



BUMIARMADA

BUMI ARMADA BERHAD

199501041194 (370398-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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 fourth quarter and year ended 31 December 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 Year Ended		
		31.12.2020 RM'000	31.12.2019 RM'000	+ / (-) %	31.12.2020 RM'000	31.12.2019 RM'000	+ / (-) %
Revenue		616,038	515,643	19	2,339,889	2,070,705	13
Cost of sales		(388,486)	(579,491)		(1,386,221)	(1,517,264)	
Gross profit/(loss)		227,552	(63,848)		953,668	553,441	
Other operating income		4,907	31,796		97,276	141,607	
Selling and distribution costs		(1,093)	(5,668)		(4,515)	(10,858)	
Administrative expenses		(16,724)	(45,359)		(121,227)	(150,417)	
Operating profit/(loss) before impairment		214,642	(83,079)	358	925,202	533,773	73
Impairment		(26,824)	(43,656)		(357,326)	(43,656)	
Operating profit/(loss)		187,818	(126,735)	248	567,876	490,117	16
Finance costs		(109,816)	(147,312)		(491,641)	(555,502)	
Share of results of joint ventures and associates		60,349	23,901		51,374	147,576	
Profit/(Loss) before taxation		138,351	(250,146)	155	127,609	82,191	55
Taxation	18	(3,247)	(6,659)		(15,364)	(44,033)	
Profit/(Loss) for the financial period/year		135,104	(256,805)	153	112,245	38,158	194
Attributable to:							
- Owners of the Company		144,143	(235,176)	161	125,569	58,618	114
- Non-controlling interests		(9,039)	(21,629)		(13,324)	(20,460)	
		135,104	(256,805)		112,245	38,158	
Earnings per share (sen)	27						
- Basic		2.45	(4.00)		2.13	1.00	
- Diluted		2.45	(4.00)		2.13	1.00	

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarters Year Ended	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Profit/(Loss) for the financial period/year		135,104	(256,805)	112,245	38,158
Other comprehensive income/(expense)					
Items that may be reclassified subsequently to profit or loss					
- Fair value gain/(loss) on cash flow hedges		36,298	42,009	(143,870)	(179,080)
- Costs of hedging		(9,443)	18,942	7,940	11,479
- Foreign currency translation differences		(96,714)	(68,056)	(55,957)	(36,636)
- Share of other comprehensive income/(expense) of joint ventures		682	697	(2,379)	(4,308)
Items that will not be reclassified to profit or loss:					
- Financial assets at fair value through other comprehensive income:					
- Gain/(Loss) on fair value change		1,428	9,830	(8,789)	7,566
Other comprehensive (expense)/income for the financial period/year, net of tax		(67,749)	3,422	(203,055)	(200,979)
Total comprehensive income/(expense) for the financial period/year		67,355	(253,383)	(90,810)	(162,821)
Total comprehensive income/(expense) attributable to:					
- Owners of the Company		76,014	(231,638)	(79,164)	(142,050)
- Non-controlling interests		(8,659)	(21,745)	(11,646)	(20,771)
		67,355	(253,383)	(90,810)	(162,821)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,945,095	5,940,608
Investments in joint ventures		1,011,085	1,056,059
Investment in associates		20,093	11,501
Financial assets at fair value through other comprehensive income		13,964	22,986
Finance lease receivables		4,489,502	4,789,815
Accrued lease rental		80,406	81,821
Contract assets		-	24,168
Amount due from a joint venture		32,243	22,857
Amount due from an associate		186,301	122,730
Derivative financial instruments	22	1,735	6,498
Deferred tax assets		22,865	21,958
		10,803,289	12,101,001
CURRENT ASSETS			
Inventories		4,060	5,635
Finance lease receivables		189,101	171,783
Trade receivables	20	511,784	416,786
Other receivables, deposits and prepayments		98,517	81,496
Contract assets		54,299	28,780
Amounts due from joint ventures		10,574	40,411
Amount due from an associate		12,904	8,739
Derivative financial instruments	22	702	8,888
Tax recoverable		16,136	11,041
Deposits, cash and bank balances		894,781	1,094,376
		1,792,858	1,867,935
Non-current assets classified as held-for-sale		51,421	10,227
TOTAL CURRENT ASSETS		1,844,279	1,878,162
TOTAL ASSETS		12,647,568	13,979,163

