



BUMIARMADA

BUMI ARMADA BERHAD

199501041194 (370398-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 third quarter ended 30 September 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 Quarters Period Ended		
		30.09.2022 RM'000	30.09.2021 RM'000 Re-presented	+ / (-) %	30.09.2022 RM'000	30.09.2021 RM'000 Re-presented	+ / (-) %
<u>Continuing operations</u>							
Revenue		653,073	517,923	26	1,800,511	1,649,529	9
Cost of sales		(377,890)	(287,075)		(1,015,011)	(938,471)	
Gross profit		275,183	230,848	19	785,500	711,058	10
Other operating income		17,942	22,812		44,425	135,003	
Selling and distribution costs		(482)	(1,464)		(4,476)	(2,925)	
Administrative expenses		(16,227)	(25,827)		(50,772)	(66,955)	
Operating profit before impairment		276,416	226,369	22	774,677	776,181	0
Impairment		-	(6,175)		-	(19,117)	
Operating profit		276,416	220,194	26	774,677	757,064	2
Finance costs		(94,851)	(99,791)		(267,330)	(304,497)	
Share of results of joint ventures and associates		(43,157)	26,872		9,580	75,539	
Profit before taxation		138,408	147,275	(6)	516,927	528,106	(2)
Taxation	18	776	394		(4,074)	(26,445)	
Profit from continuing operations		139,184	147,669	(6)	512,853	501,661	2
<u>Discontinued operations</u>							
Profit/(Loss) from discontinued operations		-	13,852		-	(56,645)	
Profit for the financial period		139,184	161,521	(14)	512,853	445,016	15
Attributable to:							
- Owners of the Company							
- from continuing operations		149,723	139,562		521,730	512,710	
- from discontinued operations		-	13,852		-	(56,645)	
		149,723	153,414		521,730	456,065	
- Non-controlling interests							
- from continuing operations		(10,539)	8,107		(8,877)	(11,049)	
		139,184	161,521		512,853	445,016	
Basic earnings per share (sen)							
- from continuing operations	27	2.53	2.37		8.82	8.70	
- from discontinued operations		-	0.23		-	(0.96)	
		2.53	2.60		8.82	7.74	
Diluted earnings per share (sen)							
- from continuing operations	27	2.53	2.37		8.82	8.70	
- from discontinued operations		-	0.23		-	(0.96)	
		2.53	2.60		8.82	7.74	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarters Period Ended	
		30.09.2022 RM'000	30.09.2021 RM'000 Re-presented	30.09.2022 RM'000	30.09.2021 RM'000 Re-presented
Profit for the financial period		139,184	161,521	512,853	445,016
<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		89,158	12,087	260,188	61,744
- Costs of hedging		13,475	(3,473)	8,645	5,370
- Foreign currency translation differences		214,616	29,440	427,795	124,385
- Share of other comprehensive income of joint ventures		407	503	2,579	1,819
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		(6,411)	(595)	10,729	(1,392)
Other comprehensive income for the financial period, net of tax, from continuing operations		311,245	37,962	709,936	191,926
<u>Discontinued operations</u>					
Other comprehensive (expense)/income for the financial period, net of tax, from discontinued operations		-	(525)	-	462
Other comprehensive income for the financial period, net of tax		311,245	37,437	709,936	192,388
Total comprehensive income for the financial period		450,429	198,958	1,222,789	637,404
Total comprehensive income/(expense) attributable to:					
- Owners of the Company					
- from continuing operations		463,226	177,740	1,236,304	705,594
- from discontinued operations		-	13,327	-	(56,183)
		463,226	191,067	1,236,304	649,411
- Non-controlling interests					
- from continuing operations		(12,797)	7,891	(13,515)	(12,007)
		450,429	198,958	1,222,789	637,404

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,347,079	4,212,753
Investments in joint ventures		1,129,140	1,031,331
Investments in associates		39,952	33,383
Financial assets at fair value through other comprehensive income		25,008	12,651
Finance lease receivables		4,661,559	4,403,444
Accrued lease rental		-	83,330
Amount due from a joint venture		24,598	31,994
Amount due from an associate		371,952	322,801
Derivative financial instruments	22	64,218	364
Deferred tax assets		14,129	28,326
TOTAL NON-CURRENT ASSETS		10,677,635	10,160,377
CURRENT ASSETS			
Finance lease receivables		279,420	225,364
Trade receivables	20	584,466	494,286
Other receivables, deposits and prepayments		102,773	82,909
Contract assets		29,086	12,480
Amounts due from joint ventures		10,635	13,988
Amounts due from associates		15,557	9,775
Derivative financial instruments	22	45,923	487
Tax recoverable		39,041	20,469
Deposits, cash and bank balances		952,591	794,846
		2,059,492	1,654,604
Non-current assets and disposal group classified as held-for-sale		56,057	255,465
TOTAL CURRENT ASSETS		2,115,549	1,910,069
TOTAL ASSETS		12,793,184	12,070,446

