



**BUMIARMADA**

**BUMI ARMADA BERHAD**

199501041194 (370398-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2021

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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 financial year ended 31 December 2021 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME**

	Note	Individual Quarter Ended			Cumulative Quarters Year Ended		
		31.12.2021 RM'000	31.12.2020 RM'000 Re-presented	+ / (-) %	31.12.2021 RM'000	31.12.2020 RM'000 Re-presented	+ / (-) %
<u>Continuing operations</u>							
Revenue		513,054	592,147	(13)	2,162,582	2,235,264	(3)
Cost of sales		(290,609)	(370,634)		(1,229,081)	(1,330,223)	
Gross profit		222,445	221,513	0	933,501	905,041	3
Other operating income		10,491	4,743		145,494	93,858	
Selling and distribution costs		(1,723)	(1,093)		(4,648)	(4,515)	
Administrative expenses		(29,946)	(17,537)		(96,901)	(114,981)	
Operating profit before impairment		201,267	207,626	(3)	977,446	879,403	11
Impairment		-	(26,824)		(19,116)	(357,326)	
Operating profit		201,267	180,802	11	958,330	522,077	84
Finance costs		(92,625)	(109,816)		(397,122)	(491,641)	
Share of results of joint ventures and associates		31,149	60,349		106,688	51,374	
Profit before taxation		139,791	131,335	6	667,896	81,810	716
Taxation	18	1,387	3,755		(25,058)	7,739	
Profit from continuing operations		141,178	135,090	5	642,838	89,549	618
<u>Discontinuing operations</u>							
(Loss)/Profit from discontinuing operations		(28,516)	14		(85,160)	22,696	
Profit for the financial period/year		112,662	135,104	(17)	557,678	112,245	397
Attributable to:							
- Owners of the Company							
- from continuing operations		146,517	144,129		659,226	102,873	
- from discontinuing operations		(28,516)	14		(85,160)	22,696	
		118,001	144,143		574,066	125,569	
- Non-controlling interests							
- from continuing operations		(5,339)	(9,039)		(16,388)	(13,324)	
		112,662	135,104		557,678	112,245	
Basic earnings per share (sen)							
- from continuing operations	27	2.48	2.45		11.18	1.75	
- from discontinuing operations		(0.48)	0.00		(1.44)	0.39	
		2.00	2.45		9.74	2.14	
Diluted earnings per share (sen)							
- from continuing operations	27	2.48	2.45		11.18	1.75	
- from discontinuing operations		(0.48)	0.00		(1.44)	0.39	
		2.00	2.45		9.74	2.14	

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual Quarter Ended		Cumulative Quarters Year Ended	
		31.12.2021 RM'000	31.12.2020 RM'000 Re-presented	31.12.2021 RM'000	31.12.2020 RM'000 Re-presented
Profit for the financial period/year		<b>112,662</b>	135,104	<b>557,678</b>	112,245
<u>Continuing operations</u>					
Other comprehensive income/(expense)					
Items that may be reclassified subsequently to profit or loss					
- Fair value gain/(loss) on cash flow hedges		<b>49,131</b>	36,298	<b>110,875</b>	(143,870)
- Costs of hedging		<b>7,609</b>	(9,443)	<b>12,979</b>	7,940
- Foreign currency translation differences		<b>(17,117)</b>	(96,018)	<b>107,269</b>	(55,498)
- Share of other comprehensive income/(expense) of joint ventures		<b>869</b>	682	<b>2,688</b>	(2,379)
Items that will not be reclassified to profit or loss:					
- Financial assets at fair value through other comprehensive income:					
- (Loss)/gain on fair value change		<b>(425)</b>	1,428	<b>(1,817)</b>	(8,789)
Other comprehensive income/(expense) for the financial period/year, net of tax, from continuing operations		<b>40,067</b>	(67,053)	<b>231,994</b>	(202,596)
<u>Discontinuing operations</u>					
Other comprehensive income/(expense) for the financial period/year, net of tax, from discontinuing operations		<b>594</b>	(696)	<b>1,055</b>	(459)
		<b>40,661</b>	(67,749)	<b>233,049</b>	(203,055)
Total comprehensive income/(expense) for the financial period/year		<b>153,323</b>	67,355	<b>790,727</b>	(90,810)
Total comprehensive (expense)/income attributable to:					
- Owners of the Company					
- from continuing operations		<b>186,470</b>	76,696	<b>892,063</b>	(101,401)
- from discontinuing operations		<b>(27,922)</b>	(682)	<b>(84,105)</b>	22,237
		<b>158,548</b>	76,014	<b>807,958</b>	(79,164)
- Non-controlling interests					
- from continuing operations		<b>(5,225)</b>	(8,659)	<b>(17,231)</b>	(11,646)
		<b>153,323</b>	67,355	<b>790,727</b>	(90,810)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	4,212,753	4,945,095
Investments in joint ventures		1,031,331	1,011,085
Investments in associates		33,383	20,093
Financial assets at fair value through other comprehensive income		12,651	13,964
Finance lease receivables		4,403,444	4,489,502
Accrued lease rental		83,330	80,406
Amount due from a joint venture		31,994	32,243
Amount due from an associate		322,801	186,301
Derivative financial instruments	22	364	1,735
Deferred tax assets		28,326	22,865
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,160,377</b>	<b>10,803,289</b>
<b>CURRENT ASSETS</b>			
Inventories		-	4,060
Finance lease receivables		225,364	189,101
Trade receivables	20	494,286	511,784
Other receivables, deposits and prepayments		82,909	98,517
Contract assets		12,480	54,299
Amounts due from joint ventures		13,988	10,574
Amounts due from associates		9,775	12,904
Derivative financial instruments	22	487	702
Tax recoverable		20,469	16,136
Deposits, cash and bank balances		794,846	894,781
		<b>1,654,604</b>	<b>1,792,858</b>
Non-current assets and disposal group classified as held-for-sale		255,465	51,421
<b>TOTAL CURRENT ASSETS</b>		<b>1,910,069</b>	<b>1,844,279</b>
<b>TOTAL ASSETS</b>		<b>12,070,446</b>	<b>12,647,568</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

