

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

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023

Registration No. 200501018734 (700849-K)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

CONTENTS	Page
DIRECTORS' REPORT	1 – 9
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	10 – 11
STATEMENTS OF COMPREHENSIVE INCOME	12 – 13
STATEMENTS OF CHANGES IN EQUITY	14 – 17
STATEMENTS OF CASH FLOWS	18 – 21
NOTES TO THE FINANCIAL STATEMENTS	22 – 115
STATEMENT BY DIRECTORS	116
STATUTORY DECLARATION	117
INDEPENDENT AUDITORS' REPORT	118 – 123

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 ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries include ship owning, chartering and managing, offshore facilities construction and installation, subsea services, transportation, ship forwarding and agent, ship chandelling, catering and messing service, property owner and management, designing manufacturing and operating of remotely operated Vehicles ("ROVs"), rental of ROV and providing ROV services.

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

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year, net of tax	<u>14,187,703</u>	<u>(192,173,266)</u>
Attributable to:		
Owners of the Company	15,169,091	(192,173,266)
Non-controlling interests	<u>(981,388)</u>	<u>-</u>
	<u>14,187,703</u>	<u>(192,173,266)</u>

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 30 June 2023.

RESERVES OR PROVISIONS

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

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

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 year 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 year.

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 year 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 year 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 year 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 year in which this report is made.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company during the financial year are RM465,547 and RM168,000 respectively.

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year 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.

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.

Vesting period of the share option offered:

- (i) First 20%: Year 2019
- (ii) Remaining 80% will vest over 4 years from 2020 to 2023

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

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

Grant date	Balance as at 1.7.2022	Lapsed	Balance as at 30.6.2023	Exercisable as at 30.6.2023
22 April 2019	<u>69,413,828</u>	<u>(12,860,000)</u>	<u>56,553,828</u>	<u>39,587,680</u>

The details of the exercisable options are as follows:

Exercise period	Exercisable options	Exercise price
22 April 2019 to 21 April 2020	11,310,766	RM0.105
30 June 2020 to 21 April 2021	28,276,914	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.

DIRECTORS

The directors in office during the financial year 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

Yap Shuh Jian

Shamsul Bin Saad

(Appointed on 28 February 2023)

(Resigned on 21 February 2023)

* 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 year and during the period from the end of the financial year to the date of the report are:

Samuel Bernard Sassoon

Ho Swee Peng

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

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 year 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 30.6.2023
	At 1.7.2022	Bought	Sold	
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
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 30.6.2023
	At 1.7.2022	Granted	Exercised	
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 year 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 year, 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	243,337	243,337
- Other emoluments	<u>1,988,588</u>	<u>93,109</u>
	<u>2,231,925</u>	<u>336,446</u>
 Directors of subsidiaries		
- Other emoluments	<u>266,114</u>	<u>-</u>

Neither during, nor at the end of the financial year, 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 year, there was no indemnity given to or insurance effected for any directors and officers of the Company.

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principle place of business/ Country of incorporation	Ownership interest		Principal activities
		2023 %	2022 %	
<i>Held by the Company:</i>				
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	Investment holding and ship owning
<i>Held through AMSB:</i>				
Alam Hidro (M) Sdn. Bhd. ("AHSB")	Malaysia	100	100	Offshore facilities construction and installation and subsea 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 service
Alam Maritim Properties (M) Sdn. Bhd. ("AMP")	Malaysia	100	100	Property owner and management
<i>Held through AMLI:</i>				
Eastar Offshore Pte. Ltd. ("EASTAR")	Singapore	75	75	Designing manufacturing and operating of remotely operated Vehicles ("ROVs")
<i>Held through EASTAR:</i>				
Alam Subsea Pte. Ltd. ("ASPL")	Singapore	75	75	Rental of ROV and providing ROV services

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

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

Details of significant events during the financial year are as follows:

- (i) On 31 October 2022, the Company announced that it had triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 ("PN17") of the Main Market Listing Requirements ("MMLR") of Bursa Securities. Hence, with effect from 31 October 2022, the Company is considered as a PN17 listed issuer. The Company has 12 months to submit the regularisation plan to the relevant authorities for approval.

On 17 October 2023, the Company has submitted the application to Bursa Securities for extension of time for the Company to submit its proposed regularisation plan in relation to PN17 of the MMLR of Bursa Securities.

- (ii) On 28 February 2023, the Company announced that the Company had received a letter dated 24 February 2023 from the Corporate Debt Restructuring Committee ("CDRC") of Bank Negara Malaysia stating that the Company has been discharged from the purview of CDRC.

- (iii) On 10 April 2023, the High Court of Malaya at Kuala Lumpur granted the Company and its wholly owned subsidiary, Alam Maritim (M) Sdn. Bhd. (collectively "Applicants") the following Orders pursuant to Sections 366 and 368 of the Companies Act 2016 for, among others:

- (i) An extension of time for leave 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 within six (6) months from 11 April 2023; and
- (ii) An extension of time for the restraining order dated 11 January 2023, pursuant to Section 368(1) of the Companies Act 2016, whereby all current and further proceedings in any legal actions or proceedings against AMSB and/or the assets of AMSB be restrained and stayed except by leave of Court for a period of six (6) months from 11 April 2023.

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 extension of time has since expired on 11 October 2023. As the Applicants are still in discussions with parties to potentially participate in the proposed scheme of arrangement, the Applicants had on 17 October 2023 made a fresh application to the High Court for orders to hold the scheme creditors meetings and for a restraining order in relation to AMSB.

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.

Registration No. 200501018734 (700849-K)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (continued)

AUDITORS

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

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: 18 October 2023

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, vessels and equipment	5	41,855,694	70,409,504	-	-
Investment properties	6	1,117,119	1,130,083	-	-
Intangible assets	7	-	-	-	-
Investment in subsidiaries	8	-	-	-	-
Investment in associates	9	-	-	-	-
Investment in joint ventures	10	4,126,302	14,819,480	-	-
Deferred tax assets	11	168,251	1,212,889	-	-
Other investment	12	350,000	350,000	-	-
Total non-current assets		47,617,366	87,921,956	-	-
Current assets					
Contract assets	13	66,653,992	6,762,630	-	-
Tax assets		657,823	528,759	-	-
Trade and other receivables	14	61,528,844	132,205,089	1,112,990	197,547,014
Cash and short-term deposits	15	52,606,962	42,277,837	6,403,201	2,216,038
Total current assets		181,447,621	181,774,315	7,516,191	199,763,052
TOTAL ASSETS		229,064,987	269,696,271	7,516,191	199,763,052

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (continued)

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	442,667,403	442,667,403	442,667,403	442,667,403
Other reserves	17	(2,917,636)	(2,406,343)	165,616	165,616
Accumulated losses		(492,720,951)	(507,890,042)	(499,950,899)	(307,777,633)
		(52,971,184)	(67,628,982)	(57,117,880)	135,055,386
Non-controlling interests (CAPITAL DEFICIENCY)/ TOTAL EQUITY		(6,349,953)	(5,161,616)	-	-
		(59,321,137)	(72,790,598)	(57,117,880)	135,055,386
Non-current liabilities					
Loans and borrowings	18	2,649,341	2,951,410	-	-
Deferred tax liabilities	11	730,750	1,377,344	-	-
Total non-current liabilities		3,380,091	4,328,754	-	-
Current liabilities					
Loans and borrowings	18	109,618,668	108,736,277	52,055,248	55,818,377
Trade and other payables	19	175,271,531	229,285,683	12,578,823	8,889,289
Tax liabilities		115,834	136,155	-	-
Total current liabilities		285,006,033	338,158,115	64,634,071	64,707,666
TOTAL LIABILITIES		288,386,124	342,486,869	64,634,071	64,707,666
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY/TOTAL EQUITY AND LIABILITIES		229,064,987	269,696,271	7,516,191	199,763,052

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 YEAR ENDED 30 JUNE 2023**

	Note	Group		Company	
		Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Revenue	20	310,603,419	300,271,092	-	-
Cost of sales	21	(300,916,771)	(318,134,561)	-	-
Gross profit/(loss)		9,686,648	(17,863,469)	-	-
Other income	22	64,361,335	19,709,396	3,393,758	102,499,470
Employee benefits expenses	23	(13,370,520)	(22,663,549)	(336,446)	(502,195)
Net impairment losses on trade and other receivables		(15,545,684)	(28,605,568)	(189,667,074)	(235,509,840)
Other operating expenses		(26,187,051)	(138,867,233)	(2,214,334)	(69,611,416)
Operating profit/(loss)		18,944,728	(188,290,423)	(188,824,096)	(203,123,981)
Finance costs	24	(7,665,674)	(7,558,545)	(3,349,170)	(4,507,268)
Share of results of joint ventures		3,572,065	(16,301,695)	-	-
Profit/(Loss) before tax	25	14,851,119	(212,150,663)	(192,173,266)	(207,631,249)
Tax (expense)/credit	26	(663,416)	2,652,030	-	-
Profit/(Loss) for the financial year/ period		14,187,703	(209,498,633)	(192,173,266)	(207,631,249)
Other comprehensive loss, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		(718,242)	(126,802)	-	-
Total comprehensive income/(loss) for the financial year/period		13,469,461	(209,625,435)	(192,173,266)	(207,631,249)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (continued)

