

CHAIRMAN'S STATEMENT

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On behalf of the Board of Directors (“Board”) and the management team (“Management”) of Alam Maritim Resources Berhad (“AMRB”) and its subsidiaries (collectively referred to as “the Group”), I hereby present our Annual Report and audited financial performance for the financial period ended 30 June 2023 (“FY2022-23”).



**FINA NORHIZAH BINTI HAJI
BAHARU ZAMAN**
Chairman

The World in FY2022-23

The year 2022 began with a sense of optimism as most countries entered the endemic phase of the COVID-19 pandemic, foregoing the lockdown and social distancing approach adopted in the previous two years. Economic recovery was well underway as business sectors reopened in full. The hopeful outlook during the early part of the year under review was underpinned by several factors, including the continued elevation of oil prices at current levels.

In spite of the hopeful outlook, the lingering impact of the pandemic, compounded by the prolonged Russia-Ukraine conflict, resulted in the global economic slowdown that led to a protracted period of sluggish growth and elevated inflation. The fragile post-pandemic economic recovery was upended, triggering a crisis that drove up food and commodity prices and exacerbated inflationary pressure worldwide. COVID-19 lockdowns in China, supply chain disruptions and the risk of stagflation also hampered economic growth and sparked recession fears.

For the oil and gas industry, however, there was the expected recovery in investment spending albeit from players that took

a cautious approach on their capital spending that resulted in improved activity levels. Overall, it was a positive forecast for the sector throughout 2023 despite PETRONAS' own warning that uncertainties in the energy market were expected to persist.

The Russia-Ukraine conflict sparked a new set of geopolitical and economic challenges for the world that continue to reverberate to this day. Oil and gas supply and demand have been impacted greatly as the war involves many parties and players that could disrupt the supply-chain flow. Notwithstanding, it is perceived that the conflict may support the need to increase further investments in the oil and gas industry going forward.

Despite the challenging economic landscape, the race by governments worldwide to continue reopening economies and lifting travel restrictions contributed to a surge in energy demand during the period. This positive development is poised to encourage investors to keep investing in business activities and growth projects.

Domestic Resilience

Having lifted the last of its COVID-19 restrictions, Malaysia faced stronger headwinds amid the pronounced market and

CHAIRMAN'S STATEMENT

economic volatility contributed mainly by the Russia-Ukraine conflict, economic sanctions by the United States and Europe on Russia and the consequent rapid increase of interest rates. However, the surge in oil prices during the initial half of 2022 allowed the Malaysian oil and gas sector to record one of its best performances in a while.

Malaysia also saw the entry of a new government that was focused on introducing new policies and strategies after a five-year period of stagnant growth due to political instability, apart from the economic impact of the pandemic and strained global geopolitical developments.

The country has since seen the return of relative political stability and clearer direction of policies and strategies – a good sign for the business community as it puts the nation back within the line of sight of foreign investors. This will allow the investors to take a longer-term view on investment and with it, take more risk in investing in the country.

Sustaining Value For Stakeholders

On 31 October 2022, AMRB announced that the Company has triggered the prescribed criteria pursuant to the Listing Requirement under Practice Note 17 ("PN17") after our independent Auditors, Baker Tilly Monteiro Heng PLT ("BT"), expressed a disclaimer of opinion in the Company's Audited Financial Statement for the financial period ended 30 June 2022.

The Company had taken steps to restructure the Company's debts in collaboration with the creditor banks, through a process facilitated via Bank Negara Malaysia's Corporate Debt Restructuring Committee ("CDRC"). Despite the Company being later discharged from the purview of CDRC in February 2023, we continued with our debt restructuring efforts with our scheme creditors. Simultaneously, the Company is in the midst of formulating a comprehensive regulation plan to address the PN17 status with the objective of returning the Company to a better financial standing.

These and other efforts to enhance our operational excellence and business focus, have been undertaken by the Company to manage the Company's recovery.

Amidst the volatile market landscape and the financial difficulties, AMRB continued to perform reasonably well, riding alongside the positive performances of the oil and gas majors operating in the country. The Group recorded total revenue of RM310 million for FY2022-23.

PETRONAS' record profitable performance also provided the impetus needed to support and push the local industry players to perform well and benefit from the positive spillover of the bullish market performance.

Throughout the financial year under review, AMRB's strategy to create meaningful and sustainable value for all our stakeholders was underpinned by three primary thrusts of operational excellence, commercial and growth delivery excellence.

