



BUMIARMADA

BUMI ARMADA BERHAD

199501041194 (370398-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2022

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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 first quarter ended 31 March 2022 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Note	Individual Quarter Ended			Cumulative Quarter Period Ended		
		31.03.2022 RM'000	31.03.2021 RM'000 Re-presented	+ / (-) %	31.03.2022 RM'000	31.03.2021 RM'000 Re-presented	+ / (-) %
<u>Continuing operations</u>							
Revenue		529,007	539,743	(2)	529,007	539,743	(2)
Cost of sales		(256,313)	(292,301)		(256,313)	(292,301)	
Gross profit		272,694	247,442		272,694	247,442	
Other operating income		13,659	46,805		13,659	46,805	
Selling and distribution costs		(1,959)	(672)		(1,959)	(672)	
Administrative expenses		(28,302)	(18,390)		(28,302)	(18,390)	
Operating profit		256,092	275,185	(7)	256,092	275,185	(7)
Finance costs		(84,874)	(101,632)		(84,874)	(101,632)	
Share of results of joint ventures and associates		20,470	7,366		20,470	7,366	
Profit before taxation		191,688	180,919	6	191,688	180,919	6
Taxation	18	(5,408)	(25,607)		(5,408)	(25,607)	
Profit from continuing operations		186,280	155,312	20	186,280	155,312	20
<u>Discontinued operations</u>							
Profit from discontinued operations		-	4,287		-	4,287	
Profit for the financial period		186,280	159,599	17	186,280	159,599	17
Attributable to:							
- Owners of the Company							
- from continuing operations		185,757	158,507		185,757	158,507	
- from discontinued operations		-	4,287		-	4,287	
		185,757	162,794	14	185,757	162,794	14
- Non-controlling interests							
- from continuing operations		523	(3,195)		523	(3,195)	
		186,280	159,599		186,280	159,599	
Basic earnings per share (sen)							
- from continuing operations	27	3.14	2.69		3.14	2.69	
- from discontinued operations		-	0.07		-	0.07	
		3.14	2.76		3.14	2.76	
Diluted earnings per share (sen)							
- from continuing operations	27	3.14	2.69		3.14	2.69	
- from discontinued operations		-	0.07		-	0.07	
		3.14	2.76		3.14	2.76	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarter Period Ended	
		31.03.2022 RM'000	31.03.2021 RM'000 Re-presented	31.03.2022 RM'000	31.03.2021 RM'000 Re-presented
Profit for the financial period		186,280	159,599	186,280	159,599
<u>Continuing operations</u>					
Other comprehensive income/(expense)					
Items that may be reclassified subsequently to profit or loss					
- Fair value gain on cash flow hedges		141,945	39,998	141,945	39,998
- Costs of hedging		(5,354)	605	(5,354)	605
- Foreign currency translation differences		33,127	91,613	33,127	91,613
- Share of other comprehensive income of joint ventures		1,444	811	1,444	811
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		350	(939)	350	(939)
Other comprehensive income for the financial period, net of tax, from continuing operations		171,512	132,088	171,512	132,088
<u>Discontinued operations</u>					
Other comprehensive income for the financial period, net of tax, from discontinued operations		-	1,223	-	1,223
Other comprehensive income for the financial period, net of tax		171,512	133,311	171,512	133,311
Total comprehensive income for the financial period		357,792	292,910	357,792	292,910
Total comprehensive income attributable to:					
- Owners of the Company					
- from continuing operations		357,638	291,315	357,638	291,315
- from discontinued operations		-	5,510	-	5,510
		357,638	296,825	357,638	296,825
- Non-controlling interests					
- from continuing operations		154	(3,915)	154	(3,915)
		357,792	292,910	357,792	292,910