	Note	Group		Company	
		Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Profit/(Loss) attributable to:					
Owners of the Company		15,169,091	(209,151,862)	(192,173,266)	(207,631,249)
Non-controlling interests		(981,388)	(346,771)	-	-
		<u>14,187,703</u>	<u>(209,498,633)</u>	<u>(192,173,266)</u>	<u>(207,631,249)</u>
Total comprehensive income/(loss) attributable to:					
Owners of the Company		14,657,798	(209,247,164)	(192,173,266)	(207,631,249)
Non-controlling interests		(1,188,337)	(378,271)	-	-
		<u>13,469,461</u>	<u>(209,625,435)</u>	<u>(192,173,266)</u>	<u>(207,631,249)</u>
Earnings/(Loss) per ordinary share attributable to owners of the Company:					
Basic earnings/(loss) per share (sen)	27	<u>0.99</u>	<u>(14.17)</u>		
Diluted earnings/(loss) per share (sen)	27	<u>0.99</u>	<u>(14.17)</u>		

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 YEAR ENDED 30 JUNE 2023**

	<----- Attributable to Owners of the Company ----->				Non- Controlling Interest RM	Capital Deficiency RM
	Share Capital RM	Other Reserves RM	Accumulated Losses RM	Sub-total RM		
Group						
At 1 July 2022	442,667,403	(2,406,343)	(507,890,042)	(67,628,982)	(5,161,616)	(72,790,598)
Total comprehensive income for the financial year						
Profit for the financial year	-	-	15,169,091	15,169,091	(981,388)	14,187,703
Other comprehensive loss for the financial year	-	(511,293)	-	(511,293)	(206,949)	(718,242)
Total comprehensive income	-	(511,293)	15,169,091	14,657,798	(1,188,337)	13,469,461
At 30 June 2023	442,667,403	(2,917,636)	(492,720,951)	(52,971,184)	(6,349,953)	(59,321,137)

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (continued)**

Group	Note	<----- Attributable to Owners of the Company ----->				Non-Controlling Interest RM	Capital Deficiency RM
		Share Capital RM	Other Reserves RM	Accumulated Losses RM	Sub-total RM		
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		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	16	-	-	(110,212)	(110,212)	110,212	-
Total transaction with owners		9,686,057	-	(110,212)	9,575,845	110,212	9,686,057
At 30 June 2022		442,667,403	(2,406,343)	(507,890,042)	(67,628,982)	(5,161,616)	(72,790,598)

Registration No. 200501018734 (700849-K)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (continued)

	<----- Attributable to Owners of the Company ----->			
	Share Capital RM	Other Reserves RM	Accumulated Losses RM	Total Equity RM
Company				
At 1 July 2022	442,667,403	165,616	(307,777,633)	135,055,386
Total comprehensive loss for the financial year				
Loss for the financial year, representing total comprehensive loss	-	-	(192,173,266)	(192,173,266)
At 30 June 2023	<u>442,667,403</u>	<u>165,616</u>	<u>(499,950,899)</u>	<u>(57,117,880)</u>

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (continued)**

	Note	←----- Attributable to Owners of the Company -----→			Total Equity RM
		Share Capital RM	Other Reserves RM	Accumulated Losses 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
		9,686,057	-	-	9,686,057
At 30 June 2022		442,667,403	165,616	(307,777,633)	135,055,386

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 YEAR ENDED 30 JUNE 2023

	Note	Group		Company	
		Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Cash flows from operating activities					
Profit/(Loss) before tax		14,851,119	(212,150,663)	(192,173,266)	(207,631,249)
Adjustments for:					
Bad debt recovered		(100,000)	-	-	-
Depreciation on property, vessels and equipment	5	9,271,613	35,790,584	-	-
Depreciation on investment property	6	12,964	-	-	-
Gain on disposal of property, vessels and equipment		(1,399,416)	(3,048,891)	-	-
Gain on lease modification		-	(2,498)	-	-
Interest expense		7,665,674	7,558,545	3,349,170	4,507,268
Interest income		(457,886)	(257,296)	(3,393,758)	(4,574,398)
Impairment losses on investment in subsidiaries		-	-	-	66,558,440
Impairment losses on other receivables		28,593,443	22,822,284	196,569,084	235,509,840
Impairment losses on property, vessels and equipment		4,325,708	109,500,239	-	-
Impairment losses on trade receivables		3,074,303	9,461,970	-	-
Net unrealised foreign exchange loss/(gain)		473,781	(1,375,676)	-	664,373
Other receivables written off		12,186,639	8,174,123	-	-
Property, vessels and equipment written off	5	598,905	35,247	-	-
Reversal of accruals		-	(8,418,684)	-	-
Reversal of impairment losses on trade receivables		(9,839,849)	(3,678,686)	-	-
Reversal of impairment losses on other receivables		(6,282,213)	-	(6,902,010)	-
Waiver of debts		-	(4,355,876)	-	(97,925,072)
Share of results of joint ventures		(3,572,065)	16,301,695	-	-
Operating profit/(loss) before changes in working capital, carried forward		59,402,720	(23,643,583)	(2,550,780)	(2,890,798)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (continued)

	Group		Company	
	Financial year from 1.7.2022 to 30.6.2023	Financial period from 1.1.2021 to 30.6.2022	Financial year from 1.7.2022 to 30.6.2023	Financial period from 1.1.2021 to 30.6.2022
Note	RM	RM	RM	RM
Cash flows from operating activities (continued)				
Operating profit/(loss) before changes in working capital, brought forward	59,402,720	(23,643,583)	(2,550,780)	(2,890,798)
Changes in working capital:				
Contract assets	(59,891,362)	(377,099)	-	-
Trade and other receivables	45,084,461	(127,275,639)	-	412,724
Trade and other payables	(57,398,743)	121,004,022	3,518,241	4,078,006
Net cash (used in)/ generated from operations	(12,802,924)	(30,292,299)	967,461	1,599,932
Interest paid	(4,316,505)	(3,051,278)	(3,349,170)	(4,507,268)
Tax paid	(473,895)	(886,260)	-	-
Net cash used in operating activities	(17,593,324)	(34,229,837)	(2,381,709)	(2,907,336)
Cash flows from investing activities				
Dividend received from a joint venture	5,000,000	6,500,000	-	-
Purchase of property, vessels and equipment	5(a) -	(2,414,462)	-	-
Proceeds from disposal of property, vessels and equipment	16,276,919	6,276,441	-	-
Repayments/(Advances to) from subsidiaries	-	-	6,796,555	(23,122,838)
Repayments from associates	-	3,763,823	-	-
Repayments from joint ventures	-	-	141,688	149,011
Net change in short-term deposits	12,736,489	5,590,511	-	-
Increase in other investment	-	(350,000)	-	-
Interest received	457,886	257,296	3,393,758	4,574,398
Net cash from/(used in) investing activities	34,471,294	19,623,609	10,332,001	(18,399,429)

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (continued)

	Note	Group		Company	
		Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Cash flows from financing activities	(a)				
Proceed from issuance of shares pursuant to exercise of warrants		-	20,400	-	20,400
Proceeds from issuance of shares pursuant to private placement		-	9,665,657	-	9,665,657
Advances from associates		6,165,718	2,135,231	-	-
Advances from immediate holding company		-	29,855	-	-
Net drawdown/(repayments) of term loans		91,175	(3,872,879)	-	-
Net drawdown of revolving credits		3,857,079	2,287,737	-	-
Repayments of Sukuk Ijarah MTN		(3,763,129)	-	(3,763,129)	-
Repayments of hire purchase payables		(63,793)	(329,120)	-	-
Repayment of lease liabilities		(99,406)	(195,866)	-	-
Net cash from/(used in) financing activities		6,187,644	9,741,015	(3,763,129)	9,686,057
Net increase/(decrease) in cash and cash equivalents		23,065,614	(4,865,213)	4,187,163	(11,620,708)
Cash and cash equivalents at the beginning of the financial year/period		20,537,061	25,402,274	2,216,038	13,836,746
Cash and cash equivalents at the end of the financial year/period	15	43,602,675	20,537,061	6,403,201	2,216,038

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (continued)

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

	1 July 2022 RM	Cash Flows RM	Non-cash RM	30 June 2023 RM
Group				
Amounts owing to associates	5,090,409	6,165,718	-	11,256,127
Term loans	13,175,816	91,175	558,396	13,825,387
Sukuk Ijarah MTN	55,818,377	(3,763,129)	-	52,055,248
Revolving credits	41,597,650	3,857,079	-	45,454,729
Lease liabilities	135,499	(99,406)	-	36,093
Hire purchase payables	63,793	(63,793)	-	-
	<u>115,881,544</u>	<u>6,187,644</u>	<u>558,396</u>	<u>122,627,584</u>

Company				
Sukuk Ijarah MTN	55,818,377	(3,763,129)	-	52,055,248

	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	295,908	(195,866)	35,457	135,499
Hire purchase payables	392,913	(329,120)	-	63,793
	<u>55,495,340</u>	<u>54,958</u>	<u>4,542,724</u>	<u>60,093,022</u>

(b) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM2,050,760 (2022: RM4,474,493).