	Note	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables and accruals		158,928	164,101
Other payables and accruals		285,129	200,797
Contract liabilities		34,219	40,578
Amounts due to joint ventures		1,358	1,308
Amounts due to associates		1,987	962
Lease liabilities		61,263	45,835
Borrowings	21	1,404,128	1,539,516
Derivative financial instruments	22	35,671	45,530
Taxation		9,586	20,043
		<b>1,992,269</b>	<b>2,058,670</b>
Liabilities directly associated with non-current assets and disposal group classified as held-for-sale		53,579	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,045,848</b>	<b>2,058,670</b>
<b>NET CURRENT LIABILITIES</b>		<b>(135,779)</b>	<b>(214,391)</b>
<b>LESS: NON-CURRENT LIABILITIES</b>			
Other payables and accruals		86,528	118,045
Contract liabilities		27,268	11,056
Lease liabilities		4,072	6,556
Borrowings	21	5,514,202	6,766,919
Derivative financial instruments	22	455,577	506,184
Deferred tax liabilities		15,123	54,648
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,102,770</b>	<b>7,463,408</b>
<b>NET ASSETS</b>		<b>3,921,828</b>	<b>3,125,490</b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		4,328,432	4,321,351
Reserves		(365,725)	(1,172,213)
		<b>3,962,707</b>	<b>3,149,138</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>(40,879)</b>	<b>(23,648)</b>
<b>TOTAL EQUITY</b>		<b>3,921,828</b>	<b>3,125,490</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>0.66 *</b>	<b>0.53</b>

\* Based on 5,907,044,744 ordinary shares in issue as at 31 December 2021.

**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>2021</u>										
At 1 January 2021	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
Profit/(Loss) for the financial year	-	-	-	-	-	-	574,066	574,066	(16,388)	557,678
Other comprehensive income/(expense) for the financial year, net of tax	-	-	109,167	-	126,542	(1,817)	-	233,892	(843)	233,049
Total comprehensive income/(expense) for the financial year, net of tax	-	-	109,167	-	126,542	(1,817)	574,066	807,958	(17,231)	790,727
Transactions with owners:										
- Shares issued pursuant to the management incentive plan	21,149	7,081	-	(7,081)	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	5,611	-	-	-	5,611	-	5,611
At 31 December 2021	5,907,045	4,328,432	1,255,466	4,657	(125,401)	(1,742)	(1,498,705)	3,962,707	(40,879)	3,921,828

**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 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 CASH FLOWS**

	<b>Year Ended 31.12.2021 RM'000</b>	<b>Year Ended 31.12.2020 RM'000 Re-presented</b>
<b>OPERATING ACTIVITIES</b>		
<u>Continuing operations</u>		
Profit for the financial year	<b>642,838</b>	89,549
Adjustments for non-cash items:		
Share of results of joint ventures and associates	<b>(106,688)</b>	(51,374)
Net gain on disposal of property, plant and equipment and non-current assets held-for-sale	<b>(27,535)</b>	(11,555)
Fair value gain on remeasurement of a joint venture	-	(14,031)
Depreciation of property, plant and equipment	<b>465,772</b>	519,383
Fair value through profit or loss on derivative financial instruments	<b>(682)</b>	950
Bad debts written back	-	(144)
Net writeback of allowance for impairment losses	<b>(13,905)</b>	(12,562)
Unrealised foreign exchange loss	<b>1,866</b>	29,096
Share-based payment	<b>5,611</b>	3,160
Impairment of:		
- Non-current assets held-for-sale	-	42,976
- Property, plant and equipment	<b>19,116</b>	314,350
Interest income	<b>(17,981)</b>	(18,106)
Interest expense	<b>393,692</b>	487,516
Accretion of interest	<b>4,112</b>	3,175
Taxation	<b>25,058</b>	22,973
Operating profit before changes in working capital	<b>1,391,274</b>	1,405,356
Changes in working capital:		
Inventories	<b>4,060</b>	1,560
Finance lease receivables	<b>194,788</b>	136,259
Trade and other receivables	<b>(43,711)</b>	(88,882)
Trade and other payables	<b>123,976</b>	(132,960)
Joint ventures and associates	<b>(8,139)</b>	14,159
Cash from operations	<b>1,662,248</b>	1,335,492
Interest paid	<b>(370,366)</b>	(465,504)
Tax paid	<b>(9,034)</b>	(12,087)
Net cash flows generated from operating activities for continuing operations	<b>1,282,848</b>	857,901
Net cash flows generated from operating activities for discontinuing operations	<b>77,598</b>	46,382
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>	<b>1,360,446</b>	904,283
<b>INVESTING ACTIVITIES</b>		
<u>Continuing operations</u>		
Purchase of property, plant and equipment	<b>(13,004)</b>	(49,839)
Proceeds from disposal of property, plant and equipment	<b>180,332</b>	37,056
Advances to an associate	<b>(116,091)</b>	(58,172)
Interest received	<b>18,424</b>	18,813
Dividends received from joint ventures	<b>115,096</b>	38,845
Repayment from a joint venture	<b>2,064</b>	4,197
Proceeds from redemption of redeemable preference shares in a joint venture	<b>8,245</b>	31,755
Investment in a joint venture	<b>(1,919)</b>	-
Net cash flows generated from investing activities for continuing operations	<b>193,147</b>	22,655
Net cash flows generated from investing activities for discontinuing operations	<b>391</b>	689
<b>NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES</b>	<b>193,538</b>	23,344