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,166,030	4,212,753
Investments in joint ventures		1,061,835	1,031,331
Investments in associates		34,418	33,383
Financial assets at fair value through other comprehensive income		13,131	12,651
Finance lease receivables		4,381,991	4,403,444
Accrued lease rental		84,080	83,330
Amount due from a joint venture		32,282	31,994
Amount due from an associate		329,490	322,801
Derivative financial instruments	22	31,075	364
Deferred tax assets		23,089	28,326
TOTAL NON-CURRENT ASSETS		10,157,421	10,160,377
CURRENT ASSETS			
Finance lease receivables		235,338	225,364
Trade receivables	20	520,406	494,286
Other receivables, deposits and prepayments		74,685	82,909
Contract assets		26,870	12,480
Amounts due from joint ventures		14,823	13,988
Amounts due from associates		17,984	9,775
Derivative financial instruments	22	2,640	487
Tax recoverable		21,634	20,469
Deposits, cash and bank balances		758,608	794,846
		1,672,988	1,654,604
Non-current assets and disposal group classified as held-for-sale	13	-	255,465
TOTAL CURRENT ASSETS		1,672,988	1,910,069
TOTAL ASSETS		11,830,409	12,070,446

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
LESS: CURRENT LIABILITIES			
Trade payables and accruals		140,070	158,928
Other payables and accruals		270,547	285,129
Contract liabilities		34,277	34,219
Amounts due to joint ventures		1,345	1,358
Amounts due to associates		2,097	1,987
Lease liabilities		65,880	61,263
Borrowings	21	1,199,776	1,404,128
Derivative financial instruments	22	14,599	35,671
Taxation		11,311	9,586
		1,739,902	1,992,269
Liabilities directly associated with non-current assets and disposal group classified as held-for-sale	13	-	53,579
TOTAL CURRENT LIABILITIES		1,739,902	2,045,848
NET CURRENT LIABILITIES		(66,914)	(135,779)
LESS: NON-CURRENT LIABILITIES			
Other payables and accruals		79,679	86,528
Contract liabilities		26,476	27,268
Lease liabilities		3,133	4,072
Borrowings	21	5,300,122	5,514,202
Derivative financial instruments	22	389,525	455,577
Deferred tax liabilities		10,839	15,123
TOTAL NON-CURRENT LIABILITIES		5,809,774	6,102,770
NET ASSETS		4,280,733	3,921,828
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		4,328,432	4,328,432
Reserves		(6,974)	(365,725)
		4,321,458	3,962,707
NON-CONTROLLING INTERESTS		(40,725)	(40,879)
TOTAL EQUITY		4,280,733	3,921,828
NET ASSETS PER SHARE (RM)		0.72*	0.66

* Based on 5,907,044,744 ordinary shares in issue as at 31 March 2022.

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>2022</u>										
At 1 January 2022	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
Profit for the financial period	-	-	-	-	-	-	185,757	185,757	523	186,280
Other comprehensive income/(expense) for the financial period, net of tax	-	-	33,496	-	138,035	350	-	171,881	(369)	171,512
Total comprehensive income for the financial period, net of tax	-	-	33,496	-	138,035	350	185,757	357,638	154	357,792
Transaction with owners: - Management incentive plan granted	-	-	-	1,113	-	-	-	1,113	-	1,113
At 31 March 2022	5,907,045	4,328,432	1,288,962	5,770	12,634	(1,392)	(1,312,948)	4,321,458	(40,725)	4,280,733

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>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 period	-	-	-	-	-	-	162,794	162,794	(3,195)	159,599
Other comprehensive income/(expense) for the financial period, net of tax	-	-	93,556	-	41,414	(939)	-	134,031	(720)	133,311
Total comprehensive income/(expense) for the financial period, net of tax	-	-	93,556	-	41,414	(939)	162,794	296,825	(3,915)	292,910
Transaction with owners:										
- Management incentive plan granted	-	-	-	734	-	-	-	734	-	734
At 31 March 2021	5,885,896	4,321,351	1,239,855	6,861	(210,529)	(864)	(1,909,977)	3,446,697	(27,563)	3,419,134