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 year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 October 2023.

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 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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:

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023 [#]
MFRS 3	Business Combinations	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/ 1 January 2024
MFRS 9	Financial Instruments	1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023/ 1 January 2024
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 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
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 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 year ended 30 June 2023, the Company incurred a net loss of RM192,173,266, and as of that date, the Group’s and the Company’s current liabilities exceeded their current assets by RM103,558,412 and RM57,117,880 respectively and recorded a capital deficiency of RM59,321,137 and RM57,117,880 respectively. The Group and Company also recorded a negative operating cash flows of RM17,593,324 and RM2,381,709 respectively during the financial year ended 30 June 2023.

On 31 October 2022, the Company announced that it had triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 (“PN17”) of the Main Market Listing Requirements (“MMLR”) of Bursa Securities. Hence, with effect from 31 October 2022, the Company is considered as a PN17 listed issuer. The Company has 12 months to submit the regularisation plan to the relevant authorities for approval.

On 17 October 2023, the Company has submitted the application to Bursa Securities for extension of time for the Company to submit its proposed regularisation plan in relation to PN17 of the MMLR of Bursa Securities.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.6 Fundamental accounting principle (continued)

On 28 February 2023, the Company announced that the Company had received a letter dated 24 February 2023 from the Corporate Debt Restructuring Committee (“CDRC”) of Bank Negara Malaysia stating that the Company has been discharged from the purview of CDRC.

On 10 April 2023, the High Court of Malaya at Kuala Lumpur granted the Company and its wholly owned subsidiary, Alam Maritim (M) Sdn. Bhd. (collectively “Applicants”) the following Orders pursuant to Sections 366 and 368 of the Companies Act 2016 for, among others:

- (i) An extension of time for leave 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 within six (6) months from 11 April 2023; and
- (ii) An extension of time for the restraining order dated 11 January 2023, pursuant to Section 368(1) of the Companies Act 2016, whereby all current and further proceedings in any legal actions or proceedings against AMSB and/or the assets of AMSB be restrained and stayed except by leave of Court for a period of six (6) months from 11 April 2023.

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

The extension of time has since expired on 11 October 2023. As the Applicants are still in discussions with parties to potentially participate in the proposed scheme of arrangement, the Applicants had on 17 October 2023 made a fresh application to the High Court for orders to hold the scheme creditors meetings and for a restraining order in relation to AMSB.

The Group is currently in the process of discussing with parties on a potential debt restructuring scheme which may include:

- (i) Participation of a white knight, together with provision of rescue funding;
- (ii) Settlement of amounts owing to financial institutions and creditors; and
- (iii) Capital reduction of the issued share capital of the Company.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

2.6 Fundamental accounting principle (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.

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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).

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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*.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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).

Right-of-use asset

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

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)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue and other income (continued)

(c) Diving and subsea 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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2023	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 July 2022	12,839,511	12,612,319	236,345,231	27,688,691	112,520,309	3,118,424	8,183,717	5,140,857	274,012	418,723,071
Disposals	-	-	(94,009,534)	(11,551,379)	(23,455,140)	(281,821)	(255,021)	-	-	(129,552,895)
Written off	-	-	-	-	(4,898,232)	-	-	-	-	(4,898,232)
At 30 June 2023	12,839,511	12,612,319	142,335,697	16,137,312	84,166,937	2,836,603	7,928,696	5,140,857	274,012	284,271,944

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, VESSELS AND EQUIPMENT (continued)

Group 2023	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 July 2022	1,413,626	4,571,152	203,783,109	21,437,102	101,444,973	2,652,100	8,079,744	4,788,716	143,045	348,313,567
Depreciation charge for the financial year (Note 25)	121,611	402,523	2,553,530	3,246,378	2,537,340	59,514	126,941	127,064	96,712	9,271,613
Disposals Written off	-	-	(81,971,372)	(11,136,828)	(20,911,183)	(281,820)	(374,189)	-	-	(114,675,392)
Impairment losses (Note 25)	-	-	-	-	4,325,708	-	-	-	-	4,325,708
Exchange differences	-	-	-	-	(519,919)	-	-	-	-	(519,919)
At 30 June 2023	1,535,237	4,973,675	124,365,267	13,546,652	82,577,592	2,429,794	7,832,496	4,915,780	239,757	242,416,250
Carrying amount										
At 30 June 2023	11,304,274	7,638,644	17,970,430	2,590,660	1,589,345	406,809	96,200	225,077	34,255	41,855,694

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
Cost										
At 1 January 2021	13,639,511	11,292,724	522,087,921	56,845,644	120,871,730	5,279,587	7,393,203	4,961,116	341,181	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)	(7,566,280)	(271,494)	774,344	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)
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	112,520,309	3,118,424	8,183,717	5,140,857	274,012	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	5,140,476	7,495,576	4,286,851	112,516	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
Transfer from investment properties (Note 6)	-	148,400	-	-	-	-	-	-	-	148,400
Transfer to investment properties (Note 6)	(29,917)	-	-	-	-	-	-	-	-	(29,917)
At 30 June 2022	<u>1,413,626</u>	<u>4,571,152</u>	<u>203,783,109</u>	<u>21,437,102</u>	<u>101,444,973</u>	<u>2,652,100</u>	<u>8,079,744</u>	<u>4,788,716</u>	<u>143,045</u>	<u>348,313,567</u>
Carrying amount										
At 30 June 2022	<u>11,425,885</u>	<u>8,041,167</u>	<u>32,562,122</u>	<u>6,251,589</u>	<u>11,075,336</u>	<u>466,324</u>	<u>103,973</u>	<u>352,141</u>	<u>130,967</u>	<u>70,409,504</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, VESSELS AND EQUIPMENT (continued)

- (a) In the previous financial year, the Group acquired property, vessels and equipment with an aggregate cost of RM2,563,303 which are satisfied by the following:

	Group	
	2023	2022
	RM	RM
Purchase of property, vessels and equipment	-	2,563,303
Financed by way of lease arrangements	-	(148,841)
Cash payments on purchase of property, vessels and equipment	-	2,414,462
	<u>-</u>	<u>2,414,462</u>

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

	Group	
	2023	2022
	RM	RM
Buildings	6,273,902	6,606,787
Vessels	5,616,782	16,769,664
Motor vehicles	-	1
	<u>11,890,684</u>	<u>23,376,452</u>

- (c) Right-of-use assets

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

Group	Office building	Warehouse	Hostel	Total
	RM	RM	RM	RM
Carrying amount				
At 1 January 2021	136,167	92,498	-	228,665
Additions	11,443	-	137,398	148,841
Depreciation	(34,952)	(37,727)	(62,974)	(135,653)
Derecognition	(110,886)	-	-	(110,886)
At 30 June 2022	1,772	54,771	74,424	130,967
Depreciation	(1,758)	(26,255)	(68,699)	(96,712)
At 30 June 2023	<u>14</u>	<u>28,516</u>	<u>5,725</u>	<u>34,255</u>

The Group leases office building, warehouse and hostel with lease terms of 2 to 3 years.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, VESSELS AND EQUIPMENT (continued)

- (d) In the previous financial year, an impairment loss of RM109,500,239 was 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 were 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	
	2023	2022
	RM	RM
At cost		
At beginning of the financial year/period	1,160,000	920,000
Transfer from property, vessels and equipment (Note 5)	-	1,160,000
Transfer to property, vessels and equipment (Note 5)	-	(920,000)
At end of the financial year/period	<u>1,160,000</u>	<u>1,160,000</u>
Accumulated depreciation		
At beginning of the financial year/period	29,917	148,400
Depreciation charge for the financial year/period (Note 25)	12,964	-
Transfer from property, vessels and equipment (Note 5)	-	29,917
Transfer to property, vessels and equipment (Note 5)	-	(148,400)
At end of the financial year/period	<u>42,881</u>	<u>29,917</u>
Carrying amount	<u><u>1,117,119</u></u>	<u><u>1,130,083</u></u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENT PROPERTIES (continued)

