

# CHAIRMAN'S STATEMENT



REVENUE

**RM300.24**

Million

**FINA NORHIZAH BINTI HAJI BAHARU ZAMAN**  
Chairman

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## DEAR SHAREHOLDERS

On behalf of the Board of Directors (“Board”) and the management team (“Management”) of Alam Maritim Resources Berhad (“AMRB”) and its subsidiaries (collectively referred to as “the Group”), I hereby present our Annual Report and audited financial performance for the financial period ended 30 June 2022 (“FPE2022”).

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## CHAIRMAN'S STATEMENT

With the 4-year cyclical downturn in the oil and gas industry coming to an end in 2019, a significant recovery was then expected to be in sight for the industry. However, the inflicted adversities subsequently brought about by the COVID-19 pandemic on the global socioeconomic environment, Malaysia and the oil and gas sector worldwide saw this recovery momentum disrupted. Continued slowdown of industrial activities and output saw crude oil demand for refining and

### RETURNING VALUE TO SHAREHOLDERS

Along with the prolonged downturn since 2015 and further exacerbated by the inefficiencies as a result of the COVID-19 pandemic, this period of lack of tenders called, contracts awarded, delays in execution of projects, as well as the overhang in low charter rates throughout up to 2021, provided an extremely difficult environment for AMRB. AMRB also experienced delays in the vessels' drydocking



REGISTER  
INCOME

**RM363.64**  
Million



production of petrochemicals significantly drop. In Malaysia, these reduced activities were also impacted by the cautionary approach of oil and gas majors in the wake of the pandemic. The oil and gas industry's recovery continued to be impeded multiple times in FPE2022, by movement restrictions, the slow but steady vaccination rollouts across the globe.

When the Organisation of the Petroleum Exporting Countries ("OPEC") and OPEC+ enacted supply cuts and quota disciplines in the early months of 2021, the oil and gas industry saw a slow rebound of the oil price alongside the gradual resumption of economic activities going into 2022. This was shown in the first half of 2022 which saw oil prices reaching a strong price range of between USD78 per barrel to around USD123 per barrel. The continued unpredictable global oil price fluctuations in 2022, which have been mostly positive, managed to ease some of AMRB's oil and gas operational challenges by providing a generally healthy oil market landscape.

completion due to strict COVID-19 guidelines imposed by authorities. The COVID-19 pandemic also caused AMRB to incur additional costs i.e. quarantine for vessels and personnel in managing possible risk exposure to the pandemic, and providing a COVID-free green bubble environment at AMRB's office.

The Group recorded a revenue of RM277.89 million for FPE2022 (an eighteen-month period as the Group had changed its financial year end to 30th June as at 2022). However, amidst turbulence in FPE2022's operating environment, we still managed to steadily register income from our current order book of RM363.64 million.

## CHAIRMAN'S STATEMENT

Nevertheless, the critical need for the turnaround has been absolutely essential for the sustainability of our business. As part of our effort, the Group initiated a corporate debt restructuring exercise in 2021 with its acceptance into the Corporate Debt Restructuring Committee ("CDRC") on 21 May 2021. This was part of the Group's proactive effort to reposition itself, restructure the business and its finances under the new management leadership of Encik Shamsul bin Saad as Deputy Group Chief Executive Officer/ Executive Director. This exercise has also included a revamp of the leadership from the Chief Operating Officer to the Offshore Support Vessel ("OSV") Division and the Offshore Installation & Construction ("OIC") Division as well as all supporting services within the Group. Along with the ongoing corporate debt restructuring, this Management team is also currently revamping the business structure by reducing the fleet size to less than half for more streamlined and standardized OSV operations. The revamp includes a drive towards a more business-focused, efficient and strong merit-based organization culture. Towards this end, the management has carried out a staff rationalisation exercise based on needs, capabilities and infusion of new personnel at every level.