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
LESS: CURRENT LIABILITIES			
Trade payables and accruals		204,983	158,928
Other payables and accruals		410,531	285,129
Contract liabilities		22,519	34,219
Amounts due to joint ventures		1,341	1,358
Amounts due to associates		2,860	1,987
Lease liabilities		75,862	61,263
Borrowings	21	1,362,853	1,404,128
Derivative financial instruments	22	18,217	35,671
Taxation		11,054	9,586
		2,110,220	1,992,269
Liabilities directly associated with disposal group classified as held-for-sale		-	53,579
TOTAL CURRENT LIABILITIES		2,110,220	2,045,848
NET CURRENT ASSETS/(LIABILITIES)		5,329	(135,779)
LESS: NON-CURRENT LIABILITIES			
Other payables and accruals		71,286	86,528
Contract liabilities		27,280	27,268
Lease liabilities		2,473	4,072
Borrowings	21	4,899,579	5,514,202
Derivative financial instruments	22	522,957	455,577
Deferred tax liabilities		11,375	15,123
TOTAL NON-CURRENT LIABILITIES		5,534,950	6,102,770
NET ASSETS		5,148,014	3,921,828
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		4,332,376	4,328,432
Reserves		870,032	(365,725)
		5,202,408	3,962,707
NON-CONTROLLING INTERESTS		(54,394)	(40,879)
TOTAL EQUITY		5,148,014	3,921,828
NET ASSETS PER SHARE (RM)		0.87 *	0.66

* Based on 5,918,047,144 ordinary shares in issue as at 30 September 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/(Loss) for the financial period	-	-	-	-	-	-	521,730	521,730	(8,877)	512,853
Other comprehensive income/(expense) for the financial period, net of tax	-	-	432,433	-	271,412	10,729	-	714,574	(4,638)	709,936
Total comprehensive income/(expense) for the financial period, net of tax	-	-	432,433	-	271,412	10,729	521,730	1,236,304	(13,515)	1,222,789
Transactions with owners:										
- Shares issued pursuant to the management incentive plan	11,002	3,944	-	(3,944)	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	3,397	-	-	-	3,397	-	3,397
At 30 September 2022	5,918,047	4,332,376	1,687,899	4,110	146,011	8,987	(976,975)	5,202,408	(54,394)	5,148,014

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	-	-	-	-	-	-	456,065	456,065	(11,049)	445,016
Other comprehensive income/(expense) for the financial period, net of tax	-	-	125,805	-	68,933	(1,392)	-	193,346	(958)	192,388
Total comprehensive income/(expense) for the financial period, net of tax	-	-	125,805	-	68,933	(1,392)	456,065	649,411	(12,007)	637,404
Transaction with owners:										
- Shares issued pursuant to the management incentive plan	21,149	7,081	-	(7,081)	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	3,136	-	-	-	3,136	-	3,136
At 30 September 2021	5,907,045	4,328,432	1,272,104	2,182	(183,010)	(1,317)	(1,616,706)	3,801,685	(35,655)	3,766,030

