ALAM MARITIM RESOURCES BERHAD
200501018734 (700849-K)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM
1 JANUARY 2021 TO 30 JUNE 2022

Registration No. 200501018734 (700849-K)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2022

CONTENTS **Page**

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year period from 1 January 2021 to 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

CHANGE OF THE FINANCIAL YEAR END

During the financial period, the Group and the Company changed its financial year end from 31 December to 30 June and made up their financial statements for the 18 months period to 30 June 2022. Accordingly, comparative figures for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not entirely comparable with those for the current financial period.

RESULTS

	Group RM	Company RM
Loss for the financial period, net of tax	(209,608,845)	(207,631,249)
Attributable to:		
Owners of the Company	(209,151,862)	(207,631,249)
Non-controlling interests	(456,983)	-
	(209,608,845)	(207,631,249)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial period ended 30 June 2022.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial period.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company had increased the total number of its share capital from 1,368,882,405 ordinary shares to 1,531,828,805 ordinary shares by way of:

(i) issuance of 65,000,000 new ordinary shares through private placement at an issue price of RM0.0771 per ordinary share;
(ii) issuance of 97,776,400 new ordinary shares through private placement at an issue price of RM0.0476 per ordinary share; and
(iii) issuance of 170,000 new ordinary shares at an exercise price of RM0.12 per share pursuant to the exercise of warrants.

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial period.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial period other than the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

At an Extraordinary General Meeting held on 30 January 2019, the Company's shareholders approved the establishment of a new ESOS for directors and employees who meet the criteria of eligibility for participation.

The salient features and other details of the ESOS are disclosed in Note 17(b) to the financial statements.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

DIRECTORS

The directors in office during the financial period and during the period from the end of the financial year to the date of the report are:

Ahmad Hassanudin Bin Ahmad Kamaluddin *	
Ahmad Ruhaizad Bin Hashim	
Datuk Azmi Bin Ahmad *	
Fina Norhizah Binti Haji Baharu Zaman	
Shamsul Bin Saad	
Dato' Haji Ab Wahab Bin Haji Ibrahim	(Resigned on 31 May 2022)
Shaharuddin Bin Warno @ Rahmad	(Resigned on 5 February 2021)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial period and during the period from the end of the financial year to the date of the report are:

Samuel Bernard Sassoon
Ho Swee Peng

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial period in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			
	At 1.1.2021	**Bought**	**Sold**	**At 30.6.2022**
Direct interests:				
Datuk Azmi Bin Ahmad	2,292,748	-	-	2,292,748
Ahmad Hassanudin Bin Ahmad Kamaluddin	1,875	-	-	1,875
Fina Norhizah Binti Haji Baharu Zaman	34,000	-	-	34,000

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows: (continued)

Interests in the Company (continued)

	Number of ordinary shares			
	At 1.1.2021	**Bought**	**Sold**	**At 30.6.2022**
Indirect interests:				
Datuk Azmi Bin Ahmad*^	330,581,061	-	-	330,581,061
Ahmad Hassanudin Bin Ahmad Kamaluddin^	123,750	-	-	123,750

* Shares held through company in which the director has substantial financial interests
^ Shares held through spouse

	Number of options over ordinary shares			
	At 1.1.2021	**Granted**	**Exercised**	**At 30.6.2022**
Datuk Azmi Bin Ahmad	13,866,914	-	-	13,866,914
Ahmad Hassanudin Bin Ahmad Kamaluddin	13,866,914	-	-	13,866,914
Fina Norhizah Binti Haji Baharu Zaman	1,500,000	-	-	1,500,000

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Datuk Azmi Bin Ahmad is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial period had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits of the Group and of the Company are as follows:

	Group RM	Company RM
Directors of the Company		
- Fees	759,428	459,428
- Other emoluments	3,092,612	42,767
	3,852,040	502,195
Directors of subsidiaries		
- Other emoluments	396,971	-

Neither during, nor at the end of the financial period, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial period, there was no indemnity given to or insurance effected for any directors and officers of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Details of significant events during and subsequent to the end of the financial period are disclosed in Note 32 to the financial statements.

IMMEDIATE HOLDING COMPANY

The directors regard SAR Venture Holdings (M) Sdn. Bhd., a company incorporated in Malaysia, as the immediate holding company of the Company.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company during the financial year are RM414,145 and RM148,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

………………………………………….
AHMAD RUHAIZAD BIN HASHIM
Director

………………………………………….
DATUK AZMI BIN AHMAD
Director

Kuala Lumpur

Date: 28 October 2022

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

		Group		Company	
	Note	**30.6.2022 RM**	**31.12.2020 RM (Restated)**	**30.6.2022 RM**	**31.12.2020 RM (Restated)**
ASSETS					
Non-current assets					
Property, vessels and equipment	5	70,409,504	220,768,271	-	-
Investment properties	6	1,130,083	771,600	-	-
Intangible assets	7	-	-	-	-
Investment in subsidiaries	8	-	-	-	66,558,440
Investment in associates	9	-	-	-	-
Investment in joint ventures	10	14,819,480	41,198,739	-	-
Deferred tax assets	11	1,212,889	-	-	-
Other investment	12	350,000	-	-	-
Total non-current assets		87,921,956	262,738,610	-	66,558,440
Current assets					
Contract assets	13	6,762,630	6,385,531	-	-
Tax assets		528,759	448,905	-	-
Trade and other receivables	14	132,205,089	40,346,168	197,547,014	312,421,668
Cash and short-term deposits	15	42,277,837	56,536,375	2,216,038	13,836,746
Total current assets		181,774,315	103,716,979	199,763,052	326,258,414
TOTAL ASSETS		269,696,271	366,455,589	199,763,052	392,816,854

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 (continued)

		Group		Company	
	Note	**30.6.2022 RM**	**31.12.2020 RM (Restated)**	**30.6.2022 RM**	**31.12.2020 RM (Restated)**
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	442,667,403	432,981,346	442,667,403	432,981,346
Other reserves	17	(2,406,343)	(2,311,041)	165,616	165,616
Accumulated losses		(507,890,042)	(298,627,968)	(307,777,633)	(100,146,384)
		(67,628,982)	132,042,337	135,055,386	333,000,578
Non-controlling interests		(5,161,616)	(4,893,557)	-	-
(CAPITAL DEFICIENCY)/ TOTAL EQUITY		(72,790,598)	127,148,780	135,055,386	333,000,578
Non-current liabilities					
Loans and borrowings	18	2,951,410	3,911,425	-	-
Deferred tax liabilities	11	1,377,344	3,382,611	-	-
Total non-current liabilities		4,328,754	7,294,036	-	-
Current liabilities					
Loans and borrowings	18	108,736,277	109,146,480	55,818,377	55,818,377
Trade and other payables	19	229,285,683	122,344,375	8,889,289	3,997,899
Tax liabilities		136,155	521,918	-	-
Total current liabilities		338,158,115	232,012,773	64,707,666	59,816,276
TOTAL LIABILITIES		342,486,869	239,306,809	64,707,666	59,816,276
TOTAL EQUITY AND LIABILITIES		269,696,271	366,455,589	199,763,052	392,816,854

The accompanying notes form an integral part of these financial statements.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2022

		Group		Company	
		Financial period from 1.1.2021 to 30.6.2022	**Financial year from 1.1.2020 to 31.12.2020**	**Financial period from 1.1.2021 to 30.6.2022**	**Financial year from 1.1.2020 to 31.12.2020**
	Note	**RM**	**RM (Restated)**	**RM**	**RM (Restated)**
Revenue	20	300,271,092	255,210,093	-	-
Cost of sales	21	(318,134,561)	(281,992,197)	-	-
Gross loss		(17,863,469)	(26,782,104)	-	-
Other income	22	23,388,082	61,895,555	102,499,470	3,592,778
Employee benefits expenses	23	(22,663,549)	(17,053,076)	(502,195)	(406,977)
Other operating expenses		(171,151,487)	(225,330,071)	(305,121,256)	(66,786,858)
Operating loss		(188,290,423)	(207,269,696)	(203,123,981)	(63,601,057)
Finance costs	24	(7,558,545)	(5,909,068)	(4,507,268)	(3,460,439)
Share of results of joint ventures		(16,301,695)	(14,440,346)	-	-
Loss before tax	25	(212,150,663)	(227,619,110)	(207,631,249)	(67,061,496)
Tax credit/(expense)	26	2,652,030	886,524	-	(187,110)
Loss for the financial period/year		(209,498,633)	(226,732,586)	(207,631,249)	(67,248,606)
Other comprehensive loss, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(126,802)	(200,810)	-	-
Total comprehensive loss for the financial period/year		(209,625,435)	(226,933,396)	(207,631,249)	(67,248,606)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2022 (continued)

	Note	Group		Company	
		Financial period from 1.1.2021 to 30.6.2022	Financial year from 1.1.2020 to 31.12.2020	Financial period from 1.1.2021 to 30.6.2022	Financial year from 1.1.2020 to 31.12.2020
		RM	RM (Restated)	RM	RM (Restated)
Loss attributable to:					
Owners of the Company		(209,151,862)	(226,370,818)	(207,631,249)	(67,248,606)
Non-controlling interests		(346,771)	(361,768)	-	-
		(209,498,633)	(226,732,586)	(207,631,249)	(67,248,606)
Total comprehensive loss attributable to:					
Owners of the Company		(209,247,164)	(226,143,504)	(207,631,249)	(67,248,606)
Non-controlling interests		(378,271)	(789,892)	-	-
		(209,625,435)	(226,933,396)	(207,631,249)	(67,248,606)
Loss per ordinary share attributable to owners of the Company:					
Basic loss per share (sen)	27	(14.17)	(18.30)		
Diluted loss per share (sen)	27	(14.17)	(18.30)		

The accompanying notes form an integral part of these financial statements.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2022

		<--------- Attributable to Owners of the Company --------->					
	Note	**Share Capital RM**	**Other Reserves RM**	**Accumulated Losses RM**	**Sub-total RM**	**Non-Controlling Interest RM**	**Total Equity/ (Capital Deficiency) RM**
Group							
At 1 January 2021, restated		432,981,346	(2,311,041)	(298,627,968)	132,042,337	(4,893,557)	127,148,780
Total comprehensive loss for the financial period							
Loss for the financial period		-	-	(209,151,862)	(209,151,862)	(346,771)	(209,498,633)
Other comprehensive loss for the financial period		-	(95,302)	-	(95,302)	(31,500)	(126,802)
Total comprehensive loss		-	(95,302)	(209,151,862)	(209,247,164)	(378,271)	(209,625,435)
Transaction with owners							
Issuance of ordinary shares pursuant to exercise of warrants	16	20,400	-	-	20,400	-	20,400
Issuance of ordinary shares pursuant to private placement	16	9,665,657	-	-	9,665,657	-	9,665,657
Adjustment		-	-	(110,212)	(110,212)	110,212	-
Total transaction with owners		9,686,057	-	(110,212)	9,686,057	110,212	9,686,057
At 30 June 2022		442,667,403	(2,406,343)	(507,890,042)	(67,518,770)	(5,161,616)	(72,790,598)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2022 (continued)

		<--------- Attributable to Owners of the Company --------->					
	Note	**Share Capital RM**	**Other Reserves RM**	**Accumulated Losses RM**	**Sub-total RM**	**Non-Controlling Interest RM**	**Total Equity RM**
Group							
At 1 January 2020		406,265,386	(2,530,165)	(72,430,956)	331,304,265	(4,103,665)	327,200,600
Total comprehensive income/ (loss) for the financial year							
Loss for the financial year, restated		-	-	(226,370,818)	(226,370,818)	(361,768)	(226,732,586)
Other comprehensive income/(loss) for the financial year		-	53,508	173,806	227,314	(428,124)	(200,810)
Total comprehensive income/(loss), restated		-	53,508	(226,197,012)	(226,143,504)	(789,892)	(226,933,396)
Transaction with owners							
Employee share options issued		-	165,616	-	165,616	-	165,616
Issuance of ordinary shares pursuant to conversion of Redeemable Convertible Note ("RCN")	16	9,000,000	-	-	9,000,000	-	9,000,000
Issuance of ordinary shares pursuant to private placement	16	17,715,960	-	-	17,715,960	-	17,715,960
Total transaction with owners		26,715,960	165,616	-	26,881,576	-	26,881,576
At 31 December 2020, restated		432,981,346	(2,311,041)	(298,627,968)	132,042,337	(4,893,557)	127,148,780

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2022 (continued)

		<------- Attributable to Owners of the Company ------->			
	Note	**Share Capital RM**	**Other Reserves RM**	**Accumulated Losses RM**	**Total Equity RM**
Company					
At 1 January 2021, restated		432,981,346	165,616	(100,146,384)	333,000,578
Total comprehensive loss for the financial period					
Loss for the financial period, representing total comprehensive loss		-	-	(207,631,249)	(207,631,249)
Transaction with owners					
Issuance of ordinary shares pursuant to exercise of warrants	16	20,400	-	-	20,400
Issuance of ordinary shares pursuant to private placement	16	9,665,657	-	-	9,665,657
Total transaction with owners		9,686,057	-	-	9,686,057
At 30 June 2022		442,667,403	165,616	(307,777,633)	135,055,386

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2022 (continued)

		<--------------- Attributable to Owners of the Company --------------->			
	Note	**Share Capital RM**	**Other Reserves RM**	**Accumulated Losses RM**	**Total Equity RM**
Company					
At 1 January 2020		406,265,386	-	(32,897,778)	373,367,608
Total comprehensive loss for the financial year					
Loss for the financial year, representing total comprehensive loss, restated		-	-	(67,248,606)	(67,248,606)
Transaction with owners					
Issuance of ordinary shares pursuant to conversion of Redeemable Convertible Note ("RCN")	16	9,000,000	-	-	9,000,000
Issuance of ordinary shares pursuant to private placement	16	17,715,960	-	-	17,715,960
Employee share options issued		-	165,616	-	165,616
Total transaction with owners		26,715,960	165,616	-	26,881,576
At 31 December 2020, restated		432,981,346	165,616	(100,146,384)	333,000,578