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
LESS: CURRENT LIABILITIES			
Trade payables and accruals		164,101	265,982
Other payables and accruals		200,797	282,072
Contract liabilities		40,578	26,395
Amounts due to joint ventures		1,308	1,550
Amount due to an associate		962	725
Lease liabilities		45,835	35,934
Borrowings – others	21	1,539,516	1,145,446
Borrowings – Armada Kraken Pte Ltd	21	-	1,332,047
Derivative financial instruments	22	45,530	10,442
Taxation		20,043	37,654
		2,058,670	3,138,247
NET CURRENT LIABILITIES		(214,391)	(1,260,085)
LESS: NON-CURRENT LIABILITIES			
Other payables and accruals		118,045	92,436
Contract liabilities		11,056	20,640
Lease liabilities		6,556	3,953
Borrowings	21	6,766,919	7,013,168
Derivative financial instruments	22	506,184	449,558
Deferred tax liabilities		54,648	48,021
		7,463,408	7,627,776
NET ASSETS		3,125,490	3,213,140
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		4,321,351	4,319,029
Reserves		(1,172,213)	(1,092,021)
		3,149,138	3,227,008
NON-CONTROLLING INTERESTS		(23,648)	(13,868)
TOTAL EQUITY		3,125,490	3,213,140
NET ASSETS PER SHARE (RM)		0.53*	0.55

* Based on 5,885,895,644 ordinary shares in issue as at 31 December 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)/ Retained earnings 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
Profit/(Loss) for the financial year	-	-	-	-	-	-	125,569	125,569	(13,324)	112,245
Other comprehensive (expense)/income for the financial year, net of tax	-	-	(57,635)	-	(138,309)	(8,789)	-	(204,733)	1,678	(203,055)
Total comprehensive (expense)/income for the financial year, net of tax	-	-	(57,635)	-	(138,309)	(8,789)	125,569	(79,164)	(11,646)	(90,810)
Transaction with owners:										
- Shares issued pursuant to the management incentive plan	9,371	2,322	-	(2,322)	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	3,160	-	-	-	3,160	-	3,160
- Changes in non-controlling interest	-	-	-	-	-	-	(1,866)	(1,866)	1,866	-
At 31 December 2020	5,885,896	4,321,351	1,146,299	6,127	(251,943)	75	(2,072,771)	3,149,138	(23,648)	3,125,490

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	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)/ Retained earnings RM'000	Total 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/(Loss) for the financial year	-	-	-	-	-	-	58,618	58,618	(20,460)	38,158
Other comprehensive (expense)/income for the financial year, net of tax	-	-	(36,325)	-	(171,909)	7,566	-	(200,668)	(311)	(200,979)
Total comprehensive (expense)/income for the financial year-, net of tax	-	-	(36,325)	-	(171,909)	7,566	58,618	(142,050)	(20,771)	(162,821)
Transactions with owners:										
- Shares issued pursuant to the management incentive plan	5,588	4,214	-	(4,214)	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	5,821	-	-	-	5,821	-	5,821
- Employee share options forfeited	-	-	-	(6,469)	-	-	6,469	-	-	-
At 31 December 2019	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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended 31.12.2020 RM'000	Year Ended 31.12.2019 RM'000
OPERATING ACTIVITIES		
Profit for the financial year	112,245	38,158
Adjustments for non-cash items:		
Share of results of joint ventures and associates	(51,374)	(147,576)
Gain on disposal of property, plant and equipment and non-current assets held-for-sale	(11,555)	(33,624)
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	541,640	440,528
Fair value through profit or loss on derivative financial instruments	950	(6,385)
Bad debts written back	(144)	(3,209)
Net (writeback of allowance for impairment losses)/allowance for impairment losses	(12,562)	239,787
Unrealised foreign exchange loss	29,333	19,056
Share-based payment	3,160	5,821
Impairment of:		
- Non-current assets held-for-sale	42,976	-
- Property, plant and equipment	314,350	43,656
Interest income	(18,795)	(26,552)
Interest expense	487,516	559,986
Accretion of interest	3,175	1,901
Taxation	15,364	44,033
Operating profit before changes in working capital	1,442,248	1,139,469
Changes in working capital:		
Inventories	1,560	1,625
Finance lease receivables	136,259	153,031
Trade and other receivables	(74,563)	288,192
Trade and other payables	(130,386)	(264,435)
Joint ventures and associates	14,159	(25,622)
Cash from operations	1,389,277	1,292,260
Interest paid	(465,504)	(543,719)
Tax paid	(20,836)	(14,216)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	902,937	734,325
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(49,839)	(104,590)
Proceeds from disposal of property, plant and equipment and non-current assets classified as held for sale	37,056	73,103
Advances to an associate	(58,172)	(122,730)
Interest received	19,502	27,691
Proceeds from redemption of redeemable preference shares in joint ventures	31,755	78,779
Proceeds from disposal of investments in joint ventures	-	4,293
Dividend received from joint ventures	38,845	-
Repayments from a joint venture	4,197	-
Investment in associate	-	(9)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	23,344	(43,463)
FINANCING ACTIVITIES		
Repayment of borrowings	(1,381,605)	(3,685,077)
Proceeds from bank borrowings	273,724	2,877,505
Repayment of lease liabilities	(4,644)	(5,950)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(1,112,525)	(813,522)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year Ended 31.12.2020 RM'000	Year Ended 31.12.2019 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(186,244)	(122,660)
CURRENCY TRANSLATION DIFFERENCES	(13,351)	(9,388)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	1,094,376	1,226,424
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	894,781	1,094,376
Cash and cash equivalents consist of:		
Deposits with licensed banks	688,445	772,189
Cash and bank balances	206,336	322,187
	894,781	1,094,376

