



BUMIARMADA

BUMI ARMADA BERHAD

199501041194 (370398-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

The Board of Directors of Bumi Armada Berhad (“Bumi Armada” or “the Company” or “the Group”) would like to announce the following unaudited condensed consolidated financial statements for the third quarter ended 30 September 2020 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Note	Individual Quarter Ended			Cumulative Quarters Period Ended		
		30.09.2020 RM'000	30.09.2019 RM'000	+ / (-) %	30.09.2020 RM'000	30.09.2019 RM'000	+ / (-) %
Revenue		564,437	527,813	7	1,723,852	1,555,062	11
Cost of sales		(359,396)	(329,078)		(997,735)	(937,773)	
Gross profit		205,041	198,735		726,117	617,289	
Other operating income		50,853	81,819		92,368	109,811	
Selling and distribution costs		(1,263)	(2,369)		(3,421)	(5,190)	
Administrative expenses		(32,578)	(29,540)		(104,507)	(105,058)	
Operating profit before impairment		222,053	248,645	(11)	710,557	616,852	15
Impairment		(16,152)	-		(330,502)	-	
Operating profit		205,901	248,645	(17)	380,055	616,852	(38)
Finance costs		(116,710)	(143,386)		(381,824)	(408,190)	
Share of results of joint ventures and associates		(472)	54,749		(8,974)	123,675	
Profit/(Loss) before taxation		88,719	160,008	(45)	(10,743)	332,337	(103)
Taxation	18	(1,395)	(8,522)		(12,117)	(37,374)	
Profit/(Loss) for the financial period		87,324	151,486	(42)	(22,860)	294,963	(108)
Attributable to:							
- Owners of the Company		85,619	153,373	(44)	(18,575)	293,794	(106)
- Non-controlling interests		1,705	(1,887)		(4,285)	1,169	
		87,324	151,486		(22,860)	294,963	
Earnings per share (sen)	27						
- Basic		1.46	2.61		(0.32)	5.00	
- Diluted		1.46	2.61		(0.32)	5.00	

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarters Period Ended	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Profit/(Loss) for the financial period		87,324	151,486	(22,860)	294,963
Other comprehensive income/(expense)					
Items that may be reclassified subsequently to profit or loss					
- Fair value loss/(gain) on cash flow hedges		43,607	(91,646)	(180,168)	(221,089)
- Costs of hedging		(8,623)	(8,743)	17,383	(7,463)
- Foreign currency translation differences		(95,403)	(4,502)	40,757	31,420
- Share of other comprehensive income/(expense) of joint ventures		789	(2,431)	(3,061)	(5,005)
Items that will not be reclassified to profit or loss:					
- Financial assets at fair value through other comprehensive income:					
- Loss on fair value change		(902)	(6,364)	(10,217)	(2,264)
Other comprehensive expense for the financial period, net of tax		(60,532)	(113,686)	(135,306)	(204,401)
Total comprehensive income/(expense) for the financial period		26,792	37,800	(158,166)	90,562
Total comprehensive income/(expense) attributable to:					
- Owners of the Company		19,384	40,357	(155,179)	89,588
- Non-controlling interests		7,408	(2,557)	(2,987)	974
		26,792	37,800	(158,166)	90,562

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	5,309,449	5,940,608
Investments in joint ventures		1,037,036	1,056,059
Investment in associates		18,641	11,501
Financial assets at fair value through other comprehensive income		13,007	22,986
Finance lease receivables		4,693,481	4,789,815
Accrued lease rental		83,130	81,821
Contract assets		-	24,168
Amount due from a joint venture		37,161	22,857
Amount due from an associate		166,260	122,730
Derivative financial instruments	22	1,183	6,498
Deferred tax assets		22,959	21,958
		11,382,307	12,101,001
CURRENT ASSETS			
Inventories		3,083	5,635
Finance lease receivables		188,866	171,783
Trade receivables	20	528,629	416,786
Other receivables, deposits and prepayments		112,615	81,496
Contract assets		53,921	28,780
Amounts due from joint ventures		31,691	40,411
Amount due from an associate		19,409	8,739
Derivative financial instruments	22	692	8,888
Tax recoverable		14,298	11,041
Deposits, cash and bank balances		923,487	1,094,376
		1,876,691	1,867,935
Non-current assets classified as held-for-sale		15,220	10,227
TOTAL CURRENT ASSETS		1,891,911	1,878,162
TOTAL ASSETS		13,274,218	13,979,163

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
LESS: CURRENT LIABILITIES			
Trade payables and accruals		208,286	265,982
Other payables and accruals		236,965	282,072
Contract liabilities		55,662	26,395
Amounts due to joint ventures		2,338	1,550
Amount due to an associate		2,061	725
Lease liabilities		47,097	35,934
Borrowings – others	21	1,662,853	1,145,446
Borrowings – Armada Kraken Pte Ltd	21	-	1,332,047
Derivative financial instruments	22	52,732	10,442
Taxation		21,525	37,654
		2,289,519	3,138,247
NET CURRENT LIABILITIES		(397,608)	(1,260,085)
LESS: NON-CURRENT LIABILITIES			
Other payables and accruals		77,342	92,436
Contract liabilities		9,037	20,640
Lease liabilities		7,000	3,953
Borrowings	21	7,199,889	7,013,168
Derivative financial instruments	22	587,180	449,558
Deferred tax liabilities		46,784	48,021
		7,927,232	7,627,776
NET ASSETS		3,057,467	3,213,140
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		4,321,351	4,319,029
Reserves		(1,248,895)	(1,092,021)
		3,072,456	3,227,008
NON-CONTROLLING INTERESTS		(14,989)	(13,868)
TOTAL EQUITY		3,057,467	3,213,140
NET ASSETS PER SHARE (RM)		0.52*	0.55

