

ALPHA OCEAN RESOURCES BERHAD

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

INTERIM UNAUDITED FINANCIAL STATEMENTS

For the Second Half Year Ended 30 June 2024

**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 2024 ⁽¹⁾
(The figures have not been audited)

	(Unaudited) As at 30.06.2024 RM	(Audited) As at 30.06.2023 RM
ASSETS		
Non-current assets		
Property, plant and equipment	4,987,660	6,317,547
Intangible asset	227,897	193,706
Right-of-use assets	1,824	7,217
Other receivables	1,787,292	891,924
Total non-current assets	<u>7,004,673</u>	<u>7,410,394</u>
Current assets		
Inventories	1,619,799	984,332
Trade receivables	1,412,811	1,650,292
Other receivables and deposits	1,665,878	2,357,597
Current tax assets	173,302	231,692
Fixed deposits placed with licensed banks	1,647,779	1,604,508
Cash and bank balances	3,059,467	5,890,460
Total current assets	<u>9,579,036</u>	<u>12,718,881</u>
TOTAL ASSETS	<u>16,583,709</u>	<u>20,129,275</u>
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	21,250,080	21,250,080
Reserves	728,868	665,168
Accumulated losses	(6,743,675)	(2,962,849)
Total equity	<u>15,235,273</u>	<u>18,952,399</u>
Non-current liability		
Lease liabilities	-	9,878
Total non-current liability	<u>-</u>	<u>9,878</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

(CONTINUED) ⁽¹⁾

(The figures have not been audited)

	(Unaudited) As at 30.06.2024 RM	(Audited) As at 30.06.2023 RM
Current liabilities		
Trade payables	426,403	632,492
Other payables and accruals	467,279	513,267
Lease liabilities	9,898	20,969
Bank borrowings	442,623	-
Current tax liabilities	2,233	270
Total current liabilities	<u>1,348,436</u>	<u>1,166,998</u>
TOTAL LIABILITIES	<u>1,348,436</u>	<u>1,176,876</u>
TOTAL EQUITY AND LIABILITIES	<u>16,583,709</u>	<u>20,129,275</u>
Net Assets per ordinary share (RM) ⁽²⁾	<u>0.15</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 30 June 2024 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 / YEAR ENDED 30 JUNE 2024 ⁽¹⁾

(The figures have not been audited)

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Revenue	4,294,295	2,321,672	5,130,294	3,252,995
Cost of sales	(3,688,577)	(2,458,805)	(4,951,710)	(3,639,992)
Gross profit / (loss)	605,718	(137,133)	178,584	(386,997)
Other operating income	16,754	977,295	190,428	101,901
Administrative expenses	(2,404,855)	(5,317,029)	(4,006,363)	(7,580,940)
Loss from operations	(1,782,383)	(4,476,867)	(3,637,351)	(7,866,036)
Interest expense	(119,355)	(164,277)	(119,355)	(171,338)
Loss before taxation	(1,901,738)	(4,641,144)	(3,756,706)	(8,037,374)
Taxation	(24,120)	138,438	(24,120)	138,438
Loss for the period / year	<u>(1,925,858)</u>	<u>(4,502,706)</u>	<u>(3,780,826)</u>	<u>(7,898,936)</u>
Other comprehensive income				
Foreign currencies translation	171,842	513,157	66,280	454,258
Total comprehensive expense for the period / year	<u>(1,754,016)</u>	<u>(3,989,549)</u>	<u>(3,714,546)</u>	<u>(7,444,678)</u>

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD / YEAR ENDED 30 JUNE 2024 (CONTINUED) ⁽¹⁾
(The figures have not been audited)

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Loss attributable to:				
Owners of the Company	<u>(1,925,858)</u>	<u>(4,502,706)</u>	<u>(3,780,826)</u>	<u>(7,898,936)</u>
	<u>(1,925,858)</u>	<u>(4,502,706)</u>	<u>(3,780,826)</u>	<u>(7,898,936)</u>
Total comprehensive expense				
Owners of the Company	<u>(1,754,016)</u>	<u>(3,989,549)</u>	<u>(3,714,546)</u>	<u>(7,444,678)</u>
	<u>(1,754,016)</u>	<u>(3,989,549)</u>	<u>(3,714,546)</u>	<u>(7,444,678)</u>
Basic loss per share (sen) ⁽²⁾	<u>(1.93)</u>	<u>(4.50)</u>	<u>(3.78)</u>	<u>(7.90)</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 30 June 2024 and 30 June 2023.