The accompanying notes form an integral part of these financial statements.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2022

		Group		Company	
	Note	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM (Restated)	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM (Restated)
Cash flows from operating activities					
Loss before tax		(212,150,663)	(227,619,110)	(207,631,249)	(67,061,496)
Adjustments for:					
Depreciation on property, vessels and equipment	5	35,790,584	30,178,294	-	-
Gain on derecognition of subsidiaries		-	(54,841,823)	-	-
Gain on disposal of property, vessels and equipment		(3,048,891)	-	-	-
Gain on lease modification		(2,498)	-	-	-
Interest expense		7,558,545	5,909,068	4,507,268	3,460,439
Interest income		(257,296)	(990,831)	(4,574,398)	(3,479,094)
Inventories written down		-	770,697	-	-
Impairment losses on investment in subsidiaries		-	-	66,558,440	-
Impairment losses on other receivables		23,079,428	112,697,450	235,509,840	4,750,297
Impairment losses on property, vessels and equipment		109,500,239	38,514,634	-	-
Impairment losses on trade receivables		9,204,826	8,346,823	-	-
Impairment losses on investment in joint ventures		-	14,600,200	-	-
Net unrealised foreign exchange (gain)/loss		(1,375,676)	(2,167,011)	664,373	(113,684)
Other receivables written off		8,188,067	49,336,455	-	60,256,513
Property, vessels and equipment written off	5	35,247	-	-	-
Reversal of accruals		(8,418,684)	-	-	-
Reversal of impairment losses on trade receivables		(3,678,686)	-	-	-
Waiver of debts		(4,355,876)	-	(97,925,072)	-
Share-based payments		-	165,616	-	165,616
Share of results of joint ventures		16,301,695	14,440,346	-	-
Operating loss before changes in working capital, carried forward		(23,629,639)	(10,659,192)	(2,890,798)	(2,021,409)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2022 (continued)

		Group		Company	
	Note	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM (Restated)	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM (Restated)
Cash flows from operating activities (continued)					
Operating loss before changes in working capital, brought forward		(23,629,639)	(10,659,192)	(2,890,798)	(2,021,409)
Changes in working capital:					
Contract assets		(377,099)	22,559,828	-	-
Trade and other receivables		(127,289,583)	74,767,144	412,724	4,858,092
Trade and other payables		121,004,022	(44,139,684)	4,078,006	(6,031,994)
Net cash (used in)/ generated from operations		(30,292,299)	42,528,096	1,599,932	(3,195,311)
Interest paid		(3,051,278)	(5,564,809)	(4,507,268)	(3,460,439)
Tax paid		(886,260)	(607,007)	-	(187,110)
Net cash (used in)/from operating activities		(34,229,837)	36,356,280	(2,907,336)	(6,842,860)
Cash flows from investing activities					
Derecognition of subsidiaries		-	(3,802)	-	-
Dividend received from a joint venture		6,500,000	-	-	-
Purchase of property, vessels and equipment	5(a)	(2,414,462)	(9,719,836)	-	-
Proceeds from disposal of property, vessels and equipment		6,276,441	-	-	-
(Advances to)/Repayments from subsidiaries		-	-	(23,122,838)	37,034,617
Repayments from/ (Advances to) associates		3,763,823	(3,914,060)		
(Advances to)/Repayments from joint ventures		-	(49,027,277)	149,011	(58,164,359)
Net change in short-term deposits		5,590,511	20,719,861		
Increase in other investment		(350,000)	-	-	-
Interest received		257,296	990,831	4,574,398	3,479,094
Net cash from/(used in) investing activities		19,623,609	(40,954,283)	(18,399,429)	(17,650,648)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2022 (continued)

		Group		Company	
	Note	**Financial period from 1.1.2021 to 30.6.2022 RM**	**Financial year from 1.1.2020 to 31.12.2020 RM (Restated)**	**Financial period from 1.1.2021 to 30.6.2022 RM**	**Financial year from 1.1.2020 to 31.12.2020 RM (Restated)**
Cash flows from financing activities	(a)				
Proceed from issuance of shares pursuant to exercise of warrants		20,400	-	20,400	-
Proceed from issuance of shares pursuant to conversion of Redeemable Convertible Note ("RCN")		-	9,000,000	-	9,000,000
Proceeds from issuance of shares pursuant to private placement		9,665,657	17,715,960	9,665,657	17,715,960
Advances from/(Repayments to) associates		2,135,231	(826,894)	-	-
Advances from immediate holding company		29,855	-	-	-
Repayments to joint ventures		-	(5,077,273)	-	-
Net repayments of term loans		(3,872,879)	-	-	-
Net drawdown of revolving credits		2,287,737	6,718,954		
Repayments of Sukuk Ijarah MTN		-	(18,181,623)	-	(18,181,623)
Repayment of lease liabilities		(524,986)	(515,352)	-	-
Net cash from financing activities		9,741,015	8,833,772	9,686,057	8,534,337
Net (decrease)/increase in cash and cash equivalents		(4,865,213)	4,235,769	(11,620,708)	(15,959,171)
Cash and cash equivalents at the beginning of the financial period/year		25,402,274	21,166,505	13,836,746	29,795,917
Cash and cash equivalents at the end of the financial period/year	15	20,537,061	25,402,274	2,216,038	13,836,746

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2022 (continued)

(a) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1 January 2021 RM	Cash Flows RM	Non-cash RM	30 June 2022 RM
Group				
Amounts owing to associates	2,955,178	2,135,231	-	5,090,409
Amount owing to immediate holding company	-	29,855	-	29,855
Term loans	12,541,428	(3,872,879)	4,507,267	13,175,816
Revolving credits	39,309,913	2,287,737	-	41,597,650
Lease liabilities	688,821	(524,986)	35,457	199,292
	55,495,340	54,958	4,542,724	60,093,022

	1 January 2020 RM	Cash Flows RM	Non-cash RM	31 December 2020 RM
Group				
Amounts owing to associates	3,782,072	(826,894)	-	2,955,178
Amounts owing to joint ventures	38,973,223	(5,077,273)	(404,161)	33,491,789
Revolving credits	32,590,959	6,718,954	-	39,309,913
Sukuk Ijarah MTN	74,000,000	(18,181,623)	-	55,818,377
Lease liabilities	862,992	(515,352)	341,181	688,821
	150,209,246	(17,882,188)	(62,980)	132,264,078
Company				
Sukuk Ijarah MTN	74,000,000	(18,181,623)	-	55,818,377

(b) Total cash outflows for leases

During the financial period, the Group had total cash outflows for leases of RM4,874,226 (31.12.2020: RM4,764,840).

The accompanying notes form an integral part of these financial statements.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Alam Maritim Resources Berhad ("the Company") is a public limited company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at 38F, Level 3, Jalan Radin Anum, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

The directors regard SAR Venture Holdings (M) Sdn. Bhd., a company incorporated in Malaysia, as the immediate holding company of the Company.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8.

There have been no significant changes in the nature of these activities during the financial period.

During the financial period, the Group and the Company changed its financial year end from 31 December to 30 June and made up their financial statements for the 18 months period to 30 June 2022. Accordingly, comparative figures for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not entirely comparable with those for the current financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 October 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2. BASIS OF PREPARATION (continued)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023[#]
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023[#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023[#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023[#]
MFRS 9	Financial Instruments	1 January 2022^/ 1 January 2023[#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023[#]
MFRS 16	Leases	1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023[#]
MFRS 107	Statements of Cash Flows	1 January 2023[#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023[#]
MFRS 119	Employee Benefits	1 January 2023[#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023[#]
MFRS 132	Financial Instruments: Presentation	1 January 2023[#]
MFRS 136	Impairment of Assets	1 January 2023[#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023[#]
MFRS 138	Intangible Assets	1 January 2023[#]
MFRS 140	Investment Property	1 January 2023[#]
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*
[#] *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2. BASIS OF PREPARATION (continued)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. The initial application of the applicable new MFRS and amendments/improvements to MFRSs is not expected to have material impact to the current and prior periods financial statements.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.6 Fundamental accounting principle

The financial statements of the Group and the Company have been prepared on the assumption that the Group and the Company will continue as going concerns. The application of going concern basis is based on the assumption that the Group and the Company will be able to realise their assets and discharge their liabilities in the normal course of business.

During the financial period ended 30 June 2022, the Group and the Company incurred net loss of RM209,498,633 and RM207,631,249 respectively, and as of that date, the Group's current liabilities exceeded its current assets by RM156,383,800 and recorded a capital deficiency of RM72,790,598. The Group and Company also recorded a negative operating cash flows of RM34,229,837 and RM2,907,336 respectively during the financial period ended 30 June 2022.

On 30 November 2021, the Company announced that it had triggered the prescribed criteria of Paragraph 2.1(e) of Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR"), where the previous auditors have highlighted a material uncertainty related to going concern in the Company's latest audited financial statements i.e. 31 December 2020 and the shareholders equity of the Company on a consolidated basis is 50% or less of share capital (excluding treasury shares) based on the unaudited third quarter results ended 30 September 2021.

Bursa Malaysia Securities Berhad ("Bursa") had via its letters dated 16 June 2021 granted affected listed issuers additional relief from complying with the obligations under Paragraph 8.04 and Practice Note of the Main LR ("PN17 Relief Measures") for a period of 18 months from the date of triggering the PN17 Suspended Criteria of between 1 July 2021 and 31 December 2021. PN17 Suspended Criteria refers to the criteria relating to shareholders' equity, material uncertainty related to going concern or auditors' qualification on going concern, as well as default in payment as set out in paragraph 2.1 (a), (e) and (f) respectively of Practice Note 17 of the Main LR.

2. BASIS OF PREPARATION (continued)

2.6 Fundamental accounting principle (continued)

Under the PN17 Additional Relief Measures, the listed issuer:
(i) will not be classified as a PN17 listed issuer and will be accorded relief from complying with the obligations under the Paragraph 8.04 and Practice Note 17 of the Main LR for a period of 18 months from the date of triggering the PN17 Suspended Criteria;
(ii) must immediately announce that it triggers the PN17 Suspended Criteria and the relief provided ("PN17 Relief Announcement"); and
(iii) must upon the expiry of 18 months from the PN17 Relief Announcement, reassess its condition and announce whether it continues to trigger any of the criteria in the Practice Note 17 of the Main LR ("PN17 Subsequent Announcement").

Therefore, pursuant to the above, the Company will not be classified as a PN17 listed issuer and will not be required to comply with the obligations pursuant to Paragraph 8.04 and Practice Note 17 of the Main LR for a period of 18 months from the date of the announcement. The Company will re-assess its condition and announce whether it continues to trigger any of the criteria in Practice Note 17 of the Main LR upon the expiry of the 18 months from the date of the announcement.

Prior to that, on 21 May 2021, the Company and its wholly owned subsidiary, Alam Maritim (M) Sdn. Bhd. (collectively "Applicants") had obtained from the High Court of Malaya at Kuala Lumpur the following Orders pursuant to sections 366 of the Companies Act 2016 ("Act") for, among others:

(i) An Order pursuant to section 366(1) of the Act to summon meetings of the creditors of the Applicants or any class of them for the purpose of considering and if thought fit, approving the scheme of arrangement and compromise between the Applicants and the creditors; and
(ii) That the Applicants have liberty to fix a time, date and venue of the scheme meetings, within six (6) months from the date of the Order.

The Orders granted by the High Court were obtained as part of the Company's overall restructuring and rehabilitation plan by way of a proposed scheme of arrangement with its creditors. The Company has appointed Sage 3 Capital Sdn. Bhd. ("Sage 3") as its financial advisors to assist in this proposed scheme of arrangement.

On 5 July 2021, the Company had received a letter dated 1 July 2021 ("the Letter") issued by the Corporate Debt Restructuring Committee ("CDRC"), a committee under the purview of Bank Negara Malaysia ("BNM"), approving the Company's application for assistance to mediate between the Company and certain of its subsidiaries, joint ventures and associated companies (collectively, the "affected companies") and its respective financiers/Sukukholders ("Lenders").

This is part of the Company's proactive efforts to turnaround its business, repositioning the Company to focus on where and how the Company's restructured business should compete and win, ensuring underlying viability and generation of sufficient EBITDA to meet its obligations.

2. BASIS OF PREPARATION (continued)

2.6 Fundamental accounting principle (continued)

The Company received approval from the CDRC on 1 July 2021 ("CDRC Approval Letter") subject to the following conditions:

(i) The Company is required to table a Proposed Debt Restructuring Scheme to the Lenders within 60 days from the date of the CDRC Approval Letter;
(ii) The proposed Debt Restructuring Scheme must comply with CDRC's restructuring principles for the Company to continue to remain under the Informal Standstill Arrangement with the Lenders; and
(iii) The Informal Standstill Arrangement with the lenders will be for a period of an initial six (6) month period for both the Company and the Lenders to agree to an acceptable scheme.

The CDRC, which is under the purview of Bank Negara Malaysia, will mediate between the affected companies and their respective financiers to restructure their respective financing facilities in accordance with CDRC's code of conduct. In the face of this challenging period for the oil and gas industry, CDRC has recognised that this is a priority sector for restructuring under CDRC's mediation process.

On 19 November 2021, the High Court of Malaya at Kuala Lumpur granted the following Orders for, among others:

(i) An extension of time for leave to summon the meetings of creditors of the Applicants or any class of them ("Scheme Creditors") by three (3) months from 21 November 2021;
(ii) A restraining order pursuant to section 368(1) of the Companies Act 20165, whereby all current and further proceedings in any legal actions or proceedings against the Company and/or the assets of the Company be restrained and stayed except by leave of Court for a period of three (3) months from 19 November 2021; and
(iii) That Encik Ahmad Ruhaizad bin Hashim be approved to act as a director of each of the Applicants pursuant to Section 368(2)(d) of the Act.