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Period Ended 31.03.2022 RM'000	Period Ended 31.03.2021 RM'000 Re-presented
OPERATING ACTIVITIES			
<u>Continuing operations</u>			
Profit for the financial period		186,280	155,312
Adjustments for non-cash items:			
Share of results of joint ventures and associates		(20,470)	(7,366)
Net gain on disposal of property, plant and equipment and non-current assets held-for-sale		-	(6,855)
Depreciation of property, plant and equipment		83,284	119,576
Fair value through profit or loss on derivative financial instruments		(258)	(656)
Net writeback of allowance for impairment losses		(1,656)	(5,694)
Unrealised foreign exchange gain		(6,471)	(1,853)
Share-based payment		1,113	734
Interest income		(4,981)	(3,412)
Interest expense		84,005	101,374
Accretion of interest		1,127	914
Taxation		5,408	25,607
Operating profit before changes in working capital		327,381	377,681
Changes in working capital:			
Inventories		-	3,394
Finance lease receivables		52,942	67,876
Trade and other receivables		(40,964)	63,355
Trade and other payables		(28,270)	(12,625)
Joint ventures and associates		(12,724)	(55,886)
Cash from operations		298,365	443,795
Interest paid		(102,360)	(120,579)
Tax refund/(paid) (net)		62	(1,791)
Net cash flows generated from operating activities for continuing operations		196,067	321,425
Net cash flows generated from operating activities for discontinued operations		-	6,369
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		196,067	327,794
INVESTING ACTIVITIES			
<u>Continuing operations</u>			
Purchase of property, plant and equipment		(137)	(4,586)
Proceeds from disposal of property, plant and equipment		16,751	81,585
Advances to an associate		-	(18,497)
Interest received		5,415	4,023
Dividends received from a joint venture		-	11,244
Net proceeds from disposal of subsidiaries	13	137,922	-
Net cash flows generated from investing activities for continuing operations		159,951	73,769
Net cash flows generated from investing activities for discontinued operations		-	126
NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES		159,951	73,895

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Period Ended 31.03.2022 RM'000	Period Ended 31.03.2021 RM'000 Re-presented
FINANCING ACTIVITIES			
<u>Continuing operations</u>			
Repayment of borrowings		(447,085)	(349,896)
Repayments of lease liabilities		(2,106)	(350)
Net cash flows used in financing activities for continuing operations		(449,191)	(350,246)
Net cash flows used in financing activities for discontinued operations		-	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(449,191)	(350,246)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(93,173)	51,443
CURRENCY TRANSLATION DIFFERENCES		8,409	28,986
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		843,372	894,781
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		758,608	975,210
Cash and cash equivalents:			
- from continuing operations		758,608	879,051
- from discontinued operations		-	96,159
		758,608	975,210
Cash and cash equivalents consist of:			
Deposits with licensed banks		704,118	708,951
Cash and bank balances		54,490	266,259
		758,608	975,210

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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 2021 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 2021. The results of the joint ventures and associates are based on unaudited management accounts.

As at 31 March 2022, the Group’s current liabilities exceeded its current assets by RM66.9 million due to the classification of a secured term loan from Mezzanine Equities N.V. (“MENV”) of RM126.1 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.

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 2021, 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 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”

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 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 year to date (“YTD”) results as compared with the previous YTD

Financial Indicators	YTD 31.03.2022 RM'000	YTD 31.03.2021 RM'000 Re-presented	Change RM'000
<u>Continuing operations</u>			
Segment revenue			
Operations	522,124	506,164	15,960
Others	6,883	33,579	(26,696)
Total revenue	529,007	539,743	(10,736)
Profit for the financial period	186,280	155,312	30,968
Finance costs	84,874	101,632	(16,758)
Depreciation of property, plant and equipment	83,284	119,576	(36,292)
<u>Discontinued operations</u>			
Profit for the financial period	-	4,287	(4,287)

The Group generated revenue from continuing operations of RM529.0 million for the financial period ended 31 March 2022 (“YTD 2022”), a marginal decrease of RM10.7 million compared to the financial period ended 31 March 2021 (“YTD 2021”). Revenue from the Operations segment increased due to higher vessel availability for Armada Kraken FPSO, while Others segment revenue decreased due to the provision of one-off engineering services relating to a FPSO vessel in YTD 2021.

