

ALPHA OCEAN RESOURCES BERHAD

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

INTERIM UNAUDITED FINANCIAL STATEMENTS

For the First Half Year Ended 31 December 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 31 DECEMBER 2023 ⁽¹⁾
(The figures have not been audited)

	(Unaudited) As at 31.12.2023 RM	(Audited) As at 30.06.2023 RM
ASSETS		
Non-current assets		
Property, plant and equipment	6,032,761	6,317,547
Intangible asset	254,186	193,706
Right-of-use assets	4,437	7,217
Other receivables	891,924	891,924
Total non-current assets	<u>7,183,308</u>	<u>7,410,394</u>
Current assets		
Inventories	1,430,069	984,332
Trade receivables	310,245	1,650,292
Other receivables and deposits	2,546,972	2,357,597
Current tax assets	162,148	231,692
Fixed deposits placed with licensed banks	1,631,163	1,604,508
Cash and bank balances	4,825,339	5,890,460
Total current assets	<u>10,905,936</u>	<u>12,718,881</u>
TOTAL ASSETS	<u><u>18,089,244</u></u>	<u><u>20,129,275</u></u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	21,250,080	21,250,080
Reserves	557,026	665,168
Accumulated losses	(4,815,895)	(2,962,849)
Total equity	<u>16,991,211</u>	<u>18,952,399</u>
Non-current liabilities		
Lease liabilities	-	9,878
Total non-current liabilities	<u>-</u>	<u>9,878</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023
(CONTINUED) ⁽¹⁾

(The figures have not been audited)

	(Unaudited)	(Audited)
	As at	As at
	31.12.2023	30.06.2023
	RM	RM
Current liabilities		
Trade payables	195,579	632,492
Other payables and accruals	378,820	513,267
Lease liabilities	20,464	20,969
Bank borrowings	502,900	-
Current tax liabilities	270	270
Total current liabilities	<u>1,098,033</u>	<u>1,166,998</u>
TOTAL LIABILITIES	<u>1,098,033</u>	<u>1,176,876</u>
TOTAL EQUITY AND LIABILITIES	<u>18,089,244</u>	<u>20,129,275</u>
Net Assets per ordinary share (RM) ⁽²⁾	<u>0.17</u>	<u>0.19</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 2023 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 2023 and as at 30 June 2023.

ALPHA OCEAN RESOURCES BERHAD
(Company No.: 201901034353 (1343683-K))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED
31 DECEMBER 2023 ⁽¹⁾
(The figures have not been audited)

	Individual 6 months ended Unaudited Current Year 6 Months	6 months ended Preceding Year Corresponding 6 Months	Cumulative 6 months ended Unaudited Current Year To-Date	6 months ended Preceding Year Corresponding Period
	31.12.2023 RM	31.12.2022 RM	31.12.2023 RM	31.12.2022 RM
Revenue	845,945	929,831	845,945	929,831
Cost of sales	(1,263,133)	(1,179,566)	(1,263,133)	(1,179,566)
Gross loss	<u>(417,188)</u>	<u>(249,735)</u>	<u>(417,188)</u>	<u>(249,735)</u>
Other operating income	173,074	109,941	173,074	109,941
Administrative expenses	(1,601,152)	(3,181,908)	(1,601,152)	(3,181,908)
Loss from operations	<u>(1,845,266)</u>	<u>(3,321,702)</u>	<u>(1,845,266)</u>	<u>(3,321,702)</u>
Interest expense	(7,780)	(7,068)	(7,780)	(7,068)
Loss before taxation	<u>(1,853,046)</u>	<u>(3,328,770)</u>	<u>(1,853,046)</u>	<u>(3,328,770)</u>
Taxation	-	-	-	-
Loss for the period	<u><u>(1,853,046)</u></u>	<u><u>(3,328,770)</u></u>	<u><u>(1,853,046)</u></u>	<u><u>(3,328,770)</u></u>
Other comprehensive (expense) / income				
Foreign currencies translation	(108,142)	31,696	(108,142)	31,696
Total comprehensive expense for the period	<u><u>(1,961,188)</u></u>	<u><u>(3,297,074)</u></u>	<u><u>(1,961,188)</u></u>	<u><u>(3,297,074)</u></u>