2. BASIS OF PREPARATION (continued)

2.6 Fundamental accounting principle (continued)

On 17 February 2022, the High Court of Malaya at Kuala Lumpur granted the following Orders for, among others:-

(i) An extension of time for leave to summon the meetings of Scheme Creditors by nine (9) months from 19 February 2022; and
(ii) An extension of time pursuant to section 368(2) of the Companies Act 2016, that the restraining order dated 19 November 2021, be extended for nine (9) months from 19 February 2022, whereby all current and further proceedings in any legal actions or proceedings against the Company and/or the assets of the Company be restrained and stayed except by leave of Court for a period of nine (9) months from 19 February 2022.

The Group is currently in the process of implementing the proposed restructuring plan for debt settlement and the plan will mainly primarily comprise the following:
(i) Proposed disposal and realisation of value for non-core assets;
(ii) Proposed disposal of vessels;
(iii) Obtained indulgence from financial institutions in order to firm up deals with strategic partners and agree business plan; and
(iv) Application to Corporate Debt Restructuring Scheme ("CDRC") in managing the proposed restructuring plan and corporate exercise.

The ability of the Group and the Company to continue as going concerns are also dependent upon the Group's ability to secure significant contracts from oil and gas segment, their successful profitable operations in the foreseeable future and their ability to comply with the terms set by CDRC.

The Directors have concluded that the combination of the circumstances highlighted above indicate material uncertainties that may cast significant doubt over the ability of the Group and the Company to continue as going concerns and therefore, may be unable to realise their assets and discharge their liabilities in the normal course of business.

Therefore, the going concern basis used in preparing the financial statements of the Group and the Company is significantly dependent on:
(i) Approval being obtained from all the relevant parties on the proposed restructuring plan.
(ii) Timely and successful implementation of the key components of the proposed restructuring plan.
(iii) The ability of the Group to achieve sustainable and viable operations so as to generate sufficient cash flows to enable them to meet their obligations as and when they fall due.

In the event that these are not forthcoming, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements may require adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concerns.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associates used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate or a financial asset.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group’s share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associate

Associate is an entity over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 Investments in Associates and Joint Ventures.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associate are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associate are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b).

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign currency transactions and operations (continued)

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

(i) Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The measurement which the Group and the Company classify their debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

(i) Financial assets (continued)

Equity instruments (continued)

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(b) Financial guarantee contracts (continued)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:
(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(d) Derecognition (continued)

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, vessels and equipment

(a) Recognition and measurement

Property, vessels and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent costs

Subsequent to initial recognition, property, vessels and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, vessels and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the vessels and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

(c) Depreciation

All property, vessels and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Leasehold land	99 years
Buildings	2% to 3%
Vessels	4% to 11%
Drydocking	20% to 40%
Diving equipment	10%
Equipment on vessel	10% to 50%
Motor vehicles	20%
Computers	33.33%
Office equipment	10%
Furniture and fittings	10%
Renovation	10%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, vessels and equipment (continued)

(d) Derecognition

An item of property, vessels and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 6 and lease liabilities in Note 18(b).

<u>Right-of-use asset</u>

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Right-of-use asset (continued)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Lease liability (continued)

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When applies contract includes lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Goodwill and other intangible assets (continued)

(b) Other intangible assets

Costs directly attributable to the development of design for deep sea remotely operated subsea vehicles and peripherals are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group's intention to complete, its ability to use or sell the asset, how the asset will generate future economic benefits, and the costs can be measured reliably. Such costs include payroll-related costs of employees directly involved in the project and other costs directly related to the project. Research costs are expensed as incurred.

Deferred development costs are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to the profit and loss account using the straight-line method over their estimated useful lives of five years.

3.9 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group’s future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI"), contract assets and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:
- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the debtor;
- a breach of contract, such as a default of past due event;
- the lender(s) of the debtor, for economic or contractual reasons relating to the debtor’s financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets (continued)

(b) Impairment of non-financial assets (continued)

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.12 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.13 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue and other income (continued)

(a) Charter hire of vessels and other shipping related income

Charter hire of vessels and other shipping related income are recognised over time using an input method to measure progress towards complete satisfaction of the services, because customer simultaneously receives and consumes the benefits provided by the Group and are computed at the contracted daily rate. In the event invoices are yet to be issued at year end, the revenue is accrued to the extent of the services rendered at the reporting date.

(b) Offshore installation and construction

Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control is transferred over time as the Group creates or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction of commercial and industrial properties based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue and other income (continued)

(c) Diving and sub-sea services

Revenue from a contract to provide services is recognised over time as the service are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

(d) Rental of equipment

Rental of equipment is recognised on a straight-line basis over the term of the lease.

(e) Vessel's management fees

Vessel's management fees is recognised upon completion of services rendered in accordance with the terms of the agreement entered into.

(f) Interest income

Interest income is recognised using the effective interest method.

3.15 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plan

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Share-based payments

(a) Equity-settled share-based payment

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model. Details regarding the determination of the fair value of equity-settled share-based payments are set out in Note 17(b).

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

Equity-settled share-based payments with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted at the date the Company obtains the goods or the counterparty renders the service.

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Income tax (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. All Executives Directors of the Group, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.20 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:
(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of vessels and its related equipment

The Group reviews the carrying amounts of its vessels and related equipment at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount which is the higher of its fair value less costs to sell or its value in use is estimated.

To determine fair value less cost to sell requires an estimation on price at which an orderly transaction to sell the asset would take place between market participants under current market conditions. For the current financial year, impairment of vessels and its related equipment was required based on management's assessment of the vessels' utilisation and charter hire rates.

The carrying amounts of the vessels and its related equipment are disclosed in Note 5.

(b) Construction revenue and expenses

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extend of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amount of contract assets is disclosed in Note 13.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, VESSELS AND EQUIPMENT

Group 2022	Leasehold land RM	Buildings RM	Vessels RM	Drydocking RM	Diving equipment and equipment on vessels RM	Motor vehicles RM	Computers, office equipment, and furniture and fittings RM	Renovations RM	Right-of-use assets RM	Total RM
Cost										
At 1 January 2021	13,639,511	11,292,724	522,087,921	56,845,644	120,871,730	3,348,871	7,393,203	4,961,116	2,271,897	742,712,617
Additions	-	-	-	2,065,323	-	297,572	51,567	-	148,841	2,563,303
Adjustments	-	759,595	(232,974,206)	(30,323,317)	(7,445,225)	(271,494)	653,289	207,365	-	(269,393,993)
Derecognition	-	-	-	-	-	-	-	-	(216,010)	(216,010)
Disposals	-	-	(52,632,444)	-	(79,020)	(997,206)	-	-	-	(53,708,670)
Written off	-	-	(136,040)	(898,959)	(228,174)	(1,190,035)	(35,397)	(27,624)	-	(2,516,229)
Reclassification	-	-	-	-	-	984,763	-	-	(984,763)	-
Transfer from investment properties (Note 6)	-	920,000	-	-	-	-	-	-	-	920,000
Transfer to investment properties (Note 6)	(800,000)	(360,000)	-	-	-	-	-	-	-	(1,160,000)
Exchange differences	-	-	-	-	(477,947)	-	-	-	-	(477,947)
At 30 June 2022	12,839,511	12,612,319	236,345,231	27,688,691	112,641,364	2,172,471	8,062,662	5,140,857	1,219,965	418,723,071

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, VESSELS AND EQUIPMENT (continued)

Group 2022	Leasehold land RM	Buildings RM	Vessels RM	Drydocking RM	Diving equipment and equipment on vessels RM	Motor vehicles RM	Computers, office equipment, and furniture and fittings RM	Renovations RM	Right-of-use assets RM	Total RM
Accumulated depreciation and impairment loss										
At 1 January 2021	1,261,126	4,531,223	355,161,398	36,123,477	107,831,703	3,209,767	7,495,576	4,286,851	2,043,225	521,944,346
Adjustments	-	(335,536)	(227,073,843)	(26,565,833)	(12,230,441)	(379,868)	292,512	320,150	-	(265,972,859)
Depreciation charge for the financial period (Note 25)	182,417	227,065	22,197,066	6,963,353	5,470,490	78,727	326,474	209,339	135,653	35,790,584
Derecognition	-	-	-	-	-	-	-	-	(105,124)	(105,124)
Disposals	-	-	(49,404,897)	-	(79,020)	(997,203)	-	-	-	(50,481,120)
Written off	-	-	(123,915)	(898,955)	(205,638)	(1,190,032)	(34,818)	(27,624)	-	(2,480,982)
Impairment losses (Note 25)	-	-	103,027,300	5,815,060	657,879	-	-	-	-	109,500,239
Reclassification	-	-	-	-	-	984,757	-	-	(984,757)	-
Transfer from investment properties (Note 6)	-	148,400	-	-	-	-	-	-	-	148,400
Transfer to investment properties (Note 6)	(29,917)	-	-	-	-	-	-	-	-	(29,917)
At 30 June 2022	1,413,626	4,571,152	203,783,109	21,437,102	101,444,973	1,706,148	8,079,744	4,788,716	1,088,997	348,313,567
Carrying amount										
At 30 June 2022	11,425,885	8,041,167	32,562,122	6,251,589	11,196,391	466,323	(17,082)	352,141	130,968	70,409,504

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, VESSELS AND EQUIPMENT (continued)

Group 2020	**Leasehold land RM**	**Buildings RM**	**Vessels RM**	**Drydocking RM**	**Diving equipment and equipment on vessels RM**	**Motor vehicles RM**	**Computers, office equipment, and furniture and fittings RM**	**Renovations RM**	**Right-of-use assets RM**	**Total RM**
Cost										
At 1 January 2020	13,639,511	12,212,724	522,087,921	47,242,699	121,865,386	5,273,587	7,282,312	4,961,116	-	734,565,256
Additions	-	-	-	9,602,945	-	6,000	110,891	-	341,181	10,061,017
Exchange differences	-	-	-	-	(993,656)	-	-	-	-	(993,656)
Reclassification	-	-	-	-	-	(1,930,716)	-	-	1,930,716	-
Transfer to investment properties (Note 6)	-	(920,000)	-	-	-	-	-	-	-	(920,000)
At 31 December 2020	13,639,511	11,292,724	522,087,921	56,845,644	120,871,730	3,348,871	7,393,203	4,961,116	2,271,897	742,712,617

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, VESSELS AND EQUIPMENT (continued)

Group 2020	**Leasehold land RM**	**Buildings RM**	**Vessels RM**	**Drydocking RM**	**Diving equipment and equipment on vessels RM**	**Motor vehicles RM**	**Computers, office equipment, and furniture and fittings RM**	**Renovations RM**	**Right-of-use assets RM**	**Total RM**
Accumulated depreciation and impairment loss										
At 1 January 2020	1,139,514	3,258,483	299,747,697	32,637,689	100,243,643	5,084,391	7,213,560	4,074,841	-	453,399,818
Depreciation charge for the financial year (Note 25)	121,612	1,421,140	20,144,542	3,485,788	4,342,585	56,085	282,016	212,010	112,516	30,178,294
Impairment losses (Note 25)	-	-	35,269,159	-	3,245,475	-	-	-	-	38,514,634
Reclassification	-	-	-	-	-	(1,930,709)	-	-	1,930,709	-
Transfer to investment properties (Note 6)	-	(148,400)	-	-	-	-	-	-	-	(148,400)
Exchange differences	-	-	-	-	102,373	-	(102,373)	-	-	-
At 31 December 2020	1,261,126	4,531,223	355,161,398	36,123,477	107,831,703	3,209,767	7,495,576	4,286,851	2,043,225	521,944,346
Carrying amount										
At 31 December 2020	12,378,385	6,761,501	166,926,523	20,722,167	13,040,027	139,104	(102,373)	674,265	228,672	220,768,271

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, VESSELS AND EQUIPMENT (continued)

(a) During the financial period, the Group acquired property, vessels and equipment with an aggregate cost of RM2,563,303 (31.12.2020: RM10,061,017) which are satisfied by the following:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Purchase of property, vessels and equipment	2,563,303	10,061,017
Financed by way of lease arrangements	(148,841)	(341,181)
Cash payments on purchase of property, vessels and equipment	2,414,462	9,719,836

(b) The carrying amount of property, vessels and equipment pledged as security for banking facilities as disclosed in Note 18 are as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Buildings	6,606,787	6,662,312
Vessels	16,769,664	169,890,971
	23,376,451	176,553,283

(c) Right-of-use assets

The Group leases several assets including office building, warehouse, hostel and motor vehicles. Information about leases for which the Group is a lessee is presented below:

Group	**Office building RM**	**Warehouse RM**	**Hostel RM**	**Motor vehicle RM**	**Total RM**
Carrying amount					
At 1 January 2020	-	-	-	-	-
Additions	225,558	115,623	-	-	341,181
Transfer from motor vehicles	-	-	-	7	7
Depreciation	(89,391)	(23,125)	-	-	(112,516)
At 31 December 2020	136,167	92,498	-	7	228,672
Additions	11,443	-	137,398	-	148,841
Depreciation	(34,952)	(37,727)	(62,974)	-	(135,653)
Derecognition	(110,886)	-	-	-	(110,886)
Transfer to motor vehicles	-	-	-	(6)	(6)
At 30 June 2022	1,772	54,771	74,424	1	130,968

5. PROPERTY, VESSELS AND EQUIPMENT (continued)

(c) Right-of-use assets (continued)

The Group leases office building, warehouse, hostel and motor vehicle with lease terms of 2 to 7 years.

(d) During the financial period, an impairment loss of RM109,500,239 (31.12.2020: RM38,514,634) is recognised in statements of comprehensive income under other operating expenses, representing the impairment of vessels, drydocking and equipment on vessels as the carrying amount of these vessels and equipment are higher than their recoverable amount. The recoverable amount of the vessels and equipment were based on the valuation reports issued by an independent professional valuer.