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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 31 December 2020, the Group’s current liabilities exceeded its current assets by RM214.4 million due to the classification of unsecured term loans of RM537.1 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”
 - 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 published standards and interpretations that have been issued but are not yet effective:

(i) Amendments to MFRS which are applicable to the Group effective for annual periods beginning on or after 1 January 2021:

- Amendment to MFRS 9, MFRS 139, MFRS 7 and MFRS 16 – Interest Rate Benchmark Reform – Phase 2

(ii) 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”

(iii) 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 amendments to MFRS when the full standard is effective.

2. MANAGEMENT COMMENTARY

(A) Review of performance for the current financial year (“FY”) results as compared with the previous FY

Financial Indicators	FY 31.12.2020 RM'000	FY 31.12.2019 RM'000	Change RM'000
Segment revenue			
FPO ⁽¹⁾	1,985,890	1,742,575	243,315
OMS ⁽¹⁾	353,999	328,130	25,869
Total revenue	2,339,889	2,070,705	269,184
Profit for the financial year	112,245	38,158	74,087
Finance costs	491,641	555,502	(63,861)
Depreciation of property, plant and equipment	541,640	440,528	101,112
Impairment losses on vessels	357,326	43,656	313,670

The Group generated revenue of RM2,339.9 million for the financial year ended 31 December 2020 (“FY 2020”), an increase of RM269.2 million compared to the financial year ended 31 December 2019 (“FY 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 50% in FY 2019 to 54% in FY 2020.

OSV vessel average utilisation rates for the financial year ended	FY 31.12.2020 %	FY 31.12.2019 %	Change in %
Group’s vessels	54	50	4
- Class A ⁽³⁾	52	46	6
- Class B ⁽⁴⁾	64	62	2

The Group generated a profit of RM112.2 million for FY 2020 compared to a profit of RM38.2 million for FY 2019 mainly due to higher revenue from Armada Kraken FPSO and lower operating cost due to impairment losses on accrued lease rental recognised in FY 2019, which was offset by higher impairment on vessels recognised in FY 2020.