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

	<b>Year Ended 31.12.2021 RM'000</b>	<b>Year Ended 31.12.2020 RM'000 Re-presented</b>
<b>FINANCING ACTIVITIES</b>		
<u>Continuing operations</u>		
Repayment of borrowings	<b>(1,651,493)</b>	(1,381,605)
Proceeds from bank borrowings	-	273,724
Repayments of lease liabilities	<b>(4,151)</b>	(5,990)
Net cash flows used in financing activities for continuing operations	<b>(1,655,644)</b>	(1,113,871)
Net cash flows used in financing activities for discontinuing operations	-	-
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(1,655,644)</b>	(1,113,871)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(101,660)</b>	(186,244)
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>50,251</b>	(13,351)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>894,781</b>	1,094,376
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>843,372</b>	894,781
Cash and cash equivalents:		
- from continuing operations	<b>794,846</b>	807,605
- from discontinuing operations	<b>48,526</b>	87,176
	<b>843,372</b>	894,781
Cash and cash equivalents consist of:		
Deposits with licensed banks	<b>723,930</b>	688,445
Cash and bank balances	<b>119,442</b>	206,336
	<b>843,372</b>	<b>894,781</b>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021**

**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 2020 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 2020. The results of the joint ventures and associates are based on unaudited management accounts.

As at 31 December 2021, the Group’s current liabilities exceeded its current assets by RM135.8 million due to the following:

- (a) Classification of a secured term loan from Mezzanine Equities N.V. (“MENV”) of RM125.0 million as current liabilities as the repayment is due within 12 months from the balance sheet date. The Group is currently in discussion with MENV to extend the repayment date for this secured term loan; and
- (b) Classification of Tranche 1 facility unsecured term loan of RM312.9 million as current liabilities as the repayment is due within 12 months from the balance sheet date of which RM207.9 million was repaid in January 2022 mainly using the proceeds from the Disposal Transaction as disclosed in Note 12.

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 financial statements for the financial year ended 31 December 2020, other than those disclosed below:

- (a) Amendments to published standards and interpretations that are effective:
  - (i) Amendments to MFRS which are applicable to the Group beginning on or after 1 January 2021:
    - Amendments to MFRS 9 “Financial Instruments”, MFRS 139 “Financial Instruments: Recognition and Measurement”, MFRS 7 “Financial Instruments: Disclosures” and MFRS 16 “Leases” – Interest Rate Benchmark Reform – Phase 2
    - Amendments to MFRS 16 “Leases” – Covid-19-Related Rent Concessions beyond 30 June 2021

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

- (b) Amendments to published standards and interpretations that have been issued but are not yet effective:
  - (i) Amendments to MFRS and annual improvements which are applicable to the Group 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”

**1. BASIS OF PREPARATION (CONTINUED)**

(b) Amendments to published standards and interpretations that have been issued but are not yet effective:  
(continued)

(ii) Amendments to MFRS which are applicable to the Group beginning on or after 1 January 2023:

- Amendments to MFRS 101 “Presentation of Financial Statements” – Classification of Liabilities as Current or Non-current, and Disclosure of Accounting Policies
- Amendments to MFRS 108 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of Accounting Estimates
- Amendments to MFRS 112 “Income Taxes” – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

**2. MANAGEMENT COMMENTARY**

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

<b>Financial Indicators</b>	<b>FY 31.12.2021 RM’000</b>	<b>FY 31.12.2020 RM’000 Re-presented</b>	<b>Change RM’000</b>
<u>Continuing operations</u>			
Segment revenue			
Floating Production and Operations (“FPO”)	<b>1,980,527</b>	1,985,890	(5,363)
Offshore Marine Services (“OMS”)	<b>182,055</b>	249,374	(67,319)
Total revenue	<b>2,162,582</b>	2,235,264	(72,682)
Profit for the financial year	<b>642,838</b>	89,549	553,289
Finance costs	<b>397,122</b>	491,641	(94,519)
Depreciation of property, plant and equipment	<b>465,772</b>	519,383	(53,611)
Impairment losses on vessels	<b>19,116</b>	357,326	(338,210)
<u>Discontinuing operations</u>			
(Loss)/Profit for the financial year	<b>(85,160)</b>	22,696	(107,856)

The Group generated revenue from continuing operations of RM2,162.6 million for the financial year ended 31 December 2021 (“FY 2021”), a decrease of RM72.7 million compared to the financial year ended 31 December 2020 (“FY 2020”). Revenue from the FPO segment decreased due to lower vessel availability for Armada Kraken FPSO, while revenue from the OMS segment decreased due to lesser operating vessels as a result of disposal of Offshore Support Vessels (“OSVs”).

The Group generated a profit from continuing operations of RM642.8 million for FY 2021, an increase of RM553.3 million compared to FY 2020 mainly due to higher impairment losses on vessels recognised in FY 2020, lower finance costs, higher share of results of joint ventures and associates and higher operating income in FY 2021. The Group recorded a loss from discontinuing operations of RM85.2 million for FY 2021 compared to a profit of RM22.7 million for FY 2020 due to impairment losses on vessels recognised in FY 2021.

With reference to Note 10 Segmental Information, the FPO segment results marginally decreased to RM1,297.5 million for FY 2021 as compared to RM1,295.3 million for FY 2020, while the OMS segment losses from continuing operations reduced to RM17.1 million for FY 2021 as compared to losses of RM13.3 million for FY 2020.

The financial results for discontinuing operations relate to the disposal group held-for-sale as disclosed in Note 12.