The valuation judgement by the independent professional valuer was derived using the following assumptions:

(i) type, size, main and auxiliary machinery fitted on board and other specification of the vessels;
(ii) age of the vessels and its future economic life expectancy;
(iii) condition of the vessels' hull, machinery and equipment are consistent with its age as noted with the normal wear and tear; and
(iv) current supply and demand for vessels of this type and size in the sales and purchase market.

6. INVESTMENT PROPERTIES

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
At cost		
At beginning of the financial period/year	920,000	-
Transfer from property, vessels and equipment (Note 5)	1,160,000	920,000
Transfer to property, vessels and equipment (Note 5)	(920,000)	-
At end of the financial period/year	1,160,000	920,000
Accumulated depreciation		
At beginning of the financial period/year	148,400	-
Transfer from property, vessels and equipment (Note 5)	29,917	148,400
Transfer to property, vessels and equipment (Note 5)	(148,400)	-
At end of the financial period/year	29,917	148,400
Carrying amount	1,130,083	771,600

6. INVESTMENT PROPERTIES (continued)

The following are recognised in profit or loss in respect of investment properties:

	Group	
	30.6.2022 RM	31.12.2020 RM
Rental income	-	88,200
Direct operating expenses	62	635

Fair value information

The fair value of investment properties of the Group is categorised as follows:

		Group	
	Level 1 RM	Level 2 RM	Level 3 RM
30.6.2022			
Freehold land	-	-	802,000
Building	-	-	358,000
	-	-	1,160,000
31.12.2020			
Building	-	-	2,000,000

Level 3 fair value

Fair value of investment properties has been derived using the sales comparison approach. Sales prices of comparable buildings in close proximity are adjusted for differences in location, size, age and condition of the building, floor level, tenure, title restrictions and other relevant characteristics to arrive at the market value.

Transfer between levels of fair value hierarchy

There are no Level 1 or Level 2 investment properties during the financial period ended 30 June 2022 and financial year ended 31 December 2020.

7. INTANGIBLE ASSETS

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Group			
Cost			
At 1 January 2020	1,561,937	916,260	2,478,197
Exchange differences	7,592	3,985	11,577
At 31 December 2020	1,569,529	920,245	2,489,774
Exchange differences	801	-	801
At 30 June 2022	1,570,330	920,245	2,490,575
Accumulated amortisation and impairment			
At 1 January 2020	1,561,937	916,260	2,478,197
Exchange differences	7,592	3,985	11,577
At 31 December 2020	1,569,529	920,245	2,489,774
Exchange differences	801	-	801
At 30 June 2022	1,570,330	920,245	2,490,575
Carrying amount			
At 31 December 2020/ 30 June 2022	-	-	-

Deferred development costs represent costs incurred to develop remotely operated vehicles and peripherals.

The carrying amount of goodwill is allocated to the Group's cash-generating unit ("CGU") that the goodwill relates to, which is the sub-sea service business.

8. INVESTMENT IN SUBSIDIARIES

	Company 30.6.2022 RM	Company 31.12.2020 RM
At cost		
Unquoted shares	100,302,420	100,303,120
Less: Impairment loss	(100,302,420)	(33,744,680)
	-	66,558,440

Details of the subsidiaries are as follows:

Name of company	Principle place of business/ Country of incorporation	Ownership interest 30.6.2022 %	Ownership interest 31.12.2020 %	Principal activities
(i) Held by the Company:				
Alam Maritim (M) Sdn. Bhd. ("AMSB")	Malaysia	100	100	Ship owning, chartering and managing and other shipping related activities
Alam Maritim (L) Inc. ("AMLI")	Federal Territory of Labuan, Malaysia	100	100	Investment holding and ship owning
Alam Maritim Investment Holdings (L) Inc. ("AMIH") ^	Federal Territory of Labuan, Malaysia	100	100	Investment holding and ship owning

8. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

	Name of company	Principle place of business/ Country of incorporation	Ownership interest 30.6.2022 %	31.12.2020 %	Principal activities
(ii)	*Held through AMSB:*				
	Alam Hidro (M) Sdn. Bhd. ("AHSB")	Malaysia	100	100	Offshore facilities construction and installation and sub-sea services
	International Gateway Services Sdn. Bhd. ("IGS")	Malaysia	100	100	Transportation, ship forwarding and Agent, ship chandelling and other related activities
	Alam Food Industries (M) Sdn. Bhd. ("AFI")	Malaysia	100	100	Catering and messing
	Alam Maritim Properties (M) Sdn. Bhd. ("AMP")	Malaysia	100	100	Property owner and management
(iii)	*Held through AMLI:*				
	Eastar Offshore Pte. Ltd. ("EASTAR") *~	Singapore	75	75	Designing manufacturing and operating of remotely operated Vehicles ("ROVs")
(iv)	*Held through EASTAR:*				
	Alam Subsea Pte. Ltd. ("ASPL") *~	Singapore	75	75	Rental of ROV and providing ROV services

8. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

^ Consolidated using unaudited management financial statements, auditors' report is not available.
* EASTAR and ASPL is consolidated using unaudited management financial statements as auditors' report is not available for the financial period ended 30 June 2022. The financial year end of EASTAR and ASPL is 31 December.
~ Audited by an auditor other than Baker Tilly Monteiro Heng PLT.

Non-controlling interests in subsidiaries

The Group does not have material non-controlling interests ("NCI").

9. INVESTMENT IN ASSOCIATES

	Group	
	30.6.2022 RM	**31.12.2020 RM**
Unquoted shares, at cost	61,699,516	61,699,516
Share of post-acquisition reserves	(61,699,516)	(61,699,516)
	-	-

Details of the associates are as follows:

Name of company	Principle place of business/ Country of incorporation	Effective equity interest 30.6.2022 %	Effective equity interest 31.12.2020 %	Principal activities
(i) Held through AMLI:				
TH-Alam Holdings (L) Inc. ("THAH") ^*	Federal Territory of Labuan, Malaysia	49	49	Investment holding
(ii) Held through THAH:				
Alam-JV DP1 (L) Inc. ("AJVDP1") ^*	Federal Territory of Labuan, Malaysia	49	49	Ship owning
Alam-JV DP2 (L) Inc. ("AJVDP2") ^*	Federal Territory of Labuan, Malaysia	49	49	Ship owning

9. INVESTMENT IN ASSOCIATES (continued)

^ Equity accounted using unaudited management financial statements as auditors' report is not available for the financial period ended 30 June 2022. The financial year end of THAH is 31 December.
* Audited by an auditor other than Baker Tilly Monteiro Heng PLT.

The following table illustrates the summarised financial information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate:

	TH-Alam Holdings (L) Inc.	
	30.6.2022	31.12.2020
	RM	RM
Group		
Assets and liabilities		
Current assets	3,729,250	16,725,881
Non-current assets	135,620,057	171,175,399
Current liabilities	(178,590,770)	(81,975,487)
Non-current liabilities	-	(124,066,812)
Net liabilities	(39,241,463)	(18,141,019)
Results:		
Revenue	57,228,778	37,148,217
Loss for the financial period/year, representing total comprehensive loss	(21,100,445)	(29,043,782)
Reconciliation of net liabilities to carrying amount:		
Share of net assets at the acquisition date	61,699,516	61,699,516
Share of post acquisition reserves	(61,699,516)	(61,699,516)
Carrying amount in the statements of financial position	-	-
Group's share of results		
Group's share of profit/(loss), representing Group's share of total comprehensive income/(loss)	-	-

The Group has not recognised its share of losses of THAH because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM25,247,038 (31.12.2020: RM14,907,820).

10. INVESTMENT IN JOINT VENTURES

	Group	
	30.6.2022 RM	**31.12.2020 RM**
Unquoted shares, at cost	99,771,377	99,134,378
Share of post-acquisition reserves	(25,397,278)	1,618,980
	74,374,099	100,753,358
Less: Impaiment losses	(59,554,619)	(59,554,619)
	14,819,480	41,198,739

Details of joint ventures are as follows:

	Name of company	Principle place of business/ Country of incorporation	Effective equity interest 30.6.2022 %	Effective equity interest 31.12.2020 %	Principal activities
(i)	*Held by AMSB:*				
	Alam Eksplorasi (M) Sdn. Bhd. ("AESB") *	Malaysia	60	60	Ship owning, operating and chartering
	Alam Synergy I (L) Inc. ("AS I") *	Federal Territory of Labuan, Malaysia	60	60	Ship owning, operating and chartering
	Alam Synergy II (L) Inc. ("AS II") *	Federal Territory of Labuan, Malaysia	60	60	Ship owning, operating and chartering
	Alam Synergy III (L) Inc. ("AS III") *	Federal Territory of Labuan, Malaysia	60	60	Ship owning, operating and chartering
	Alam Radiance (M) Sdn. Bhd. ("ARMSB") *	Malaysia	50	50	Ship owning, ship management, ship operation, maintenance and consultancy

10. INVESTMENT IN JOINT VENTURES (continued)

Details of joint ventures are as follows (continued):

	Name of company	Principle place of business/ Country of incorporation	Effective equity interest 30.6.2022 %	Effective equity interest 31.12.2020 %	Principal activities
(i)	*Held by AMSB (continued):*				
	YSS Alam Energy (M) Sdn. Bhd. ("YSS Alam") *	Malaysia	50	50	Ship owning, ship management, ship operation, maintenance and consultancy
(ii)	*Held by AMLI:*				
	Workboat International DMCCO ("WBI") *	United Arab Emirates	60	60	Ship owning, ship management, ship operation, maintenance and consultancy
	Alam Fast Boats (L) Inc. ("AFBLI") *	Federal Territory of Labuan, Malaysia	60	60	Ship owning, operating and chartering
	Alam Radiance (L) Inc. ("ARLI") *	Federal Territory of Labuan, Malaysia	51	51	Ship owning and chartering
	TH Alam Management (M) Sdn. Bhd. ("THAM") *	Malaysia	50	50	Ship management and consultancy
	Alam-PE Holdings (L) Inc. ("ALAM-PE(H)") *^	Federal Territory of Labuan, Malaysia	51	51	Ship owning, ship management, ship operation, maintenance and marine consultancy

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. INVESTMENT IN JOINT VENTURES (continued)

Details of joint ventures are as follows (continued):

	Name of company	Principle place of business/ Country of incorporation	Effective equity interest 30.6.2022 %	31.12.2020 %	Principal activities
(iii)	*Held through ALAM-PE(H):*				
	Alam-PE I (L) Inc. ("ALAM-PE I") *^	Federal Territory of Labuan, Malaysia	51	51	Ship owning, operating and chartering
	Alam-PE II (L) Inc. ("ALAM-PE I") *^	Federal Territory of Labuan, Malaysia	51	51	Ship owning, operating and chartering
	Alam-PE III (L) Inc. ("ALAM-PE I") *^	Federal Territory of Labuan, Malaysia	51	51	Ship owning, operating and chartering
	Alam-PE IV (L) Inc. ("ALAM-PE I") *^	Federal Territory of Labuan, Malaysia	51	51	Ship owning, operating and chartering
	Alam-PE V (L) Inc. ("ALAM-PE I") *^	Federal Territory of Labuan, Malaysia	51	51	Ship owning, operating and chartering
	Alam-PE Holdings Sdn. Bhd. ("ALAM PE(H)SB") *^	Malaysia	51	51	Ship management
(iv)	*Held through AMIH:*				
	Deepsea Leader Venture (L) Inc. ("DLV") *	Federal Territory of Labuan, Malaysia	51	51	Ship owning, ship management, ship operation, maintenance and marine consultancy

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. INVESTMENT IN JOINT VENTURES (continued)

Details of joint ventures are as follows (continued):

	Name of company	Principle place of business/ Country of incorporation	Effective equity interest 30.6.2022 %	Effective equity interest 31.12.2020 %	Principal activities
(v)	*Held through DLV:*				
	MDSV 1 (L) Inc. ("MDSV") *	Federal Territory of Labuan, Malaysia	51	51	Ship owning, operating and chartering
	OLV Offshore Services (M) Sdn. Bhd. ("OLV") *	Malaysia	51	51	Ship owning, ship management, ship operation, maintenance and marine consultancy
(vi)	*Held through Alam JV:*				
	Wide Global (L) Inc. ("WG") *	Federal Territory of Labuan, Malaysia	50	50	Investment holding and ship owning
(vii)	*Held through AHSB:*				
	Subsea Worldwide Solutions Sdn. Bhd. ("SWS") *^	Malaysia	50	50	Providing offshore under water and subsea services

* Audited by an auditor other than Baker Tilly Monteiro Heng PLT.
^ Equity accounted using unaudited management financial statements as auditors' report is not available.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. INVESTMENT IN JOINT VENTURES (continued)

(a) Summarised financial information of material joint ventures

The following table illustrates the summarised financial information of the Group's material joint ventures, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint ventures:

Group	ALAM-PE (H) Group RM	SWS RM
30.6.2022		
Assets and liabilities		
Non-current assets	49,557,330	1,304,037
Current assets	11,228,072	55,374,786
Current liabilities	(11,984,237)	(47,530,346)
Net assets	48,801,165	9,148,477
Results:		
Revenue	12,720,840	222,079,849
(Loss)/Profit for the financial period, representing total comprehensive (loss)/income	(46,859,461)	15,034,295
31.12.2020		
Assets and liabilities		
Current assets	21,671,325	36,858,074
Non-current assets	90,980,065	791,784
Current liabilities	(15,687,658)	(29,535,676)
Net assets	96,963,732	8,114,182
Results:		
Revenue	2,622,254	66,878,742
Profit for the financial year, representing total comprehensive income	32,964,277	6,382,102

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
		(Restated)
Deferred tax assets/(liabilities)		
At beginning of the financial period/year	(3,382,611)	(5,210,731)
Recognised in profit or loss (Note 26)	3,072,673	2,555,645
Translation differences	145,483	(727,525)
At end of the financial period/year	(164,455)	(3,382,611)

(a) Presented after appropriate off-setting as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
		(Restated)
Deferred tax assets	1,212,889	-
Deferred tax liabilities	(1,377,344)	(3,382,611)
	(164,455)	(3,382,611)

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
		(Restated)
Deferred tax assets		
Unused tax losses	1,079,285	-
Unabsorbed capital allowance	1,235,582	-
Differences between the carrying amounts of property, vessels and equipments and their tax base	(1,101,978)	-
	1,212,889	-
Deferred tax liabilities		
Differences between the carrying amounts of property, vessels and equipments and their tax base	(1,377,344)	(3,382,611)

11. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

(c) The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
		(Restated)
Deductible temporary differences	(25,674,263)	(48,315,638)
Unabsorbed capital allowance	187,695	172,094
Unused tax losses	56,692,580	40,110,447
	31,206,012	(8,033,097)
Potential deferred tax assets not recognised at 24% (31.12.2020: 24%)	7,489,443	(1,927,943)

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under Income Tax Act, 1967 and guidelines issued by the tax authority.