Our long-term fixed charter rates have mostly been renegotiated upward with better terms especially going into 2022. The Subsea segment is experiencing higher organic growth with the pent-up demand for more work that was postponed due to the pandemic. As for OIC, we are focused on fortifying operational and project management capabilities to undertake new jobs coming through. Our strong track record in Subsea and OIC puts us in a highly advantageous position moving forward given the high technical and proven track record requirements as barrier to entry for these segments.

Our efforts at positioning ourselves ahead of the industry have continued to remain successful with the integration of new proprietary technology into these segments. The successful implementation of the Zap-Lok™ technology in the recently completed Tembikai Non-Associated Gas ("TNAG") project, the country's pioneer Zap-Lok™ project, has proven to be the way forward for clients looking at reducing substantial costs and time in undertaking to pipelay project using this advanced underwater connection technology.

The unprecedented operating environment in FPE2022 had also required AMRB's Board and Management to proactively address the risks that may appear. Hence, all the above implementation of actions are the absolute necessities for the Group to move forward and be sustainable in the long run.

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## STRONG HEALTH AND SAFETY AND CORPORATE GOVERNANCE

AMRB continues to distinguish itself among industry peers as a leader for Health, Safety, Security and Environmental (“HSSE”) performance in all of its projects. This has become more vital given the COVID-19 pandemic’s emergence since 2020, which continued into FPE2022. The Board and Management have therefore maintained strong oversight and prioritization of employees’ health and safety as a top material agenda for the Group.

We continue to observe and implement strict government-sanctioned Standard Operating Procedures (“SOPs”) and obligations across the Group to preserve the workplace’s health and safety status. These include frequent health inspections, periodic reminders on pandemic awareness, and discussions on COVID-19 statistics to better understand the status of the virus and how it may affect the Group and its people. We also strongly encouraged our employees and workers to receive their vaccinations in compliance with government directives. We monitor their vaccination statuses and vaccine digital certifications in an internal portal to ensure transparency.

Decades of operating excellence have also shown us that a strong, permeating organizational culture that extolls shared values goes a long way in powering the Group’s performance at all hierarchical levels. This is why we go above and beyond in upholding and propagating our iCARE corporate principles, which encapsulate our time-tested shared organizational values of excellence. These shared values cultivate a working culture that emphasizes Quality, Health, Safety, Security and the Environment (“QHSSE”) in work productivity and behaviour.

QHSSE is one of the key ways we effectively monitor and enhance productivity and overall Group performance, which is supplemented by implementing the Key Performance Index (“KPI”) and Balance Scorecards indicators. These performance indicators are fundamental in analyzing and tracking performance to informed strategic decisions. In this vein, we reached a total of 9,509 million man-hours without a Loss Time Incident (“LTI”) in FPE2022 with zero workplace fatalities. We also garnered several awards which were received by the crew for their outstanding vessel performance.

In cascading excellent organizational culture across AMRB, we also continued bolstering our corporate governance, primarily done through the application of our Anti-Bribery and Anti-Corruption (“ABAC”) policy as well as related governance policies that continue to protect the human rights of our employees. More details on QHSSE performance and corporate governance are found in this report’s ‘Sustainability Statement’ section.



MAN-HOURS  
WITHOUT A LTI

**9.509**  
Million

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## CHAIRMAN'S STATEMENT



### WORLD OIL DEMAND FORECAST

# 99.7

Million barrels per day  
in 2022

### OUTLOOK AND PROSPECTS

Demand for oil and gas commodities are also expected to stabilize and strengthen through the rest of 2022 and heading into 2023, despite the unpredictable global events that have emerged, chiefly the ongoing Russia-Ukraine conflict as well as inflation in many countries. In fact, according to International Energy Agency (“IEA”)’s latest August 2022 oil market report, the rising oil use for power generation and gas-to-oil switching are boosting demand, raising the IEA’s estimates for 2022 global demand growth by 380,000 barrels per day, to 2.1 million barrels per day. World oil demand is now forecasted at 99.7 million and 101.8 million barrels per day in 2023.