ALPHA OCEAN RESOURCES BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 ⁽¹⁾

(The figures have not been audited)

	Attributable to the owners of the Company			
	Share capital RM	Attributable to the owners of the Company Non-Distributable / Distributable	Retained earnings / (Accumulated losses) RM	Total equity RM
		Foreign currencies translation reserve RM	Merger reserve RM	
At 1 July 2023	21,250,080	1,164,739	(499,571)	18,952,399
Total comprehensive income/(deficit) for the financial year:				
Loss for the financial year	-	(2,580)	-	(3,780,826)
Foreign currencies translation	-	66,280	-	66,280
Total comprehensive income/(deficit)	[®] -	63,700	-	(3,717,126)
At 30 June 2024	<u>21,250,080</u>	<u>1,228,439</u>	<u>(499,571)</u>	<u>15,235,273</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 2023 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 2024 (CONTINUED) ⁽¹⁾

(The figures have not been audited)

	Attributable to the owners of the Company			
	Share capital RM	Foreign currencies translation reserve RM	Merger reserve RM	Total equity RM
		Non- Distributable	Distributable / Non-Distributable	
			Retained earnings / (Accumulated losses) RM	
At 1 July 2022, previously stated	21,250,080	710,481	(499,571)	25,847,041
Prior year adjustment	-	-	550,036	550,036
At 1 July 2022, restated	21,250,080	710,481	(499,571)	26,397,077
Total comprehensive income/(deficit) for the financial year:	-	-	-	(7,898,936)
Loss for the financial year	-	-	-	-
Other comprehensive income for the financial year:	-	454,258	-	454,258
Total comprehensive income/(deficit)	-	454,258	-	(7,898,936)
At 30 June 2023	21,250,080	1,164,739	(499,571)	18,952,399

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 2023 and the accompanying explanatory notes attached to this interim financial report.

ALPHA OCEAN RESOURCES BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 ⁽¹⁾
(The figures have not been audited)

	Cumulative 12 months ended	
	30.06.2024	30.06.2023
	RM	RM
Cash flows from operating activities		
Loss before taxation	(3,756,706)	(8,037,374)
Adjustments for:		
Depreciation of property, plant and equipment	494,120	711,388
Depreciation of right-of-use assets	5,444	3,617
Written-off property, plant and equipment	4,852	1,767
Gain on disposal of property, plant and equipment	(30,435)	-
Interest expense	14,724	17,262
Impact on discounting effect on financial statements	104,631	154,076
Interest income	(46,297)	(41,263)
Unrealised (gain) / loss on foreign exchange	(17,957)	377,298
Impairment losses / (Reversal of impairment losses) on:		
- Trade receivables	(34,418)	34,418
- Intangible assets	26,289	120,628
- Property, plants & equipment	618,914	2,581,421
Operating loss before working capital changes	<u>(2,616,839)</u>	<u>(4,076,762)</u>
Changes in working capital:		
Trade and other receivables	(48,343)	(1,393,871)
Trade and other payables	(214,526)	(1,776,086)
Inventories	(635,467)	(551,080)
Cash used in operations	<u>(3,515,175)</u>	<u>(7,797,799)</u>
Tax refund	(42,606)	(22,746)
Tax paid	78,839	1,591,832
Net cash used in operating activities	<u>(3,478,942)</u>	<u>(6,228,713)</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(80,415)	(117,445)
Proceeds from sales of property, plant and equipment	322,851	-
Enhancement to intangible asset	(60,480)	(314,334)
Interest received	43,503	10,843
Placement of fixed deposit	(43,271)	-
Net cash generated from / (used in) investing activities	<u>182,188</u>	<u>(420,936)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 (CONTINUED) ⁽¹⁾

(The figures have not been audited)

	Cumulative 12 months ended	
	30.06.2024	30.06.2023
	RM	RM
Cash flows from financing activities		
Interest paid	(14,724)	(17,262)
Repayment of lease liability	(21,000)	(18,347)
Net cash used in financing activities	(35,724)	(35,609)
Net decrease in cash and cash equivalents	(3,332,478)	(6,685,258)
Effect of foreign exchange rate changes	58,862	(210,027)
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>2,616,844</u>	<u>5,890,460</u>
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	3,059,467	5,890,460
Fixed deposits with licensed banks	1,647,779	1,604,508
Bank overdrafts	(442,623)	-
	4,264,623	7,494,968
Less: Fixed deposits pledged to banks	(1,647,779)	(1,604,508)
	<u>2,616,844</u>	<u>5,890,460</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 FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2024

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. Material accounting policies

The 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 - Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction and 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 FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2024 (CONTINUED)

2. Material accounting policies (continued)

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 Non-current Liabilities with Covenants
- Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

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

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

Amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9, Financial Instruments and MFRS 7, Financial Instruments: Disclosures)

MFRSs effective for annual periods beginning on or after 1 January 2027

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

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 FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2024 (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 FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2024 (CONTINUED)

6. Debt and equity securities

There was no issuance of securities during the current financial period ended 30 June 2024 and 30 June 2023.