* Based on 5,885,895,644 ordinary shares in issue as at 30 September 2020.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company								Non-controlling interests RM'000	Total equity RM'000
	Number of shares '000	Share capital RM'000	Foreign exchange reserve RM'000	Share option reserve RM'000	Hedging reserve RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000		
<u>2020</u>										
At 1 January 2020	5,876,525	4,319,029	1,203,934	5,289	(113,634)	8,864	(2,196,474)	3,227,008	(13,868)	3,213,140
Loss for the financial period	-	-	-	-	-	-	(18,575)	(18,575)	(4,285)	(22,860)
Other comprehensive income/(expense) for the financial period, net of tax	-	-	39,459	-	(165,846)	(10,217)	-	(136,604)	1,298	(135,306)
Total comprehensive income/(expense) for the financial period, net of tax	-	-	39,459	-	(165,846)	(10,217)	(18,575)	(155,179)	(2,987)	(158,166)
Transaction with owners:										
- Shares issued pursuant to the management incentive plan	9,371	2,322	-	(2,322)	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	2,493	-	-	-	2,493	-	2,493
- Changes in non-controlling interest	-	-	-	-	-	-	(1,866)	(1,866)	1,866	-
At 30 September 2020	5,885,896	4,321,351	1,243,393	5,460	(279,480)	(1,353)	(2,216,915)	3,072,456	(14,989)	3,057,467

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to Owners of the Company							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Number of shares '000	Share capital RM'000	Foreign exchange reserve RM'000	Share option reserve RM'000	Hedging reserve RM'000	Other reserves RM'000	(Accumu- lated losses)/ Retained earnings RM'000			
<u>2019</u>										
At 1 January 2019	5,870,937	4,314,815	1,240,259	10,151	58,275	1,298	(2,261,561)	3,363,237	6,903	3,370,140
Profit for the financial period	-	-	-	-	-	-	293,794	293,794	1,169	294,963
Other comprehensive income/(expense) for the financial period, net of tax	-	-	31,615	-	(233,557)	(2,264)	-	(204,206)	(195)	(204,401)
Total comprehensive income/(expense) for the financial period, net of tax	-	-	31,615	-	(233,557)	(2,264)	293,794	89,588	974	90,562
Transactions with owners:										
- Shares issued pursuant to the management incentive plan	5,588	4,214	-	(4,214)	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	4,481	-	-	-	4,481	-	4,481
- Employee share options forfeited	-	-	-	(6,469)	-	-	6,469	-	-	-
At 30 September 2019	5,876,525	4,319,029	1,271,874	3,949	(175,282)	(966)	(1,961,298)	3,457,306	7,877	3,465,183

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period Ended 30.09.2020 RM'000	Period Ended 30.09.2019 RM'000
OPERATING ACTIVITIES		
(Loss)/Profit for the financial period	(22,860)	294,963
Adjustments for non-cash items:		
Share of results of joint ventures and associates	8,974	(123,675)
Gain on disposal of property, plant and equipment and non-current assets held-for-sale	(10,722)	(31,968)
Gain on disposal of joint ventures	-	(36,111)
Fair value gain on remeasurement of a joint venture	(14,031)	-
Depreciation of property, plant and equipment	410,355	321,344
Fair value through profit or loss on derivative financial instruments	1,220	(5,801)
Bad debts written back	(22)	(3,209)
Net (writeback of allowance for impairment losses)/allowance for impairment losses	(10,328)	10,181
Unrealised foreign exchange loss	24,481	2,436
Share-based payment	2,493	4,481
Impairment of:		
- Non-current assets held-for-sale	16,152	-
- Property, plant and equipment	314,350	-
Interest income	(15,287)	(21,682)
Interest expense	378,364	412,765
Accretion of interest	2,240	1,226
Taxation	12,117	37,374
Operating profit before changes in working capital	1,097,496	862,324
Changes in working capital:		
Inventories	2,571	3,877
Finance lease receivables	94,585	117,414
Trade and other receivables	(83,484)	184,722
Trade and other payables	(109,802)	(237,301)
Joint ventures and associates	(1,932)	13,929
Cash from operations	999,434	944,965
Interest paid	(386,830)	(433,763)
Tax paid	(17,583)	(13,178)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	595,021	498,024
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(44,347)	(95,718)
Proceeds from disposal of property, plant and equipment	23,952	71,444
Advances to an associate	(41,565)	(125,631)
Interest received	15,982	22,939
Proceeds from redemption of redeemable preference shares in a joint venture	21,432	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(24,546)	(126,966)
FINANCING ACTIVITIES		
Repayment of borrowings	(1,031,795)	(3,465,014)
Proceeds from bank borrowings	273,724	2,889,513
Principal elements of operating lease payment	(3,628)	(4,442)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(761,699)	(579,943)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Period Ended 30.09.2020 RM'000	Period Ended 30.09.2019 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(191,224)	(208,885)
CURRENCY TRANSLATION DIFFERENCES	20,335	16,999
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	1,094,376	1,226,424
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	923,487	1,034,538
Cash and cash equivalents consist of:		
Deposits with licensed banks	524,860	917,201
Cash and bank balances	398,627	117,337
	923,487	1,034,538

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the reporting requirement as set out in Malaysian Financial Reporting Standards (“MFRS”) 134 on “Interim Financial Reporting”, Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited condensed consolidated financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2019. The results of the joint ventures are based on unaudited management accounts.

As at 30 September 2020, the Group’s current liabilities exceeded its current assets by RM397.6 million due to the classification of unsecured term loans of RM656.4 million as current liabilities as the repayment is due within 12 months from the balance sheet date.

A cash flow forecast for the 12 months from the reporting date was prepared to assess and confirm the appropriateness of the going concern basis for the preparation of the financial statements of the Group. The actions taken to address the Group’s debt obligations are disclosed in Note 21.