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED
31 DECEMBER 2023 (CONTINUED) ⁽¹⁾**

(The figures have not been audited)

	Individual 6 months ended Unaudited Current Year 6 Months	6 months ended Preceding Year Corresponding 6 Months	Cumulative 6 months ended Unaudited Current Year To-Date	6 months ended Preceding Year Corresponding Period
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Loss attributable to:				
Owners of the Company	(1,853,046)	(3,328,770)	(1,853,046)	(3,328,770)
	<u>(1,853,046)</u>	<u>(3,328,770)</u>	<u>(1,853,046)</u>	<u>(3,328,770)</u>
Total comprehensive expense attributable to:				
Owners of the Company	(1,961,188)	(3,297,074)	(1,961,188)	(3,297,074)
	<u>(1,961,188)</u>	<u>(3,297,074)</u>	<u>(1,961,188)</u>	<u>(3,297,074)</u>
Basic (loss) / earnings per share	<u>(1.85)</u>	<u>(3.33)</u>	<u>(1.85)</u>	<u>(3.33)</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 2023 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 2023 and as at 31 December 2022.

ALPHA OCEAN RESOURCES BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ⁽¹⁾

(The figures have not been audited)

	Cumulative 6 months ended	
	31.12.2023	31.12.2022
	RM	RM
Cash flow from operating activities		
Loss before taxation	(1,853,046)	(3,328,770)
Adjustments for:		
Depreciation of property, plant and equipment	358,338	354,764
Depreciation of right-of-use assets	2,703	2,796
Written-off property, plant and equipment	3,513	-
Ammortisation of intangible asset	-	4,459
Interest expense	7,780	7,068
Interest income	(23,146)	(17,517)
Unrealised (gain)/loss on foreign exchange	(86,687)	30,434
Operating loss before working capital changes	(1,590,545)	(2,946,766)
Changes in working capital:		
Trade and other receivables	1,237,360	(1,997,664)
Trade and other payables	(571,361)	(1,838,513)
Inventories	(445,737)	328,376
Cash used in operations	(1,370,283)	(6,454,567)
Tax refund / (paid)	69,544	(12,672)
Net cash used in operating activities	(1,300,739)	(6,467,239)
Cash flow from investing activities		
Purchases of property, plant and equipment	(77,065)	(115,380)
Acquisition of intangible asset	(60,480)	(267,548)
Interest received	23,146	7,804
Placement of fixed deposit	(26,655)	-
Net cash used in investing activities	(141,054)	(375,124)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED) ⁽¹⁾

(The figures have not been audited)

	Cumulative 6 months ended	
	31.12.2023	31.12.2022
	RM	RM
Cash flow from financing activities		
Interest paid	(7,780)	(7,068)
Repayment of lease liability	(10,306)	(10,212)
Net cash used in financing activities	(18,086)	(17,280)
Net decrease in cash and cash equivalents	(1,459,879)	(6,859,643)
Effect of foreign exchange rate changes	(108,142)	31,696
Cash and cash equivalents at the beginning of the financial year	5,890,460	12,785,745
Cash and cash equivalents at the end of the financial year	<u>4,322,439</u>	<u>5,957,798</u>
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	4,825,339	6,458,266
Fixed deposits with licensed banks	1,631,163	1,583,801
Bank overdrafts	(502,900)	(500,468)
	5,953,602	7,541,599
Less: Fixed deposits pledged to banks	(1,631,163)	(1,583,801)
	<u>4,322,439</u>	<u>5,957,798</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 2023 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 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 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 2023 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 2023, except for the adoption of the following accounting standards and amendments of Malaysian Financial Reporting Standards (“MFRS”) with effect from 1 July 2023.