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended 30.09.2022 RM'000	Period Ended 30.09.2021 RM'000 Re-presented
OPERATING ACTIVITIES		
<u>Continuing operations</u>		
Profit for the financial period	512,853	501,661
Adjustments for non-cash items:		
Share of results of joint ventures and associates	(9,580)	(75,539)
Net gain on disposal of property, plant and equipment and non-current assets held-for-sale	(6)	(25,027)
Depreciation of property, plant and equipment	256,069	352,571
Fair value through profit or loss on derivative financial instruments	(2,201)	(496)
Net allowance for impairment losses/(writeback of allowance for impairment losses)	68,311	(11,291)
Unrealised foreign exchange (gain)/loss	(39,943)	408
Share-based payment	3,397	3,136
Impairment of property, plant and equipment	-	19,117
Interest income	(18,565)	(12,578)
Interest expense	265,878	302,046
Accretion of interest	3,653	2,947
Taxation	4,074	26,445
Operating profit before changes in working capital	1,043,940	1,083,400
Changes in working capital:		
Inventories	-	3,259
Finance lease receivables	199,195	142,542
Trade and other receivables	(81,116)	29,376
Trade and other payables	115,520	92,417
Joint ventures and associates	(9,503)	(50,814)
Cash from operations	1,268,036	1,300,180
Interest paid	(268,853)	(307,815)
Tax paid	(3,743)	(1,210)
Net cash flows generated from operating activities for continuing operations	995,440	991,155
Net cash flows generated from operating activities for discontinued operations	-	56,755
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	995,440	1,047,910
INVESTING ACTIVITIES		
<u>Continuing operations</u>		
Purchase of property, plant and equipment	(1,366)	(11,519)
Proceeds from disposal of property, plant and equipment	16,757	148,195
Proceeds from disposal of investments in subsidiaries	137,922	-
Advances to an associate	-	(116,091)
Interest received	19,475	13,077
Dividends received from joint ventures	25,708	42,255
Repayment from a joint venture	5,329	2,064
Proceeds from redemption of redeemable preference shares in a joint venture	-	8,245
Additional investment in joint ventures	(1,815)	(1,919)
Net cash flows generated from investing activities for continuing operations	202,010	84,307
Net cash flows generated from investing activities for discontinued operations	-	327
NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES	202,010	84,634

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Period Ended 30.09.2022 RM'000	Period Ended 30.09.2021 RM'000 Re-presented
FINANCING ACTIVITIES		
<u>Continuing operations</u>		
Repayment of borrowings	(1,180,268)	(1,169,343)
Repayments of lease liabilities	(3,012)	(2,032)
Net cash flows used in financing activities for continuing operations	(1,183,280)	(1,171,375)
Net cash flows used in financing activities for discontinued operations	-	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(1,183,280)	(1,171,375)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	14,170	(38,831)
CURRENCY TRANSLATION DIFFERENCES	95,049	53,665
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	952,591	909,615
Cash and cash equivalents:		
- from continuing operations	952,591	876,751
- from discontinued operations	-	32,864
	952,591	909,615
Cash and cash equivalents consist of:		
Deposits with licensed banks	859,285	790,166
Cash and bank balances	93,306	119,449
	952,591	909,615

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

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 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”

The adoption of the above amendments to MFRS and annual improvements 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 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 may result in a change in accounting policy. The Group will quantify the effect of adopting these amendments to MFRS when the amendments 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 30.09.2022 RM'000	YTD 30.09.2021 RM'000 Re-presented	Change RM'000
<u>Continuing operations</u>			
Segment revenue			
Operations	1,716,213	1,546,261	169,952
Others	84,298	103,268	(18,970)
Total revenue	1,800,511	1,649,529	150,982
Profit for the financial period	512,853	501,661	11,192
Finance costs	(267,330)	(304,497)	37,167
Share of results of joint ventures and associates	9,580	75,539	(65,959)
Depreciation of property, plant and equipment	(256,069)	(352,571)	96,502
Net (allowance for impairment losses)/writeback of allowance for impairment losses	(68,311)	11,291	(79,602)
<u>Discontinued operations</u>			
Loss for the financial period	-	(56,645)	56,645

The Group generated revenue from continuing operations of RM1,800.5 million for the financial period ended 30 September 2022 (“YTD 2022”), an increase of RM151.0 million compared to the financial period ended 30 September 2021 (“YTD 2021”). Revenue from the Operations segment increased mainly due to Subsea Construction contract work in the Caspian Sea in YTD 2022, higher vessel availability of Armada Kraken FPSO⁽¹⁾ but offset by fewer operating vessels as a result of disposal of Offshore Support Vessels (“OSVs”). Others segment revenue decreased due to the provision of one-off engineering services relating to a FPSO vessel in YTD 2021.

Share of results of joint ventures and associates decreased from RM75.5 million in YTD 2021 to RM9.6 million in YTD 2022 mainly due to the revision of residual value of the Group’s jointly owned FPSO vessels in Q3 2022 (refer to Note 2(E)).

Included in the net allowance for impairment losses for YTD 2022 is an allowance for impairment losses on accrued lease rental of RM88.0 million which was provided for as the Group’s wholly-owned subsidiary, Armada Balnaves Pte Ltd (“ABPL”) was unsuccessful in its appeal against Woodside Energy Julimar Pty Ltd (“WEJ”) (refer to Note 25).

The Group generated a profit from continuing operations of RM512.9 million for YTD 2022, a marginal increase of RM11.2 million compared to YTD 2021.