The significant accounting policies and methods of computation applied in the unaudited condensed consolidated financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2019, other than those disclosed below:

- (a) New amendments to MFRS and interpretations which are applicable to the Group effective on or after 1 January 2020:
- Amendments to References to the Conceptual Framework in MFRS Standards
 - Amendments to MFRS 2 “Share-Based Payment”
 - Amendments to MFRS 3 “Business Combinations”
 - Amendments to MFRS 101 “Presentation of Financial Statements”
 - Amendments to MFRS 108 “Accounting Policies, Changes in Accounting Estimates and Errors”
 - Amendments to MFRS 134 “Interim Financial Reporting”
 - Amendment to MFRS 137 “Provisions, Contingent Liabilities and Contingent Assets”
 - Amendment to MFRS 138 “Intangible Assets”
 - Amendments to References to the Conceptual Framework in MFRS Standards
 - Amendment to IC Interpretation 19 “Extinguishing Financial Liabilities with Equity Instruments”
 - Amendment to IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”
 - Amendments to MFRS 3 “Business Combinations” – Definition of a Business
 - Amendments to MFRS 101 “Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of Material
 - Amendments to MFRS 9, MFRS 139 and MFRS 7 “Interest Rate Benchmark Reform”
 - Amendment to MFRS 16 “Leases” – Covid-19-Related Rent Concessions

The adoption of the above amendments to MFRS and interpretations did not have any significant impact on the financial statements of the Group.

1. BASIS OF PREPARATION (CONTINUED)

- (b) Amendments to MFRS which are applicable to the Group effective for annual periods beginning on or after 1 January 2021:
- Interest Rate Benchmark Reform- Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
- (c) Amendments to MFRS which are applicable to the Group effective for annual periods beginning on or after 1 January 2022:
- Amendments to MFRS 116 “Property, Plant and Equipment” – Proceeds before Intended Use
 - Amendments to MFRS 137 “Provisions, Contingent Liabilities and Contingent Assets” – Onerous Contracts – Costs of Fulfilling a Contract
 - Amendments to Annual Improvements to MFRS Standards 2018–2020
 - Amendments to References to the Conceptual Framework in MFRS Standards
 - Amendments to MFRS 3 “Business Combinations”
- (d) Amendments to MFRS which are applicable to the Group effective for annual periods beginning on or after 1 January 2023:
- Amendments to MFRS 101 “Presentation of Financial Statements” – Classification of Liabilities as Current or Non-current

The adoption of the above amendments to MFRS may result in a change in accounting policy. The Group will quantify the effect of adopting these standards when the full standard is effective.

2. MANAGEMENT COMMENTARY

(A) Review of performance for the current year to date (“YTD”) results as compared with the previous YTD

Financial Indicators	YTD 30.09.2020 RM'000	YTD 30.09.2019 RM'000	Change RM'000
Segment revenue			
FPO ⁽¹⁾	1,453,822	1,323,036	130,786
OMS ⁽¹⁾	270,030	232,026	38,004
Total revenue	1,723,852	1,555,062	168,790
(Loss)/Profit for the financial period	(22,860)	294,963	(317,823)
Finance costs	381,824	408,190	(26,366)
Depreciation of property, plant and equipment	410,355	321,344	89,011
Impairment losses on vessels	330,502	-	330,502

The Group generated revenue of RM1,723.9 million for the financial period ended 30 September 2020 (“YTD 2020”), an increase of RM168.8 million compared to the financial period ended 30 September 2019 (“YTD 2019”). Revenue from the FPO segment increased due to improved vessel availability for Armada Kraken FPSO, while revenue from the OMS segment increased due to improved OSV ⁽²⁾ vessel utilisation from 49% in YTD 2019 to 56% in YTD 2020.

OSV vessel average utilisation rates for the cumulative quarters ended	YTD 30.09.2020 %	YTD 30.09.2019 %	Change in %
Group’s vessels	56	49	7
- Class A ⁽³⁾	53	44	9
- Class B ⁽⁴⁾	67	64	3

The Group generated a loss of RM22.9 million for YTD 2020 compared to a profit of RM295.0 million for YTD 2019 mainly due to impairment on vessels recognised in YTD 2020.

With reference to Note 10 Segmental Information, the FPO segment results increased to RM984.6 million for YTD 2020 as compared to RM758.3 million for YTD 2019 mainly due to higher revenue from Armada Kraken FPSO and lower operating costs from Armada Perdana FPSO (disposed in September 2019). The OMS segment results decreased to RM25.7 million for YTD 2020 as compared to RM77.4 million for YTD 2019 mainly due to foreign exchange losses arising from translation of fixed deposits and intercompany balances denominated in foreign currencies, which was offset by improved OSV vessel utilisation in YTD 2020.

Notes:

- ⁽¹⁾ FPO – Floating Production and Operations, and OMS – Offshore Marine Services.
- ⁽²⁾ OSV – Offshore Support Vessel.
- ⁽³⁾ Class A represents vessels which are less than 12 years old or more than 8000 brake horsepower and accommodation work barges which are more than 200 pax in capacity.
- ⁽⁴⁾ Class B represents vessels which are more than 12 years old or less than 8000 brake horsepower and accommodation work barges which are less than 200 pax in capacity.

2. MANAGEMENT COMMENTARY (CONTINUED)

(B) Review of performance of the current quarter as compared with the immediate preceding quarter

Financial Indicators	3rd Quarter 2020 RM'000	2nd Quarter 2020 RM'000	Change RM'000
Segment revenue			
FPO	470,497	521,219	(50,722)
OMS	93,940	85,577	8,363
Total revenue	564,437	606,796	(42,359)
Profit for the financial period	87,324	109,364	(22,040)
Finance costs	116,710	127,869	(11,159)
Depreciation of property, plant and equipment	131,538	136,108	(4,570)

The Group generated revenue of RM564.4 million for the quarter ended 30 September 2020 (“Q3 2020”), a decrease of RM42.4 million compared to the quarter ended 30 June 2020 (“Q2 2020”). The decrease from the FPO segment was due to lower vessel availability for Armada Kraken FPSO, which was offset by an increase in revenue from the OMS segment mainly due to higher OSV vessel utilisation in Q3 2020 as compared to Q2 2020.