The Group generated a profit from continuing operations of RM186.3 million for YTD 2022, an increase of RM31.0 million compared to YTD 2021 mainly due to lower depreciation of property, plant and equipment, tax expense and finance costs, offset by lower other operating income in YTD 2022.

With reference to Note 10 Segment Information, the Operations segment results from continuing operations decreased marginally to RM323.3 million for YTD 2022 from RM334.8 million for YTD 2021.

The financial results for discontinued operations in YTD 2021 relate to the disposal group held-for-sale as disclosed in Note 13.

2. MANAGEMENT COMMENTARY (CONTINUED)

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

Financial Indicators	1st Quarter 2022 RM'000	4th Quarter 2021 RM'000 Re-presented	Change RM'000
<u>Continuing operations</u>			
Segment revenue			
Operations	522,124	511,331	10,793
Others	6,883	1,723	5,160
Total revenue	529,007	513,054	15,953
Profit for the financial period	186,280	141,178	45,102
Finance costs	84,874	92,625	(7,751)
Depreciation of property, plant and equipment	83,284	113,201	(29,917)
<u>Discontinued operations</u>			
Loss for the financial period	-	(28,516)	(28,516)

The Group generated revenue from continuing operations of RM529.0 million for the quarter ended 31 March 2022 ("Q1 2022"), an increase of RM16.0 million compared to the quarter ended 31 December 2021 ("Q4 2021"). The increase in the revenue from the Operations segment was mainly due to higher vessel availability for Armada Kraken FPSO in Q1 2022 compared to Q4 2021, while the increase in revenue from the Others segment was mainly due to the provision of engineering services to one of the Group's jointly-owned FPSO vessels in Q1 2022.

The Group generated profit from continuing operations of RM186.3 million for Q1 2022, an increase of RM45.1 million compared to Q4 2021 mainly due to higher revenue and lower depreciation of property, plant and equipment. The Group recorded a loss from discontinued operations of RM28.5 million for Q4 2021 due to impairment losses on vessels recognised in Q4 2021.

With reference to Note 10 Segment Information, the Operations segment results increased to RM323.3 million as compared to RM264.1 million for Q4 2021, mainly due to higher revenue and lower operating costs in Q1 2022.

The financial results for discontinued operations in Q4 2021 relate to the disposal group held-for-sale as disclosed in Note 13.

(C) Review of consolidated statement of financial position

Financial Indicators	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000	Change RM'000
Total assets	11,830,409	12,070,446	(240,037)
Total liabilities	(7,549,676)	(8,148,618)	598,942
Total equity	(4,280,733)	(3,921,828)	(358,905)

As at 31 March 2022, the Group had total assets of RM11,830.4 million, a decrease of 2% compared to 31 December 2021, mainly due to the disposal of non-current assets and disposal group classified as held-for-sale as at 31 December 2021 in YTD 2022.

As at 31 March 2022, the Group had total liabilities of RM7,549.7 million, a decrease of 7% compared to 31 December 2021, mainly due to repayment of bank borrowings.