With reference to Note 10 Segmental Information, the Operations segment result marginally decreased to RM981.6 million for YTD 2022 compared to RM1,001.3 million for YTD 2021. The Others segment result increased to RM73.0 million for YTD 2022 compared to a loss of RM18.8 million for YTD 2021 mainly due to foreign exchange gains arising from translation of intercompany balances denominated in Ringgit Malaysia.

The financial results for discontinued operations in YTD 2021 relate to the disposal group held-for-sale as disclosed in Note 15.

Note:

⁽¹⁾ FPSO – Floating Production Storage Offloading vessel. This acronym is also used hereinafter.

2. MANAGEMENT COMMENTARY (CONTINUED)

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

Financial Indicators	3rd Quarter 2022 RM'000	2nd Quarter 2022 RM'000	Change RM'000
Segment revenue			
Operations	621,633	572,456	49,177
Others	31,440	45,975	(14,535)
Total revenue	653,073	618,431	34,642
Profit for the financial period	139,184	187,389	(48,205)
Finance costs	(94,851)	(87,605)	(7,246)
Share of results of joint ventures and associates	(43,157)	32,267	(75,424)
Depreciation of property, plant and equipment	(87,385)	(85,400)	(1,985)
Net allowance for impairment losses	(4,541)	(65,426)	60,885

The Group generated revenue of RM653.1 million for the quarter ended 30 September 2022 ("Q3 2022"), an increase of RM34.6 million compared to the quarter ended 30 June 2022 ("Q2 2022"). The increase in the Operations segment was mainly due to higher progress of completion of the Subsea Construction contract work in the Caspian Sea in Q3 2022 compared to Q2 2022. The decrease in revenue from the Others segment was mainly due to higher preliminary front end engineering and design ("Pre-FEED") revenue recognised in Q2 2022.

Share of results of joint ventures and associates decreased from a profit of RM32.2 million in Q2 2022 to a loss of RM43.2 million in Q3 2022 mainly due to the reduced estimated residual value of the Group's jointly owned FPSO vessels in Q3 2022 (refer to Note 2(E)).

Included in the net allowance for impairment losses for Q2 2022 is an allowance for impairment losses on accrued lease rental of RM88.0 million which was provided for as the Group's wholly-owned subsidiary, ABPL was unsuccessful in its appeal against WEJ (refer to Note 25).

The Group generated profit of RM139.2 million for Q3 2022, a decrease of RM48.2 million compared to Q2 2022, mainly driven by the lower share of results of joint ventures and associates, which was partially offset by the increase in revenue.

With reference to Note 10 Segmental Information, the Operations segment result reduced from RM354.6 million in Q2 2022 to RM303.8 million in Q3 2022 mainly due to higher vessel operating costs and foreign exchange losses arising from translation of cash and bank balances. The Others segment result improved to RM46.6 million in Q3 2022 compared to RM25.6 million for Q2 2022 due to recognition of the remaining profit of a Pre-FEED contract in Q3 2022 for services rendered in previous quarters upon final approval by the client.

(C) Review of consolidated statement of financial position

Financial Indicators	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000	Change RM'000
Total assets	12,793,184	12,070,446	722,738
Total liabilities	(7,645,170)	(8,148,618)	503,448
Total equity	(5,148,014)	(3,921,828)	(1,226,186)

As at 30 September 2022, the Group had total assets of RM12,793.2 million, an increase of 6% compared to 31 December 2021, mainly arising from higher valuation of balances denominated in USD due to the stronger USD exchange rate as at September 2022. This increase was partially offset by the disposal of non-current assets and disposal group classified as held-for-sale as at 31 December 2021 in YTD 2022 and full allowance for impairment losses on accrued lease rental provided in YTD 2022 (refer to Note 25).

As at 30 September 2022, the Group had total liabilities of RM7,645.2 million, a decrease of 6% compared to 31 December 2021. This was mainly due to repayment of bank borrowings, offset by higher valuation of balances denominated in USD due to the stronger USD exchange rate as at September 2022.

2. MANAGEMENT COMMENTARY (CONTINUED)

(D) Review of consolidated statement of cash flows

Financial Indicators	YTD 30.09.2022 RM'000	YTD 30.09.2021 RM'000 Re-presented	Change RM'000
<u>Continuing operations</u>			
Net cash flows generated from operating activities	995,440	991,155	4,285
Net cash flows generated from investing activities	202,010	84,307	117,703
Net cash flows used in financing activities	(1,183,280)	(1,171,375)	(11,905)
Net increase/(decrease) in cash and cash equivalents for continuing operations	14,170	(95,913)	110,083
<u>Discontinued operations</u>			
Net cash flows generated from operating activities	-	56,755	(56,755)
Net cash flows generated from investing activities	-	327	(327)
Net increase in cash and cash equivalents for discontinued operations	-	57,082	(57,082)
Net increase/(decrease) in cash and cash equivalents	14,170	(38,831)	53,001

The Group's net cash flows generated from operating activities for continuing operations increased marginally in YTD 2022 compared to YTD 2021.