OSV vessel average utilisation rates for the quarters ended	3rd Quarter 2020 %	2nd Quarter 2020 %	Change in %
Group’s vessels	56	55	1
- Class A	51	54	(3)
- Class B	78	63	15

The Group generated a profit of RM87.3 million for Q3 2020 compared to RM109.4 million in Q2 2020 mainly due to impairment on vessels recognised in Q3 2020.

With reference to Note 10 Segmental Information, the FPO segment results decrease to RM285.1 million for Q3 2020 as compared to RM345.0 million for Q2 2020 mainly due to lower revenue from Armada Kraken FPSO. The OMS segment results decreased to RM4.8 million for Q3 2020 as compared to RM13.9 million for Q2 2020 mainly due to foreign exchange losses arising from translation of fixed deposits denominated in foreign currency as compared to Q2 2020.

2. MANAGEMENT COMMENTARY (CONTINUED)

(C) Review of consolidated statement of financial position

Financial Indicators	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000	Change RM'000
Total assets	13,274,218	13,979,163	(704,945)
Total liabilities	(10,216,751)	(10,766,023)	549,272
Total equity	(3,057,467)	(3,213,140)	155,673

As at 30 September 2020, the Group had total assets of RM13,274.2 million, a decrease of 5% compared to 31 December 2019, mainly due to decrease in property, plant and equipment (“PPE”) and deposits, cash and bank balances. PPE decreased due to depreciation and impairment charged in YTD 2020. Deposits, cash and bank balances decreased mainly due to repayment of borrowings.

As at 30 September 2020, the Group had total liabilities of RM10,216.8 million, a decrease of 5% compared to 31 December 2019, mainly due to repayment of bank borrowings.

(D) Review of consolidated statement of cash flows

Financial Indicators	YTD 30.09.2020 RM'000	YTD 30.09.2019 RM'000	Change RM'000
Net cash flows generated from operating activities	595,021	498,024	96,997
Net cash flows used in investing activities	(24,546)	(126,966)	102,420
Net cash flows used in financing activities	(761,699)	(579,943)	(181,756)
Net decrease in cash and cash equivalents	(191,224)	(208,885)	17,661

The Group had higher net cash flows generated from operating activities in YTD 2020 compared to YTD 2019 mainly due to lower interest paid during YTD 2020, resulting from repayment of bank borrowings.

The Group had lower net cash flows used in investing activities in YTD 2020 compared to YTD 2019 due to lower advances to an associate and proceeds from redemption of redeemable preference shares in a joint venture during YTD 2020.

The Group had higher net cash flows used in financing activities in YTD 2020 compared to YTD 2019 due to higher net repayment of borrowings during YTD 2020.

2. MANAGEMENT COMMENTARY (CONTINUED)

(E) Critical accounting estimates and judgements

The Group's assessment of the impact from COVID-19 pandemic on the Group's operations and financial performance during the financial period ended 30 September 2020 ("YTD 2020") includes a review of the likelihood of increase in expected credit losses of financial assets, the decline in the recoverable amount of the vessels, the impact on earnings, and increased liquidity risks. The financial and operational impact from COVID-19 is as follows:

(i) Financial impact

Impairment of property, plant and equipment

An assessment was performed during the quarter ended 31 March 2020 ("Q1 2020") on the recoverable amount of certain vessels to determine whether the carrying value of these vessels are recoverable. The review was carried out in accordance with MFRS 136 "Impairment of Assets". In such evaluation, the estimated recoverable amount is determined based on the higher of an asset's value-in-use ("VIU") or fair value less costs to sell ("FV"). The recoverable amount was compared to the carrying value of each asset with identified impairment triggers. If the recoverable amount is lower, the carrying value of the asset is reduced to its estimated recoverable amount and the difference is regarded as an impairment loss. The Group considered each vessel within a segment as a cash-generating unit ("CGU") except for subsea construction assets which are determined to be one CGU. However, they are grouped together for disclosure purposes.

VIU is the present value of the future cash flows expected to be derived from the CGU. The FV represents an estimate of the amount received in the event the vessel is sold on a willing buyer and willing seller basis.

Based on the assessment, an impairment charge of RM314.3 million for property, plant and equipment was recognised for certain OMS vessels. The recoverable amount of OMS vessels was determined based on estimates and judgement with respect to key assumptions such as contracted value, discount rate and residual value; or estimated selling price net of costs of disposal in the event the vessel is expected to be sold on a willing buyer and willing seller basis.

In addition to the above, an impairment charge of RM16.2 million for non-current assets held for sale has been recognised during Q3 2020 based on the FV of the assets, in accordance with MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Revision of useful life and residual value

In Q1 2020, the Group revised the residual value of certain FPSO and OMS vessels based on the prevailing market conditions and the expected value to be obtained for these vessels at the end of their useful lives. In addition, the Group revised the useful life of certain OMS vessel costs based on the expected period of future economic benefits for the vessel costs. The revisions were accounted for as a change in accounting estimate and was effected on 1 January 2020. As a result, the depreciation charge in YTD 2020 increased by RM69.5 million.

(ii) Operational impact

The Group holds interests in associates involved in the construction of one (1) FPSO for the ONGC NELP Block KG – DWN 98/2 Development Project Cluster-II field located on the east coast of Kakinada, offshore India ("98/2 Project"). The construction of the FPSO has commenced but is delayed due to regulatory constraints imposed by the government of various countries following the COVID-19 pandemic. This has affected the work schedule of various sub-contractors operating in countries which manufacture major components for the FPSO. In addition, this has indirectly affected the timing to secure additional funding for the 98/2 Project.

As a result, a notice was issued to the charterer advising of a "Force Majeure Event" due to circumstances beyond the control of the associates and subcontractors of the 98/2 Project.

The associates remain committed to fulfil their obligations under the charter contract and are currently in discussion with the charterer regarding the construction timeline, as well as finalising various components of the funding structure.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

Oil prices are not expected to strengthen significantly over the next three months due to the global economic turmoil and on-going concerns of the COVID-19 pandemic. The Group expects the FPO business to be relatively stable through to the end of 2020, while the OMS business is anticipated to be weaker.