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

	Group	
	2023	2022
	RM	RM
Direct operating expenses	-	62

Fair value information

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

	Level 1	Group	Level 3
	RM	Level 2	RM
		RM	RM
2023			
Freehold land	-	-	820,000
Building	-	-	360,000
	-	-	1,180,000
2022			
Freehold land	-	-	802,000
Building	-	-	358,000
	-	-	1,160,000

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 year ended 30 June 2023 and financial period ended 30 June 2022.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTANGIBLE ASSETS

	Goodwill on consolidation RM	Deferred development costs RM	Total RM
Group			
Cost			
At 1 January 2021	1,569,529	920,245	2,489,774
Exchange differences	801	-	801
	<hr/>	<hr/>	<hr/>
At 30 June 2022	1,570,330	920,245	2,490,575
Exchange differences	1,889	-	1,889
	<hr/>	<hr/>	<hr/>
At 30 June 2023	<u>1,572,219</u>	<u>920,245</u>	<u>2,492,464</u>
Accumulated amortisation and impairment			
At 1 January 2021	1,569,529	920,245	2,489,774
Exchange differences	801	-	801
	<hr/>	<hr/>	<hr/>
At 30 June 2022	1,570,330	920,245	2,490,575
Exchange differences	1,889	-	1,889
	<hr/>	<hr/>	<hr/>
At 30 June 2023	<u>1,572,219</u>	<u>920,245</u>	<u>2,492,464</u>
Carrying amount			
At 30 June 2022/ 30 June 2023	<u>-</u>	<u>-</u>	<u>-</u>

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 subsea service business.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost		
At 1 July	100,302,420	100,302,420
Less: Struck off during the financial year	(350)	-
At 30 June	100,302,070	100,302,420
Less: Accumulated impairment losses		
At 1 July	(100,302,420)	(33,743,980)
Add: Impairment during the financial year	-	(66,558,440)
Less: Struck off during the financial year	350	-
At 30 June	(100,302,070)	(100,302,420)
	-	-

Details of the subsidiaries are as follows:

Name of company	Principle place of business/ Country of incorporation	Ownership interest		Principal activities
		2023 %	2022 %	
<i>(i) Held by the Company:</i>				
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	Investment holding and ship owning

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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		Principal activities
		2023 %	2022 %	
<i>(ii) Held through AMSB:</i>				
Alam Hidro (M) Sdn. Bhd. ("AHSB")	Malaysia	100	100	Offshore facilities construction and installation and subsea 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 service
Alam Maritim Properties (M) Sdn. Bhd. ("AMP")	Malaysia	100	100	Property owner and management
<i>(iii) Held through AMLI:</i>				
Eastar Offshore Pte. Ltd. ("EASTAR") *~	Singapore	75	75	Designing manufacturing and operating of remotely operated Vehicles ("ROV")
<i>(iv) Held through EASTAR:</i>				
Alam Subsea Pte. Ltd. ("ASPL") *~	Singapore	75	75	Rental of ROV and providing ROV services

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVESTMENT IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows (continued):

* EASTAR and ASPL is consolidated using unaudited management financial statements as auditors' report is not available for the financial year ended 30 June 2023. The financial year end of EASTAR and ASPL is 31 December.

~ Audited by an auditor other than Baker Tilly Monteiro Heng PLT.

^ Struck off during the financial year.

Non-controlling interests in subsidiaries

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

9. INVESTMENT IN ASSOCIATES

	Group	
	2023	2022
	RM	RM
Unquoted shares, at cost	61,699,516	61,699,516
Share of post-acquisition reserves	<u>(61,699,516)</u>	<u>(61,699,516)</u>
	<u>-</u>	<u>-</u>

Details of the associates are as follows:

Name of company	Principle place of business/ Country of incorporation	Effective equity interest		Principal activities
		2023	2022	
		%	%	
<i>(i) Held through AMLI:</i>				
TH-Alam Holdings (L) Inc. ("THAH") ^*	Federal Territory of Labuan, Malaysia	49	49	Investment holding
<i>(ii) Held through THAH:</i>				
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

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. INVESTMENT IN ASSOCIATES (continued)

^ Equity accounted using unaudited management financial statements as auditors' report is not available for the financial year ended 30 June 2023. 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.	
	2023	2022
	RM	RM
Group		
Assets and liabilities		
Current assets	31,812,706	3,729,250
Non-current assets	130,813,443	135,620,057
Current liabilities	<u>(180,715,036)</u>	<u>(178,590,770)</u>
Net liabilities	<u>(18,088,887)</u>	<u>(39,241,463)</u>
Results:		
Revenue	55,817,052	57,228,778
Profit/(Loss) for the financial year/period, representing total comprehensive income/(loss)	<u>21,152,576</u>	<u>(21,100,445)</u>
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	<u>(61,699,516)</u>	<u>(61,699,516)</u>
Carrying amount in the statements of financial position	<u>-</u>	<u>-</u>
Group's share of results		
Group's share of profit/(loss), representing Group's share of total comprehensive income/(loss)	<u>-</u>	<u>-</u>

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 RM14,882,276 (2022: RM25,247,038).

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. INVESTMENT IN JOINT VENTURES

	Group	
	2023	2022
	RM	RM
Unquoted shares, at cost	34,325,133	99,771,377
Share of post-acquisition reserves	<u>3,626,302</u>	<u>(25,397,278)</u>
	37,951,435	74,374,099
Less: Impairment losses	<u>(33,825,133)</u>	<u>(59,554,619)</u>
	<u><u>4,126,302</u></u>	<u><u>14,819,480</u></u>

Details of joint ventures are as follows:

Name of company	Principle place of business/ Country of incorporation	Effective equity interest		Principal activities
		2023	2022	
		%	%	
(i) <i>Held by AMSB:</i>				
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	Ship owning, operating and chartering
Alam Synergy II (L) Inc. ("AS II") *~	Federal Territory of Labuan, Malaysia	-	60	Ship owning, operating and chartering
Alam Synergy III (L) Inc. ("AS III") *~	Federal Territory of Labuan, Malaysia	-	60	Ship owning, operating and chartering
Alam Radiance (M) Sdn. Bhd. ("ARMSB") *	Malaysia	50	50	Ship owning, ship management, ship operation, maintenance and 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		Principal activities
		2023 %	2022 %	
<i>(i) Held by AMSB (continued):</i>				
YSS Alam Energy (M) Sdn. Bhd. ("YSS Alam") *~	Malaysia	-	50	Ship owning, ship management, ship operation, maintenance and consultancy
<i>(ii) Held by AMLI:</i>				
Workboat International DMCCO ("WBI") *~	United Arab Emirates	-	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

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		Principal activities
		2023 %	2022 %	
<i>(iii) Held through</i>				
<i>ALAM-PE(H):</i>				
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 II") *^	Federal Territory of Labuan, Malaysia	51	51	Ship owning, operating and chartering
Alam-PE III (L) Inc. ("ALAM-PE III") *^	Federal Territory of Labuan, Malaysia	51	51	Ship owning, operating and chartering
Alam-PE IV (L) Inc. ("ALAM-PE IV") *^	Federal Territory of Labuan, Malaysia	51	51	Ship owning, operating and chartering
Alam-PE V (L) Inc. ("ALAM-PE V") *^	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
<i>(iv) Held through AMIH:</i>				
Deepsea Leader Venture (L) Inc. ("DLV") *~	Federal Territory of Labuan, Malaysia	-	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		Principal activities
		2023 %	2022 %	
(v) <i>Held through DLV:</i> MDSV 1 (L) Inc. ("MDSV") *~	Federal Territory of Labuan, Malaysia	-	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) <i>Held through Alam JV:</i> Wide Global (L) Inc. ("WG") *~	Federal Territory of Labuan, Malaysia	-	50	Investment holding and ship owning
(vii) <i>Held through AHSB:</i> 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.