2. MANAGEMENT COMMENTARY (CONTINUED)

(D) Review of consolidated statement of cash flows

Financial Indicators	YTD 31.03.2022 RM'000	YTD 31.03.2021 RM'000 Re-presented	Change RM'000
<u>Continuing operations</u>			
Net cash flows generated from operating activities	196,067	321,425	(125,358)
Net cash flows generated from investing activities	159,951	73,769	86,182
Net cash flows used in financing activities	(449,191)	(350,246)	(98,945)
Net (decrease)/increase in cash and cash equivalents for continuing operations	(93,173)	44,948	(138,121)
<u>Discontinued operations</u>			
Net cash flows generated from operating activities	-	6,369	(6,369)
Net cash flows generated from investing activities	-	126	(126)
Net increase in cash and cash equivalents for discontinued operations	-	6,495	(6,495)
Net (decrease)/increase in cash and cash equivalents	(93,173)	51,443	(144,616)

The Group had lower net cash flows generated from operating activities for continuing operations in YTD 2022 compared to YTD 2021 mainly due to lower cash collection from trade and other receivables which has been subsequently received.

The Group had higher net cash flows generated from investing activities for continuing operations in YTD 2022 compared to YTD 2021 mainly due to proceeds from disposal of the Ice Class Vessel Companies (Note 13), offset by lower proceeds from disposal of property, plant and equipment in YTD 2022.

In YTD 2022, the Group repaid bank debt of RM447.1 million.

The cash flows for discontinued operations relate to the disposal group held-for-sale as disclosed in Note 13.

(E) Construction of a 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 Group holds interests in associates involved in the 98/2 Project. As previously reported, the construction of the FPSO continues but is delayed, however, in May 2022, the charterer granted an extension of project completion until the end of 2022.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

The strong oil price augurs well for the oil and gas sector, which has witnessed increased activities across the entire value chain, including the floating offshore solutions segment. The Group expects our existing business to be stable for the rest of 2022 and is pursuing 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;
- Integrated Environmental, Social and Governance (“ESG”) strategy;
- Build on the excellent operational performance of our vessels;
- Secure new contracts; and
- Maintain crucial relationships with clients and partners.

4. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the audited financial statements for the preceding financial year ended 31 December 2021.

5. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial period ended 31 March 2022.

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 period ended 31 March 2022.

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.

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 period ended 31 March 2022.

9. DIVIDENDS PAID

There were no dividends paid in the financial period ended 31 March 2022.

10. SEGMENT INFORMATION

With effect from 1 January 2022, the Group reorganised its segments to reflect the nature of activities carried out by its business units, in line with the Group’s divestment of the Offshore Support Vessel (“OSV”) sub-segment through its asset monetisation programme. The Group’s reportable segments are as follows:

- (i) Operations (“Ops”) – provision of Floating Production Storage Offloading (“FPSO”) vessels, Floating Gas Solutions (“FGS”) unit, OSV vessels, Subsea Construction (“SC”) assets and marine related services.
- (ii) Others – consists of the following:
 - Technology, Engineering and Projects (“TEP”) – provision of engineering consultancy and project support services.
 - Corporate and others – Management services and corporate support services provided to subsidiaries which are considered incidental to the Group’s operating business.

The comparative segment information has been restated accordingly.

The information of each of the Group’s business units for the individual and cumulative quarter ended 31 March 2022 and 31 March 2021 are as follows:

Individual/Cumulative Quarter Ended 31.03.2022	Operations RM’000	Others RM’000	Elimination RM’000	Total RM’000
<u>Continuing operations</u>				
Revenue	522,124	6,883	-	529,007
Inter-segment revenue	-	16,185	(16,185)	-
Results				
Segment results	323,268	793	-	324,061
Depreciation of property, plant and equipment	(82,492)	(792)	-	(83,284)
Net writeback of allowance for impairment losses	1,656	-	-	1,656
Share of results of joint ventures and associates	21,173	(703)	-	20,470
Subtotal	263,605	(702)	-	262,903
Other operating income				13,659
Finance costs				(84,874)
Taxation				(5,408)
Profit from continuing operations				186,280
Profit from discontinued operations				-
Profit for the financial period				186,280

10. SEGMENT INFORMATION (CONTINUED)

The information of each of the Group's business units for the individual and cumulative quarter ended 31 March 2022 and 31 March 2021 are as follows: (continued)