The unused tax losses are available indefinitely for offset against future taxable profits of the Group except for certain unused tax losses which are available for utilisation up to the following financial years:

	Group
	30.6.2022
	RM
2028	4,839,767
2029	16,308
2030	35,254,372
2032	16,582,133

12. OTHER INVESTMENT

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Non-current:		
Financial assets designated at fair value through other comprehensive income ("DFVOCI")		
At fair value:		
Golf club membership	350,000	-

13. CONTRACT ASSETS

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Contract assets relating to construction service contracts	6,762,630	6,385,531

(a) Significant changes in contract balances

	Group	
	30.6.2022 Contract assets increase/ (decrease)	**31.12.2020 Contract assets increase/ (decrease)**
	RM	**RM**
Increase due to consideration received from customers, but revenue not recognised	6,762,630	6,385,531
Transfer from contract assets recognised at the beginning of the period to receivables	(6,385,531)	(28,945,359)

14. TRADE AND OTHER RECEIVABLES

	Note	Group 30.6.2022 RM	Group 31.12.2020 RM (Restated)	Company 30.6.2022 RM	Company 31.12.2020 RM (Restated)
Current:					
Trade					
Third parties		126,358,152	103,136,221	-	-
Joint ventures		5,121,627	-	-	-
		131,479,779	103,136,221	-	-
Less: Impairment losses					
- third parties		(64,633,271)	(75,834,939)	-	-
- joint ventures		(5,038,655)	-	-	-
		(69,671,926)	(75,834,939)	-	-
	(a)	61,807,853	27,301,282	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

		Group		Company	
		30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	Note	**RM**	**RM (Restated)**	**RM**	**RM (Restated)**
Non-trade					
Other receivables		29,350,990	2,119,746	8,691	421,415
Amounts owing by subsidiaries	(c)	-	-	433,011,639	311,963,727
Amounts owing by joint ventures	(c)	188,483,190	197,366,249	4,749,643	4,749,644
Amounts owing by associates	(c)	1,255,568	5,019,391	37,178	37,179
Deposits		110,168	190,747	-	-
Prepayments		5,594,928	3,078,395	-	-
		224,794,844	207,774,528	437,807,151	317,171,965
Less: Impairment losses					
- amounts owing by subsidiaries		-	-	(235,509,840)	-
- amounts owing by joint ventures		(153,128,096)	(193,671,632)	(4,713,118)	(4,713,118)
- amounts owing by associates		(1,255,568)	(1,058,010)	(37,179)	(37,179)
- other receivables		(13,944)	-	-	-
	(b)	(154,397,608)	(194,729,642)	(240,260,137)	(4,750,297)
		70,397,236	13,044,886	197,547,014	312,421,668
Total trade and other receivables		132,205,089	40,346,168	197,547,014	312,421,668

14. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables

Trade receivables from third parties are non-interest bearing and the normal credit terms offered by the Group and the Company ranging from 30 to 90 days (31.12.2020: 30 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Trade receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM (Restated)**
At beginning of the financial period/year	75,834,939	88,476,894
Charge for the financial period/year (Note 25)	9,204,826	8,346,823
Reversal of impairment losses (Note 22)	(3,678,686)	-
Reclassification	-	(20,988,778)
Written off	(11,689,153)	-
At end of the financial period/year	69,671,926	75,834,939

The information about the credit exposures is disclose in Note 29(b)(i).

(b) Other receivables

The Group's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables are as follows:

	Group		**Company**	
	30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	RM	**RM (Restated)**	**RM**	**RM**
At beginning of the financial period/year	194,729,642	61,043,414	4,750,297	-
Charge for the financial period/year (Note 25)	23,079,428	112,697,450	235,509,840	4,750,297
Reclassification	-	20,988,778	-	-
Written off	(63,411,462)	-	-	-
At end of the financial period/year	154,397,608	194,729,642	240,260,137	4,750,297

(c) Amounts owing by subsidiaries, joint ventures and associates are unsecured, non-interest bearing and repayable on demand.

15. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	30.6.2022 RM	**31.12.2020 RM (Restated)**	**30.6.2022 RM**	**31.12.2020 RM**
Cash and bank balances	21,433,613	30,101,640	2,216,038	13,836,746
Short-term deposits	20,844,224	26,434,735	-	-
	42,277,837	56,536,375	2,216,038	13,836,746

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

		Group		Company	
	Note	**30.6.2022 RM**	**31.12.2020 RM (Restated)**	**30.6.2022 RM**	**31.12.2020 RM**
Short-term deposits		20,844,224	26,434,735	-	-
Less: Pledged deposits		(20,844,224)	(26,434,735)	-	-
		-	-	-	-
Cash and bank balances		21,433,613	30,101,640	2,216,038	13,836,746
Bank overdrafts	18	(896,552)	(4,699,366)	-	-
		20,537,061	25,402,274	2,216,038	13,836,746

Pledged deposits include margin deposits for bank guarantee facilities and sinking funds to secure loans and borrowings as disclosed in Note 18.

16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	30.6.2022 Unit	31.12.2020 Unit	30.6.2022 RM	31.12.2020 RM
Issued and fully paid up:				
At beginning of the financial period/year	1,368,882,405	1,035,019,973	432,981,346	406,265,386
Issued during the financial period/year	162,946,400	333,862,432	9,686,057	26,715,960
At end of the financial period/year	1,531,828,805	1,368,882,405	442,667,403	432,981,346

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial period, the Company had increased the total number of its share capital from 1,368,882,405 ordinary shares to 1,531,828,805 ordinary shares by way of:

(i) issuance of 65,000,000 new ordinary shares through private placement at an issue price of RM0.0771 per ordinary share;
(ii) issuance of 97,776,400 new ordinary shares through private placement at an issue price of RM0.0476 per ordinary share; and
(iii) issuance of 170,000 new ordinary shares at an exercise price of RM0.12 per share pursuant to the exercise of warrants.

In the previous financial year, the Company had increased the total number of its share capital from 1,035,019,973 ordinary shares to 1,368,882,405 ordinary shares by way of:

(i) issuance of 33,333,333 new ordinary shares through conversion of Redeemable Convertible Notes at a conversion price of RM0.09 per ordinary share;
(ii) issuance of 63,357,972 new ordinary shares through conversion of Redeemable Convertible Notes at a conversion price of RM0.0947 per ordinary share;
(iii) issuance of 45,454,545 new ordinary shares through private placement at an issue price of RM0.066 per ordinary share;
(iv) issuance of 67,716,582 new ordinary shares through private placement at an issue price of RM0.07 per ordinary share;
(v) issuance of 62,000,000 new ordinary shares through private placement at an issue price of RM0.0806 per ordinary share; and
(vi) issuance of 62,000,000 new ordinary shares through private placement at an issue price of RM0.0803 per ordinary share.

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company.

17. OTHER RESERVES

		Group		Company	
		30.6.2022	31.12.2020	30.6.2022	31.12.2020
	Note	RM	RM	RM	RM
Premium paid on acquisition of non-controlling interest		(4,639,834)	(4,639,834)	-	-
Foreign currency translation reserve	(a)	2,067,875	2,163,177	-	-
Employee share option reserve	(b)	165,616	165,616	165,616	165,616
		(2,406,343)	(2,311,041)	165,616	165,616

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Employee share option reserve

The share option reserve comprises the cumulative value of directors' and employees' services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry of exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Vesting period of the share option offered:
(i) First 20%: Year 2019
(ii) Remaining 80% will vest over 4 years from 2020 to 2023

Share options are granted to eligible directors and employees. The settlement of the option granted is by issuance of fully paid ordinary shares. The exercise price is determined by the ESOS committee and shall be based on the 5 days VWAMP of the Company's share immediately preceding the date of offer, with a discount, if any, of not more than 10%. The contractual term of each option granted is five years. There are no cash settlement alternatives. The options carry neither rights to dividends nor voting rights. Options may be exercised any time from the date of vesting to the date of expiry.

17. OTHER RESERVES (continued)

(b) Employee share option reserve (continued)

The details of the options over ordinary shares of the Company are as follows:

Grant date	Balance as at 1.1.2021	Lapsed	Balance as at 30.6.2022	Exercisable as at 30.6.2022
22 April 2019	110,410,742	(40,996,914)	69,413,828	48,589,680

Grant date	Balance as at 1.1.2020	Lapsed	Balance as at 31.12.2020	Exercisable as at 31.12.2020
22 April 2019	110,410,742	-	110,410,742	22,082,149

The details of the exercisable options are as follows:

Exercise period	Exercisable options	Exercise price
22 April 2019 to 21 April 2020	13,882,766	RM0.105
30 June 2020 to 21 April 2021	34,706,914	RM0.075

Options granted which are not exercised in the respective exercise period in which they first become exercisable will be carried forward and will be exercisable in subsequent periods up to 21 April 2024. The exercise price for the carried forward options will be the exercise price of the options in the respective exercise period in which they first become exercisable.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2022 is 1.81 years (31.12.2020: 3.31 years).

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. LOANS AND BORROWINGS

	Note	Group 30.6.2022 RM	Group 31.12.2020 RM (Restated)	Company 30.6.2022 RM	Company 31.12.2020 RM
Non-current:					
Term loans	(a)	2,915,317	3,555,838	-	-
Lease liabilities	(b)	36,093	355,587	-	-
		2,951,410	3,911,425	-	-
Current:					
Term loans	(a)	10,260,499	8,985,590	-	-
Lease liabilities	(b)	163,199	333,234	-	-
Bank overdrafts	(c)	896,552	4,699,366	-	-
Sukuk Ijarah MTN	(d)	55,818,377	55,818,377	55,818,377	55,818,377
Revolving credits	(e)	41,597,650	39,309,913	-	-
		108,736,277	109,146,480	55,818,377	55,818,377
		111,687,687	113,057,905	55,818,377	55,818,377
Total loans and borrowings:					
Term loans	(a)	13,175,816	12,541,428	-	-
Lease liabilities	(b)	199,292	688,821	-	-
Bank overdrafts	(c)	896,552	4,699,366	-	-
Sukuk Ijarah MTN	(d)	55,818,377	55,818,377	55,818,377	55,818,377
Revolving credits	(e)	41,597,650	39,309,913	-	-
		111,687,687	113,057,905	55,818,377	55,818,377

18. LOANS AND BORROWINGS (continued)

(a) Term loans

(i) First legal charge over certain building and vessels of certain subsidiaries as disclosed in Note 5;

(ii) First preferred statutory mortgage on vessels of certain subsidiaries;

(iii) Legal assignments of charter proceeds of certain subsidiaries;

(iv) Debentures incorporating fixed and floating asset of certain subsidiaries;

(v) Corporate guarantees by the Company; and

(vi) Assignment of the insurance policy for vessels of certain subsidiaries.

(b) Lease liabilities

The interest rates implicit in the leases are at rates ranging from 4.67% to 7.67% (31.12.2020: 4.53% to 7.67%).

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	30.6.2022	**31.12.2020**
	RM	**RM**
Minimum lease payments:		
Not later than one year	169,561	341,028
Later than one year and not later than five years	41,000	363,382
	210,561	704,410
Less: Future finance charges	(11,269)	(15,589)
Present value of minimum lease payments	199,292	688,821
Present value of minimum lease payments:		
Not later than one year	163,199	333,234
Later than one year and not later than five years	36,093	355,587
	199,292	688,821
Less: Amount due within 12 months	(163,199)	(333,234)
Amount due after 12 months	36,093	355,587

18. LOANS AND BORROWINGS (continued)

(c) Bank overdrafts

The bank overdrafts of the Group are secured by deposits with licensed banks of the Group as disclosed in Note 15.

(d) Sukuk Ijarah MTN

The Sukuk Ijarah MTN are secured by:

(i) a first legal charge over the designated accounts as defined in the Trust Deed;

(ii) third party second fixed legal charge over each of the Sukuk Ijarah MTN assets and assignment of all insurance thereon and charter contracts; and

(iii) sinking fund as disclosed in Note 15.

(e) Revolving credits

The features of revolving credits issued are as follows:

(i) Unsecured over the non-current assets and contracts; and

(ii) Required money pledged by way of sinking fund and corporate guarantee.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	30.6.2022 RM	31.12.2020 RM (Restated)	30.6.2022 RM	31.12.2020 RM (Restated)
Current:					
Trade					
Third parties		82,662,575	72,299,998	-	-
Joint ventures		85,152,580	-	-	-
	(a)	167,815,155	72,299,998	-	-
Non-trade					
Other payables		3,356,278	661,775	551,247	596,302
Accruals		10,491,329	12,935,635	8,189,031	3,401,597
Amount owing to immediate holding company	(b)	29,855	-	-	-
Amounts owing to joint ventures	(b)	42,502,657	33,491,789	149,011	-
Amounts owing to associates	(b)	5,090,409	2,955,178	-	-
		61,470,528	50,044,377	8,889,289	3,997,899
Total trade and other payables		229,285,683	122,344,375	8,889,289	3,997,899

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranging from 30 to 60 days (31.12.2020: 30 to 60 days).