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 the disposal of the Ice Class Vessel Companies (Note 15).

In YTD 2022, the Group repaid bank debt of RM1,180.3 million.

The cash flows for discontinued operations relate to the disposal group held-for-sale as disclosed in Note 15.

(E) Critical accounting estimates and judgements

Revision of residual value and useful life of vessels

In Q3 2022, the Group has revised the following accounting estimates with effect from 1 July 2022:

- (a) Residual values of all FPSO vessels accounted for as property, plant and equipment ("PPE") and the unguaranteed residual values of all FPSO vessels accounted for as financial lease receivables ("FLR"). The residual values have been revised down to the vessels' expected scrap values at the end of their useful lives; and
- (b) Extension of useful life of a FPSO vessel based on the expected period of future economic benefits for the vessel.

As a result of the above, the impact to the Q3 2022 financial results of the Group is as follows:

- Reduction in gross profit of RM27.8 million, which includes a one-off impact of RM25.9 million; and
- Decrease in share of results of joint ventures and associates by RM46.3 million, which includes a one-off impact of RM45.1 million.

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. The FPSO has sailed-away from the construction yard in Singapore and is expected to arrive in the east coast of Kakinada, offshore India, by December 2022.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

We expect our existing business to be stable for the rest of 2022 and are pursuing new opportunities in targeted markets. We will continue to focus on the following areas to improve the prospects of the organisation:

- Safety of all employees, partners and assets;
- Integrated Sustainability 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 30 September 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 30 September 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 30 September 2022.

9. DIVIDENDS PAID

There were no dividends paid in the financial period ended 30 September 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 – provision of FPSO vessels, Floating Gas Solutions unit, OSV vessels, Subsea Construction assets and marine related services.
- (ii) Others – consists of the following:
 - Technology, Engineering and Projects – 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 quarters ended 30 September 2022 and 30 September 2021 are as follows:

Individual Quarter Ended 30.09.2022	Operations RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Continuing operations</u>				
Revenue	621,633	31,440	-	653,073
Inter-segment revenue	-	11,874	(11,874)	-
Results				
Segment results	303,773	46,627	-	350,400
Depreciation of property, plant and equipment	(86,525)	(860)	-	(87,385)
Net allowance for impairment losses/ (writeback of allowance for impairment losses)	620	(5,161)	-	(4,541)
Share of results of joint ventures and associates	(43,813)	656	-	(43,157)
Subtotal	174,055	41,262	-	215,317
Other operating income				17,942
Finance costs				(94,851)
Taxation				776
Profit from continuing operations				139,184
Profit from discontinued operations				-
Profit for the financial period				139,184

10. SEGMENT INFORMATION (CONTINUED)

The information of each of the Group's business units for the individual and cumulative quarters ended 30 September 2022 and 30 September 2021 are as follows: (continued)

Individual Quarter Ended 30.09.2021	Operations RM'000 Restated	Others RM'000 Restated	Elimination RM'000	Total RM'000 Restated
<u>Continuing operations</u>				
Revenue	486,006	31,917	-	517,923
Inter-segment revenue	-	-	-	-
Results				
Segment results	330,261	(13,781)	-	316,480
Depreciation of property, plant and equipment	(113,806)	(690)	-	(114,496)
Net writeback of allowance for impairment losses	1,573	-	-	1,573
Impairment	(6,175)	-	-	(6,175)
Share of results of joint ventures and associates	23,851	3,021	-	26,872
Subtotal	235,704	(11,450)	-	224,254
Other operating income				22,812
Finance costs				(99,791)
Taxation				394
Profit from continuing operations				147,669
Profit from discontinued operations				13,852
Profit for the financial period				161,521

Cumulative Quarters Ended 30.09.2022	Operations RM'000	Others RM'000	Elimination RM'000	Total RM'000
<u>Continuing operations</u>				
Revenue	1,716,213	84,298	-	1,800,511
Inter-segment revenue	-	45,939	(45,939)	-
Results				
Segment results	981,647	72,985	-	1,054,632
Depreciation of property, plant and equipment	(253,603)	(2,466)	-	(256,069)
Net allowance for impairment losses	(63,150)	(5,161)	-	(68,311)
Share of results of joint ventures and associates	8,966	614	-	9,580
Subtotal	673,860	65,972	-	739,832
Other operating income				44,425
Finance costs				(267,330)
Taxation				(4,074)
Profit from continuing operations				512,853
Profit from discontinued operations				-
Profit for the financial period				512,853