~ Struck off during the financial year.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

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)	SWS
2023	Group	RM
Assets and liabilities	RM	RM
Non-current assets	41,165,485	1,545,690
Current assets	13,317,525	85,258,370
Non-current liabilities	(7,120,782)	-
Current liabilities	(5,595,716)	(78,551,454)
Net assets	<u>41,766,512</u>	<u>8,252,606</u>
Results:		
Revenue	17,331,551	248,604,851
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income	<u>(6,286,095)</u>	<u>7,144,129</u>
2022		
Assets and liabilities		
Non-current assets	49,557,330	806,335
Current assets	9,344,947	56,209,197
Non-current liabilities	(7,803,473)	-
Current liabilities	(3,046,197)	(47,907,055)
Net assets	<u>48,052,607</u>	<u>9,108,477</u>
Results:		
Revenue	12,720,840	222,079,852
(Loss)/Profit for the financial period, representing total comprehensive (loss)/income	<u>(47,608,279)</u>	<u>14,994,295</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2023	2022
	RM	RM
Deferred tax assets/(liabilities)		
At beginning of the financial year/period	(164,455)	(3,382,611)
Recognised in profit or loss (Note 26)	(338,906)	3,072,673
Translation differences	(59,138)	145,483
	<u>(562,499)</u>	<u>145,483</u>
At end of the financial year/period	<u>(562,499)</u>	<u>(164,455)</u>

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

	Group	
	2023	2022
	RM	RM
Deferred tax assets	168,251	1,212,889
Deferred tax liabilities	(730,750)	(1,377,344)
	<u>(562,499)</u>	<u>(164,455)</u>

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

	Group	
	2023	2022
	RM	RM
Deferred tax assets		
Unused tax losses	499,347	1,079,285
Unabsorbed capital allowance	-	1,235,582
Differences between the carrying amounts of property, vessels and equipments and their tax base	(331,096)	(1,101,978)
	<u>168,251</u>	<u>1,212,889</u>
Deferred tax liabilities		
Differences between the carrying amounts of property, vessels and equipments and their tax base	(730,750)	(1,377,344)
	<u>(730,750)</u>	<u>(1,377,344)</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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	
	2023	2022
	RM	RM
Deductible temporary differences	(12,939,433)	(16,718,205)
Unabsorbed capital allowance	1,588,533	1,702,129
Unused tax losses	<u>54,766,722</u>	<u>49,288,072</u>
	<u>43,415,822</u>	<u>34,271,996</u>
Potential deferred tax assets not recognised at 24% (2022: 24%)	<u>10,419,797</u>	<u>8,225,279</u>

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
	2023
	RM
2028	4,839,767
2029	16,308
2030	35,254,372
2031	4,649,350
2032	4,528,275
2033	<u>5,478,650</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. OTHER INVESTMENT

	Group	
	2023	2022
	RM	RM
Non-current:		
Financial assets designated at fair value through other comprehensive income ("DFVOCI")		
At fair value:		
Golf club membership	<u>350,000</u>	<u>350,000</u>

13. CONTRACT ASSETS

	Group	
	2023	2022
	RM	RM
Contract assets relating to construction service contracts	-	6,762,630
Contract assets relating to subsea service contracts	<u>66,653,992</u>	<u>-</u>
	<u>66,653,992</u>	<u>6,762,630</u>

(a) Significant changes in contract balances

	Group	
	2023	2022
	Contract assets increase/ (decrease)	Contract assets increase/ (decrease)
	RM	RM
Increase due to consideration received from customers, but revenue not recognised	66,653,992	6,762,630
Transfer from contract assets recognised at the beginning of the period to receivables	<u>(6,762,630)</u>	<u>(6,385,531)</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Current:					
Trade					
Third parties		76,624,542	126,358,152	-	-
Joint ventures		6,535,405	13,520,094	-	-
Associates		31,225	31,225	-	-
		83,191,172	139,909,471	-	-
Less: Impairment losses					
- third parties		(45,001,630)	(64,531,738)	-	-
- joint ventures		(4,534,685)	(13,487,618)	-	-
- associates		(31,225)	(31,225)	-	-
		(49,567,540)	(78,050,581)	-	-
(a)		33,623,632	61,858,890	-	-

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Non-trade					
Other receivables		12,140,984	29,350,990	8,691	8,691
Amounts owing by subsidiaries	(c)	-	-	328,290,013	433,011,639
Amounts owing by joint ventures	(c)	52,598,051	180,084,722	67,884	4,749,643
Amounts owing by associates	(c)	159,818	1,224,343	18,485	37,178
Deposits		166,158	110,168	-	-
Prepayments		233,675	5,594,928	-	-
		65,298,686	216,365,151	328,385,073	437,807,151
Less: Impairment losses					
- amounts owing by subsidiaries		-	-	(327,185,714)	(235,509,840)
- amounts owing by joint ventures		(37,219,712)	(144,780,665)	(67,884)	(4,713,118)
- amounts owing by associates		(159,818)	(1,224,343)	(18,485)	(37,179)
- other receivables		(13,944)	(13,944)	-	-
	(b)	(37,393,474)	(146,018,952)	(327,272,083)	(240,260,137)
		27,905,212	70,346,199	1,112,990	197,547,014
Total trade and other receivables		61,528,844	132,205,089	1,112,990	197,547,014

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 (2022: 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	
	2023	2022
	RM	RM
At beginning of the financial year/period	78,050,581	75,834,939
Charge for the financial year/period (Note 25)	3,074,303	9,461,970
Reversal of impairment losses (Note 25)	(9,839,849)	(3,678,686)
Written off	<u>(21,717,495)</u>	<u>(3,567,642)</u>
At end of the financial year/period	<u>49,567,540</u>	<u>78,050,581</u>

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
At beginning of the financial year/period	146,018,952	194,729,642	240,260,137	4,750,297
Charge for the financial year/period (Note 25)	28,593,443	22,822,284	196,569,084	235,509,840
Reversal of impairment losses (Note 25)	(6,282,213)	-	(6,902,010)	-
Written off	<u>(130,936,708)</u>	<u>(71,532,974)</u>	<u>(102,655,128)</u>	<u>-</u>
At end of the financial year/period	<u>37,393,474</u>	<u>146,018,952</u>	<u>327,272,083</u>	<u>240,260,137</u>

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

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	44,499,227	21,433,613	6,403,201	2,216,038
Short-term deposits	<u>8,107,735</u>	<u>20,844,224</u>	<u>-</u>	<u>-</u>
	<u>52,606,962</u>	<u>42,277,837</u>	<u>6,403,201</u>	<u>2,216,038</u>

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

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
Short-term deposits		8,107,735	20,844,224	-	-
Less: Pledged deposits		<u>(8,107,735)</u>	<u>(20,844,224)</u>	<u>-</u>	<u>-</u>
		-	-	-	-
Cash and bank balances		44,499,227	21,433,613	6,403,201	2,216,038
Bank overdrafts	18	<u>(896,552)</u>	<u>(896,552)</u>	<u>-</u>	<u>-</u>
		<u>43,602,675</u>	<u>20,537,061</u>	<u>6,403,201</u>	<u>2,216,038</u>

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

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2023 Unit	2022 Unit	2023 RM	2022 RM
Issued and fully paid up:				
At beginning of the financial year/period	1,531,828,805	1,368,882,405	442,667,403	432,981,346
Issued during the financial year/period	-	162,946,400	-	9,686,057
At end of the financial year/period	<u>1,531,828,805</u>	<u>1,531,828,805</u>	<u>442,667,403</u>	<u>442,667,403</u>

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.

In the previous 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 in previous financial period rank pari passu in all respects with the existing ordinary shares of the Company.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. OTHER RESERVES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Premium paid on acquisition of non-controlling interest		(4,639,834)	(4,639,834)	-	-
Foreign currency translation reserve	(a)	1,556,582	2,067,875	-	-
Employee share option reserve	(b)	<u>165,616</u>	<u>165,616</u>	<u>165,616</u>	<u>165,616</u>
		<u>(2,917,636)</u>	<u>(2,406,343)</u>	<u>165,616</u>	<u>165,616</u>

(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:

(iii) First 20%: Year 2019

(iv) 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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 1.7.2022	Lapsed	Balance as at 30.6.2023	Exercisable as at 30.6.2023
22 April 2019	<u>69,413,828</u>	<u>(12,860,000)</u>	<u>56,553,828</u>	<u>39,587,680</u>
Grant date	Balance as at 1.1.2021	Lapsed	Balance as at 30.6.2022	Exercisable as at 30.6.2022
22 April 2019	<u>110,410,742</u>	<u>(40,996,914)</u>	<u>69,413,828</u>	<u>48,589,680</u>

The details of the exercisable options are as follows:

Exercise period	Exercisable options	Exercise price
22 April 2019 to 21 April 2020	11,310,766	RM0.105
30 June 2020 to 21 April 2021	28,276,914	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 2023 is 0.81 years (2022: 1.81 years).

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. LOANS AND BORROWINGS

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Non-current:					
Term loans	(a)	2,644,389	2,915,317	-	-
Lease liabilities	(b)	4,952	36,093	-	-
		<u>2,649,341</u>	<u>2,951,410</u>	<u>-</u>	<u>-</u>
Current:					
Term loans	(a)	11,180,998	10,260,499	-	-
Lease liabilities	(b)	31,141	99,406	-	-
Hire purchase payables	(c)	-	63,793	-	-
Bank overdrafts	(d)	896,552	896,552	-	-
Sukuk Ijarah MTN	(e)	52,055,248	55,818,377	52,055,248	55,818,377
Revolving credits	(f)	45,454,729	41,597,650	-	-
		<u>109,618,668</u>	<u>108,736,277</u>	<u>52,055,248</u>	<u>55,818,377</u>
		<u>112,268,009</u>	<u>111,687,687</u>	<u>52,055,248</u>	<u>55,818,377</u>
Total loans and borrowings:					
Term loans	(a)	13,825,387	13,175,816	-	-
Lease liabilities	(b)	36,093	135,499	-	-
Hire purchase payables	(c)	-	63,793	-	-
Bank overdrafts	(d)	896,552	896,552	-	-
Sukuk Ijarah MTN	(e)	52,055,248	55,818,377	52,055,248	55,818,377
Revolving credits	(f)	45,454,729	41,597,650	-	-
		<u>112,268,009</u>	<u>111,687,687</u>	<u>52,055,248</u>	<u>55,818,377</u>

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 4.95% to 7.67% (2022: 4.95% to 7.67%).