The Group will continue to focus on the following areas to improve the prospects for the organisation:

- Corporate and operational HSSEQ;
- Optimise performance across the FPO fleet;
- Cost efficiency and debt reduction;
- Secure charters for the OMS vessels; and
- Monetise selective assets.

4. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the audited financial statements for the preceding financial year ended 31 December 2019.

5. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial period ended 30 September 2020.

6. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

There were no items of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flow of the Group during the current quarter.

7. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the unaudited condensed consolidated financial statements of the Group, except as disclosed in Note 2(E).

8. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances or repayments of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

9. DIVIDENDS PAID

There were no dividends paid in the current financial period ended 30 September 2020.

10. SEGMENTAL INFORMATION

The Group is organised into 2 core business segments based on the type of activities carried out by its vessels. The information of each of the Group's business segments for the individual and cumulative quarters ended 30 September 2020 and 30 September 2019 are as follows:

Individual Quarter Ended 30.09.2020	FPO RM'000	OMS RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	470,497	93,940	-	-	564,437
Inter-segment revenue	-	-	19,386	(19,386)	-
Results					
Segment results	285,126	4,843	2,045	-	292,014
Depreciation of property, plant and equipment	(88,086)	(42,701)	(751)	-	(131,538)
Bad debts written back	-	23	-	-	23
Net writeback of allowance for impairment losses/ (allowance for impairment losses)	12,925	(2,224)	-	-	10,701
Impairment	-	(16,152)	-	-	(16,152)
Share of results of joint ventures and associates	2,098	(2,570)	-	-	(472)
Subtotal	212,063	(58,781)	1,294	-	154,576
Other operating income					50,853
Finance costs					(116,710)
Taxation					(1,395)
Profit for the financial period					87,324

Individual Quarter Ended 30.09.2019	FPO RM'000	OMS RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	453,863	73,950	-	-	527,813
Inter-segment revenue	-	-	28,605	(28,605)	-
Results					
Segment results	226,125	45,820	5,780	-	277,725
Depreciation of property, plant and equipment	(71,086)	(36,809)	(1,514)	-	(109,409)
Bad debts written back	3,209	-	-	-	3,209
Net allowance for impairment losses	(4,232)	(467)	-	-	(4,699)
Share of results of joint ventures and associate	66,970	(12,221)	-	-	54,749
Subtotal	220,986	(3,677)	4,266	-	221,575
Other operating income					81,819
Finance costs					(143,386)
Taxation					(8,522)
Profit for the financial period					151,486

10. SEGMENTAL INFORMATION (CONTINUED)

Cumulative Quarters Period Ended 30.09.2020	FPO RM'000	OMS RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	1,453,822	270,030	-	-	1,723,852
Inter-segment revenue	-	-	58,719	(58,719)	-
Results					
Segment results	984,552	25,651	7,991	-	1,018,194
Depreciation of property, plant and equipment	(265,343)	(142,107)	(2,905)	-	(410,355)
Bad debts written back	-	22	-	-	22
Net writeback of allowance for impairment losses/ (allowance for impairment losses)	12,925	(2,597)	-	-	10,328
Impairment	-	(330,502)	-	-	(330,502)
Share of results of joint ventures and associates	(6,404)	(2,570)	-	-	(8,974)
Subtotal	725,730	(452,103)	5,086	-	278,713
Other operating income					92,368
Finance costs					(381,824)
Taxation					(12,117)
Loss for the financial period					(22,860)

Cumulative Quarters Period Ended 30.09.2019	FPO RM'000	OMS RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	1,323,036	232,026	-	-	1,555,062
Inter-segment revenue	-	-	72,572	(72,572)	-
Results					
Segment results	758,302	77,389	(334)	-	835,357
Depreciation of property, plant and equipment	(211,112)	(105,379)	(4,853)	-	(321,344)
Bad debts written back	3,209	-	-	-	3,209
Net allowance for impairment losses	(9,714)	(467)	-	-	(10,181)
Share of results of joint ventures	135,308	(11,633)	-	-	123,675
Subtotal	675,993	(40,090)	(5,187)	-	630,716
Other operating income					109,811
Finance costs					(408,190)
Taxation					(37,374)
Profit for the financial period					294,963

Segmental revenue for FPO and OMS is mainly denominated in USD.

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

As at 30 September 2020, all property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment losses.

12. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

No material events have arisen in the interval between the end of this reporting period end and the date of this report.

13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group arising from business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructurings, and discontinued operations for the current quarter under review, except as follows:

Armada Floating Solutions Limited (“AFSL”), a wholly-owned subsidiary of Bumi Armada Berhad (“BAB”) was dissolved on 17 July 2020 upon issuance of the Certificate of Dissolution by the Registrar of Corporate Affairs of the British Virgin Islands (“BVI”). The dissolution of AFSL is in line with the BAB Group’s streamlining exercise and is not expected to have any material impact on the earnings or net assets of BAB Group for the financial year ending 31 December 2020.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group’s contingent liabilities comprising bank guarantees extended to third parties amounted to RM81.9 million as at 30 September 2020 as compared to RM80.1 million as at 31 December 2019. There are no material contingent assets to be disclosed.

15. CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment approved by the Directors and not provided for in the unaudited condensed consolidated financial statements as at 30 September 2020 and 31 December 2019 are as follows:

	As at 30.09.2020 RM’000	As at 31.12.2019 RM’000
- authorised and contracted	1,035	41,210
- authorised but not contracted	34,701	44,873
	<u>35,736</u>	<u>86,083</u>

16. SIGNIFICANT RELATED PARTY DISCLOSURES

The significant related party transactions undertaken during the financial period are described below:

	Cumulative Quarters Period Ended 30.09.2020 RM'000	Cumulative Quarters Period Ended 30.09.2019 RM'000
(a) Management fees and engineering assistance services receivable from joint ventures and an associate		
- revenue	1,444	5,213
- other operating income	46,586	-
(b) Payment on behalf of joint ventures	471	454
(c) Telecommunication expenses to Maxis Berhad ⁽¹⁾	(194)	(349)
(d) Rental to Malaysian Landed Property Sdn Bhd ⁽²⁾	(3,175)	(4,017)
(e) Transaction with UTSB Management Sdn Bhd ⁽³⁾		
- management fees	(5,559)	(5,295)
(f) Transactions with Mezzanine Equities N.V. ⁽³⁾		
- term loan facility	-	(125,631)
- Interest expense	(14,851)	-
(g) Transactions with an associate		
- advances to an associate	41,565	125,631
- Interest income	5,835	-
(h) Key management personnel compensation		
- Non-Executive Directors' fees	(1,720)	(1,680)
- salaries, bonus and allowances and other staff related costs	(8,569)	(10,872)
- defined contribution plan	(282)	(303)
- share-based payment	(2,200)	(3,282)

Usaha Tegas Sdn Bhd ("UTSB") is a party related to the Company by virtue of its substantial equity interest in Objektif Bersatu Sdn Bhd ("OBSB"), a substantial shareholder of the Company. The ultimate holding company of UTSB is PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have interest in the shares of the Company through UTSB's deemed interest in OBSB, they do not have any economic or beneficial interest in the shares as such interest is held subject to the terms of the discretionary trust.

Notes:

⁽¹⁾ Subsidiary of a joint venture, in which UTSB has a significant equity interest.

⁽²⁾ Subsidiary of a company in which TAK has 100% equity interest.

⁽³⁾ Subsidiary of UTSB, a substantial shareholder of the Company.

17. PROFIT FORECAST OR PROFIT GUARANTEE

This is not applicable as the Group did not publish any profit forecast or issue any profit guarantee.

18. TAXATION

Taxation comprises the following:

	Individual Quarter Ended		Cumulative Quarters Period Ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Income tax:				
- Current year	(192)	5,347	15,250	18,366
- Prior year	3,434	22	241	5,042
Deferred tax	(1,847)	3,153	(3,374)	13,966
Total	1,395	8,522	12,117	37,374

The Group's effective tax rates for the individual and cumulative quarters ended 30 September 2020 were positive 2% and negative 113% respectively. The difference in the effective tax rate and the Malaysian statutory tax rate of 24% is mainly due to income not subject to tax, tax effect of different tax rate in other countries and deferred tax assets not recognised.

19. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed as at the date of this report other than the announcement on 13 August 2013 that a USD1.5 billion Multi Currency Euro Medium Term Note Programme ("EMTN Programme") has been established on 6 August 2013 by a wholly-owned subsidiary, Bumi Armada Capital Offshore Ltd. To date, no medium term notes have been issued under the EMTN Programme.

20. TRADE RECEIVABLES

The credit terms of trade receivables ranged from 0 to 60 days. Ageing analysis of trade receivables as at 30 September 2020 and 31 December 2019 is as follows:

	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
Current	375,173	331,128
Less than 30 days past due	73,320	62,908
Between 31 and 60 days past due	70,948	15,083
Between 61 and 90 days past due	1,317	2,175
Between 91 days and 1 year past due	7,859	3,376
More than 1 year past due	12	2,116
	<u>528,629</u>	<u>416,786</u>

Trade receivables which are past due as listed above, are not impaired as the Group has assessed these balances and believes that they are recoverable.

21. BORROWINGS

	As at 30.09.2020			As at 31.12.2019			As at 30.09.2019		
	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
SHORT-TERM DEBTS									
Secured:									
Term loans – others	999,821	-	999,821	813,240	-	813,240	976,761	-	976,761
Term loans – Armada Kraken Pte Ltd ⁽¹⁾	-	-	-	1,332,047	-	1,332,047	1,477,403	-	1,477,403
Unsecured:									
Sukuk Murabahah – current	-	6,645	6,645	-	30,655	30,655	-	6,647	6,647
Term loans ⁽²⁾	656,387	-	656,387	301,551	-	301,551	338,210	-	338,210
Total short-term debts	1,656,208	6,645	1,662,853	2,446,838	30,655	2,477,493	2,792,374	6,647	2,799,021
LONG TERM DEBTS									
Secured:									
Term loans	4,037,694	-	4,037,694	3,222,717	-	3,222,717	3,236,200	-	3,236,200
Unsecured:									
Sukuk Murabahah	-	1,499,595	1,499,595	-	1,499,491	1,499,491	-	1,499,456	1,499,456
Term loans	1,662,600	-	1,662,600	2,290,960	-	2,290,960	2,345,112	-	2,345,112
Total long-term debts	5,700,294	1,499,595	7,199,889	5,513,677	1,499,491	7,013,168	5,581,312	1,499,456	7,080,768
Total borrowings	7,356,502	1,506,240	8,862,742	7,960,515	1,530,146	9,490,661	8,373,686	1,506,103	9,879,789

21. BORROWINGS (CONTINUED)

- (1) As at 31 December 2019, non-current borrowings for Armada Kraken Pte Ltd (“AKPL”) of RM1,332.0 million was classified as current liabilities due to existing non-compliances by AKPL under this loan, in particular the Armada Kraken FPSO project not achieving final acceptance by the scheduled date, where project lenders have the right to issue, but have not issued, a notice for full prepayment of the loan. Thus, AKPL did not have an unconditional right to defer payment of the non-current borrowings for at least 12 months after the balance sheet date.

In February 2020, the project lenders agreed to remove the risk of having to prepay the loan. Accordingly, the non-current borrowings was reclassified as non-current liabilities.

- (2) In April 2019, the Group signed a facility agreement with respect to the grant of unsecured term loans (“Loans”) to refinance the Group’s unsecured term loans and revolving credit facilities (“Facility Agreement”). The loan repayment requirements under the Facility Agreement include the following salient terms:
- (i) The Loans comprise a Tranche 1 facility of RM1,074.3 million and a Tranche 2 facility of RM1,652.8 million repayable over 24 months and 60 months respectively, from the Loans distribution date of 23 May 2019;
 - (ii) Disposal of the OMS business together with certain idle FPO vessels assuming commercially acceptable sale terms can be obtained; and
 - (iii) Surplus funds from operations and part of the net proceeds from certain strategic initiatives including from asset monetisation and new project financing, are to be used to repay the Loans.