**2. MANAGEMENT COMMENTARY (CONTINUED)**

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

<b>Financial Indicators</b>	<b>4th Quarter 2021 RM'000</b>	<b>3rd Quarter 2021 RM'000 Re-presented</b>	<b>Change RM'000</b>
<u>Continuing operations</u>			
Segment revenue			
FPO	<b>480,073</b>	472,230	7,843
OMS	<b>32,981</b>	45,693	(12,712)
Total revenue	<b>513,054</b>	517,923	(4,869)
Profit for the financial period	<b>141,178</b>	147,669	(6,491)
Finance costs	<b>92,625</b>	99,791	(7,166)
Depreciation of property, plant and equipment	<b>113,201</b>	105,496	7,705
Impairment losses on vessels	-	6,175	(6,175)
<u>Discontinuing operations</u>			
(Loss)/Profit for the financial period	<b>(28,516)</b>	13,852	(42,368)

The Group generated revenue from continuing operations of RM513.1 million for the quarter ended 31 December 2021 ("Q4 2021"), a decrease of RM4.9 million compared to the quarter ended 30 September 2021 ("Q3 2021"). The increase from the FPO segment was mainly due to higher vessel availability in Q4 2021 compared to Q3 2021 arising from a shutdown of one of the two trains at Armada Kraken FPSO, while the decrease in revenue from the OMS segment was mainly due to lesser operating vessels as a result of disposal of OSVs.

The Group generated profit from continuing operations of RM141.2 million for Q4 2021, a decrease of RM6.5 million compared to Q3 2021 mainly due to lower other operating income in Q4 2021. The Group recorded a loss from discontinuing operations of RM28.5 million for Q4 2021 compared to a profit of RM13.9 million for Q3 2021 due to impairment losses on vessels recognised in Q4 2021.

With reference to Note 10 Segmental Information, the FPO segment results decreased to RM260.1 million as compared to RM337.0 million for Q3 2021, mainly due higher operating costs and repair and maintenance costs for Armada Olombendo FPSO. The OMS segment results from continuing operations decreased to a loss of RM13.1 million for Q4 2021 as compared to a loss of RM1.4 million for Q3 2021 mainly due to higher operating costs and foreign exchange losses arising from translation of fixed deposits.

The financial results for discontinuing operations relate to the disposal group held-for-sale as disclosed in Note 12.

**2. MANAGEMENT COMMENTARY (CONTINUED)**

**(C) Review of consolidated statement of financial position**

<b>Financial Indicators</b>	<b>As at 31.12.2021 RM'000</b>	<b>As at 31.12.2020 RM'000</b>	<b>Change RM'000</b>
Total assets	<b>12,070,446</b>	12,647,568	(577,122)
Total liabilities	<b>(8,148,618)</b>	(9,522,078)	1,373,460
Total equity	<b>(3,921,828)</b>	(3,125,490)	(796,338)

As at 31 December 2021, the Group had total assets of RM12,070.4 million, a decrease of 5% compared to 31 December 2020, mainly due to decrease in property, plant and equipment ("PPE"), arising from depreciation and impairment charged in FY 2021.

As at 31 December 2021, the Group had total liabilities of RM8,148.6 million, a decrease of 14% compared to 31 December 2020, mainly due to repayment of bank borrowings.

**(D) Review of consolidated statement of cash flows**

<b>Financial Indicators</b>	<b>FY 31.12.2021 RM'000</b>	<b>FY 31.12.2020 RM'000 Re-presented</b>	<b>Change RM'000</b>
<u>Continuing operations</u>			
Net cash flows generated from operating activities	<b>1,282,848</b>	857,901	424,947
Net cash flows generated from investing activities	<b>193,147</b>	22,655	170,492
Net cash flows used in financing activities	<b>(1,655,644)</b>	(1,113,871)	(541,773)
Net decrease in cash and cash equivalents for continuing operations	<b>(179,649)</b>	(233,315)	53,666
<u>Discontinuing operations</u>			
Net cash flows generated from operating activities	<b>77,598</b>	46,382	31,216
Net cash flows generated from investing activities	<b>391</b>	689	(298)
Net increase in cash and cash equivalents for discontinuing operations	<b>77,989</b>	47,071	30,918
Net decrease in cash and cash equivalents	<b>(101,660)</b>	(186,244)	84,584

The Group had higher net cash flows generated from operating activities for continuing operations in FY 2021 compared to FY 2020 mainly due to higher cash from operations and lower interest paid resulting from repayment of bank borrowings in FY 2021.

The Group had higher net cash flows generated from investing activities for continuing operations in FY 2021 compared to FY 2020 mainly due to higher proceeds from disposal of PPE in FY 2021.

The Group had higher net cash flows used in financing activities for continuing operations in FY 2021 compared to FY 2020 due to higher net repayment of bank borrowings in FY 2021.

The cash flows for discontinuing operations relate to the disposal group held-for-sale as disclosed in Note 12.

## **2. MANAGEMENT COMMENTARY (CONTINUED)**

### **(E) Critical accounting estimates and judgements**

#### **(i) Impairment of property, plant and equipment**

An assessment was performed during the financial year 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 RM139.0 million for property, plant and equipment was recognised for certain OMS vessels, of which RM119.8 million is in relation to the vessels of discontinuing operations (refer to Note 12). The recoverable amount of the vessels was determined based on estimates and judgement with respect to key assumptions such as contracted value, vessel utilisation rate, discount rate and residual value; or estimated selling price net of costs to sell in the event the vessel is expected to be sold on a willing buyer and willing seller basis.

#### **(ii) Revision of useful life of vessels**

During the financial year, the Group revised the useful life of vessels of certain OMS vessels based on the expected period of future economic benefits from the vessels. The revision was accounted for as a change in accounting estimate and was made effective on 1 January 2021. As a result, the depreciation charge in FY 2021 increased by RM8.4 million.