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

	Group	
	2023	2022
	RM	RM
Minimum lease payments:		
Not later than one year	30,000	104,998
Later than one year and not later than five years	11,000	41,000
	<u>41,000</u>	<u>145,998</u>
Less: Future finance charges	<u>(4,907)</u>	<u>(10,499)</u>
Present value of minimum lease payments	<u>36,093</u>	<u>135,499</u>
Present value of minimum lease payments:		
Not later than one year	31,141	99,406
Later than one year and not later than five years	4,952	36,093
	<u>36,093</u>	<u>135,499</u>
Less: Amount due within 12 months	<u>(31,141)</u>	<u>(99,406)</u>
Amount due after 12 months	<u>4,952</u>	<u>36,093</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. LOANS AND BORROWINGS (continued)

(c) Hire purchase payables

In the previous financial period, hire purchase payables of the Group bear interest at rates ranging from 4.64% to 6.45% per annum and were secured by the Group's motor vehicles under hire purchase arrangements as disclosed in Note 5(b).

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

	Group	
	2023	2022
	RM	RM
Minimum lease payments:		
Not later than one year	-	64,563
Less: Future finance charges	-	<u>(770)</u>
Present value of minimum lease payments	-	<u>63,793</u>
Present value of minimum lease payments:		
Not later than one year	-	63,793
Less: Amount due within 12 months	-	<u>(63,793)</u>
Amount due after 12 months	-	<u>-</u>

(d) Bank overdrafts

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

(e) 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.

(f) 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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Current:					
Trade					
Third parties	(d)	73,164,506	82,662,575	-	-
Joint ventures		61,603,718	85,152,580	-	-
	(a)	<u>134,768,224</u>	<u>167,815,155</u>	-	-
Non-trade					
Other payables		1,053,263	3,356,278	453,237	551,247
Accruals		19,062,426	10,491,329	11,805,282	8,189,031
Amount owing to immediate holding company	(b)	29,855	29,855	-	-
Amounts owing to joint ventures	(b)	9,101,636	42,502,657	320,304	149,011
Amounts owing to associates	(b)	11,256,127	5,090,409	-	-
		<u>40,503,307</u>	<u>61,470,528</u>	<u>12,578,823</u>	<u>8,889,289</u>
Total trade and other payables		<u><u>175,271,531</u></u>	<u><u>229,285,683</u></u>	<u><u>12,578,823</u></u>	<u><u>8,889,289</u></u>

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranging from 30 to 60 days (2022: 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).
- (d) In light of the proposed restructuring plan, the completeness of the trade payables, including any interests or penalties, has not been reliably determined by the directors.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. REVENUE

	Group	
	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Revenue from contract customers:		
Over time:		
Charter hire	28,244,927	36,763,574
Offshore installation and construction	22,130,357	36,461,747
Diving and subsea services	245,254,438	207,219,694
Other shipping related income	4,577,656	5,963,496
Vessel's management fees	5,735,179	8,946,863
Ship catering	3,287,192	3,241,920
	<u>309,229,749</u>	<u>298,597,294</u>
Revenue from other source:		
Rental income	1,373,670	1,673,798
	<u>310,603,419</u>	<u>300,271,092</u>

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 year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Salaries, bonuses and allowances	3,923,732	10,228,742
Defined contribution plans	325,449	812,286
Other staff related expenses	46,632	94,826
	<u>4,295,813</u>	<u>11,135,854</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. OTHER INCOME

	Group		Company	
	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Bad debt recovered	100,000	-	-	-
Gain on disposal of property, vessels and equipments	1,399,416	3,048,891	-	-
Gain on lease modification	-	2,498	-	-
Interest income	457,886	257,296	44,588	67,130
Interest recharged to subsidiaries	-	-	3,349,170	4,507,268
Net realised gain on foreign exchange	975,417	-	-	-
Net unrealised gain on foreign exchange	-	1,375,676	-	-
Rental income	203,977	430,915	-	-
Reversal of accruals	-	8,418,684	-	-
Waiver of debts	-	4,355,876	-	97,925,072
Others	61,224,639	1,819,560	-	-
	<u>64,361,335</u>	<u>19,709,396</u>	<u>3,393,758</u>	<u>102,499,470</u>

Included in others is an amount of RM60,619,083 being other income recognised arising from the Group's exercise on reconciling major balances in the financial position of the Group.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Salaries, bonuses and allowances	10,906,524	18,646,777	336,446	502,195
Defined contribution plans	1,110,554	1,836,383	-	-
Other staff related expenses	1,353,442	2,180,389	-	-
	<u>13,370,520</u>	<u>22,663,549</u>	<u>336,446</u>	<u>502,195</u>
Cost of sales	4,295,813	11,135,854	-	-
	<u>17,666,333</u>	<u>33,799,403</u>	<u>336,446</u>	<u>502,195</u>

Included in employee benefits expenses are:

Executive directors:

- fees	-	300,000	-	-
- other emoluments	2,161,593	3,446,816	-	-
	2,161,593	3,746,816	-	-

Non-executive directors:

- fees	243,337	459,428	243,337	459,428
- other emoluments	93,109	42,767	93,109	42,767

	<u>336,446</u>	<u>502,195</u>	<u>336,446</u>	<u>502,195</u>
Total directors' remuneration	<u>2,498,039</u>	<u>4,249,011</u>	<u>336,446</u>	<u>502,195</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. FINANCE COSTS

	Group		Company	
	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Interest expense on:				
- lease liabilities	7,479	18,422	-	-
- hire purchase payables	573	16,431	-	-
- revolving credit	3,857,079	1,971,028	-	-
- sukuk ijarah MTN	3,349,169	4,507,267	3,349,170	4,507,268
- term loans	451,374	880,460	-	-
- others	-	164,937	-	-
	<u>7,665,674</u>	<u>7,558,545</u>	<u>3,349,170</u>	<u>4,507,268</u>

25. PROFIT/(LOSS) BEFORE TAX

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

	Note	Group		Company	
		Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Auditors' remuneration					
- auditors of the Company					
- statutory audit					
- current year		452,000	392,000	160,000	140,000
- under provision in prior year		-	19,000	-	15,500
- non-statutory audit		8,000	8,000	8,000	8,000
- component auditors of the Group					
- statutory audit					
- current year		5,547	14,145	-	-
- over provision in prior year		(5,769)	-	-	-
		<u>(5,769)</u>	<u>-</u>	<u>-</u>	<u>-</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. PROFIT/(LOSS) BEFORE TAX (continued)

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

	Note	Group		Company	
		Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Depreciation of property, vessels and equipments	5	9,271,613	35,790,584	-	-
Depreciation of investment property	6	12,964	-	-	-
Expenses relating to short-term leases		1,848,333	3,944,543	-	-
Expenses relating to lease of low value assets		95,542	315,662	-	-
Impairment losses on:					
- property, vessels and equipment	5	4,325,708	109,500,239	-	-
- investment in subsidiaries	8	-	-	-	66,558,440
- trade receivables	14	3,074,303	9,461,970	-	-
- other receivables	14	28,593,443	22,822,284	196,569,084	235,509,840
Property, vessels and equipment written off	5	598,905	35,247	-	-
Reversal of impairment losses on trade receivables	14	(9,839,849)	(3,678,686)	-	-
Reversal of impairment losses on other receivables	14	(6,282,213)	-	(6,902,010)	-
Net realised loss on foreign exchange		-	189,134	-	1,434
Net unrealised loss on foreign exchange		473,781	-	-	664,373
Other receivables written off		12,186,639	8,174,123	-	-

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. TAX EXPENSE/(CREDIT)

The major components of income tax expense/(credit) for the financial year/period ended 30 June 2023 and 30 June 2022 are as follows:

	Group		Company	
	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	105,612	415,560	-	-
- Adjustment in respect of prior years	218,898	5,083	-	-
	324,510	420,643	-	-
Deferred tax (Note 11):				
- Origination of temporary differences	710,027	(597,929)	-	-
- Adjustment in respect of prior years	(371,121)	(2,474,744)	-	-
	338,906	(3,072,673)	-	-
Tax expense/(credit)	663,416	(2,652,030)	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year/period.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. TAX EXPENSE/(CREDIT) (continued)