As at 30 September 2020, RM656.4 million was classified as current liabilities as the repayment of the Tranche 1 facility is due within 12 months from the balance sheet date. The Group expects the progress of asset monetisation initiatives to be delayed due to weakened business sentiments and travel restrictions imposed globally following the COVID-19 pandemic. The Group remains committed to meeting its repayment obligations under the Facility Agreement, and is currently in discussion with lenders regarding the Tranche 1 outstanding balance.

In order to further manage and strengthen the cash flow position, the Group is taking the following measures:

- Pursue collections from customers; and
- Optimise cost structure.

As at 30 September 2020, the proportion of borrowings between floating interest rates and fixed interest rates is 83%:17%. The term loan facility that has floating interest rate has been partially hedged using Interest Rate Swap, while Sukuk Murabahah has been hedged using Cross Currency Interest Rate Swap, as disclosed in Note 22.

The weighted contractual interest/profit rates per annum of borrowings that were effective as at the end of the financial period are as follows:

	30.09.2020	31.12.2019	30.09.2019
	%	%	%
Term loans	3.70	5.37	5.56
Sukuk Murabahah	6.35	6.35	6.35

Borrowings as at 30 September 2020 decreased by 7% as compared to 31 December 2019 mainly due to repayment of bank borrowings which was offset by higher valuation of borrowings denominated in USD due to stronger USD rates in September 2020.

22. DERIVATIVE FINANCIAL INSTRUMENTS

Details of derivative financial instruments outstanding as at 30 September 2020 and 31 December 2019 are as set out below:

Types of Derivative	As at 30.09.2020		As at 31.12.2019	
	Contract/ Notional amount RM'000	Fair value liabilities RM'000	Contract/ Notional amount RM'000	Fair value assets/ (liabilities) RM'000
Derivatives used for hedging:				
Interest rate swaps				
- Less than 1 year	670,448	(42,717)	1,469,601	3,940
- 1 to 3 years	1,249,098	(67,517)	513,800	(8,412)
- More than 3 years	1,447,037	(52,201)	1,582,561	(11,536)
	<u>3,366,583</u>	<u>(162,435)</u>	<u>3,565,962</u>	<u>(16,008)</u>
Cross currency interest rate swaps				
- Less than 1 year	-	(9,323)	-	(5,494)
- 1 to 3 years	-	(22,723)	-	(18,374)
- More than 3 years	1,500,000	(443,556)	1,500,000	(404,738)
	<u>1,500,000</u>	<u>(475,602)</u>	<u>1,500,000</u>	<u>(428,606)</u>

There have been no changes since the end of the previous financial year ended 31 December 2019 in respect of the following:

- the credit risk associated with the derivatives as these are used for hedging purposes;
- the cash requirements of the derivatives;
- the policies in place for mitigating or controlling the risks associated with the derivatives; and the related accounting policies.

As at 30 September 2020, the net derivative financial liabilities of the Group amounted to RM638.0 million (31 December 2019: RM444.6 million) on re-measuring the fair values of the derivative financial instruments. The increase of RM193.4 million from the previous financial year ended 31 December 2019, was included in the cost of hedging reserve and cash flow hedge reserve (collectively "hedging reserve") attributable to the Group. Share of hedging reserve in the joint ventures of RM3.1 million was included in the hedging reserve.

RM29.5 million was reclassified to the statements of profit or loss to offset the foreign exchange gain which arose from the weakening of RM against USD, and RM1.2 million was recycled to profit or loss which was included in finance cost. This has resulted in an increase in the balance of hedging reserve as at 30 September 2020 by RM165.8 million.

The Group's hedging reserve as at 30 September 2020 represents the effective portion of the deferred fair value losses relating to the derivative financial instruments which qualified for hedge accounting. The gains and losses recognised in the hedging reserve will be released to the profit or loss within finance costs over the period of the underlying borrowings.

23. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value and amortised cost, the different levels have been identified as follows:

- Level 1 - Quoted prices (unadjusted in active markets for identical assets or liabilities)
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

(a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group approximated their fair values as at 30 September 2020 and 31 December 2019 except as set out below, measured using Level 3 valuation technique:

	As at 30.09.2020		As at 31.12.2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Finance lease receivables	4,882,347	5,527,693	4,961,598	5,622,626
Amount due from a joint venture	37,161	59,358	22,857	58,423
Amount due from an associate	166,260	163,902	122,730	116,032
Sukuk Murabahah	1,506,240	1,593,644	1,530,146	1,548,652

(b) Financial instruments carried at fair value

The table below analyses financial instruments carried at fair value as at 30 September 2020 and 31 December 2019, by valuation method.

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 30.09.2020				
Financial assets:				
Financial assets at fair value through other comprehensive income	13,007	-	-	13,007
Derivatives used for hedging				
- Cross currency interest rate swaps	-	1,875	-	1,875
Financial liabilities:				
Derivatives used for hedging				
- Interest rate swaps	-	(162,435)	-	(162,435)
- Cross currency interest rate swaps	-	(477,477)	-	(477,477)

23. FAIR VALUE HIERARCHY (CONTINUED)

(b) Financial instruments carried at fair value (continued)

The table below analyses financial instruments carried at fair value as at 30 September 2020 and 31 December 2019, by valuation method.

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 31.12.2019				
Financial assets:				
Financial assets at fair value through other comprehensive income	22,986	-	-	22,986
Derivatives used for hedging				
- Interest rate swaps	-	13,300	-	13,300
- Cross currency interest rate swaps	-	2,086	-	2,086
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities:				
Derivatives used for hedging				
- Interest rate swaps	-	(29,308)	-	(29,308)
- Cross currency interest rate swaps	-	(430,692)	-	(430,692)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The fair value of financial instruments traded in an active market is based on quoted market price at the statement of financial position date. This instrument is included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, such as estimated discounted cash flows. These valuation techniques are used to determine the fair value of derivative financial instruments. The fair value of cross currency interest rate swaps and interest rate swaps are calculated as the present value of the estimated future cash flows based on forward interest rates and exchange rates from observable yield curves.