(b) Amounts owing to immediate holding company, joint ventures, and associates are unsecured, non-interest bearing and repayable upon demand.

(c) For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 29(b)(ii).

20. REVENUE

	Group	
	Financial period from 1.1.2021 to 30.6.2022	**Financial year from 1.1.2020 to 31.12.2020**
	RM	**RM**
Revenue from contract customers:		
Over time:		
Charter hire	36,763,574	51,009,922
Offshore installation and construction	36,461,747	107,361,419
Diving and sub-sea services	207,219,694	77,698,287
Other shipping related income	5,963,496	9,384,796
Vessel's management fees	8,946,863	7,345,315
Ship catering	3,241,920	1,732,759
	298,597,294	254,532,498
Revenue from other source:		
Rental income	1,673,798	677,595
	300,271,092	255,210,093

21. COST OF SALES

Cost of sales represents cost of services provided, labour cost related overheads, development cost, cost of goods sold, and cost of operation.

The following employee benefits expenses have been included in arriving at cost of sales:

	Group	
	Financial period from 1.1.2021 to 30.6.2022	**Financial year from 1.1.2020 to 31.12.2020**
	RM	**RM**
Salaries, bonuses and allowances	13,417,116	18,030,036
Defined contribution plans	812,286	1,304,382
Other staff related expenses	94,826	81,379
	14,324,228	19,415,797

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. OTHER INCOME

	Group		Company	
	Financial period from 1.1.2021 to 30.6.2022	**Financial year from 1.1.2020 to 31.12.2020**	**Financial period from 1.1.2021 to 30.6.2022**	**Financial year from 1.1.2020 to 31.12.2020**
	RM	**RM (Restated)**	**RM**	**RM**
Gain on derecognition of subsidiaries	-	54,841,823	-	-
Gain on disposal of property, vessels and equipments	3,048,891	-	-	-
Gain on lease modification	2,498	-	-	-
Interest income	257,296	990,831	67,130	18,655
Interest recharged to subsidiaries	-	-	4,507,268	3,460,439
Net realised gain on foreign exchange	-	85,074	-	-
Net unrealised gain on foreign exchange	1,375,676	5,550,154	-	113,684
Rental income	430,915	161,204	-	-
Reversal of accruals	8,418,684	-	-	-
Reversal of impairment losses on trade receivables	3,678,686	-	-	-
Waiver of debts	4,355,876	-	97,925,072	-
Others	1,819,560	266,469	-	-
	23,388,082	61,895,555	102,499,470	3,592,778

23. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM
Salaries, bonuses and allowances	18,646,777	13,994,739	502,195	406,977
Defined contribution plans	1,836,383	1,454,843	-	-
Other staff related expenses	2,180,389	1,603,494	-	-
	22,663,549	17,053,076	502,195	406,977
Cost of sales	14,324,228	19,415,797	-	-
	36,987,777	36,468,873	502,195	406,977

Included in employee benefits expenses are:

Executive directors:				
- fees	300,000	-	-	-
- other emoluments	3,446,816	2,516,797	-	-
	3,746,816	2,516,797	-	-
Non-executive directors:				
- fees	459,428	281,977	459,428	281,977
- other emoluments	42,767	75,501	42,767	75,501
	502,195	357,478	502,195	357,478
Total directors' remuneration	4,249,011	2,874,275	502,195	357,478

24. FINANCE COSTS

	Group		Company	
	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM
Interest expense on:				
- lease liabilities	34,853	37,567	-	-
- revolving credit	1,971,028	1,624,548	-	-
- sukuk ijarah MTN	4,507,267	3,460,439	4,507,268	3,460,439
- term loans	880,460	582,237	-	-
- others	164,937	204,277	-	-
	7,558,545	5,909,068	4,507,268	3,460,439

25. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been (charged)/credited in arriving at loss before tax:

	Note	Group		Company	
		Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM (Restated)	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM (Restated)
Auditors' remuneration					
- auditors of the Company					
- statutory audit					
- current year		392,000	196,300	140,000	50,500
- under provision in prior year		19,000	-	15,500	-
- non-statutory audit		8,000	-	8,000	-
- component auditors of the Group					
- statutory audit					
- current year		14,145	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. LOSS BEFORE TAX (continued)

Other than disclosed elsewhere in the financial statements, the following items have been (charged)/credited in arriving at loss before tax: (continued)

		Group		Company	
	Note	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM (Restated)	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM (Restated)
Depreciation of property, vessels and equipments	5	35,790,584	30,178,294	-	-
Expenses relating to short-term leases		3,944,543	-	-	-
Expenses relating to lease of low value assets		315,662	-	-	-
Impairment losses on:					
- property, vessels and equipment	5	109,500,239	38,514,634	-	-
- investment in subsidiaries	8	-	-	66,558,440	-
- investment in joint ventures	10	-	14,600,200	-	-
- trade receivables	14	9,204,826	8,346,823	-	-
- other receivables	14	23,079,428	112,697,450	235,509,840	4,750,297
Inventories written down		-	770,697	-	-
Property, vessels and equipment written off	5	35,247	-	-	-
Net realised loss on foreign exchange		189,134	-	1,434	-
Net unrealised loss on foreign exchange		-	3,383,143	664,373	-
Other receivables written off		8,188,067	49,336,455	-	60,256,513

26. TAX (CREDIT)/EXPENSE

The major components of income tax credit for the financial period/year ended 30 June 2022 and 31 December 2020 are as follows:

	Group		Company	
	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM (Restated)	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.1.2020 to 31.12.2020 RM (Restated)
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	415,560	843,546	-	-
- Adjustment in respect of prior years	5,083	825,575	-	187,110
	420,643	1,669,121	-	187,110
Deferred tax (Note 11)**:**				
- Origination of temporary differences	(597,929)	(2,555,255)	-	-
- Adjustment in respect of prior years	(2,474,744)	(390)	-	-
	(3,072,673)	(2,555,645)	-	-
Tax (credit)/expense	(2,652,030)	(886,524)	-	187,110

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (31.12.2020: 24%) of the estimated assessable profit for the financial period/year.

26. TAX (CREDIT)/EXPENSE (continued)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax (credit)/expense are as follows: (continued)

	Group		**Company**	
	Financial period from 1.1.2021 to 30.6.2022 RM	**Financial year from 1.1.2020 to 31.12.2020 RM (Restated)**	**Financial period from 1.1.2021 to 30.6.2022 RM**	**Financial year from 1.1.2020 to 31.12.2020 RM (Restated)**
Loss before tax	(212,150,663)	(227,619,110)	(207,631,249)	(67,061,496)
Taxation at applicable statutory tax rate of 24%	(50,916,159)	(54,628,586)	(49,831,500)	(16,094,759)
Effect of tax rates in other tax jurisdiction	(11,442,578)	9,167,690	-	-
Share of results of joint ventures	3,912,407	601,210	-	-
Non-taxable income	(28,693,596)	(13,877,008)	(23,502,017)	-
Non-deductible expenses	77,540,171	56,934,435	73,333,517	16,094,759
Deferred tax assets not recognised	9,417,386	90,550	-	-
Under provision of income tax in prior years	5,083	825,575	-	187,110
Over provision of deferred tax in prior years	(2,474,744)	(390)	-	-
Tax (credit)/expense	(2,652,030)	(886,524)	-	187,110

27. LOSS PER SHARE

Basic loss per ordinary share

Basic loss per share is based on the loss for the financial period/year attributable to owners of the Company and the weighted average number of ordinary shares during the financial period/year, calculated as follows:

	Group	
	Financial period from 1.1.2021 to 30.6.2022 RM	**Financial year from 1.1.2020 to 31.12.2020 RM (Restated)**
Loss attributable to owners of the Company		
Loss for the financial period/year	(209,151,862)	(226,370,818)
Weighted average number of ordinary shares for basic loss per share	1,476,248,750	1,237,055,567
Basic loss per ordinary share (sen)	(14.17)	(18.30)

Diluted loss per ordinary share

The diluted loss per ordinary share of the Group for the financial period ended 30 June 2022 and financial year ended 31 December 2020 are same as the basic loss per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

28. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Company's holding company;
(ii) Subsidiaries;
(iii) Associates;
(iv) Joint ventures;
(v) Entities in which directors have substantial financial interests; and
(vi) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	30.6.2022	**31.12.2020**	**30.6.2022**	**31.12.2020**
	RM	**RM**	**RM**	**RM**
Sales of goods				
Joint ventures:				
- Vessel's management fees	2,760,000	8,970,315	-	-
Subsidiaries:				
- Interest recharged to subsidiaries	-	-	4,507,268	3,460,439
- Waiver of debts	-	-	97,925,072	-
	2,760,000	8,970,315	102,432,340	3,460,439

28. RELATED PARTIES (continued)

(b) Significant related party transactions (continued)

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 14 and 19.

(c) Key management personnel compensation

	Group		Company	
	Financial period from 1.1.2021 to 30.6.2022	**Financial year from 1.1.2020 to 31.12.2020**	**Financial period from 1.1.2021 to 30.6.2022**	**Financial year from 1.1.2020 to 31.12.2020**
	RM	**RM**	**RM**	**RM**
Executive directors:				
- Fees	300,000	-	-	-
- Other emoluments	3,446,816	2,516,797	-	-
	3,746,816	2,516,797	-	-
Non-executive directors:				
- Fees	459,428	281,977	459,428	281,977
- Other emoluments	42,767	75,501	42,767	75,501
	502,195	357,478	502,195	357,478
Total directors' remuneration	4,249,011	2,874,275	502,195	357,478
Other key management personnel				
Short-term employee benefits	2,798,171	2,376,985	-	-
Post employment benefits	300,541	255,555	-	-
	3,098,712	2,632,540	-	-
	7,347,723	5,506,815	502,195	357,478

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost
(ii) Designated fair value through other comprehensive income ("DFVOCI")

	Carrying amount RM	Amortised cost RM	DFVOCI RM
At 30 June 2022			
Financial assets			
Group			
Other investment	350,000	-	350,000
Trade and other receivables, net of prepayments	126,610,161	126,610,161	-
Cash and short-term deposits	42,277,837	42,277,837	-
	169,237,998	168,887,998	350,000
Company			
Trade and other receivables, net of prepayments	197,547,014	197,547,014	-
Cash and short-term deposits	2,216,038	2,216,038	-
	199,763,052	199,763,052	-
Financial liabilities			
Group			
Loans and borrowings	111,687,687	111,687,687	-
Trade and other payables	229,285,683	229,285,683	-
	340,973,370	340,973,370	-
Company			
Loans and borrowings	55,818,377	55,818,377	-
Trade and other payables	8,889,289	8,889,289	-
	64,707,666	64,707,666	-

29. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

	Carrying amount RM	Amortised cost RM
At 31 December 2020		
Financial assets		
Group		
Trade and other receivables, net of prepayments	37,267,773	37,267,773
Cash and short-term deposits	56,536,375	56,536,375
	93,804,148	93,804,148
Company		
Trade and other receivables, net of prepayments	312,421,668	312,421,668
Cash and short-term deposits	13,836,746	13,836,746
	326,258,414	326,258,414
Financial liabilities		
Group		
Loans and borrowings	113,057,905	113,057,905
Trade and other payables	122,344,375	122,344,375
	235,402,280	235,402,280
Company		
Loans and borrowings	55,818,377	55,818,377
Trade and other payables	3,997,899	3,997,899
	59,816,276	59,816,276

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, interest rate risk and market price risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risk and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risk and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their financing activities, including deposits with banks and financial institutions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contracts assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

<u>Credit risk concentration profile</u>

The Group determines concentration of credit risk by monitoring the segment profits of its trade receivables on an ongoing basis.

As at 30 June 2022, the Group has significant concentration of credit risk arising from three (31.12.2020: five) customers constituting 67% (31.12.2020: 80%) of total trade receivables.

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contracts assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's and the Company's trade receivables and contracts assets are as follows:

	Gross carrying amount at default RM
Group	
At 30 June 2022	
Contract assets	6,762,630
Trade receivables	
Current	44,198,249
1-30 days past due	1,558,922
31-60 days past due	1,957,060
61-90 days past due	2,247,521
91-120 days past due	11,562,807
>120 days past due	283,294
	61,807,853
Impaired - individually	69,671,926
	138,242,409
At 31 December 2020	
Contract assets	6,385,531
Trade receivables	
Current	1,613,740
1-30 days past due	11,343,847
31-60 days past due	572,767
61-90 days past due	2,404,123
91-120 days past due	-
>120 days past due	11,366,805
	27,301,282
Impaired - individually	75,834,939
	109,521,752

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Other than the credit-impaired amounts owing by subsidiaries and other receivables, the Group and the Company consider these financial assets to be of low credit risk, for which no material loss allowance is required.

Refer to Note 3.11(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from differences of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		<--------------------Contractual cash flows-------------------->			
	Carrying amount RM	**Within 1 Year RM**	**Between 1 to 5 years RM**	**More than 5 years RM**	**Total RM**
At 30 June 2022					
Financial liabilities					
Group					
Trade and other payables	229,285,683	229,285,683	-	-	229,285,683
Loans and borrowings	111,687,687	108,954,088	1,715,666	1,588,112	112,257,866
	340,973,370	338,239,771	1,715,666	1,588,112	341,543,549
Company					
Trade and other payables	8,889,289	8,889,289	-	-	8,889,289
Loans and borrowings	55,818,377	55,818,377	-	-	55,818,377
	64,707,666	64,707,666	-	-	64,707,666

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (continued)

		<--------------------Contractual cash flows-------------------->			
	Carrying amount RM	**Within 1 Year RM**	**Between 1 to 5 years RM**	**More than 5 years RM**	**Total RM**
At 31 December 2020					
Financial liabilities					
Group					
Trade and other payables	122,344,375	122,344,375	-	-	122,344,375
Loans and borrowings	113,057,905	109,354,707	964,014	2,754,773	113,073,494
	235,402,280	231,699,082	964,014	2,754,773	235,417,869
Company					
Trade and other payables	3,997,899	3,997,899	-	-	3,997,899
Loans and borrowings	55,818,377	55,818,377	-	-	55,818,377
	59,816,276	59,816,276	-	-	59,816,276

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales, purchases, cash and short-term deposits and loans and borrowings that are denominated in a foreign currency). The foreign currency in which these transactions are denominated is mainly United States Dollar ("USD").