With reference to Note 10 Segmental Information, the FPO segment results increased to RM1,295.3 million for FY 2020 as compared to RM952.8 million for FY 2019 mainly due to higher revenue from Armada Kraken FPSO. The OMS segment results decreased to RM51.3 million for FY 2020 as compared to RM113.0 million for FY 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 FY 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	4th Quarter 2020 RM'000	3rd Quarter 2020 RM'000	Change RM'000
Segment revenue			
FPO	532,068	470,497	61,571
OMS	83,970	93,940	(9,970)
Total revenue	616,038	564,437	51,601
Profit for the financial period	135,104	87,324	47,780
Finance costs	109,816	116,710	(6,894)
Depreciation of property, plant and equipment	131,285	131,538	(253)
Impairment losses on vessels	26,824	-	26,824

The Group generated revenue of RM616.0 million for the quarter ended 31 December 2020 (“Q4 2020”), an increase of RM51.6 million compared to the quarter ended 30 September 2020 (“Q3 2020”). The increase from the FPO segment was due to higher vessel availability for Armada Kraken FPSO, which was offset by a decrease in revenue from the OMS segment mainly due to lower OSV vessel utilisation in Q4 2020 as compared to Q3 2020.

OSV vessel average utilisation rates for the quarters ended	4th Quarter 2020 %	3rd Quarter 2020 %	Change in %
Group’s vessels	49	56	(7)
- Class A	48	51	(3)
- Class B	50	78	(28)

The Group generated a profit of RM135.1 million for Q4 2020 compared to RM87.3 million in Q3 2020 mainly due to higher revenue from Armada Kraken FPSO.

With reference to Note 10 Segmental Information, the FPO segment results increase to RM310.8 million for Q4 2020 as compared to RM285.1 million for Q3 2020 mainly due to higher revenue from Armada Kraken FPSO. The OMS segment results increased to RM25.6 million for Q4 2020 as compared to RM4.8 million for Q3 2020 mainly due to lower operating cost and foreign exchange gains arising from translation of fixed deposits denominated in foreign currency as compared to Q3 2020.

2. MANAGEMENT COMMENTARY (CONTINUED)

(C) Review of consolidated statement of financial position

Financial Indicators	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000	Change RM'000
Total assets	12,647,568	13,979,163	(1,331,595)
Total liabilities	(9,522,078)	(10,766,023)	1,243,945
Total equity	(3,125,490)	(3,213,140)	87,650

As at 31 December 2020, the Group had total assets of RM12,647.6 million, a decrease of 10% compared to 31 December 2019, mainly due to decrease in property, plant and equipment (“PPE”) and finance lease receivables. PPE decreased due to depreciation and impairment charged in FY 2020. Finance lease receivables decreased due to higher billings made to customers as compared to finance lease revenue recognised in FY 2020.

As at 31 December 2020, the Group had total liabilities of RM9,522.1 million, a decrease of 12% compared to 31 December 2019, mainly due to repayment of bank borrowings.

(D) Review of consolidated statement of cash flows

Financial Indicators	FY 31.12.2020 RM'000	FY 31.12.2019 RM'000	Change RM'000
Net cash flows generated from operating activities	902,937	734,325	168,612
Net cash flows from/(used in) investing activities	23,344	(43,463)	66,807
Net cash flows used in financing activities	(1,112,525)	(813,522)	(299,003)
Net decrease in cash and cash equivalents	(186,244)	(122,660)	(63,584)

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

The Group had net cash flows generated from investing activities in FY 2020 compared to net cash flows used in investing activities in FY 2019 mainly due to lower advances made to an associate and dividends received from joint ventures in FY 2020.

The Group had higher net cash flows used in financing activities in FY 2020 compared to FY 2019 due to higher net repayment of borrowings in FY 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 year ended 31 December 2020 ("FY 2020") includes a review of the likelihood of increase in expected credit losses of financial assets, the decline in the recoverable amount of 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 values 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 RM314.4 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 RM43.0 million for non-current assets held for sale has been recognised during YTD 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 the quarters ended 31 March 2020 ("Q1 2020") and 31 December 2020 ("Q4 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 were made effective on 1 January 2020 and 1 October 2020 respectively. As a result, the depreciation charge in FY 2020 increased by RM93.7 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 continues but has been delayed inter alia due to regulatory constraints imposed by the government of various countries following the COVID-19 pandemic.

The charterer has granted an extension of timeline on project completion in view of the Indian government guidelines in respect of COVID-19 pandemic.

The associates remain committed to fulfil their obligations under the charter contract and are finalising the various components of the funding structure.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021

Broad recovery of the global economy is expected in 2021, tempered by on-going concerns on the COVID-19 pandemic. The Group expects the FPO business to be relatively stable in 2021, while the OMS business is anticipated to remain subdued.