Individual/Cumulative Quarter Ended 31.03.2021	Operations RM'000 Restated	Others RM'000 Restated	Elimination RM'000	Total RM'000 Restated
<u>Continuing operations</u>				
Revenue	506,164	33,579	-	539,743
Inter-segment revenue	-	-	-	-
Results				
Segment results	334,760	7,502	-	342,262
Depreciation of property, plant and equipment	(118,727)	(849)	-	(119,576)
Net writeback of allowance for impairment losses	5,694	-	-	5,694
Share of results of joint ventures and associates	2,067	5,299	-	7,366
Subtotal	223,794	11,952	-	235,746
Other operating income				46,805
Finance costs				(101,632)
Taxation				(25,607)
Profit from continuing operations				155,312
Profit from discontinued operations				4,287
Profit for the financial period				159,599

Segment revenue for Operations is mainly denominated in USD.

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

As at 31 March 2022, all property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment losses.

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

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

- (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 (“Completion Date”) where the Ice Class Vessel Companies ceased to be a part of the Group. The comparative financials for the discontinued operations are re-presented in the condensed consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of cash flows.

Details of the assets, liabilities and net cashflow arising from the Disposal Transaction are as follows:

	As at Completion Date RM'000
Property, plant and equipment	186,406
Trade receivables	1,895
Cash and cash equivalent	48,526
Other assets	1,972
Trade payables	(8,192)
Deferred tax liabilities	(27,709)
Other liabilities	(17,678)
Net assets	185,220
Less: Net consideration received from disposal of subsidiaries	(186,448)
Foreign exchange differences	1,228
Net impact to profit or loss	-
Net consideration received from disposal of subsidiaries	186,448
Less: Cash and cash equivalent in the disposed subsidiaries	(48,526)
Net proceeds from disposal of subsidiaries	137,922

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group’s contingent liabilities comprising bank guarantees extended to third parties amounted to RM72.1 million as at 31 March 2022 as compared to RM44.3 million as at 31 December 2021. 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 March 2022 and 31 December 2021 are as follows:

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
- authorised and contracted	513	231
- authorised but not contracted	4,747	5,397
	<u>5,260</u>	<u>5,628</u>

16. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Individual/ Cumulative Quarter Ended 31.03.2022 RM'000	Individual/ Cumulative Quarter Ended 31.03.2021 RM'000
(a) Management fees and engineering assistance services receivable from joint ventures and associate		
- revenue	4,630	12,311
- other operating income	8,400	32,883
(b) Payment on behalf of joint ventures	-	93
(c) Telecommunication expenses to Maxis Berhad ⁽¹⁾	(44)	(62)
(d) Rental to Malaysian Landed Property Sdn Bhd ⁽²⁾	(937)	(916)
(e) Management fees to UTSB Management Sdn Bhd ⁽³⁾	(1,824)	(1,765)
(f) Interest expense to Mezzanine Equities N.V. ⁽³⁾	(3,520)	(3,733)
(g) Transactions with an associate		
- advances to an associate	-	18,497
- interest income	3,774	2,320
(h) Key management personnel compensation		
- Non-Executive Directors' fees	(671)	(614)
- salaries, bonus and allowances and other staff related costs	(4,351)	(3,670)
- defined contribution plan	(94)	(129)
- share-based payment	<u>(1,059)</u>	<u>(616)</u>

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:

⁽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/Cumulative Quarter Ended	
	31.03.2022 RM'000	31.03.2021 RM'000 Restated
<u>Continuing operations</u>		
Income tax:		
- Current year	3,430	25,632
- Prior year	935	(2,473)
Deferred tax	1,043	2,448
Taxation from continuing operations	5,408	25,607
Taxation from discontinued operations	-	(1,242)

The Group's continuing operations' effective tax rates for the individual and cumulative quarter ended 31 March 2022 were 3%. The difference in the effective tax rates and the Malaysian statutory tax rate of 24% is mainly due to income not subject to tax and the 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 March 2022 and 31 December 2021 is as follows:

	As at 31.03.2022 RM'000	As at 31.03.2021 RM'000
Current	493,714	457,821
Less than 30 days past due	15,638	9,131
Between 31 and 60 days past due	8,023	2,896
Between 61 and 90 days past due	54	145
Between 91 days and 1 year past due	2,977	1,978
More than 1 year past due	-	6,144
	520,406	478,115

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 31.03.2022			As at 31.12.2021			As at 31.03.2021		
	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
SHORT-TERM DEBTS									
Secured:									
Term loans ⁽¹⁾	1,085,314	-	1,085,314	1,060,827	-	1,060,827	872,996	-	872,996
Unsecured:									
Sukuk Murabahah – current	-	7,168	7,168	-	30,393	30,393	-	6,908	6,908
Term loans	107,294	-	107,294	312,908	-	312,908	306,970	-	306,970
Total short-term debts	1,192,608	7,168	1,199,776	1,373,735	30,393	1,404,128	1,179,966	6,908	1,186,874
LONG TERM DEBTS									
Secured:									
Term loans	2,550,892	-	2,550,892	2,755,319	-	2,755,319	4,602,643	-	4,602,643
Unsecured:									
Sukuk Murabahah	-	1,499,803	1,499,803	-	1,499,769	1,499,769	-	1,499,526	1,499,526
Term loans	1,249,427	-	1,249,427	1,259,114	-	1,259,114	2,419,872	-	2,419,872
Total long-term debts	3,800,319	1,499,803	5,300,122	4,014,433	1,499,769	5,514,202	7,022,515	1,499,526	8,522,041
Total borrowings	4,992,927	1,506,971	6,499,898	5,388,168	1,530,162	6,918,330	8,202,481	1,506,434	9,708,915

21. BORROWINGS (CONTINUED)

⁽¹⁾ Included in the short-term secured term loans is a 3-year secured term loan of USD30.0 million (RM126.1 million) from MENV, a wholly-owned subsidiary of UTSB (refer to Note 16) which is classified 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.

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 March 2022, the proportion of borrowings between floating interest rates and fixed interest rates is 77%:23%. 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 period are as follows:

	31.03.2022	31.12.2021	31.03.2021
	%	%	%
Term loans	3.89	3.55	3.63
Sukuk Murabahah	6.35	6.35	6.35

Borrowings as at 31 March 2022 decreased by 6% as compared to 31 December 2021 mainly due to repayment of bank borrowings.

22. DERIVATIVE FINANCIAL INSTRUMENTS

Details of derivative financial instruments outstanding as at 31 March 2022 and 31 December 2021 are as set out below:

Types of Derivative	As at 31.03.2022		As at 31.12.2021	
	Contract/ Notional amount RM'000	Fair value (liabilities)/ assets RM'000	Contract/ Notional amount RM'000	Fair value liabilities RM'000
Derivatives used for hedging:				
Interest rate swaps				
- Less than 1 year	617,020	(2,202)	602,419	(28,215)
- 1 to 3 years	831,162	26,777	902,091	(15,577)
- More than 3 years	952,551	(785)	1,023,309	(11,337)
	<u>2,400,733</u>	<u>23,790</u>	<u>2,527,819</u>	<u>(55,129)</u>
Cross currency interest rate swaps				
- Less than 1 year	-	(9,757)	-	(6,970)
- 1 to 3 years	1,500,000	(384,442)	1,500,000	(428,298)
	<u>1,500,000</u>	<u>(394,199)</u>	<u>1,500,000</u>	<u>(435,268)</u>

There have been no changes since the end of the previous financial year ended 31 December 2021 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 March 2022 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 March 2022 and 31 December 2021 except as set out below:

	As at 31.03.2022		As at 31.12.2021	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Finance lease receivables	4,617,329	5,200,609	4,628,808	5,219,676
Amount due from a joint venture	32,282	47,941	31,994	47,513
Amount due from an associate	329,490	319,738	322,801	317,745
Sukuk Murabahah	1,506,971	1,541,315	1,530,162	1,543,054