#### **(iii) Assessment of impact from COVID-19 pandemic**

The Group’s assessment of the impact from COVID-19 pandemic on the Group’s operations and financial performance in FY 2021 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 operational impact from COVID-19 is as follows:

##### **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 due to various reasons including amongst other things, 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 the COVID-19 pandemic. In July 2021, the associates secured the full financing required for the 98/2 Project.

The associates remain committed to fulfill their obligations under the charter contract.

**3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022**

The sturdier oil price augurs well for the oil and gas sector, which is witnessing increasing activities across the entire value chain, including the floating offshore solutions segment. The Group expects the existing portfolio of the FPO business to be stable in 2022 and will be exploring new opportunities in targeted markets. The Group will continue to focus on the following areas to improve the prospects of the organisation:

- Safety of all employees, partners and assets;
- Develop the Group's integrated Environmental, Social and Governance ("ESG") strategy;
- Build on the improved operational performance of FPO Division;
- Secure additional contracts for the subsea construction assets;
- Improve the balance sheet;
- Maintain crucial relationships with clients and partners; and
- Monetise remaining surplus 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 2020.

**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 2021.

**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 2021.

**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 financial year ended 31 December 2021.

**9. DIVIDENDS PAID**

There were no dividends paid in the financial year ended 31 December 2021.

**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 year ended 31 December 2021 and 31 December 2020 are as follows:

<b>Individual Quarter Ended 31.12.2021</b>	<b>FPO RM'000</b>	<b>OMS RM'000</b>	<b>Corporate and others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<u>Continuing operations</u>					
Revenue	<b>480,073</b>	<b>32,981</b>	-	-	<b>513,054</b>
Inter-segment revenue	-	-	<b>73,000</b>	<b>(73,000)</b>	-
Results					
Segment results	<b>260,139</b>	<b>(13,072)</b>	<b>54,296</b>	-	<b>301,363</b>
Depreciation of property, plant and equipment	<b>(88,128)</b>	<b>(24,390)</b>	<b>(683)</b>	-	<b>(113,201)</b>
Net writeback of allowance for impairment losses	-	<b>2,614</b>	-	-	<b>2,614</b>
Share of results of joint ventures and associates	<b>27,106</b>	<b>4,043</b>	-	-	<b>31,149</b>
Subtotal	<b>199,117</b>	<b>(30,805)</b>	<b>53,613</b>	-	<b>221,925</b>
Other operating income					<b>10,491</b>
Finance costs					<b>(92,625)</b>
Taxation					<b>1,387</b>
Profit from continuing operations					<b>141,178</b>
Loss from discontinuing operations					<b>(28,516)</b>
Profit for the financial period					<b>112,662</b>



**10. SEGMENTAL INFORMATION (CONTINUED)**

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 year ended 31 December 2021 and 31 December 2020 are as follows: (continued)

<b>Individual Quarter Ended 31.12.2020</b>	<b>FPO RM'000</b>	<b>OMS RM'000 Re-presented</b>	<b>Corporate and others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000 Re-presented</b>
<u>Continuing operations</u>					
Revenue	532,068	60,079	-	-	592,147
Inter-segment revenue	-	-	17,522	(17,522)	-
Results					
Segment results	310,773	13,350	2,251	-	326,374
Depreciation of property, plant and equipment	(86,065)	(39,152)	(630)	-	(125,847)
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	(42,461)	1,621	-	236,408
Other operating income					4,743
Finance costs					(109,816)
Taxation					3,755
Profit from continuing operations					135,090
Profit from discontinuing operations					14
Profit for the financial period					135,104

**10. SEGMENTAL INFORMATION (CONTINUED)**

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 year ended 31 December 2021 and 31 December 2020 are as follows: (continued)

<b>Cumulative Quarters Year Ended 31.12.2021</b>	<b>FPO RM'000</b>	<b>OMS RM'000</b>	<b>Corporate and others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<u>Continuing operations</u>					
Revenue	<b>1,980,527</b>	<b>182,055</b>	-	-	<b>2,162,582</b>
Inter-segment revenue	-	-	<b>73,000</b>	<b>(73,000)</b>	-
Results					
Segment results	<b>1,297,507</b>	<b>(17,125)</b>	<b>3,437</b>	-	<b>1,283,819</b>
Depreciation of property, plant and equipment	<b>(348,017)</b>	<b>(115,066)</b>	<b>(2,689)</b>	-	<b>(465,772)</b>
Net writeback of allowance for impairment losses	-	<b>13,905</b>	-	-	<b>13,905</b>
Impairment	-	<b>(19,116)</b>	-	-	<b>(19,116)</b>
Share of results of joint ventures and associates	<b>109,984</b>	<b>(3,296)</b>	-	-	<b>106,688</b>
Subtotal	<b>1,059,474</b>	<b>(140,698)</b>	<b>748</b>	-	<b>919,524</b>
Other operating income					<b>145,494</b>
Finance costs					<b>(397,122)</b>
Taxation					<b>(25,058)</b>
Profit from continuing operations					<b>642,838</b>
Loss from discontinuing operations					<b>(85,160)</b>
Profit for the financial year					<b>557,678</b>

**10. SEGMENTAL INFORMATION (CONTINUED)**

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 year ended 31 December 2021 and 31 December 2020 are as follows: (continued)

<b>Cumulative Quarters Year Ended 31.12.2020</b>	<b>FPO RM'000</b>	<b>OMS RM'000 Re-presented</b>	<b>Corporate and others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000 Re-presented</b>
<u>Continuing operations</u>					
Revenue	1,985,890	249,374	-	-	2,235,264
Inter-segment revenue	-	-	76,241	(76,241)	-
Results					
Segment results	1,295,325	(13,345)	10,242	-	1,292,222
Depreciation of property, plant and equipment	(351,408)	(164,440)	(3,535)	-	(519,383)
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	(530,091)	6,707	-	479,593
Other operating income					93,858
Finance costs					(491,641)
Taxation					7,739
Profit from continuing operations					89,549
Profit from discontinuing operations					22,696
Profit for the financial year					112,245