	Number of shares units	Amount RM
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>
At 1 July 2023	100,000,000	21,250,080
Issuance of share capital	-	-
At 30 June 2024	<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 year ended 30 June 2024.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2024 (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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Business Segments	RM	RM	RM	RM
Commercial deep-sea fishing	4,066,916	2,219,308	4,884,268	3,107,139
Port landing services	222,475	368	222,475	368
Trading of tuna and other deep-sea fishes ⁽¹⁾	-	53,996	14,488	53,996
Management of trade services	4,904	48,000	9,063	91,492
	<u>4,294,295</u>	<u>2,321,672</u>	<u>5,130,294</u>	<u>3,252,995</u>
GROSS PROFIT / (LOSS)				
Business Segments				
Commercial deep-sea fishing	577,376	(205,437)	142,305	(498,793)
Port landing services	23,438	56	23,438	56
Trading of tuna and other deep-sea fishes ⁽¹⁾	-	20,248	3,778	20,248
Management of trade services	4,904	48,000	9,063	91,492
	<u>605,718</u>	<u>(137,133)</u>	<u>178,584</u>	<u>(386,997)</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 FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2024 (CONTINUED)

11. Valuation of Property, Plant and Equipment

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

12. Capital Commitments

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

13. Material litigation

There were no material litigations pending as at end of the current financial year ended 30 June 2024.

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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Loss attributable to owners of the Company	(1,925,858)	(4,502,706)	(3,780,826)	(7,898,936)
Total weighted average number of ordinary shares	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Basic loss per share (sen)	<u>(1.93)</u>	<u>(4.50)</u>	<u>(3.78)</u>	<u>(7.90)</u>

- (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 2023.
- (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 2024 and 30 June 2023.
- (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.

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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 12 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM	RM	RM	RM
Net Revenue	4,294,295	2,321,672	5,130,294	3,252,995
Gross Profit / (Loss)	605,718	(137,133)	178,584	(386,997)
Loss after tax	<u>(1,925,858)</u>	<u>(4,502,706)</u>	<u>(3,780,826)</u>	<u>(7,898,936)</u>

The Group recorded a net revenue of RM4.29 million for the current six months financial period ended 30 June 2024, which represent a increase of RM1.97 million / 85% as compared to the net revenue of RM2.32 million in the corresponding six months financial period ended 30 June 2023. 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 RM5.13 million for the current twelve months financial period ended 30 June 2024, which represent a increase of RM1.88 million / 58% as compared to the net revenue of RM3.25 million in the corresponding twelve months financial period ended 30 June 2023. The main contributor of the Group’s net revenue is from the commercial deep-sea fishing segment for both periods under review.

The increase in net revenue observed in the current six-month and twelve-month financial periods can be attributed to a rise in the average catch volume from our deep-sea operations, coupled with an increase in the number of expeditions. Despite the challenges posed by global climate change and rising water temperatures, which have led to fish migration to other areas of the sea, the Group has effectively adapted by relocating our vessels to colder waters, where we have been able to achieve higher catch volumes.

Nevertheless, our net revenue has benefited from the depreciation of the MYR against the USD, with the exchange rate fluctuating between MYR 4.6/USD and MYR 4.8/USD from January 2024 to June 2024. This depreciation contrasts with the less favorable foreign exchange conversion rate we experienced during the same period in the prior year.

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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)

Another contributor to the Group's net revenue is the Port Landing Services segment, which experienced an increase of RM 222k in net revenue during the six-month financial period ended 30 June 2024, compared to the corresponding period ended 30 June 2023. However, this gain was partially offset by a decline in revenue from the one-off trading of tuna and deep-sea fish segments, as well as management services, which generated RM 14.5k and RM 9.1k respectively, compared to RM 54k and RM 48k in the corresponding twelve-month period ended 30 June 2023. The Group currently has no plans to resume trading in these segments unless specifically requested by customers.

The Group has recorded a gross profit of RM606k for the current six months financial period ended 30 June 2024, which represent a increase of RM743k / 542% as compared to the gross loss of RM137k in the corresponding six months financial period ended 30 June 2023.

The Group has recorded a gross profit of RM179k for the current twelve months financial period ended 30 June 2024, which represent a increase of RM566k / 146% as compared to the gross loss of RM387k in the corresponding twelve months financial period ended 30 June 2023.