No transfers between any levels of the fair value estimation took place during the current year and the comparative year. There were also no changes in the purpose of any financial instruments that subsequently caused a change in classification of those instruments.

24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Individual Quarter Ended 30.09.2020 RM'000	Individual Quarter Ended 30.09.2019 RM'000	Cumulative Quarters Period Ended 30.09.2020 RM'000	Cumulative Quarters Period Ended 30.09.2019 RM'000
Profit/(Loss) before taxation is arrived at after (crediting)/charging:				
(a) Other operating income				
- Interest income	(3,922)	(6,449)	(15,287)	(21,682)
- Gain on disposal of joint ventures	-	(36,111)	-	(36,111)
- Gain on disposal of property, plant and equipment and non-current assets held-for- sale	(101)	(29,877)	(10,722)	(31,968)
- Management fees charged to a joint venture and an associate	(29,390)	-	(46,586)	-
- Fair value gain on remeasurement of a joint venture	(14,031)	-	(14,031)	-
- Others	(3,409)	(9,382)	(5,742)	(20,050)
(b) Interest expense	115,869	141,736	378,364	412,765
(c) Accretion of receivables	860	490	2,240	1,226
(d) Depreciation of property, plant and equipment	131,538	109,409	410,355	321,344
(e) Bad debts written back	(23)	(3,209)	(22)	(3,209)
(f) Net allowance for impairment losses/(writeback of allowance for impairment losses)				
- Trade receivables	148	4,699	521	4,699
- Other receivables	172	-	172	-
- Amounts due from joint ventures	(11,021)	-	(11,021)	5,482
(g) Impairment of				
- Property, plant and equipment	-	-	314,350	-
- Non-current assets held-for- sale	16,152	-	16,152	-
(h) Net foreign exchange loss/(gain)				
- realised	4,299	3,589	(2,248)	(10,677)
- unrealised	5,634	2,053	24,481	2,436
(i) Fair value through profit and loss on derivative financial instruments	(19)	1,160	1,220	(5,801)
(j) Retrenchment expenses	-	-	130	35

Other than as presented in the statements of income and as disclosed above, there was no allowance for and write-off of inventories, gain or loss on disposal of quoted or unquoted investments or properties and other exceptional items for the current quarter ended 30 September 2020.

25. MATERIAL LITIGATION

Save for the following, as at 30 September 2020, neither our Company nor any of our subsidiaries was involved in any material litigation, claims or arbitration, and our Company and our subsidiaries are not aware of any material litigation, claims or arbitration pending or threatened against our Company and our subsidiaries:

(a) In the Supreme Court of Western Australia between Armada Balnaves Pte Ltd and Woodside Energy Julimar Pty Ltd

The matter arose out of a dispute between Armada Balnaves Pte Ltd (“ABPL”), our wholly-owned subsidiary, and Woodside Energy Julimar Pty Ltd (“WEJ”) in relation to a contract for the provision of floating production storage and offloading services dated 30 September 2011 (“Contract”). On 4 March 2016, WEJ purported to terminate the Contract by issuing a notice of termination to ABPL. ABPL considered that this purported termination by WEJ tantamount to a cancellation for convenience, or a repudiation of the Contract, either of which entitles ABPL to claim damages.

On 14 March 2016, ABPL commenced a writ action in the Supreme Court of Western Australia (“Supreme Court”) against WEJ for, inter alia, (i) a declaration that WEJ was in repudiatory breach of the Contract and (ii) damages for WEJ’s breach of the Contract. The trial for this matter commenced at the Supreme Court on 18 February 2019 and concluded on 27 March 2019. Judgment was delivered by the Supreme Court on 24 January 2020 as summarised below:

1. The Supreme Court ruled in favour of WEJ on ABPL’s main claim of repudiation of the Contract.
2. ABPL was found to be entitled to a payment of USD2,000,050 for unpaid milestone claims and AUD341,165.29 for unpaid invoices. ABPL was found to be required to pay WEJ AUD1,567,302.20 for reimbursement of miscellaneous charges.

The Supreme Court issued the final orders on the judgment on 20 February 2020. ABPL filed an appeal against the Supreme Court’s decision at the Court of Appeal on 11 March 2020. The court of appeal has listed the appeal hearing for July 2021.

26. DIVIDENDS

No dividend was declared or recommended for the current financial period ended 30 September 2020.

27. EARNINGS PER SHARE

The basic earnings per share (“EPS”) is calculated by dividing the Group’s profit attributable to Owners of the Company by the average number of ordinary shares in issue during the financial period.

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account:

- the after income tax effect of interest and other financing costs associated with the Management Incentive Plan (“MIP”); and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares from the MIP.

The MIP shares awarded were not dilutive for the period ended 30 September 2020 as there is one vesting condition to be satisfied before Quarter 3, 2020. Hence, the calculation of diluted earnings per share does not assume the vesting of the MIP.

	Individual Quarter Ended		Cumulative Quarters Period Ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Profit/(Loss) attributable to Owners of the Company (RM’000)	85,619	153,373	(18,575)	293,794
Weighted average/adjusted weighted average number of ordinary shares in issue for basic EPS (’000)	5,881,740	5,874,102	5,881,740	5,874,102
Basic EPS (sen)	1.46	2.61	(0.32)	5.00
Diluted EPS (sen)	1.46	2.61	(0.32)	5.00

BY ORDER OF THE BOARD

NOREEN MELINI BINTI MUZAMLI (LS 0008290)
NOOR HAMIZA BINTI ABD HAMID (MAICSA 7051227)
Joint Company Secretaries

Kuala Lumpur
19 November 2020