This resounding positivity on oil prices surpassing pre-pandemic levels is welcomed, barring unforeseen circumstances. We also predict a similar positive outlook for the Malaysian oil and gas sector, where more upstream activities will ramp up going forward to meet rising demands. In fact, the PETRONAS Activity Outlook 2022-2024 forecasts a steady outlook for major oil and gas activities and opportunities.

Following these positive macro-outlooks, we believe our OSV segment will pick up and cause higher vessel utilization and an increase in our charter earnings in spite of the reduction our fleet size in 2022. We anticipate with the completion of our corporate and business restructuring exercise by mid-2023, the balance sheet of AMRB will be healthy with a strong fundamental structure moving forward. Post restructuring, we will be planning a fleet renewal exercise.

However, given AMRB’s value proposition as an integrated service provider, our focus is not solely on OSV business but to continue expanding and fortifying our OIC and Subsea segments to bolster business sustainability and growth prospect.

As the Subsea and OIC tenders have higher barrier of entry because of niche and quality expertise warranted in the industry, our continued business resilience allows us to better take advantage of related uptrends compared to our competitors. We firmly believe that major growth will come from this OIC sector, contributing to a revenue boost for the coming years. The growth in these segments will also be incentivized through an aggressive capture of innovation opportunities on multiple angles so that our operations remain relevant going forward. The drive to capture technology opportunities will also see us formulating strategic partnerships.

Given our corporate debt restructuring exercise, we remain determined to unlock better cash flow by bolstering our balance sheets. We hope to continue pursuing an asset-light status for the Group through viable joint ventures (“JVs”) to lessen capital expenditure (“CAPEX”) and liabilities. This will attract prospective investors and financiers to AMRB being a healthy financial entity. AMRB will also continue driving a holistic strategy toward business longevity by pursuing sustainability aspirations via Environmental, Social and Governance (“ESG”) material matters in its value chain.

## CHAIRMAN'S STATEMENT

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AMRB remains confident of the financial year ended 2023 and its many prospects as we continue building upon our solid business foundation and stakeholder's support to create more value for all involved.

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### A NOTE OF APPRECIATION

On behalf of the Board, I would like to convey my utmost appreciation to our directors for remaining steadfast and astute in leadership and decision-making abilities to navigate AMRB through the tumultuous landscape of FPE2022.

I wish to also reiterate the Board's heartfelt gratitude to Encik Shaharuddin bin Warno @ Rahmad, who has stepped down on 2 February 2021. The founder and a key figure of the Group since 1994, Encik Shaharuddin was fundamental to AMRB's growth and progress, especially in elevating AMRB to presently becoming the industry leader in the domestic upstream oil and gas. His leadership and guiding hand will be greatly missed, and we continue to pray for his health and bid him well in all his future endeavours.

I would also like to convey my deepest thanks and gratitude to Dato' Haji Ab Wahab who stepped down on 31 May 2022. The diligence and contribution Dato Wahab poured into AMRB's continued stability and fortitude in the industry has been invaluable to everyone at the Group. I wish Dato Wahab all the best in his future.

The Board and AMRB's management also warmly welcomed Executive Director Encik Shamsul Saad, appointed on 2 March 2021. Encik Shamsul was appointed Deputy Chief Executive Officer and is a member of the Board and a BRMC member. He brought with

him, his wealth of industry knowledge and experience and his leadership prowess, which will elevate further the quality standard of the Board.

I also wish to express my sincerest thanks to Management for consistently and diligently striving to achieve AMRB's operational and business aspirations in spite of the challenges further wrought by the pandemic and other external matters beyond the Group's control. Their persistent hard work, industriousness and fortitude paved the Group's path through its many operating challenges throughout the years. The Board and I would also like to thank our loyal shareholders, customers, business partners and all relevant stakeholders who continue to remain an invaluable facet of AMRB's journey. AMRB remains confident of the financial year ended 2023 and its many prospects as we continue building upon our solid business foundation and stakeholder's support to create more value for all involved.

**FINA NORHIZAH BINTI HAJI BAHARU  
ZAMAN**  
CHAIRMAN