10. SEGMENTAL INFORMATION (CONTINUED)

The information of each of the Group's business units for the individual and cumulative quarters ended 30 September 2022 and 30 September 2021 are as follows: (continued)

Cumulative Quarters Ended 30.09.2021	Operations RM'000 Restated	Others RM'000 Restated	Elimination RM'000	Total RM'000 Restated
<u>Continuing operations</u>				
Revenue	1,546,261	103,268	-	1,649,529
Inter-segment revenue	-	-	-	-
Results				
Segment results	1,001,251	(18,793)	-	982,458
Depreciation of property, plant and equipment	(350,259)	(2,312)	-	(352,571)
Net writeback of allowance for impairment losses	11,291	-	-	11,291
Impairment	(19,117)	-	-	(19,117)
Share of results of joint ventures and associates	64,900	10,639	-	75,539
Subtotal	708,066	(10,466)	-	697,600
Other operating income				135,003
Finance costs				(304,497)
Taxation				(26,445)
Profit from continuing operations				501,661
Loss from discontinued operations				(56,645)
Profit for the financial period				445,016

Segmental revenue for Operations is mainly denominated in USD.

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

As at 30 September 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. CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment approved by the Directors and not provided for in the unaudited condensed consolidated financial statements as at 30 September 2022 and 31 December 2021 are as follows:

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
- authorised and contracted	128	231
- authorised but not contracted	3,851	5,397
	<u>3,979</u>	<u>5,628</u>

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group's contingent liabilities comprising bank guarantees extended to third parties amounted to RM81.2 million as at 30 September 2022 as compared to RM44.3 million as at 31 December 2021. There are no material contingent assets to be disclosed.

15. CHANGES IN THE COMPOSITION OF THE GROUP

(a) Changes in the composition of the Group in Q3 2022

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.

(b) Disposal of subsidiaries during YTD 2022

On 19 January 2022, the Group via its subsidiaries, namely Bumi Armada Singapore Holdings Pte Ltd, Bumi Armada Offshore Contractor Limited and Bumi Armada Russia Holdings Limited 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) ("Disposal Transaction"):

- (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

16. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Individual Quarter Ended 30.09.2022 RM'000	Individual Quarter Ended 30.09.2021 RM'000	Cumulative Quarters Period Ended 30.09.2022 RM'000	Cumulative Quarters Period Ended 30.09.2021 RM'000
(a) Management fees and engineering assistance services receivable from joint ventures and associate				
- revenue	-	-	4,630	12,311
- other operating income	5,000	8,441	13,400	90,529
(b) Payment on behalf of joint ventures	632	490	717	651
(c) Telecommunication expenses to Maxis Berhad ⁽¹⁾	(119)	(126)	(308)	(373)
(d) Rental to Malaysian Landed Property Sdn Bhd ⁽²⁾	(946)	(913)	(2,856)	(2,783)
(e) Management fees to UTSB Management Sdn Bhd ⁽³⁾	(1,853)	(1,765)	(5,530)	(5,295)
(f) Interest expense to Mezzanine Equities N.V. ⁽³⁾	(4,912)	(3,697)	(12,399)	(11,127)
(g) Transactions with an associate				
- advances to an associate	-	33,190	-	116,091
- interest income	4,125	3,798	11,857	8,994
(h) Key management personnel compensation				
- Non-Executive Directors' fees	(596)	(662)	(1,938)	(1,968)
- Consultancy fees	-	-	(282)	-
- salaries, bonus and allowances and other staff related costs	(5,588)	(3,783)	(14,357)	(11,245)
- defined contribution plan	(58)	(100)	(210)	(296)
- share-based payment	(1,113)	(1,319)	(3,387)	(3,010)

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 Quarter Ended		Cumulative Quarters Period Ended	
	30.09.2022 RM'000	30.09.2021 RM'000 Re-presented	30.09.2022 RM'000	30.09.2021 RM'000 Re-presented
<u>Continuing operations</u>				
Income tax:				
- Current year	1,121	7,967	5,752	37,178
- Prior year	(2,895)	(5,727)	(12,781)	(7,971)
Deferred tax	998	(2,634)	11,103	(2,762)
Taxation from continuing operations	(776)	(394)	4,074	26,445
Taxation from discontinued operations	-	4,250	-	(8,468)