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

## **11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

As at 31 December 2021, 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, except for the following:

- (a) Disposal of the entire issued and paid-up share capital of the Ice Class Vessel Companies (as defined below) by the wholly-owned subsidiaries of the Group, namely Bumi Armada Singapore Holdings Pte Ltd (“BASHPL”), Bumi Armada Offshore Contractor Limited (“BAOCL”) and Bumi Armada Russia Holdings Limited (“BARHL”) (“Disposal Transaction”)

On 19 January 2022, BASHPL, BAOCL and BARHL entered into a sale and purchase agreement for the disposal of the entire issued and paid-up share capital of the following wholly-owned indirect subsidiaries of the Company to AC Management Company Limited and K.N. Holding Limited Liability Company for a total cash consideration of USD44.5 million (equivalent to approximately RM186.6 million):

- (i) Bumi Armada Marine Uray Pte. Ltd.;
  - (ii) Bumi Armada Marine Pokachi Pte. Ltd.;
  - (iii) Bumi Armada Marine Naryan Mar Pte. Ltd.; and
  - (iv) Bumi Armada Marine LLC.
- (collectively, the "Ice Class Vessel Companies").

The Disposal Transaction was completed on 20 January 2022 where the Ice Class Vessel Companies ceased to be a part of the Group.

As at 31 December 2021, the Disposal Transaction satisfied the criteria in MFRS 5 “Non-current assets held-for-sale and discontinued operations”. As a result, the financials of the Ice Class Vessel Companies are separately presented in the condensed consolidated financial statements for the fourth quarter and financial year ended 31 December 2021 as disposal group classified as held-for-sale and discontinuing operations. In addition, the comparative financials for the discontinuing operations are re-presented in the condensed consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of cash flows.

The Group recognised an impairment loss on vessels of RM29.1 million and a corresponding reversal of deferred tax liabilities of RM4.9 million (net impact RM24.2 million) in Q4 2021 based on the difference between the fair value less costs to sell and carrying value of the net assets as at 31 December 2021. Including the impairment loss on vessels recognised during the quarter ended 30 June 2021 (“Q2 2021”) of RM90.7 million, the total impairment loss on vessels from discontinuing operations amounts to RM119.8 million in FY 2021.

### 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:

- (a) On 12 October 2021, Bumi Armada Offshore Holdings Limited (“BAOHL”), Bumi Armada (Singapore) Pte Ltd (“BASPL”), Shapoorji Pallonji Oil and Gas Private Limited (“SPOG”) and Shapoorji Pallonji Armada Oil and Gas Services Private Limited (“SPAOGS”) entered into a new shareholders’ agreement (“SHA”) for the operations and maintenance of a floating, production, storage and offloading facility (“FPSO”) and to reflect BASPL’s and SPOG’s joint control over SPAOGS, whilst maintaining economic interest in SPAOGS at 40% and 60% respectively.

As a result of the new SHA, BASPL’s investment in SPAOGS has been classified as an investment in joint venture.

- (b) On 30 December 2021, a Special Resolution was passed to give effect to the members’ voluntary winding up of the Group’s wholly-owned subsidiaries, Offshore Marine Ventures Sdn Bhd and Bumi Armada Ship Management Sdn Bhd pursuant to Section 439(1) of the Companies Act, 2016. Accordingly, a Liquidator was appointed for purpose of the winding-up.

### 14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group’s contingent liabilities comprising bank guarantees extended to third parties amounted to RM44.3 million as at 31 December 2021 as compared to RM79.2 million as at 31 December 2020. 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 2021 and 31 December 2020 are as follows:

	<b>As at 31.12.2021 RM’000</b>	<b>As at 31.12.2020 RM’000</b>
- authorised and contracted	<b>231</b>	5,725
- authorised but not contracted	<b>5,397</b>	16,979
	<b><u>5,628</u></b>	<u>22,704</u>

**16. SIGNIFICANT RELATED PARTY DISCLOSURES**

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

	<b>Cumulative Quarters Year Ended 31.12.2021 RM'000</b>	<b>Cumulative Quarters Year Ended 31.12.2020 RM'000</b>
(a) Management fees and engineering assistance services receivable from joint ventures and associates		
- revenue	<b>12,311</b>	1,444
- other operating income	<b>90,529</b>	46,586
(b) Payment on behalf of joint ventures	<b>721</b>	579
(c) Telecommunication expenses to Maxis Berhad <sup>(1)</sup>	<b>(473)</b>	(246)
(d) Rental to Malaysian Landed Property Sdn Bhd <sup>(2)</sup>	<b>(3,705)</b>	(3,715)
(e) Transaction with UTSB Management Sdn Bhd <sup>(3)</sup>		
- management fees	<b>(7,060)</b>	(7,060)
(f) Transactions with Mezzanine Equities N.V. <sup>(3)</sup>		
- interest expense	<b>(14,661)</b>	(18,724)
(g) Transactions with an associate		
- advances to an associate	<b>116,091</b>	58,172
- interest income	<b>13,026</b>	8,154
(h) Key management personnel compensation		
- Non-Executive Directors' fees	<b>(2,657)</b>	(2,277)
- salaries, bonus and allowances and other staff related costs	<b>(14,885)</b>	(11,669)
- defined contribution plan	<b>(351)</b>	(385)
- share-based payment	<b>(5,492)</b>	(2,816)

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 an 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:

- <sup>(1)</sup> Subsidiary of a joint venture, in which UTSB has a significant equity interest.  
<sup>(2)</sup> Subsidiary of a company in which TAK has 100% equity interest.  
<sup>(3)</sup> 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	
	31.12.2021 RM'000	31.12.2020 RM'000 Re-presented	31.12.2021 RM'000	31.12.2020 RM'000 Re-presented
<u>Continuing operations</u>				
Income tax:				
- Current year	(774)	(5,710)	(37,951)	(9,443)
- Prior year	2,005	5,308	9,976	5,068
Deferred tax	156	4,157	2,917	12,114
Taxation from continuing operations	1,387	3,755	(25,058)	7,739
Taxation from discontinuing operations	4,080	(7,002)	12,548	(23,103)

The Group's continuing operations' effective tax rates for the individual and cumulative quarters year ended 31 December 2021 were negative 1% and 4% respectively. The difference in the effective tax rates and the Malaysian statutory tax rate of 24% are mainly due to income not subject to tax, tax effect of different tax rates in other countries.