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

	Group		Company	
	Financial year from 1.7.2022 to 30.6.2023	Financial period from 1.1.2021 to 30.6.2022	Financial year from 1.7.2022 to 30.6.2023	Financial period from 1.1.2021 to 30.6.2022
	RM	RM	RM	RM
Profit/(Loss) before tax	14,851,119	(212,150,663)	(192,173,266)	(207,631,249)
Taxation at applicable statutory tax rate of 24%	3,564,269	(50,916,159)	(46,121,584)	(49,831,500)
Effect of tax rates in other tax jurisdiction	(1,138,153)	(11,442,578)	-	-
Share of results of joint ventures	(857,295)	3,912,407	-	-
Non-taxable income	(19,761,791)	(28,693,596)	(1,656,482)	(23,502,017)
Non-deductible expenses	16,814,091	77,540,171	47,778,066	73,333,517
Deferred tax assets not recognised	2,194,518	9,417,386	-	-
Under/(Over) provision in prior years:				
- income tax	218,898	5,083	-	-
- deferred tax	(371,121)	(2,474,744)	-	-
Tax expense/(credit)	663,416	(2,652,030)	-	-

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per ordinary share

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

	Group	
	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Profit/(Loss) attributable to owners of the Company		
Profit/(Loss) for the financial year/period	<u>15,169,091</u>	<u>(209,151,862)</u>
Weighted average number of ordinary shares for basic loss per share	<u>1,531,828,805</u>	<u>1,476,248,750</u>
Basic earnings/(loss) per ordinary share (sen)	<u>0.99</u>	<u>(14.17)</u>

Diluted earnings/(loss) per ordinary share

The diluted earnings/(loss) per ordinary share of the Group for the financial year ended 30 June 2023 and financial period ended 30 June 2022 are same as the basic earnings/(loss) per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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	
	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Sales of goods				
Joint ventures:				
- Vessel's management fees	1,780,000	2,760,000	-	-
Subsidiaries:				
- Interest recharged to subsidiaries	-	-	3,349,170	4,507,268
- Waiver of debts	-	-	-	97,925,072
	<u>1,780,000</u>	<u>2,760,000</u>	<u>3,349,170</u>	<u>102,432,340</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM	Financial year from 1.7.2022 to 30.6.2023 RM	Financial period from 1.1.2021 to 30.6.2022 RM
Executive directors:				
- Fees	-	300,000	-	-
- Other emoluments	2,161,593	3,446,816	-	-
	2,161,593	3,746,816	-	-
Non-executive directors:				
- Fees	243,337	459,428	243,337	459,428
- Other emoluments	93,109	42,767	93,109	42,767
	336,446	502,195	336,446	502,195
Total directors' remuneration	2,498,039	4,249,011	336,446	502,195
Other key management personnel				
Short-term employee benefits	3,350,295	2,798,171	-	-
Post employment benefits	286,752	300,541	-	-
	3,637,047	3,098,712	-	-
	<u>6,135,086</u>	<u>7,347,723</u>	<u>336,446</u>	<u>502,195</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2023			
Financial assets			
Group			
Other investment	350,000	-	350,000
Trade and other receivables, net of prepayments	61,295,169	61,295,169	-
Cash and short-term deposits	52,606,962	52,606,962	-
	<u>114,252,131</u>	<u>113,902,131</u>	<u>350,000</u>
Company			
Trade and other receivables, net of prepayments	1,112,990	1,112,990	-
Cash and short-term deposits	6,403,201	6,403,201	-
	<u>7,516,191</u>	<u>7,516,191</u>	<u>-</u>
Financial liabilities			
Group			
Loans and borrowings	112,268,009	112,268,009	-
Trade and other payables	175,271,531	175,271,531	-
	<u>287,539,540</u>	<u>287,539,540</u>	<u>-</u>
Company			
Loans and borrowings	52,055,248	52,055,248	-
Trade and other payables	12,578,823	12,578,823	-
	<u>64,634,071</u>	<u>64,634,071</u>	<u>-</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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	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	<u>42,277,837</u>	<u>42,277,837</u>	-
	<u>169,237,998</u>	<u>168,887,998</u>	<u>350,000</u>
Company			
Trade and other receivables, net of prepayments	197,547,014	197,547,014	-
Cash and short-term deposits	<u>2,216,038</u>	<u>2,216,038</u>	-
	<u>199,763,052</u>	<u>199,763,052</u>	-
Financial liabilities			
Group			
Loans and borrowings	111,687,687	111,687,687	-
Trade and other payables	<u>229,285,683</u>	<u>229,285,683</u>	-
	<u>340,973,370</u>	<u>340,973,370</u>	-
Company			
Loans and borrowings	55,818,377	55,818,377	-
Trade and other payables	<u>8,889,289</u>	<u>8,889,289</u>	-
	<u>64,707,666</u>	<u>64,707,666</u>	-

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

Credit risk concentration profile

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

As at 30 June 2023, the Group has significant concentration of credit risk arising from three (2022: three) customers constituting 61% (2022: 67%) 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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2023	
Contract assets	66,653,992
Trade receivables	
Current	26,200,781
1-30 days past due	216,322
31-60 days past due	2,489,696
61-90 days past due	73,273
91-120 days past due	13,754
>120 days past due	4,629,806
	33,623,632
Impaired - individually	49,567,540
	<u>149,845,164</u>
At 30 June 2022	
Contract assets	6,762,630
Trade receivables	
Current	44,249,286
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
	61,858,890
Impaired - individually	78,050,581
	<u>146,672,101</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 and the Company maintain 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.

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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:

	Carrying amount RM	Contractual cash flows			Total RM
		Within 1 Year RM	Between 1 to 5 years RM	More than 5 years RM	
At 30 June 2023					
Financial liabilities					
Group					
Trade and other payables	175,271,531	175,271,531	-	-	175,271,531
Loans and borrowings	112,268,009	109,780,076	1,893,302	1,354,127	113,027,505
	<u>287,539,540</u>	<u>285,051,607</u>	<u>1,893,302</u>	<u>1,354,127</u>	<u>288,299,036</u>
Company					
Trade and other payables	12,578,823	12,578,823	-	-	12,578,823
Loans and borrowings	52,055,248	52,055,248	-	-	52,055,248
	<u>64,634,071</u>	<u>64,634,071</u>	<u>-</u>	<u>-</u>	<u>64,634,071</u>

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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)

	Carrying amount RM	Contractual cash flows			Total RM
		Within 1 Year RM	Between 1 to 5 years RM	More than 5 years 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
	<u>340,973,370</u>	<u>338,239,771</u>	<u>1,715,666</u>	<u>1,588,112</u>	<u>341,543,549</u>
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
	<u>64,707,666</u>	<u>64,707,666</u>	<u>-</u>	<u>-</u>	<u>64,707,666</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2023	
Cash and short-term deposits	568,338
Trade and other receivables	2,985,407
Trade and other payables	(3,785,352)
Loans and borrowings	<u>(10,883,925)</u>
	<u>(11,115,532)</u>
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	<u>(9,921,094)</u>
	<u>(9,921,816)</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 profit/(loss) for the financial year/period	
	2023	2022
	RM	RM
USD/RM - strengthen by 3%		
(2022: 3%)	(253,434)	(226,217)
- weaken by 3%		
(2022: 3%)	<u>253,434</u>	<u>226,217</u>

(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 profit/(loss) net of tax would have been RM105,073 (2022: RM100,136) 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.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 year (2022: no transfer in either directions).

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

	Carrying amount RM	Fair value of financial instruments carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	
Group					
30 June 2023					
Financial asset					
Other investment					
- golf club					
membership	350,000	-	350,000	-	350,000
30 June 2022					
Financial asset					
Other investment					
- golf club					
membership	350,000	-	350,000	-	350,000

Level 2 fair value

Fair value of financial instruments carried at fair value

The fair value of the golf club membership is determined by reference to its market value.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

29. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement (continued)

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

Carrying amount RM	Fair value of financial instruments not carried at fair value				Total RM
	Level 1 RM	Level 2 RM	Level 3 RM		
Group					
30 June 2022					
Financial liabilities					
Hire purchase					
payables	63,793	-	-	63,465	63,465

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of hire purchase payables is determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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) Subsea services

Provision of offshore facilities construction and installation services such as marine construction related services, subsea 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 materially 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 set on 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	Subsea services RM	Others RM	Adjustments RM	Total RM
At 30 June 2023					
Revenue					
Sales to external customers	60,342,700	246,236,798	4,023,921	-	310,603,419
Inter segment sales	1,780,000	-	3,222,451	(5,002,451)	-
Total revenue	<u>62,122,700</u>	<u>246,236,798</u>	<u>7,246,372</u>	<u>(5,002,451)</u>	<u>310,603,419</u>
Results					
Segment results	32,416,755	20,455,386	(211,992,993)	178,065,580	18,944,728
Finance costs	(7,565,766)	(1,887)	(3,453,923)	3,355,902	(7,665,674)
Share of results of joint ventures	-	3,572,065	-	-	3,572,065
Profit/(Loss) before tax	24,850,989	24,025,564	(215,446,916)	181,421,482	14,851,119
Tax expense	-	(386,439)	(276,977)	-	(663,416)
Profit/(Loss) for the financial year	<u>24,850,989</u>	<u>23,639,125</u>	<u>(215,723,893)</u>	<u>181,421,482</u>	<u>14,187,703</u>