The Group's continuing operations' effective tax rates for the individual and cumulative quarters period ended 30 September 2022 were negative 1% and 1% 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 and 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 30 September 2022 and 31 December 2021 is as follows:

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Current	535,351	376,340
Less than 30 days past due	4,130	104,084
Between 31 and 60 days past due	229	4,025
Between 61 and 90 days past due	29,027	4,517
Between 91 days and 1 year past due	6,626	5,320
More than 1 year past due	9,103	-
	<u>584,466</u>	<u>494,286</u>

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

21. BORROWINGS

	As at 30.09.2022			As at 31.12.2021			As at 30.09.2021		
	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⁾	1,237,672	-	1,237,672	1,060,827	-	1,060,827	1,051,084	-	1,051,084
Unsecured:									
Sukuk Murabahah – current	-	6,646	6,646	-	30,393	30,393	-	6,385	6,385
Term loans	118,535	-	118,535	312,908	-	312,908	259,514	-	259,514
Total short-term debts	1,356,207	6,646	1,362,853	1,373,735	30,393	1,404,128	1,310,598	6,385	1,316,983
LONG TERM DEBTS									
Secured:									
Term loans	2,281,142	-	2,281,142	2,755,319	-	2,755,319	3,010,312	-	3,010,312
Unsecured:									
Sukuk Murabahah	-	1,499,873	1,499,873	-	1,499,769	1,499,769	-	1,499,734	1,499,734
Term loans	1,118,564	-	1,118,564	1,259,114	-	1,259,114	1,569,070	-	1,569,070
Total long-term debts	3,399,706	1,499,873	4,899,579	4,014,433	1,499,769	5,514,202	4,579,382	1,499,734	6,079,116
Total borrowings	4,755,913	1,506,519	6,262,432	5,388,168	1,530,162	6,918,330	5,889,980	1,506,119	7,396,099

21. BORROWINGS (CONTINUED)

⁽¹⁾ Included in the short-term secured term loans is a 3-year secured term loan of USD30.0 million (RM139.1 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.

As at 30 September 2022, the proportion of borrowings between floating interest rates and fixed interest rates is 76%:24%. 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:

	30.09.2022	31.12.2021	30.09.2021
	%	%	%
Term loans	6.39	3.55	3.56
Sukuk Murabahah	6.35	6.35	6.35

Borrowings as at 30 September 2022 decreased by 9% 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 30 September 2022 and 31 December 2021 are as set out below:

Types of Derivative	As at 30.09.2022		As at 31.12.2021	
	Contract/ Notional amount RM'000	Fair value assets/ (liabilities) RM'000	Contract/ Notional amount RM'000	Fair value liabilities RM'000
Derivatives used for hedging:				
Interest rate swaps				
- Less than 1 year	701,047	45,923	602,419	(28,215)
- 1 to 3 years	742,132	52,572	902,091	(15,577)
- More than 3 years	872,360	11,646	1,023,309	(11,337)
	<u>2,315,539</u>	<u>110,141</u>	<u>2,527,819</u>	<u>(55,129)</u>
Cross currency interest rate swaps				
- Less than 1 year	-	(18,217)	-	(6,970)
- 1 to 3 years	1,500,000	(522,957)	1,500,000	(428,298)
	<u>1,500,000</u>	<u>(541,174)</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 30 September 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 30 September 2022 and 31 December 2021 except as set out below:

	As at 30.09.2022		As at 31.12.2021	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Finance lease receivables	4,940,979	5,572,215	4,628,808	5,219,676
Amount due from a joint venture	24,598	50,019	31,994	47,513
Amount due from an associate	371,952	359,595	322,801	317,745
Sukuk Murabahah	1,506,519	1,509,252	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 30 September 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 30.09.2022				
Financial assets:				
Financial assets at fair value through other comprehensive income	25,008	-	-	25,008
Derivatives used for hedging				
- Interest rate swaps	-	110,141	-	110,141
Financial liabilities:				
Derivatives used for hedging				
- Cross currency interest rate swaps	-	(541,174)	-	(541,174)