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 year ended 31 December 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 financial year ended 31 December 2020, except as disclosed in Note 2(E) and Note 3.

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 year.

9. DIVIDENDS PAID

There were no dividends paid in the current financial year ended 31 December 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 31 December 2020 and 31 December 2019 are as follows:

Individual Quarter Ended 31.12.2020	FPO RM'000	OMS RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	532,068	83,970	-	-	616,038
Inter-segment revenue	-	-	17,522	(17,522)	-
Results					
Segment results	310,773	25,640	2,251	-	338,664
Depreciation of property, plant and equipment	(86,065)	(44,590)	(630)	-	(131,285)
Bad debts written back	-	122	-	-	122
Net writeback of allowance for impairment losses	-	2,234	-	-	2,234
Impairment	-	(26,824)	-	-	(26,824)
Share of results of joint ventures and associates	52,540	7,809	-	-	60,349
Subtotal	277,248	(35,609)	1,621	-	243,260
Other operating income					4,907
Finance costs					(109,816)
Taxation					(3,247)
Profit for the financial period					135,104

Individual Quarter Ended 31.12.2019	FPO RM'000	OMS RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	419,539	96,104	-	-	515,643
Inter-segment revenue	-	-	18,012	(18,012)	-
Results					
Segment results	194,506	35,655	3,754	-	233,915
Depreciation of property, plant and equipment	(67,269)	(50,639)	(1,276)	-	(119,184)
Net (allowance for impairment losses)/ writeback of allowance for impairment losses	(236,019)	6,413	-	-	(229,606)
Impairment	-	(43,656)	-	-	(43,656)
Share of results of joint ventures and associate	23,901	-	-	-	23,901
Subtotal	(84,881)	(52,227)	2,478	-	(134,630)
Other operating income					31,796
Finance costs					(147,312)
Taxation					(6,659)
Loss for the financial period					(256,805)

10. SEGMENTAL INFORMATION (CONTINUED)

Cumulative Quarters Year Ended 31.12.2020	FPO RM'000	OMS RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	1,985,890	353,999	-	-	2,339,889
Inter-segment revenue	-	-	76,241	(76,241)	-
Results					
Segment results	1,295,325	51,293	10,242	-	1,356,860
Depreciation of property, plant and equipment	(351,408)	(186,697)	(3,535)	-	(541,640)
Bad debts written back	-	144	-	-	144
Net writeback of allowance for impairment losses/ (allowance for impairment losses)	12,925	(363)	-	-	12,562
Impairment	-	(357,326)	-	-	(357,326)
Share of results of joint ventures and associates	46,135	5,239	-	-	51,374
Subtotal	1,002,977	(487,710)	6,707	-	521,974
Other operating income					97,276
Finance costs					(491,641)
Taxation					(15,364)
Profit for the financial year					112,245

Cumulative Quarters Year Ended 31.12.2019	FPO RM'000	OMS RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	1,742,575	328,130	-	-	2,070,705
Inter-segment revenue	-	-	90,584	(90,584)	-
Results					
Segment results	952,808	113,044	3,420	-	1,069,272
Depreciation of property, plant and equipment	(278,381)	(156,018)	(6,129)	-	(440,528)
Bad debts written back	3,209	-	-	-	3,209
Net (allowance for impairment losses)/ writeback of allowance for impairment losses	(245,733)	5,946	-	-	(239,787)
Impairment	-	(43,656)	-	-	(43,656)
Share of results of joint ventures	159,209	(11,633)	-	-	147,576
Subtotal	591,112	(92,317)	(2,709)	-	496,086
Other operating income					141,607
Finance costs					(555,502)
Taxation					(44,033)
Profit for the financial year					38,158

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

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 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 YEAR

No material events have arisen in the interval between the end of this reporting year 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:

During the quarter, the Group's wholly-owned subsidiary, Bumi Armada Australia Pty Ltd ("BAAPL") has via Members Circular Resolution dated 22 October 2020 approved the Special Resolution for the members' voluntary winding up of BAAPL pursuant to Section 491 of the Australia Corporations Act 2001.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group's contingent liabilities comprising bank guarantees extended to third parties amounted to RM79.2 million as at 31 December 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 31 December 2020 and 31 December 2019 are as follows:

