69 million impairment loss on our property, plant and equipment (PPE), a RM0.44 million in professional fees for projects exploration and tax consultation, and a net unrealised FOREX loss of RM0.39 million incurred during both periods under review. Given the market dynamics impacting the prices of our deep-sea catches and diesel, we used this time to undertake major repairs and maintenance for several of our fishing vessels in preparation for upcoming operations.

Furthermore, we are actively exploring opportunities to diversify our product and service offerings, aiming to reach new markets and cater to different customer segments. Concurrently, we have identified innovative solutions that hold the potential to reduce costs and enhance efficiency, leveraging the data within our ERP system. We will carefully assess these solutions while maintaining a regular monitoring mechanism for the proposed strategies mentioned above.

2. Commentary of Prospect

i) Commercial deep-sea fishing segment – As part of our ongoing group expansion strategy, we remain committed to growing our fleet of fishing vessels to maximise our catch capacity and volume. This expansion aligns with Malaysian government’s objective of fully utilizing the quota granted by Indian Ocean Tuna Commission (IOTC). By doing so, we anticipate achieving enhanced economies of scale, thereby securing advantageous terms and pricing for supplies and services.

Furthermore, our Group has been actively exploring various avenues to expand our fleet of fishing vessels, including collaborative arrangements with other vessel owners. Such partnerships offer us the opportunity to expedite our growth, increase operational efficiency, and bolster our revenues dan profitability. Currently, we are engaged in discussions with potential vessel owners to formalise these collaboration agreements.

In addition to these collaborative efforts, our Group is also exploring the direct acquisition of several vessels in the near future. Our Operations team has already identified suitable vessels that are in good condition and align with our acquisition criteria. We have moved past the initial discussion and planning stage, and we anticipate completing the vessel deregistration (home flag), inspection, necessary upgrades to meet standards, and vessel registration under the Malaysian flag within the next 12 months. This approach underscores our commitment to expanding our fleet and strengthening our position in the fishing industry.

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 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 previously 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. 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 opted to put the above on hold.

However, our ongoing discussions with LKIM regarding extended collaboration to enhance landing port facilities across Malaysia and penetrate the local market for diverse fish and seafood sourcing are still in progress. We hold the belief that by upgrading and optimizing these landing port facilities and their associated cold room capabilities, we can offer substantial benefits to local fishermen. This approach has the potential to attract a greater number of local fishermen to utilise these enhanced ports.

Through these efforts, our Group aims to foster closer relationships with an expanded network of fishermen and suppliers, ensuring a more secure and robust supply of fish and seafood raw materials. This strategic move will significantly fortify our raw material sourcing and sustainability. Moreover, it has the potential to yield positive financial impacts by introducing new revenue streams through the provision of landing port facilities management services.

Furthermore, we are embarking on a strategic endeavour with Menteri Besar Selangor (Incorporated) (“MBI”) for the development of the Industrial Centre as mentioned in our announcement to Bursa on 9th June 2023. This initiative aims to establish a sustainable and product-centric seafood zone in Sungai Lang, Sabak Bernam. As part of our diversification strategy, we will shift our focus towards developing upstream activities encompassing fishery ports management, farming operations, and a processing plant to some extent. Currently, we are in the midst of finalising the terms and conditions for this collaborative effort. The collaborations with both LKIM and MBI will not only ensure a consistent and sustainable supply and production of raw materials but also align with our mission to contribute to food security in Malaysia. These efforts go hand in hand with our existing deep-sea fishing segment.

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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 30 June 2023.

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

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Name: Ms. Ooi Yoong Yoong
Secretary

Date: 28th August 2023



STYL ASSOCIATES PLT

Chartered Accountants (AF001929)
(LLP0019500-LCA)

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Date: 23 August 2023

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 2023


We have reviewed the accompanying condensed statements of financial position of AORB as of 30 June 2023 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 2023