The primary driver of the Group's gross profit in the current six-month and twelve-month financial periods is the commercial deep-sea fishing segment. This profitability is largely attributable to enhanced cost management, particularly in relation to diesel expenses. The Company has effectively monitored and hedged its diesel costs, securing lower average diesel prices. As a result, the percentage of diesel costs relative to the deep-sea segment's revenue has significantly decreased from 51% to 33% in the current six-month period and from 59% to 39% in the current twelve-month period ending on 30 June 2024, compared to the corresponding financial periods ending on 30 June 2023.

Diesel costs have remained elevated in the current financial period, driven by a confluence of geopolitical and macroeconomic factors. Key contributors include geopolitical tensions such as the Russia-Ukraine conflict, the Israel-Gaza situation, and broader instability in the Middle East. These factors, coupled with concerns over a potential global recession, have led OPEC to enforce production cuts, thereby sustaining high price levels. The resulting geopolitical uncertainties have exerted upward pressure on oil markets, directly contributing to the persistently high diesel prices.

In response to this challenge, we have implemented a robust strategy of actively monitoring and hedging our diesel costs, which has enabled us to lock in favorable diesel prices for predetermined periods. This risk management approach has proven effective in insulating our operations from sudden and unpredictable price fluctuations. Additionally, we will continue to closely monitor market trends to inform our hedging decisions and optimize cost management. Through these measures, we are proactively mitigating the impact of rising diesel costs and ensuring the sustainability of our operations in the face of volatile market conditions.

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 (CONTINUED)

The Group has recorded a net loss of RM1.93 million for the current six months financial period ended 30 June 2024, which represent a decrease of RM2.57 million / 57% as compared to the net loss of RM4.5 million in the corresponding six months financial period ended 30 June 2023.

The Group has recorded a net loss of RM3.78 million for the current twelve months financial period ended 30 June 2024, which represent a decrease of RM4.12 million / 52% as compared to the net loss of RM7.9 million in the corresponding twelve months financial period ended 30 June 2023.

The net loss for the current financial period is primarily driven by a relatively high cost of goods sold (COGS). However, there has been a significant reduction in the net loss compared to the previous fiscal year. This improvement can be attributed to the lower impairment losses of RM645k in the current period, in contrast to the prior year, which incurred an RM2.7 million impairment charge on property, plant, and equipment (PPE) and intangible assets. Furthermore, the recognition of an unrealized gain of RM18k this year, as opposed to the RM395k unrealized loss recorded last year, has provided a favorable variance. The decline in depreciation expense by RM217k, from RM711k to RM494k, has also contributed to mitigating the overall net loss.

2. Commentary of Prospect

i) Commercial deep-sea fishing segment – As part of our ongoing group expansion strategy, we remain committed to increasing our fleet of fishing vessels to maximize catch capacity and volume. This expansion is strategically aligned with the Malaysian government’s objective of fully utilizing the quota granted by the Indian Ocean Tuna Commission (IOTC). By expanding our fleet, we anticipate achieving enhanced economies of scale, which will enable us to secure more favorable terms and pricing for supplies and services.

We have been actively exploring various avenues to expand our fleet of fishing vessels, including collaborative arrangements with other vessel owners. These partnerships present an opportunity to accelerate our growth, enhance operational efficiency, and strengthen our revenue and profitability. We are currently in discussions with the other vessel owners to formalise our collaborations.

In addition to these collaborative efforts, our Group is also finalising the direct acquisition of several vessels in the coming financial year. 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 to 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 still 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 2024.

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: 28th August 2024



Date: 28 August 2024

Our ref: AORB/2nd Half/2024/BL/SP/JC

The Board of Directors

ALPHA OCEAN RESOURCES BERHAD

SO 33A-1 & 33A-8, Menara 1, Strata Offices

3, Jalan Bangsar, KL Eco City

59200 Kuala Lumpur

Wilayah Persekutuan Kuala Lumpur

Dear Sir,

**REVIEW OF INTERIM FINANCIAL INFORMATION OF ALPHA OCEAN RESOURCES BERHAD
("AORB" OR "THE COMPANY") FOR THE SECOND HALF YEAR ENDED 30 JUNE 2024**

We have reviewed the accompanying condensed consolidated statements of financial position of **Alpha Ocean Resources Berhad** as of **30 June 2024** and the related condensed consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the second half year then ended. Management is responsible for the preparation and presentation of this 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.

THELYX MALAYSIA PLT (LLP0019500-LCA) & AF 001929

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Kuala Lumpur (HQ) | Penang | Sungai Petani | Singapore

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.



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Thelyx Malaysia PLT
(LLP0019500-LCA & AF 001929)
Kuala Lumpur
28 August 2024