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
- authorised and contracted	5,725	41,210
- authorised but not contracted	<u>16,979</u>	<u>44,873</u>
	<u><u>22,704</u></u>	<u><u>86,083</u></u>

16. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Cumulative Quarters Year Ended 31.12.2020 RM'000	Cumulative Quarters Year Ended 31.12.2019 RM'000
(a) Management fees and engineering assistance services receivable from joint ventures and an associate		
- revenue	1,444	9,923
- other operating income	46,586	24,879
(b) Payment on behalf of joint ventures	579	482
(c) Telecommunication expenses to Maxis Berhad ⁽¹⁾	(246)	(430)
(d) Rental to Malaysian Landed Property Sdn Bhd ⁽²⁾	(3,715)	(5,196)
(e) Transaction with UTSB Management Sdn Bhd ⁽³⁾		
- management fees	(7,060)	(7,825)
(f) Transactions with Mezzanine Equities N.V. ⁽³⁾		
- drawdown of term loan facility	-	(309,726)
- interest expense	(18,724)	-
(g) Transactions with an associate		
- advances to an associate	58,172	125,631
- interest income	8,154	-
(h) Key management personnel compensation		
- Non-Executive Directors' fees	(2,277)	(1,907)
- salaries, bonus and allowances and other staff related costs	(11,669)	(14,076)
- defined contribution plan	(385)	(382)
- share-based payment	(2,816)	(4,245)

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 Year Ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Income tax:				
- Current year	6,868	20,100	22,118	38,464
- Prior year	(9,788)	(6,545)	(9,547)	(1,502)
Deferred tax	6,167	(6,896)	2,793	7,071
Total	3,247	6,659	15,364	44,033

The Group's effective tax rates for the individual quarter and cumulative quarters year ended 31 December 2020 were 2% and 12% 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 rates 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 31 December 2020 and 31 December 2019 is as follows:

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Current	382,096	331,128
Less than 30 days past due	116,802	62,908
Between 31 and 60 days past due	7,161	15,083
Between 61 and 90 days past due	3,893	2,175
Between 91 days and 1 year past due	1,832	3,376
More than 1 year past due	-	2,116
	<u>511,784</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 31.12.2020			As at 31.12.2019		
	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
SHORT-TERM DEBTS						
Secured:						
Term loans – others	971,717	-	971,717	813,240	-	813,240
Term loans – Armada Kraken Pte Ltd ⁽¹⁾	-	-	-	1,332,047	-	1,332,047
Unsecured:						
Sukuk Murabahah – current	-	30,653	30,653	-	30,655	30,655
Term loans ⁽²⁾	537,146	-	537,146	301,551	-	301,551
Total short-term debts	1,508,863	30,653	1,539,516	2,446,838	30,655	2,477,493
LONG TERM DEBTS						
Secured:						
Term loans	3,662,385	-	3,662,385	3,222,717	-	3,222,717
Unsecured:						
Sukuk Murabahah	-	1,499,630	1,499,630	-	1,499,491	1,499,491
Term loans	1,604,904	-	1,604,904	2,290,960	-	2,290,960
Total long-term debts	5,267,289	1,499,630	6,766,919	5,513,677	1,499,491	7,013,168
Total borrowings	6,776,152	1,530,283	8,306,435	7,960,515	1,530,146	9,490,661

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 31 December 2020, RM537.1 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. In February 2021, the Group signed an amendment and restatement agreement (“Amendment Agreement”) to defer the repayment of Tranche 1 facility from 24 months to 42 months from the Loan disbursement date of 23 May 2019. The final maturity date of Tranche 1 facility is 23 November 2022.

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 31 December 2020, the proportion of borrowings between floating interest rates and fixed interest rates is 82%:18%. The term loan facility that has a 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 year are as follows:

	31.12.2020	31.12.2019
	%	%
Term loans	3.67	5.37
Sukuk Murabahah	6.35	6.35

Borrowings as at 31 December 2020 decreased by 12% as compared to 31 December 2019 mainly due to repayment of bank borrowings.