- MFRS 17, Insurance Contracts
- Amendments to MFRS 4, Extension of the Temporary Exemption from Applying MFRS 9
- 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 112, Income Taxes - International Tax Reform – Pillar Two Model Rules

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 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 2023 (CONTINUED)

2. Significant accounting policies (continued)

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

- Amendments to MFRS 16, Leases - Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
- Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

MFRSs and amendments effective for annual periods beginning on or after 1 January 2025

- MFRS 121, The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

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.



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.

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

The Group has not encountered any unusual items during the reviewed financial period.

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 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 2023 (CONTINUED)

6. Debt and equity securities

There was no issuance of securities during the current financial period ended 31 December 2023 and in corresponding financial period ended 31 December 2022.

	Number of shares units	Amount RM
At 1 July 2022	100,000,000	21,250,080
Issuance of share capital	-	-
At 31 December 2022	<u>100,000,000</u>	<u>21,250,080</u>
At 1 July 2023	100,000,000	21,250,080
Issuance of share capital	-	-
At 31 December 2023	<u>100,000,000</u>	<u>21,250,080</u>

7. Changes in Group’s composition

There were no changes in the Group’s composition during the current financial period ended 31 December 2023.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 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 6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Business Segments	RM	RM	RM	RM
Commercial deep-sea fishing	817,584	887,831	817,584	887,831
Port landing services	-	-	-	-
Trading of tuna and other deep-sea fishes	14,488	-	14,488	-
Management of trade services	13,873	42,000	13,873	42,000
	<u>845,945</u>	<u>929,831</u>	<u>845,945</u>	<u>929,831</u>
GROSS LOSS				
Business Segments				
Commercial deep-sea fishing ⁽¹⁾	(434,839)	(291,735)	(434,839)	(291,735)
Port landing services	-	-	-	-
Trading of tuna and other deep-sea fishes	3,778	-	3,778	-
Management of trade services	13,873	42,000	13,873	42,000
	<u>(417,188)</u>	<u>(249,735)</u>	<u>(417,188)</u>	<u>(249,735)</u>

Notes:

- (1) 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 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 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 31 December

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 6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Loss attributable to owners of the Company	(1,853,046)	(3,328,770)	(1,853,046)	(3,328,770)
Total weighted average number	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Basic earnings/ (loss) per share	<u>(1.85)</u>	<u>(3.33)</u>	<u>(1.85)</u>	<u>(3.33)</u>

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 6-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 2023

15. Related Party Transactions

Significant related party transactions

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

	Individual 6 months ended	
	31.12.2023	31.12.2022
	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	(185,600)	(1,059,891)
Rental income	-	1,500
<i>Virtual Outlook Sdn Bhd</i>		
Rental income	-	4,500
	<u>-</u>	<u>4,500</u>

For information purpose, the purchases of diesel for vessels are conducted on an arm’s length basis. The Group will source for quotes from SS Oil & Gas Sdn Bhd (“SS O&G”) as well as other third-party suppliers when it needs to purchase diesel. The Group will purchase the diesel from whichever supplier that gives the best quote. However, if there is a competing quote with SS O&G, the company will purchase from SS O&G as the company can be assured of the quality of the diesel.

For the 6-month FPE 31 December 2023, the total diesel purchased from SS O&G represents approximately 15% of the total cost of goods sold and approximately 37% of the total quantity of diesel purchased by the Group.

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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		Cumulative 6 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM	RM	RM	RM
Net Revenue	845,945	929,831	845,945	929,831
Gross Loss	(417,188)	(249,735)	(417,188)	(249,735)
Loss after tax	<u>(1,853,046)</u>	<u>(3,328,770)</u>	<u>(1,853,046)</u>	<u>(3,328,770)</u>

The Group recorded a net revenue of RM0.846 million for the current six months financial period ended 31 December 2023, which represent a decrease of RM0.084 million / 9% as compared to the net revenue of RM0.929 million in the corresponding six months financial period ended 31 December 2022. The main contributor of the Group’s net revenue is from the commercial deep-sea fishing segment for both periods under review.