23. FAIR VALUE HIERARCHY (CONTINUED)

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

The table below analyses financial instruments carried at fair value as at 30 September 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	<u>-</u>	<u>487</u>	<u>-</u>	<u>487</u>
Financial liabilities:				
Derivatives used for hedging				
- Interest rate swaps	-	(55,493)	-	(55,493)
- Cross currency interest rate swaps	<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 period and the comparative period. 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 Quarter Ended 30.09.2022 RM'000	Individual Quarter Ended 30.09.2021 RM'000 Re-presented	Cumulative Quarters Ended 30.09.2022 RM'000	Cumulative Quarters Ended 30.09.2021 RM'000 Re-presented
<u>Continuing operations</u>				
Profit before taxation is arrived at after (crediting)/charging:				
(a) Other operating income				
- Interest income	(8,089)	(5,151)	(18,565)	(12,578)
- Gain on disposal of property, plant and equipment and non-current assets held-for- sale	(1)	(6,224)	(6)	(25,348)
- Management fees charged to a joint venture and an associate	(5,000)	(8,441)	(13,400)	(90,529)
- Insurance claim	(4,615)	(1,938)	(5,812)	(5,473)
- Others	(237)	(1,058)	(6,642)	(1,075)
(b) Interest expense	94,226	98,800	265,878	302,046
(c) Accretion of interest	1,348	1,101	3,653	2,947
(d) Depreciation of property, plant and equipment	87,385	114,496	256,069	352,571
(e) Net (writeback of allowance for impairment losses)/allowance for impairment losses				
- Trade receivables	(901)	(2,580)	(25,141)	(12,298)
- Accrued lease rental	-	1,007	88,010	1,007
- Amount due from a joint venture	5,442	-	5,442	-
(f) Impairment of property, plant and equipment	-	6,175	-	19,117
(g) Loss on disposal of property, plant and equipment and non-current assets held-for-sale	-	193	-	321
(h) Net foreign exchange (gain)/loss				
- realised	(2,005)	(930)	(830)	(1,871)
- unrealised	(8,238)	2,793	(39,943)	408
(i) Fair value through profit and loss on derivative financial instruments	(723)	(110)	(2,201)	(496)
(j) Retrenchment expenses	-	(1,412)	104	5,695

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

	Individual Quarter Ended 30.09.2022 RM'000	Individual Quarter Ended 30.09.2021 RM'000 Re-presented	Cumulative Quarters Ended 30.09.2022 RM'000	Cumulative Quarters Ended 30.09.2021 RM'000 Re-presented
<u>Discontinued operations</u>				
Loss from discontinued operations after (crediting)/charging:				
(a) Other operating income				
- Interest income	-	(99)	-	(327)
- Others	-	-	-	(24)
(b) Depreciation of property, plant and equipment	-	5,366	-	20,369
(c) Impairment of property, plant and equipment	-	-	-	90,792
(d) Net foreign exchange loss/(gain)				
- realised	-	463	-	330
- unrealised	-	(128)	-	(245)
	<u>-</u>	<u>(128)</u>	<u>-</u>	<u>(245)</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 ended 30 September 2022.

25. MATERIAL LITIGATION

Save for the following, as at 30 September 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 which ABPL considered as a repudiation of the Contract, which entitled ABPL to 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. On 24 January 2020, the Supreme Court delivered its judgment in favour of WEJ on ABPL’s main claim of repudiation of the Contract.

On 11 March 2020, ABPL filed an appeal against the Supreme Court’s decision at the Court of Appeal of the Supreme Court of Western Australia (“Court of Appeal”). The appeal was heard by the Court of Appeal from 20 July 2021 to 23 July 2021. On 24 June 2022, the Court of Appeal delivered its judgment in favour of WEJ.

On 10 November 2022, the High Court of Australia dismissed an application made by ABPL for special leave to appeal part of the judgment of the Court of Appeal and ordered ABPL to pay WEJ’s costs. This decision brings this matter to a conclusion.

26. DIVIDENDS

No dividend was declared or recommended for the current financial period ended 30 September 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 Quarter Ended		Cumulative Quarters Ended	
	30.09.2022	30.09.2021 Re-presented	30.09.2022	30.09.2021 Re-presented
Profit/(Loss) attributable to Owners of the Company (RM'000)				
- from continuing operations	149,723	139,562	521,730	512,710
- from discontinued operations	-	13,852	-	(56,645)
	149,723	153,414	521,730	456,065
Weighted average/adjusted weighted average number of ordinary shares in issue for basic EPS ('000)	5,912,727	5,894,784	5,912,727	5,894,784
Basic EPS (sen)				
- from continuing operations	2.53	2.37	8.82	8.70
- from discontinued operations	-	0.23	-	(0.96)
	2.53	2.60	8.82	7.74
Diluted EPS (sen)				
- from continuing operations	2.53	2.37	8.82	8.70
- from discontinued operations	-	0.23	-	(0.96)
	2.53	2.60	8.82	7.74

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
24 November 2022