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. SEGMENT INFORMATION (continued)

	Offshore support and services RM	Subsea services RM	Others RM	Adjustments RM	Total RM
At 30 June 2023					
Assets					
Segment assets	35,159,335	2,463,921	1,411,894	3,937,663	42,972,813
Investment in joint ventures	-	500,000	-	3,626,302	4,126,302
Unallocated assets	299,027,879	78,723,285	11,064,995	(206,850,287)	181,965,872
Total assets	<u>334,187,214</u>	<u>81,687,206</u>	<u>12,476,889</u>	<u>(199,286,322)</u>	<u>229,064,987</u>
Total liabilities	<u>701,245,189</u>	<u>73,622,297</u>	<u>77,608,445</u>	<u>(564,089,807)</u>	<u>288,386,124</u>
Other segment information:					
Depreciation:					
- property, vessels and equipment	7,458,614	1,613,790	440,091	(240,882)	9,271,613
Other significant non-cash expenses:					
Impairment losses on:					
- trade and other receivables	34,704,741	16,734	197,459,338	(200,513,067)	31,667,746
- property, vessels and equipment	-	4,325,708	-	-	4,325,708
Other receivables written off	12,045,336	51,037	90,266	-	12,186,639
Property, vessels and equipment written off	-	598,905	-	-	598,905

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. SEGMENT INFORMATION (continued)

	Offshore support and services RM	Subsea 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	<u>86,257,222</u>	<u>211,064,735</u>	<u>11,067,025</u>	<u>(8,117,890)</u>	<u>300,271,092</u>
Results					
Segment results	(323,682,156)	3,078,452	(228,916,385)	361,229,666	(188,290,423)
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)	365,758,137	(212,150,663)
Tax credit/(expense)	-	886,294	(341,136)	2,106,872	2,652,030
(Loss)/Profit for the financial period	<u>(354,986,068)</u>	<u>11,481,893</u>	<u>(233,859,467)</u>	<u>367,865,009</u>	<u>(209,498,633)</u>

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. SEGMENT INFORMATION (continued)

	Offshore support and services RM	Subsea 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 liabilities	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 and other receivables	53,444,969	579,590	237,111,452	(258,851,757)	32,284,254
- property, vessels and equipment	108,851,671	648,568	-	-	109,500,239
Other receivables written off	7,829,584	216,963	127,576	-	8,174,123
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)

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 ratios 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 year ended 30 June 2023 and 30 June 2022.

The Group and the Company monitor capital using a gearing ratio, 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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade and other payables	175,271,531	229,285,683	12,578,823	8,889,289
Loans and borrowings	112,268,009	111,687,687	52,055,248	55,818,377
Less: Cash and short-term deposits	<u>(52,606,962)</u>	<u>(42,277,837)</u>	<u>(6,403,201)</u>	<u>(2,216,038)</u>
Net debts	<u>234,932,578</u>	<u>298,695,533</u>	<u>58,230,870</u>	<u>62,491,628</u>
Equity attributable to the owners of the Company	<u>(59,321,137)</u>	<u>(72,790,598)</u>	<u>(57,117,880)</u>	<u>135,055,386</u>
Capital and net debts	<u>175,611,441</u>	<u>225,904,935</u>	<u>1,112,990</u>	<u>197,547,014</u>
Gearing ratio	<u>134%</u>	<u>132%</u>	<u>5232%</u>	<u>32%</u>

ALAM MARITIM RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

- (i) On 31 October 2022, the Company announced that it had triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 (“PN17”) of the Main Market Listing Requirements (“MMLR”) of Bursa Securities. Hence, on even date, the Company is considered as a PN17 listed issuer. The Company has 12 months to submit the regularisation plan to the relevant authorities for approval.

On 17 October 2023, the Company has submitted the application to Bursa Securities for extension of time for the Company to submit its proposed regularisation plan in relation to PN17 of the MMLR of Bursa Securities.

- (ii) On 28 February 2023, the Company announced that the Company had received a letter dated 24 February 2023 from Corporate Debt Restructuring Committee (“CDRC”) of Bank Negara Malaysia stating that the Company has been discharged from the purview CDRC.

- (iii) On 10 April 2023, the High Court of Malaya at Kuala Lumpur granted the Company and its wholly owned subsidiary, Alam Maritim (M) Sdn. Bhd. (collectively “Applicants”) the following Orders pursuant to Sections 366 and 368 of the Companies Act 2016 for, among others:

- (i) An extension of time for leave 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 within six (6) months from 11 April 2023; and
- (ii) An extension of time for the restraining order dated 11 January 2023, pursuant to Section 368(1) of the Companies Act 2016, whereby all current and further proceedings in any legal actions or proceedings against AMSB and/or the assets of AMSB be restrained and stayed except by leave of Court for a period of six (6) months from 11 April 2023.

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 extension of time has since expired on 11 October 2023. As the Applicants are still in discussions with parties to potentially participate in the proposed scheme of arrangement, the Applicants had on 17 October 2023 made a fresh application to the High Court for orders to hold the scheme creditors meetings and for a restraining order in relation to AMSB.

Registration No. 200501018734 (700849-K)

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 10 to 115 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 2023 and of their financial performance and cash flows for the financial year then ended.

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: 18 October 2023

Registration No. 200501018734 (700849-K)

ALAM MARITIM RESOURCES BERHAD

(Incorporated in Malaysia)

STATUTORY DECLARATION

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

I, **SITI SARAH BINTI ABDULLAH**, 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 10 to 115 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.

.....
SITI SARAH BINTI ABDULLAH
(MIA Membership No: 31650)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 18 October 2023.

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 2023 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 115.

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 year ended 30 June 2023, the Company incurred a net loss of RM192,173,266, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM103,558,412 and RM57,117,880 respectively and recorded a capital deficiency of RM59,321,137 and RM57,117,880 respectively. The Group and Company also recorded a negative operating cash flows of RM17,593,324 and RM2,381,709 respectively during the financial year ended 30 June 2023.

The Group is currently in the process of discussing with parties on a potential debt restructuring scheme which may include:

- (i) Participation of a white knight, together with provision of rescue funding;
- (ii) Settlement of amounts owing to financial institutions and creditors; and
- (iii) Capital reduction of the issued share capital of the Company.

**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.

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; 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. *Recoverability of other receivables*

As disclosed in Note 14 to the financial statements, the trade and other receivables of the Group amounted to RM61,528,844. Included in the trade and other receivables balances is a total amount of other receivables amounted to RM11,667,890 that the directors 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 2023 or on its financial performance for the year then ended.

3. *Unverified trade payables*

As disclosed in Note 19(d) to the financial statements, the trade payables of the Group as at end of the financial year amounted to RM73,164,506. In light of the proposed restructuring plan, the completeness of the trade payables, including any interests or penalties, has not been reliably determined by the directors.

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 2023 or on its financial performance for the year then ended.

4. *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 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.

5. *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 RM6,349,953. 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 2023 or on its financial performance for the year then ended.

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

Basis for Disclaimer of Opinion (continued)

6. *Other income*

As disclosed in Note 22 to the financial statements, included in other income for the financial year ended 30 June 2023 is other income amounting to RM60,619,083 being other income recognised arising from the Group's exercise on reconciling major balances in the financial position of the Group in which the nature and amount cannot be reliably determined.

Accordingly, we have not been able to obtain sufficient and appropriate audit evidence concerning this other income. Therefore, we could not determine the effect of adjustment, if any, on the financial statements of the Group as at 30 June 2023 or on its financial performance for the year then ended.

7. *Disclaimer of opinion in previous financial year's auditors' report*

Our auditors' report on the financial statements for the financial period ended 30 June 2022 included disclaimer of opinion which includes matters that we were unable to obtain sufficient and appropriate audit evidence on property, vessels and equipment, contract assets, other receivables, bank balances, trade and other payables, investment in joint ventures, loans and borrowings, non-controlling interests, amounts owing from subsidiaries, intercompany balances and consolidated and equity accounted unaudited subsidiaries, associates and joint ventures.

Since the opening amount of the above balances affect the determination of the results of operations, we are unable to determine whether any adjustment to the results of the operations and retained earnings might be necessary for the previous financial period ended 30 June 2022.

Our opinion on the current year's financial statements is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

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

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.

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.

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

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.

Other Matters

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: 18 October 2023