The decline in net revenue during the current six-month financial period can be attributed primarily to a decrease in catch volume, resulting in lower sales transactions. This factor has had a significant impact on our financial results, with catch rates in recent months averaging only 50 to 60% of our historical volumes despite fishing in familiar territories. This decline is largely attributed to the effects of global climate change and rising water temperatures, which have prompted fish migration to other areas of the sea. In response, the Group has proactively relocated our vessels to colder waters.

Another contributing factor to the Group’s decreased net revenue is the performance of the trade segment, which experienced a substantial 67% decline in revenue compared to the corresponding period ending December 31, 2022. A minimal revenue of RM 14.5k was generated from a one-time trading activity involving tuna and other deep-sea fishes during this financial period. The Group currently has no plans to resume trading in these species unless specifically requested by customers.

The decrease in net revenue noted in the current six-month financial period can also be linked to a reduction in the average selling price of our deep-sea catches. This decline stems from a lower global demand within the market, driven by widespread concerns of economic recession and tightened consumer spending, particularly on premium seafood products.

By analysing the insights and data collected, we gain a clearer understanding of how to potentially increase both our catch volume and profit margins. This approach will enable us to develop strategic initiatives aimed at navigating market challenges and optimizing our financial performance.

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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)

Furthermore, we are exploring the possibility of expanding into new segments and industries. This diversification can help increase 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.

The Group has recorded a gross loss of RM0.417 million for the current six months financial period ended 31 December 2023, which represent a increase of RM0.168 million / 67% as compared to the gross loss of RM0.249 million in the corresponding six months financial period ended 31 December 2022.

The primary driver of the Group’s gross loss in the current six months financial periods predominantly driven by the commercial deep-sea fishing segment. This loss can be primarily attributed to the high cost of goods sold, primarily stemming from significant expenses such as high diesel costs, fish baits, and crew salaries. Specifically, these items constitute approximately 74% / RM 937k of the total expenses.

The diesel costs remains relatively high in the current financial period and can be attributed to various factors. Primarily, geopolitical tensions such as the Russia-Ukraine conflict, the Israel-Gaza situation, and broader Middle East tensions, compounded by fears of a global recession, have prompted OPEC to implement production cuts, thereby keeping prices high. These geopolitical uncertainties have had a ripple effect on oil markets, directly contributing to the high 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.

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PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING

1. Review of performance (CONTINUED)

The Group has recorded a net loss of RM1.853 million for the current six months financial period ended 31 December 2023, which represent a decrease of RM1.475 million / 44% as compared to the net loss of RM3.328 million in the corresponding six months financial period ended 31 December 2022.

The net loss results from a combination of decreased revenue contribution and high cost of goods sold. However, net loss has been lower in current financial period as compared to prior year due no impairment losses in current year as compared to prior year's RM2.69 million impairment loss on our property, plant and equipment (PPE).

Furthermore, we are actively exploring opportunities to diversify our product and service offerings, business segments, and 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 vessel owners to finalise these collaboration agreements.

In addition to these collaborative efforts, our Group is also finalising the direct acquisition of several vessels in the coming financial period. We anticipate completing the vessel deregistration (home flag), inspection, necessary upgrades to meet standards, and vessel registration under the Malaysian flag within the next 6 months. This approach underscores our commitment to expanding our fleet and strengthening our position in the fishing industry.

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PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING

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. On 19th October 2023, AORB had entered into a Memorandum of Agreement ("MOA") with MBI for the development of a Downstream Industrial Centre for Marine Products and Agro-Food in the Sg Lang area of Sabak Bernam Development Area ("SABDA"), Selangor ("Project"). 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.

ALPHA OCEAN RESOURCES BERHAD
(Company No.: 201901034353 (1343683-K))
(Incorporated in Malaysia)

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 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: 21th February 2024