**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 2021 and 31 December 2020 is as follows:

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
Current	376,340	382,096
Less than 30 days past due	104,084	116,802
Between 31 and 60 days past due	4,025	7,161
Between 61 and 90 days past due	4,517	3,893
Between 91 days and 1 year past due	5,320	1,832
	<u>494,286</u>	<u>511,784</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 31.12.2021			As at 31.12.2020		
	Denominated		Total RM'000	Denominated		Total RM'000
	in USD RM'000	in RM RM'000		in USD RM'000	in RM RM'000	
<b>SHORT-TERM DEBTS</b>						
<b>Secured:</b>						
Term loans <sup>(2)</sup>	1,060,827	-	1,060,827	971,717	-	971,717
<b>Unsecured:</b>						
Sukuk Murabahah – current	-	30,393	30,393	-	30,653	30,653
Term loans <sup>(1)</sup>	312,908	-	312,908	537,146	-	537,146
<b>Total short-term debts</b>	<b>1,373,735</b>	<b>30,393</b>	<b>1,404,128</b>	<b>1,508,863</b>	<b>30,653</b>	<b>1,539,516</b>
<b>LONG-TERM DEBTS</b>						
<b>Secured:</b>						
Term loans	2,755,319	-	2,755,319	3,662,385	-	3,662,385
<b>Unsecured:</b>						
Sukuk Murabahah	-	1,499,769	1,499,769	-	1,499,630	1,499,630
Term loans <sup>(1)</sup>	1,259,114	-	1,259,114	1,604,904	-	1,604,904
<b>Total long-term debts</b>	<b>4,014,433</b>	<b>1,499,769</b>	<b>5,514,202</b>	<b>5,267,289</b>	<b>1,499,630</b>	<b>6,766,919</b>
<b>Total borrowings</b>	<b>5,388,168</b>	<b>1,530,162</b>	<b>6,918,330</b>	<b>6,776,152</b>	<b>1,530,283</b>	<b>8,306,435</b>



**21. BORROWINGS (CONTINUED)**

- (1) 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.
- (2) Included in the short-term secured term loans is a 3-year secured term loan of USD30.0 million (RM125.0 million) from MENV, a wholly-owned subsidiary of UTSB (refer to Note 16) which was reclassified as current liabilities in Q3 2021 as the repayment is due within 12 months from the balance sheet date. The Group is currently in discussion with MENV to extend the repayment date for this secured term loan.

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 2021, the proportion of borrowings between floating interest rates and fixed interest rates is 78%:22%. 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:

	<b>31.12.2021</b>	<b>31.12.2020</b>
	<b>%</b>	<b>%</b>
Term loans	<b>3.55</b>	3.67
Sukuk Murabahah	<b>6.35</b>	6.35

Borrowings as at 31 December 2021 decreased by 17% as compared to 31 December 2020 mainly due to repayment of bank borrowings.

## 22. DERIVATIVE FINANCIAL INSTRUMENTS

Details of derivative financial instruments outstanding as at 31 December 2021 and 31 December 2020 are as set out below:

Types of Derivative	As at 31.12.2021		As at 31.12.2020	
	Contract/ Notional amount RM'000	Fair value liabilities RM'000	Contract/ Notional amount RM'000	Fair value liabilities RM'000
Derivatives used for hedging:				
Interest rate swaps				
- Less than 1 year	602,419	(28,215)	657,773	(40,372)
- 1 to 3 years	902,091	(15,577)	1,159,389	(61,142)
- More than 3 years	1,023,309	(11,337)	1,279,730	(39,869)
	<u>2,527,819</u>	<u>(55,129)</u>	<u>3,096,892</u>	<u>(141,383)</u>
Cross currency interest rate swaps				
- Less than 1 year	-	(6,970)	-	(4,456)
- 1 to 3 years	1,500,000	(428,298)	-	(16,101)
- More than 3 years	-	-	1,500,000	(387,337)
	<u>1,500,000</u>	<u>(435,268)</u>	<u>1,500,000</u>	<u>(407,894)</u>

There have been no changes since the end of the previous financial year ended 31 December 2020 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 2021 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 2021 and 31 December 2020 except as set out below:

	As at 31.12.2021		As at 31.12.2020	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Finance lease receivables	4,628,808	5,219,676	4,678,603	5,287,595
Amount due from a joint venture	31,994	47,513	32,243	54,332
Amount due from an associate	322,801	317,745	186,301	173,243
Sukuk Murabahah	1,530,162	1,543,054	1,530,283	1,603,065

The fair value of finance lease receivables, amount due from a joint venture, amount due from an associate and fixed rate Sukuk Murabahah are within Level 3 of the fair value hierarchy.