The Group does not use any forward contracts to hedge against its exposure to foreign currency risk as the foreign exchange exposure in transactional currencies other than functional currency of the Group are kept to an acceptable level.

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	Group USD RM
30 June 2022	
Cash and short-term deposits	266,474
Trade and other receivables	2,667,430
Trade and other payables	(2,934,626)
Loans and borrowings	(9,921,094)
	(9,921,816)
31 December 2020	
Cash and short-term deposits	201,640
Trade and other receivables	1,017,638
Trade and other payables	(21,807,321)
Loans and borrowings	(8,776,221)
	(29,364,264)

29. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk
The following table demonstrates the sensitivity to a reasonably possible change in the USD, with all the variables held constant on the Group's loss for the financial year.

		Group Effect on loss for the financial period/year	
		30.6.2022	**31.12.2020**
		RM	**RM**
USD/RM	- strengthen by 3% (31.12.2020: 3%)	(226,217)	(669,505)
	- weaken by 3% (31.12.2020: 3%)	226,217	669,505

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from:

(i) Interest bearing financial assets

Cash deposits are short-term in nature and are not held for speculative purposes. The Group manages its interest rate yield by prudently placing deposits with varying maturity periods.

(ii) Interest bearing financial liabilities

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating borrowings. The Group actively review its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows them to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk
As at the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM100,136 (31.12.2020: RM95,315) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

29. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement

The carrying amounts of cash and short-term deposits, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of long-term and short-term floating rate borrowings are reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfers between Level 1 and Level 2 during the financial period (31.12.2020: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

		Fair value of financial instruments <-------------- carried at fair value -------------->			
	Carrying amount RM	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Group					
30 June 2022					
Financial asset					
Other investment - golf club membership	350,000	-	350,000	-	350,000

Level 2 fair value

<u>Fair value of financial instruments carried at fair value</u>
The fair value of the golf club membership is determined by reference to its market value.

30. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group comprises the following two main business segments:

(i) Offshore support vessels and services

Provision of vessels for charter hire, assisting seismic operators in seismic survey related activities, transportation of crew and supplies, towing and mooring of rigs offshore, anchor-handling services and other support, repair and maintenance services for the oil and gas industry.

(ii) Sub-sea services

Provision of offshore facilities construction and installation services such as marine construction related services, sub-sea engineering services and offshore pipeline construction related services and designing, manufacturing and operating of remotely operated vehicles.

(b) Business segments

Other business segments include investment holding and provision of transportation, ship forwarding and agent and ship handling to the subsidiaries, none of which are of a sufficient size to be reported separately.

All inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materiality different from those obtainable in transactions with unrelated parties.

(c) Geographical segments

Segmental reporting by geographical segments has not been prepared as the Group's operations are carried out predominantly in Malaysia.

(d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are seton an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. SEGMENT INFORMATION (continued)

	Offshore support and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
At 30 June 2022					
Revenue					
Sales to external customers	81,925,133	208,142,934	10,203,025	-	300,271,092
Inter segment sales	4,332,089	2,921,801	864,000	(8,117,890)	-
Total revenue	86,257,222	211,064,735	11,067,025	(8,117,890)	300,271,092
Results					
Segment results	(323,682,156)	3,078,452	(228,916,385)	361,119,454	(188,400,635)
Finance costs	(7,485,070)	-	(4,601,946)	4,528,471	(7,558,545)
Share of results of joint ventures	(23,818,842)	7,517,147	-	-	(16,301,695)
Loss/(Profit) before tax	(354,986,068)	10,595,599	(233,518,331)	365,647,925	(212,260,875)
Tax credit/(expense)	-	886,294	(341,136)	2,106,872	2,652,030
Loss/(Profit) for the financial period	(354,986,068)	11,481,893	(233,859,467)	367,754,797	(209,608,845)

30. SEGMENT INFORMATION (continued)

	Offshore support and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
At 30 June 2022					
Assets					
Segment assets	54,652,991	9,686,550	1,625,483	5,574,563	71,539,587
Investment in joint ventures	-	500,000	-	14,319,480	14,819,480
Unallocated assets	261,788,885	33,027,746	224,897,990	(336,377,417)	183,337,204
Total assets	316,441,876	43,214,296	226,523,473	(316,483,374)	269,696,271
Total liabilitites	804,675,612	54,388,661	77,545,303	(594,122,707)	342,486,869
Other segment information:					
Capital expenditure	2,095,890	-	318,572	-	2,414,462
Depreciation:					
- property, vessels and equipment	31,830,432	3,825,051	608,732	(473,631)	35,790,584
Other significant non-cash expenses:					
Impairment losses on:					
- trade receivables	8,176,516	-	1,427,338	(399,028)	9,204,826
- property, vessels and equipment	108,851,671	648,568	-	-	109,500,239
Property, vessels and equipment written off	34,666	2	579	-	35,247

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. SEGMENT INFORMATION (continued)

	Offshore support and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
At 31 December 2020					
Revenue					
Sales to external customers	69,923,620	185,286,473	-	-	255,210,093
Inter segment sales	8,597,086	-	-	(8,597,086)	-
Total revenue	78,520,706	185,286,473	-	(8,597,086)	255,210,093
Results					
Segment results	(203,606,996)	(11,963,853)	(74,533)	8,375,686	(207,269,696)
Finance costs	(9,398,427)	(51,662)	(18,607)	3,559,628	(5,909,068)
Share of results of joint ventures	(17,841,460)	3,401,114	-	-	(14,440,346)
Loss before tax	(230,846,883)	(8,614,401)	(93,140)	11,935,314	(227,619,110)
Tax (expense)/credit	590,834	523,047	(227,357)	-	886,524
Loss for the financial year	(230,256,049)	(8,091,354)	(320,497)	11,935,314	(226,732,586)

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. SEGMENT INFORMATION (continued)

	Offshore support and services RM	Sub-sea services RM	Others RM	Adjustments RM	Total RM
At 31 December 2020					
Assets					
Segment assets	198,604,972	14,731,117	6,098,831	2,104,951	221,539,871
Investment in associates	-	-	-	-	-
Investment in joint ventures	53,922,359	499,587	-	(13,223,207)	41,198,739
Unallocated assets	65,370,945	55,027,185	408,594,798	(425,275,949)	103,716,979
Total assets	317,898,276	70,257,889	414,693,629	(436,394,205)	366,455,589
Total liabilitites	493,999,659	77,150,246	82,098,203	(413,941,299)	239,306,809
Other segment information:					
Capital expenditure	9,719,836	-	-	-	9,719,836
Depreciation:					
- property, vessels and equipment	25,857,896	3,043,564	1,276,834	-	30,178,294
Other significant non-cash expenses:					
Impairment losses on:					
- trade receivables	8,155,608	-	191,215	-	8,346,823
- investment in joint ventures	14,600,200	-	-	-	14,600,200
- property, vessels and equipment	35,269,159	3,245,475	-	-	38,514,634

31. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital rations in order to support their business and maximises shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial period ended 30 June 2022 and financial year ended 31 December 2020.

The Group and the Company monitor capital using a gearing raio, which is net debt divided by total capital plus net debt. The Group's and the Company's policy is to keep the gearing ratio not exceeding 75%. The Group and the Company include within net debt, borrowings, trade and other payables, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

	Group		**Company**	
	30.6.2022 RM	**31.12.2020 RM (Restated)**	**30.6.2022 RM**	**31.12.2020 RM (Restated)**
Trade and other payables	229,285,683	122,344,375	8,889,289	3,997,899
Loans and borrowings	111,687,687	113,057,905	55,818,377	55,818,377
Less: Cash and short-term deposits	(42,277,837)	(56,536,375)	(2,216,038)	(13,836,746)
Net debts	298,695,533	178,865,905	62,491,628	45,979,530
Equity attributable to the owners of the Company	(72,790,598)	127,148,780	135,055,386	333,000,578
Capital and net debts	225,904,935	306,014,685	197,547,014	378,980,108
Gearing ratio	132%	58%	32%	12%

32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

(i) PN17 Relief Measures

The Company announced on 30 November 2021 that it has triggered the prescribed criteria of Paragraph 2.1(e) of Practice Note 17 of the Main Market Listing Requirements of Bursa ("Main LR"), where the auditors have highlighted a material uncertainty related to going concern in AMRB's latest audited financial statements i.e. 31 December 2020 and the shareholders' equity of the Company on a consolidated basis is 50% or less of share capital (excluding treasury shares) based on the unaudited third quarter results ended 30 September 2021.

Bursa had via its letter dated 16 June 2021 granted affected listed issuers additional relief from complying with the obligations under Paragraph 8.04 and Practice Note of the Main LR ("PN17 Relief Measures") for a period of 18 months from the date of triggering the PN17 Suspended Criteria of between 1 July 2021 and 31 December 2021. PN17 Suspended Criteria refers to the criteria relating to shareholders' equity, material uncertainty related to going concern or auditors' qualification on going concern, as well as default in payment as set out in paragraph 2.1 (a), (e) and (f) respectively of Practice Note 17 of the Main LR.

Under the PN17 Additional Relief Measures, the listed issuer:

(a) will not be classified as a PN17 listed issuer and will be accorded relief from complying with the obligations under the Paragraph 8.04 and Practice Note 17 of the Main LR for a period of 18 months from the date of triggering the PN17 Suspended Criteria;
(b) must immediately announce that it triggers the PN17 Suspended Criteria and the relief provided ("PN17 Relief Announcement"); and
(c) must upon the expiry of 18 months from the PN17 Relief Announcement, reassess its condition and announce whether it continues to trigger any of the criteria in the Practice Note 17 of the Main LR ("PN17 Subsequent Announcement").

(ii) Private Placement Exercise

On 24 February 2021, the Company announced the issuance of 65,000,000 new shares under Private Placement II at an issue price of RM0.0771 per share.

On 29 March 2021, the Company announced that Bursa Malaysia Securities Berhad had, vide its letter dated 26 March 2021, resolved to grant an extension of time from 9 April 2021 until 8 October 2021 to implement and complete the Private Placement II.

On 5 October 2021, the Company announced the issuance of 97,776,400 new shares under Private Placement II at an issue price of RM0.0476 per share.

32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD (continued)

(iii) Material Litigation and Restraining Order

It was announced on 21 May 2021 that the Company and Alam Maritim (M) Sdn. Bhd.("AMSB") (collectively "Applicants") have obtained from the High Court of Malaya at Kuala Lumpur the following Orders pursuant to sections 366 of the Companies Act 2016 ("Act") for, among others:

(a) An Order pursuant to section 366(1) of the Act to summon meetings of the creditors of the Applicants or any class of them for the purpose of considering and, if thought fit, approving the scheme of arrangement and compromise between the Applicants and the creditors; and

(b) That the Applicants have liberty to fix a time, date and venue of the scheme meetings, within six (6) months from the date of the Order.

The Orders granted by the High Court were obtained as part of the Company's overall restructuring and rehabilitation plan by way of a proposed scheme of arrangement with its creditors.

The Company also announced on 19 November 2021 for an extension of time for three (3) months from 21 November 2021 for the Restraining Order; and another announcement on 17 February 2022 for further extension of time for nine (9) months from 19 February 2022.

(iv) Proposed Debt Restructuring Scheme

The Company received approval from the Corporate Debt Restructuring Committee ("CDRC") on 1 July 2021 to mediate between the Company and certain of its subsidiaries, joint-venture companies and associated companies (collectively, "the affected companies") and its respective financiers/Sukukholders ("Lenders") subject to the following conditions:

(a) The Company is required to table a Proposed Debt Restructuring Scheme to the Lenders within 60 days from the date of the CDRC approval letter;
(b) The proposed Debt Restructuring Scheme must comply with CDRC's restructuring principles for the Company to continue to remain under the Informal Standstill Arrangement with the Lenders; and
(c) The Informal Standstill Arrangement with the lenders will be for a period of an initial six (6) month period for both the Company and the Lenders to agree to an acceptable scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)

32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD (continued)

(iv) Proposed Debt Restructuring Scheme (continued)

The CDRC, which is under the purview of Bank Negara Malaysia, will mediate between the Affected Companies and their respective financiers to restructure their respective financing facilities in accordance with CDRC's code of conduct. In the face of this challenging period for the oil and gas industry, CDRC has recognized that this is a priority sector for restructuring under CDRC's mediation process.

Substantial progress has been made in relation to the proposed debt resolution under the auspices of CDRC. As of 28th October 2022, the Company has obtained approval in principle from all unsecured creditor banks and three (3) out of six (6) secured creditor banks. The Company is now working towards obtaining receipt of approval in principle from the remaining creditor institutions.

(v) On 24 August 2022, the Company's wholly-owned subsidiary, AMSB had incorporated a wholly-owned subsidiary, namely Atlas Marine Sdn. Bhd. ("Atlas") with an issued and paid-up capital of 50,000 ordinary shares of RM1 each. The intended principal activities of Atlas are ship owning, managing, chartering and other shipping related activities.