22. DERIVATIVE FINANCIAL INSTRUMENTS

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

Types of Derivative	As at 31.12.2020		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	657,773	(40,372)	1,469,601	3,940
- 1 to 3 years	1,159,389	(61,142)	513,800	(8,412)
- More than 3 years	1,279,730	(39,869)	1,582,561	(11,536)
	<u>3,096,892</u>	<u>(141,383)</u>	<u>3,565,962</u>	<u>(16,008)</u>
Cross currency interest rate swaps				
- Less than 1 year	-	(4,456)	-	(5,494)
- 1 to 3 years	-	(16,101)	-	(18,374)
- More than 3 years	1,500,000	(387,337)	1,500,000	(404,738)
	<u>1,500,000</u>	<u>(407,894)</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.

The Group's hedging reserve as at 31 December 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 31 December 2020 and 31 December 2019 except as set out below, measured using Level 3 valuation technique:

	As at 31.12.2020		As at 31.12.2019	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Finance lease receivables	4,678,603	5,287,595	4,961,598	5,622,626
Amount due from a joint venture	32,243	54,332	22,857	58,423
Amount due from an associate	186,301	173,243	122,730	116,032
Sukuk Murabahah	1,530,283	1,603,065	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 31 December 2020 and 31 December 2019, by valuation method.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 31.12.2020				
Financial assets:				
Financial assets at fair value through other comprehensive income	13,964	-	-	13,964
Derivatives used for hedging				
- Cross currency interest rate swaps	-	2,437	-	2,437
Financial liabilities:				
Derivatives used for hedging				
- Interest rate swaps	-	(141,383)	-	(141,383)
- Cross currency interest rate swaps	-	(410,331)	-	(410,331)

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 31 December 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 31.12.2020 RM'000	Individual Quarter Ended 31.12.2019 RM'000	Cumulative Quarters Year Ended 31.12.2020 RM'000	Cumulative Quarters Year Ended 31.12.2019 RM'000
Profit/(Loss) before taxation is arrived at after (crediting)/charging:				
(a) Other operating income				
- Interest income	(3,508)	(4,870)	(18,795)	(26,552)
- Gain on disposal of joint ventures	-	-	-	(36,111)
- Gain on disposal of property, plant and equipment and non-current assets held-for- sale	(833)	(1,656)	(11,555)	(33,624)
- Management fees charged to a joint venture and an associate	-	(24,879)	(46,586)	(24,879)
- Fair value gain on remeasurement of a joint venture	-	-	(14,031)	-
- Others	(566)	(391)	(6,309)	(20,441)
(b) Interest expense	109,151	147,221	487,516	559,986
(c) Accretion of receivables	935	675	3,175	1,901
(d) Depreciation of property, plant and equipment	131,285	119,184	541,640	440,528
(e) Bad debts written back	(122)	-	(144)	(3,209)
(f) Net (writeback of allowance for impairment losses)/allowance for impairment losses				
- Trade receivables	(2,234)	(6,413)	(1,713)	(1,714)
- Other receivables and deposits	-	2,404	172	2,404
- Accrued lease rental	-	233,615	-	233,615
- Amounts due from joint ventures	-	-	(11,021)	5,482
(g) Impairment of				
- Property, plant and equipment	-	43,656	314,350	43,656
- Non-current assets held-for- sale	26,824	-	42,976	-
(h) Net foreign exchange (gain)/loss				
- realised	(7,435)	(9,110)	(9,683)	(19,786)
- unrealised	4,852	16,620	29,333	19,056
(i) Fair value through profit and loss on derivative financial instruments	(270)	(584)	950	(6,385)
(j) Retrenchment expenses	822	-	952	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 / year ended 31 December 2020.

25. MATERIAL LITIGATION

Save for the following, as at 31 December 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 year ended 31 December 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 year.

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 year ended 31 December 2020 as there is one vesting condition to be satisfied before Quarter 2, 2021. Hence, the calculation of diluted earnings per share does not assume the vesting of the MIP.

	Individual Quarter Ended		Cumulative Quarters Year Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit/(Loss) attributable to Owners of the Company (RM’000)	144,143	(235,176)	125,569	58,618
Weighted average/adjusted weighted average number of ordinary shares in issue for basic EPS (’000)	5,882,784	5,874,713	5,882,784	5,874,713
Basic EPS (sen)	2.45	(4.00)	2.13	1.00
Diluted EPS (sen)	2.45	(4.00)	2.13	1.00

BY ORDER OF THE BOARD

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

Kuala Lumpur
 26 February 2021