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

The table below analyses financial instruments carried at fair value as at 31 December 2021 and 31 December 2020, by valuation method.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>As at 31.12.2021</b>				
Financial assets:				
Financial assets at fair value through other comprehensive income	12,651	-	-	12,651
Derivatives used for hedging				
- Interest rate swaps	-	364	-	364
- Cross currency interest rate swaps	-	487	-	487
Financial liabilities:				
Derivatives used for hedging				
- Interest rate swaps	-	(55,493)	-	(55,493)
- Cross currency interest rate swaps	-	(435,755)	-	(435,755)

**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 2021 and 31 December 2020, by valuation method.

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

	<b>Individual Quarter Ended 31.12.2021 RM'000</b>	<b>Individual Quarter Ended 31.12.2020 RM'000 Re-presented</b>	<b>Cumulative Quarters Year Ended 31.12.2021 RM'000</b>	<b>Cumulative Quarters Year Ended 31.12.2020 RM'000 Re-presented</b>
<u>Continuing operations</u>				
Profit before taxation is arrived at after (crediting)/charging:				
(a) Other operating income				
- Interest income	<b>(5,403)</b>	(3,384)	<b>(17,981)</b>	(18,106)
- Gain on disposal of property, plant and equipment and non-current assets held-for- sale	<b>(2,508)</b>	(833)	<b>(27,856)</b>	(11,555)
- Management fees charged to a joint venture and an associate	-	-	<b>(90,529)</b>	(46,586)
- Fair value gain on remeasurement of a joint venture	-	-	-	(14,031)
- Others	<b>(2,580)</b>	(526)	<b>(9,128)</b>	(3,580)
(b) Interest expense	<b>91,646</b>	109,151	<b>393,692</b>	487,516
(c) Accretion of interest	<b>1,165</b>	935	<b>4,112</b>	3,175
(d) Depreciation of property, plant and equipment	<b>113,201</b>	125,847	<b>465,772</b>	519,383
(e) Bad debts written back	-	(122)	-	(144)
(f) Net writeback of allowance for impairment losses				
- Trade receivables	<b>(1,642)</b>	(2,234)	<b>(13,940)</b>	(1,713)
- Other receivables	-	-	<b>1,007</b>	172
- Amounts due from a joint venture	<b>(972)</b>	-	<b>(972)</b>	(11,021)
(g) Impairment of				
- Property, plant and equipment	-	-	<b>19,116</b>	314,350
- Non-current assets held-for- sale	-	26,824	-	42,976
(h) Loss on disposal of property, plant and equipment and non-current assets held-for-sale	-	-	<b>321</b>	-
(i) Net foreign exchange (gain)/loss				
- realised	<b>(986)</b>	(6,795)	<b>(2,857)</b>	(15,341)
- unrealised	<b>1,458</b>	5,199	<b>1,866</b>	29,096
(j) Fair value through profit and loss on derivative financial instruments	<b>(186)</b>	(270)	<b>(682)</b>	950
(k) Retrenchment expenses	<b>39</b>	822	<b>5,734</b>	952

**24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF INCOME (CONTINUED)**

	<b>Individual Quarter Ended 31.12.2021 RM'000</b>	<b>Individual Quarter Ended 31.12.2020 RM'000 Re-presented</b>	<b>Cumulative Quarters Year Ended 31.12.2021 RM'000</b>	<b>Cumulative Quarters Year Ended 31.12.2020 RM'000 Re-presented</b>
<u>Discontinuing operations</u>				
(Loss)/Profit from discontinuing operations after (crediting)/charging:				
(a) Other operating income				
- Interest income	(64)	(124)	(391)	(689)
- Others	-	(40)	(24)	(2,729)
(b) Depreciation of property, plant and equipment	5,351	5,438	25,720	22,257
(c) Impairment of property, plant and equipment	29,051	-	119,844	-
(d) Net foreign exchange loss/(gain)				
- realised	647	(640)	977	5,658
- unrealised	72	(347)	(173)	237
	<u>72</u>	<u>(347)</u>	<u>(173)</u>	<u>237</u>

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 / financial year ended 31 December 2021.

**25. MATERIAL LITIGATION**

Save for the following, as at 31 December 2021, the Group was not involved in any material litigation, claims or arbitration, and is not aware of any material litigation, claims or arbitration pending or threatened against the Group:

**(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 appeal was heard by the Court of Appeal on 20 - 23 July 2021. ABPL is awaiting the Court of Appeal’s decision.

**26. DIVIDENDS**

No dividend was declared or recommended for the current financial year ended 31 December 2021.

**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 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 impact of the above to the diluted EPS is insignificant.

	Individual Quarter Ended		Cumulative Quarters Year Ended	
	31.12.2021	31.12.2020 Re-presented	31.12.2021	31.12.2020 Re-presented
Profit/(Loss) attributable to Owners of the Company (RM'000)				
- from continuing operations	<b>146,517</b>	144,129	<b>659,226</b>	102,873
- from discontinuing operations	<b>(28,516)</b>	14	<b>(85,160)</b>	22,696
	<b>118,001</b>	144,143	<b>574,066</b>	125,569
Weighted average/adjusted weighted average number of ordinary shares in issue for basic EPS ('000)	<b>5,897,874</b>	5,882,784	<b>5,897,874</b>	5,882,784
Basic EPS (sen)				
- from continuing operations	<b>2.48</b>	2.45	<b>11.18</b>	1.75
- from discontinuing operations	<b>(0.48)</b>	0.00	<b>(1.44)</b>	0.39
	<b>2.00</b>	2.45	<b>9.74</b>	2.14
Diluted EPS (sen)				
- from continuing operations	<b>2.48</b>	2.45	<b>11.18</b>	1.75
- from discontinuing operations	<b>(0.48)</b>	0.00	<b>(1.44)</b>	0.39
	<b>2.00</b>	2.45	<b>9.74</b>	2.14

BY ORDER OF THE BOARD

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(SSM Practicing Certificate No. 201908002446)

ONG SHIAU THING (MAICSA 7070183)  
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Joint Company Secretaries

Kuala Lumpur  
25 February 2022