33. COMPARATIVE FIGURES

	As previously stated RM	Prior year adjustments RM (i)	Reclassification RM (ii)	As restated RM
Group				
31 December 2020				
Statements of financial position				
Current assets				
Trade and other receivables	150,080,141	(116,505,065)	6,771,092	40,346,168
Cash and short-term deposits	54,242,363	2,294,012	-	56,536,375
Current liabilities				
Loans and borrowings	(101,473,098)	(7,673,382)	-	(109,146,480)
Trade and other payables	(129,412,062)	13,838,779	(6,771,092)	(122,344,375)
Non-current liabilities				
Deferred tax liabilities	(4,522,435)	1,139,824	-	(3,382,611)
Statements of comprehensive income				
Cost of sales	(273,231,997)	-	(8,760,200)	(281,992,197)
Other income	7,053,732	54,841,823	-	61,895,555
Other operating expenses	(71,202,792)	(162,887,479)	8,760,200	(225,330,071)
Tax credit/ (expense)	(253,300)	1,139,824	-	886,524
Statements of cash flows				
Net cash (used in)/from operating activities	(15,029,645)	-	51,385,925	36,356,280
Net cash used in investing activities	(8,729,005)	-	(32,225,278)	(40,954,283)
Net cash from financing activities	26,143,678	-	(17,309,906)	8,833,772

33. COMPARATIVE FIGURES (continued)

	As previously stated RM	Prior year adjustments RM (i)	As restated RM
Company			
31 December 2020			
Statements of financial position			
Current assets			
Trade and other receivables	387,428,478	(75,006,810)	312,421,668
Current liabilities			
Trade and other payables	13,997,899	(10,000,000)	3,997,899
Statements of comprehensive income			
Other operating expenses	(1,780,048)	(65,006,810)	(66,786,858)
Statements of cash flows			
Net cash used in operating activities	(27,972,602)	21,129,742	(6,842,860)
Net cash from/(used in) investing activities	30,187,957	(47,838,605)	(17,650,648)

(i) Prior year adjustments are in respect of various misstatements incurred in prior financial year. Accordingly, the consolidated financial statements of the Group for the financial period ended 30 June 2022 have been restated to correct the errors.

(ii) The comparative figures have been reclassified to conform with current year presentation.

(iii) During the financial period, the Group and the Company changed their financial year end from 31 December to 30 June and made up their financial statements for the 18 months period from 1 January 2021 to 30 June 2022. Accordingly, comparative figures for the statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes are not entirely comparable with those for the current financial year.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to section 251(2) of the Companies Act 2016

We, **AHMAD RUHAIZAD BIN HASHIM** and **DATUK AZMI BIN AHMAD**, being two of the directors of Alam Maritim Resources Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 9 to 118 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of their financial performance and cash flows for the financial period from 1 January 2021 to 30 June 2022.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

…………………………………………
AHMAD RUHAIZAD BIN HASHIM
Director

…………………………………………
DATUK AZMI BIN AHMAD
Director

Kuala Lumpur

Date: 28 October 2022

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, **MD NASIR BIN NOH**, being the officer primarily responsible for the financial management of Alam Maritim Resources Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 9 to 118 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

…………………………………………..
MD NASIR BIN NOH
(MIA Membership No: 12015)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 October 2022.

Before me,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Alam Maritim Resources Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period from 1 January 2021 to 30 June 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 118.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. *Going Concern*

   As disclosed in Note 2.6 to the financial statements, during the financial period ended 30 June 2022, the Group and the Company incurred net loss of RM209,498,633 and RM207,631,249 respectively, and as of that date, the Group's current liabilities exceeded its current assets by RM156,383,800 and recorded a capital deficiency of RM72,790,598. The Group and Company also recorded a negative operating cash flows of RM34,229,837 and RM2,907,336 respectively during the financial period ended 30 June 2022.

   The Group is currently in the process of implementing the proposed debt restructuring scheme and the scheme will mainly primarily comprise the following:
   (i) Proposed disposal and realisation of value for non-core assets;
   (ii) Proposed disposal of vessels;
   (iii) Obtained indulgence from financial institutions in order to firm up deals with strategic partners and agree business plan; and
   (iv) Application to CDRC in managing the proposed debt restructuring scheme and corporate exercise.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD (continued)
(Incorporated in Malaysia)

Basis for Disclaimer of Opinion (continued)

1. *Going Concern (continued)*

The ability of the Group and the Company to continue as going concerns are also dependent upon the Group's ability to secure significant contracts from oil and gas segment, their successful profitable operations in the foreseeable future and their ability to comply with the terms set by CDRC.

The directors have concluded that the combination of the circumstances highlighted above indicate material uncertainties that may cast significant doubt over the ability of the Group and the Company to continue as going concerns and therefore, may be unable to realise their assets and discharge their liabilities in the normal course of business.

Therefore, the going concern basis used in preparing the financial statements of the Group and the Company is significantly dependent on:
(i) Approval being obtained from all the relevant parties on the proposed debt restructuring scheme;
(ii) Timely and successful implementation of the key components of the proposed debt restructuring scheme; and
(iii) The ability of the Group to achieve sustainable and viable operations so as to generate sufficient cash flows to enable them to meet their obligations as and when they fall due.

In the event that these are not forthcoming, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements may require adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concerns.

In view of the matters set out above, there are material uncertainties involving the approval by various parties and successful implementation of the proposed debt restructuring scheme, including sufficiency of funding support and possible monetisation of assets of the Group that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns. Accordingly, we have not been able to obtain sufficient and appropriate audit evidence to ascertain the appropriateness of the preparation of the financial statements of the Group and of the Company on a going concern basis.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ALAM MARITIM RESOURCES BERHAD (continued)
(Incorporated in Malaysia)

Basis for Disclaimer of Opinion (continued)

2. *Opening balances*

   The financial statements of the Group and the Company for the financial year ended 31 December 2020 were audited by another firm of Chartered Accountants. We are required to determine whether the opening balances contain misstatements that materially affect the current period's financial statements in accordance with International Auditing Standards 510 Initial Audit Engagements – Opening Balances. We were not given access to the audit working papers of the predecessor auditors and also were unable to satisfy ourselves by alternative means the opening balances, including assets, liabilities and equity of the Group and of the Company that have been making up the financial statements of the Group and of the Company.

   Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group and the Company as at 30 June 2022 or on its financial performance for the period then ended.

3. *Property, vessels and equipment*

   As disclosed in Note 5 to the financial statements, the property, vessels and equipment of the Group as at the end of the financial period amounted to RM70,409,504. Included in the property, vessels and equipment balance is a total carrying amount of RM3,924,895 of a subsidiary that is unaudited.

   Accordingly, we have not been able to obtain sufficient and appropriate audit evidence concerning these balances. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group as at 30 June 2022 or on its financial performance for the period then ended.

4. *Contract assets*

   The Group's contract assets as at 30 June 2022 amounted to RM6,762,630. We have not been able to obtain sufficient and appropriate audit evidence concerning these balances. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group as at 30 June 2022 or on its financial performance for the period then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ALAM MARITIM RESOURCES BERHAD (continued)
(Incorporated in Malaysia)

Basis for Disclaimer of Opinion (continued)

5. Recoverability of Other receivables

As disclosed in Note 14 to the financial statements, the trade and other receivables of the Group amounted to RM132,205,089. Included in the trade and other receivables balances is a total amount of other receivables amounted to RM8,366,135 being reclassified debit balances from trade payables, RM3,886,963 being inter-company balance variance, RM35,355,094 being amounts owing from joint ventures, and RM14,460,296 being other receivables that we could not determine the recoverable amount.

Accordingly, we have not been able to obtain sufficient and appropriate audit evidence concerning these balances. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group as at 30 June 2022 or on its financial performance for the period then ended.

6. *Bank confirmations and unreconciled bank balances*

As disclosed in Note 15 to the financial statements, the cash and short-term deposits balances of the Group as at end of the financial period amounted to RM42,277,837.

As at the date of our report, we have not received bank confirmation replies for certain cash and short-term deposits amounting to RM13,441,301. In addition, we have not received sufficient and appropriate evidence on the bank reconciliation items on the bank balances amounting to RM5,384,339.

Accordingly, we have not been able to obtain sufficient and appropriate audit evidence concerning these balances. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group and the Company as at 30 June 2022 or on its financial performance for the period then ended.

7. Unverified trade and other payables

As disclosed in Note 19 to the financial statements, the trade and other payables of the Group as at end of the financial period amounted to RM229,285,683. Included in the trade and other payables balances is a total amount of RM82,662,575 in which we have not received sufficient and appropriate audit evidence. In light of the proposed debt restructuring scheme, the completeness of the trade and other payables, including any interests or penalties, has not been reliably determined.

Accordingly, we have not been able to obtain sufficient and appropriate audit evidence concerning these balances. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group and the Company as at 30 June 2022 or on its financial performance for the period then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALAM MARITIM RESOURCES BERHAD (continued)
(Incorporated in Malaysia)

Basis for Disclaimer of Opinion (continued)

8. *Carrying amount of interest in joint ventures and share of results of joint ventures*

   As disclosed in Note 10 to the financial statements, the carrying amount of interest in joint ventures amounted to RM14,819,480. The Group's share of results of RM16,301,695 is included in the Group's consolidated statement of comprehensive income for the financial period ended. We were unable to obtain sufficient appropriate audit evidence on the carrying amount of the Group's investment in joint ventures as at 30 June 2022 and the Group's share of results for the financial period because we were not able to obtain access to the financial information and the auditors of the joint ventures within the audit time frame period.

   Accordingly, we have not been able to obtain sufficient and appropriate audit evidence concerning these balances. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group and the Company as at 30 June 2022 or on its financial performance for the period then ended.

9. *Loans and borrowings*

   As disclosed in Note 18 to the financial statements, the loans and borrowings balances of the Group as at end of the financial period amounted to RM111,687,687. As at the date of our report, we have not received bank confirmation replies for certain loans and borrowings amounting to RM225,591. In addition, we could not determine the current and non-current classification of the loans and borrowings amounting to RM13,175,816. In light of the proposed debt restructuring scheme, the completeness of the loans and borrowings, including any interests or penalties, has not been reliably determined.

   Accordingly, we have not been able to obtain sufficient and appropriate audit evidence concerning these balances. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group and the Company as at 30 June 2022 or on its financial performance for the period then ended.

10. *Accuracy and completeness of revenue*

   As disclosed in Note 20 to the financial statements, the revenue of the Group amounting to RM300,271,092 for the financial period ended 30 June 2022. Included in the revenue of the Group was a total amount of RM36,461,747 recorded in relation to offshore installation and construction of the Group. The Group has not been able to reliably determine the recorded amount of revenue of the Group.

   Accordingly, we have not been able to obtain sufficient and appropriate audit evidence concerning the amount. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group and the Company as at 30 June 2022 or on its financial performance for the period then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ALAM MARITIM RESOURCES BERHAD (continued)
(Incorporated in Malaysia)

Basis for Disclaimer of Opinion (continued)

11. *Accuracy and completeness of costs of sales*

    As disclosed in Note 21 to the financial statements, the costs of sales of the Group for the financial period ended 30 June 2022 amounted to RM318,134,561. We have not been able to obtain sufficient and appropriate audit evidence concerning the amount. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Company as at 30 June 2022 or on its financial performance for the period then ended.

12. *Unaudited subsidiaries, jointly controlled entities and associates*

    The list of subsidiaries, associates and jointly ventures and of which we have not acted as auditors is disclosed in Notes 8, 9 and 10 to the financial statements respectively.

    The unaudited subsidiaries, associates and joint ventures had been consolidated and equity accounted in the Group's financial statement. We were unable to carry out our audit procedures per *ISA 600, Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors).* Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

13. *Non-Controlling Interests*

    We have not been able to obtain sufficient and appropriate audit evidence concerning the balance of non-controlling interest of the Group amounted to RM5,161,616. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group and the Company as at 30 June 2022 or on its financial performance for the period then ended.

14. *Carrying amount of costs of investment in subsidiaries, amount owing from subsidiaries and unreconciled inter company balances*

    As disclosed in Note 8 to the financial statements, the costs of investment in subsidiaries and amount owing from subsidiaries of the Company amounted to RM Nil and RM197,501,799 respective as at the end of the financial period. In light of the proposed debt restructuring scheme, the Group has not completed its impairment assessment and determine the recoverability of the amount owing from subsidiaries.

    Accordingly, we have not been able to obtain sufficient and appropriate audit evidence concerning these balances. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Company as at 30 June 2022 or on its financial performance for the period then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ALAM MARITIM RESOURCES BERHAD (continued)
(Incorporated in Malaysia)

Basis for Disclaimer of Opinion (continued)

15. *Further significant impact on financial records*

    In light of all the matters highlighted above, there may be further significant impact on the recorded assets, liabilities, income, expenses and the related disclosures of the Group's and the Company's financial statements. However, the financial statements have not taken into consideration these adjustments, if any. We were unable to determine whether any adjustments is required on the financial statements of the Group and of the Company.

    We were unable to carry out certain procedures or to obtain information we considered necessary. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group and the Company as at 30 June 2022.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ALAM MARITIM RESOURCES BERHAD (continued)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's and the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws* (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that in our opinion:

(i) the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

(ii) the accounting and other records for the matters as described in the *Basis for Disclaimer of Opinion* section have not been properly kept by the Company in accordance with the provision of the Companies Act 2016 in Malaysia.

(iii) we have not obtained all the information and explanations that we required.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ALAM MARITIM RESOURCES BERHAD (continued)
(Incorporated in Malaysia)

Other Matters

(i) The financial statements of the Group and of the Company for the financial year ended 31 December 2020 were audited by another firm of Chartered Accountants whose report dated 27 May 2021 highlighted a Material Uncertainty Related to Going Concern of the Group.

*"**Material Uncertainty Related to Going Concern***

We draw attention to Note 2.1 to the financial statements which indicates that the Group incurred loss for the year ended 31 December 2020 of RM119,826,754 and its current liabilities exceeded its current assets by RM20,250,138 as at 31 December 2020. These conditions indicate, along with other matters set forth in Note 2.1 to the financial statements, the existence of a material uncertainty which may cause significant doubt about the ability of the Group to continue as a going concern. However, the Group is currently undergoing restructuring scheme that is targeted to be completed in 2022. Our opinion is not modified in respect of this matter."

(ii) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2024 J
Chartered Accountant

Kuala Lumpur

Date: 28 October 2022