The cornerstone of our operational excellence was our strong and reliable Health, Safety, Security and Environmental ("HSSE") performance. This is highly regarded by our clients as we strive to uphold the highest standards of HSSE by preserving operations' and branches' exceptional health and safety standards. The Group remains vigilant in eliminating, mitigating and managing risk and hazard identified in every element of our activities and processes to cultivate a safe work environment and protect the health and safety of our employees.

The Group's HSSE performance is generally comparable to, and in some cases is better than industrial standards as shown by the above performance statistics. We have achieved 1874 days Free from LTI Incident and 2,437,748.5 Group Manhours worked for FY2022-23. We recorded one (1) case of property/ equipment damage during the FY2022-23.

The Group remains vigilant in eliminating, mitigating and managing risk and hazard identified in every element of our activities and processes to cultivate a safe work environment and protect the health and safety of our employees.

Our commercial excellence was based on our need to be flexible and be able to react and respond to any need or business opportunities that would allow for maximisation of profitable revenue. This is best exemplified by our changing strategy as we shift our business focus from being a pure-play offshore support vessel ("OSV") provider to further entrenching our position as an integrated marine service provider.

Our growth delivery excellence was achieved through fulfilling customer satisfaction and thus helping the organisation in retaining and gaining repeat business. Not only does this strategy help the organisation to be a reliable and highly sought after strategic partner, but it also allows for expansion and diversification of business.

Corporate Governance

Strong corporate governance is a critical component of an organisation's business as it safeguards the interest of stakeholders and ensures the long-term sustainability of the organisation. The Group is committed to upholding an effective system of governance, integrity and compliance guided by best practices. Our ability to not only build but maintain our credibility among stakeholders, especially our clients and vendors, will foster greater trust and give us better insights into managing both the risks and opportunities present in the business.

CHAIRMAN'S STATEMENT

The current political environment in Malaysia has brought forth numerous initiatives, regulations and legislations aimed at protecting and encouraging investors to conduct their business here. Such moves are expected to have a positive impact on domestic economic development and provide transparency which will in turn build trust, enhance market integrity and foster a level playing field for all participants. Ethical leadership, effective corporate governance, transparency and robust regulatory oversight are essential to a healthy and sustainable business environment.

Outlook and Prospects

Economists and agencies predict a stabilised global market the second half of 2023 despite the sluggish global economy, thanks to strong demand from China and developing countries and supply cuts by top exporting countries such as Saudi Arabia and Russia.

We at AMRB remain focused on driving our strategic thrusts to accelerate growth and create stakeholders' value whilst navigating the industry and economic uncertainties. We have always recognised our responsibility to create positive impacts and to deliver sustainable value that benefits our business and stakeholders.

As part of our integrated approach, our strategic decisions are fully aligned with the Group's sustainability agenda. Hence, as can be seen from our performance in the past 3 years we have, during the downturn of the industry, demonstrated resilience and strength by successfully navigating challenges, advancing strategies and ultimately delivering value to our stakeholders. We remain committed to moving in the right direction and putting the Company on stronger and firmer footing to move forward to the next level of growth.

A Note of Appreciation

On behalf of the Board, I would like to convey my utmost appreciation to our directors for remaining steadfast and astute in their leadership and decision-making abilities to navigate AMRB through the tumultuous landscape of FY2022-23.

I wish to also reiterate the Board's heartfelt gratitude to the following individuals who have in one way or another contributed their expertise, experience and leadership in support of the business and growth of AMRB:-

- i. Encik Shamsul Saad, who stepped down as Executive Director on 21 February 2023.



- ii. Encik Ahmad Fairuz Azmi, who stepped down as Chief Operating Officer on 31 January 2023.
- iii. Encik Mohd Nasir Noh, who stepped down as Chief Financial Officer on 3 January, 2023.

On behalf of the Board of AMRB, I would like to wish them the very best in all their future endeavours.

The Board and AMRB's management would like to welcome our new Independent Director Mr. Yap Shuh Jian, who was appointed on 28 February 2023. From his illustrious background, Mr. Yap has brought with him a wide range of corporate and business knowledge and expertise, that will surely be of great value to the Board.

I also wish to express my sincerest thanks to Management for consistently and diligently striving to achieve AMRB's operational and business aspirations in spite of the challenges further wrought by the pandemic and other external matters beyond the Group's control. Their persistent hard work, industriousness, fortitude and loyalty have paved the Group's path through its many operating challenges throughout the years.

The Board and I would also like to thank our loyal shareholders, customers, business partners and all relevant stakeholders who continue to remain an invaluable facet of AMRB's journey. AMRB remains confident of the upcoming financial year and its many prospects as we continue building upon our solid business foundation and stakeholder's support to create more value for all involved.

**FINA NORHIZAH BINTI HAJI
BAHARU ZAMAN**

Chairman