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 March 2022 and 31 December 2021, by valuation method.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 31.03.2022				
Financial assets:				
Financial assets at fair value through other comprehensive income	13,131	-	-	13,131
Derivatives used for hedging				
- Interest rate swaps	-	33,070	-	33,070
- Cross currency interest rate swaps	-	645	-	645
Financial liabilities:				
Derivatives used for hedging				
- Interest rate swaps	-	(9,280)	-	(9,280)
- Cross currency interest rate swaps	-	(394,844)	-	(394,844)

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 March 2022 and 31 December 2021, by valuation method. (continued)

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 31.12.2021				
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
	<u>-</u>	<u>487</u>	<u>-</u>	<u>487</u>
Financial liabilities:				
Derivatives used for hedging				
- Cross currency interest rate swaps	-	(55,493)	-	(55,493)
	<u>-</u>	<u>(435,755)</u>	<u>-</u>	<u>(435,755)</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

	Individual/ Cumulative Quarter Ended 31.03.2022 RM'000	Individual/ Cumulative Quarter Ended 31.03.2021 RM'000 Restated
<u>Continuing operations</u>		
Profit before taxation is arrived at after (crediting)/charging:		
(a) Other operating income		
- Interest income	(4,981)	(3,412)
- Gain on disposal of property, plant and equipment and non-current assets held-for-sale	-	(6,958)
- Management fees charged to an associate	(8,400)	(32,883)
- Others	(278)	(3,552)
(b) Interest expense	84,005	101,374
(c) Accretion of interest	1,127	914
(d) Depreciation of property, plant and equipment	83,284	119,576
(e) Net writeback of allowance for impairment losses		
- Trade receivables	(1,656)	(5,694)
(f) Loss on disposal of property, plant and equipment and non-current assets held-for-sale	-	103
(g) Net foreign exchange loss/(gain)		
- realised	9,733	2,577
- unrealised	(6,471)	(1,853)
(h) Fair value through profit and loss on derivative financial instruments	(258)	(656)
(i) Retrenchment expenses	<u>104</u>	<u>2,023</u>
<u>Discontinued operations</u>		
Profit from discontinued operations is arrived at after (crediting)/charging:		
(a) Other operating income		
- Interest income	-	(126)
- Others	-	(24)
(b) Depreciation of property, plant and equipment	-	7,456
(c) Net foreign exchange (gain)/loss		
- realised	-	(144)
- unrealised	-	123

Other than as presented in the statements of income and as disclosed above, there was no allowance for and write-off of inventories, gain or loss on disposal of quoted or unquoted investments or properties and other exceptional items for the current quarter ended 31 March 2022.

25. MATERIAL LITIGATION

Save for the following, as at 31 March 2022, 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 period ended 31 March 2022.

27. EARNINGS PER SHARE

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

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the 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/Cumulative Quarter Ended	
	31.03.2022	31.3.2021 Re-presented
Profit attributable to Owners of the Company (RM’000)		
- from continuing operations	185,757	158,507
- from discontinued operations	-	4,287
	185,757	162,794
Weighted average/adjusted weighted average number of ordinary shares in issue for basic EPS (’000)	5,907,045	5,885,896
Basic EPS (sen)		
- from continuing operations	3.14	2.69
- from discontinued operations	-	0.07
	3.14	2.76
Diluted EPS (sen)		
- from continuing operations	3.14	2.69
- from discontinued operations	-	0.07
	3.14	2.76

BY ORDER OF THE BOARD

SHAMSUL SHAHRINA BINTI MOHD HUSSEIN (MAICSA 7047477)
(SSM Practicing Certificate No. 201908002446)

SEUHAILEY BINTI SHAMSUDIN @ AZRAAIN (MAICSA 7046575)
(SSM Practicing Certificate no. 202008001650)
Joint Company Secretaries

Kuala Lumpur
25 May 2022