



BUMIARMADA

BUMI ARMADA BERHAD

199501041194 (370398-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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 2023 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 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		
		31.03.2023 RM'000	31.03.2022 RM'000 Restated	+ / (-) %	31.03.2023 RM'000	31.03.2022 RM'000 Restated	+ / (-) %
Revenue		543,987	529,007	3	543,987	529,007	3
Cost of sales		(268,812)	(257,969)		(268,812)	(257,969)	
Gross profit		275,175	271,038	2	275,175	271,038	2
Other operating income		24,044	13,659		24,044	13,659	
Selling and distribution costs		(944)	(1,959)		(944)	(1,959)	
Administrative expenses		(34,841)	(28,302)		(34,841)	(28,302)	
Operating profit before impairment		263,434	254,436	4	263,434	254,436	4
Reversal of impairment	24	1,317	1,656		1,317	1,656	
Operating profit		264,751	256,092	3	264,751	256,092	3
Finance costs		(91,774)	(84,874)		(91,774)	(84,874)	
Share of results of joint ventures and associates		27,053	20,470		27,053	20,470	
Profit before taxation		200,030	191,688	4	200,030	191,688	4
Taxation	18	(4,116)	(5,408)		(4,116)	(5,408)	
Profit for the financial period		195,914	186,280	5	195,914	186,280	5
Attributable to:							
- Owners of the Company		201,010	185,757	8	201,010	185,757	8
- Non-controlling interests		(5,096)	523		(5,096)	523	
		195,914	186,280		195,914	186,280	
Earnings per share (sen)	27						
- Basic		3.40	3.14		3.40	3.14	
- Diluted		3.40	3.14		3.40	3.14	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarter Period Ended	
		31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Profit for the financial period		195,914	186,280	195,914	186,280
Other comprehensive (expense)/income:					
Items that may be reclassified subsequently to profit or loss:					
- Cash flow hedges		(76,586)	141,945	(76,586)	141,945
- Costs of hedging		47,026	(5,354)	47,026	(5,354)
- Foreign currency translation differences		9,123	33,127	9,123	33,127
- Share of other comprehensive (expense)/ income of joint ventures		(311)	1,444	(311)	1,444
Items that will not be reclassified to profit or loss:					
- Financial assets at fair value through other comprehensive income:					
- Gain on fair value change		2,005	350	2,005	350
Other comprehensive (expense)/income for the financial period, net of tax		(18,743)	171,512	(18,743)	171,512
Total comprehensive income for the financial period		177,171	<u>357,792</u>	177,171	<u>357,792</u>
Total comprehensive income/(expense) attributable to:					
- Owners of the Company		182,391	357,638	182,391	357,638
- Non-controlling interests		(5,220)	154	(5,220)	154
		177,171	<u>357,792</u>	177,171	<u>357,792</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	3,850,611	4,011,548
Investments in joint ventures		1,058,721	1,030,763
Investments in associates		40,711	39,276
Financial assets at fair value through other comprehensive income		29,858	27,816
Finance lease receivables		4,285,436	4,350,572
Amount due from a joint venture		26,007	26,748
Amount due from an associate		362,158	357,317
Derivative financial instruments	22	29,014	46,522
Deferred tax assets		7,172	9,339
TOTAL NON-CURRENT ASSETS		9,689,688	9,899,901
CURRENT ASSETS			
Finance lease receivables		289,164	277,905
Trade receivables	20	495,945	506,945
Other receivables, deposits and prepayments		43,808	32,804
Contract assets		986	32,156
Amounts due from joint ventures		9,856	23,614
Amounts due from associates		27,834	15,691
Derivative financial instruments	22	45,778	50,843
Tax recoverable		39,663	40,713
Deposits, cash and bank balances		677,538	838,847
		1,630,572	1,819,518
Non-current assets classified as held-for-sale		88,181	6,599
TOTAL CURRENT ASSETS		1,718,753	1,826,117
TOTAL ASSETS		11,408,441	11,726,018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
LESS: CURRENT LIABILITIES			
Trade payables and accruals		190,613	182,622
Other payables and accruals		295,794	316,785
Contract liabilities		36,500	21,634
Amounts due to joint ventures		1,446	1,441
Amounts due to associates		3,678	2,945
Lease liabilities		55,430	63,861
Borrowings	21	659,189	1,018,411
Derivative financial instruments	22	13,180	9,737
Taxation		9,920	10,461
TOTAL CURRENT LIABILITIES		1,265,750	1,627,897
NET CURRENT ASSETS		453,003	198,220
LESS: NON-CURRENT LIABILITIES			
Other payables and accruals		42,223	50,211
Contract liabilities		27,478	27,949
Lease liabilities		2,535	2,941
Borrowings	21	4,356,018	4,486,369
Derivative financial instruments	22	430,603	424,684
Deferred tax liabilities		10,005	10,417
TOTAL NON-CURRENT LIABILITIES		4,868,862	5,002,571
NET ASSETS		5,273,829	5,095,550
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		4,332,376	4,332,376
Reserves		997,651	814,152
		5,330,027	5,146,528
NON-CONTROLLING INTERESTS		(56,198)	(50,978)
TOTAL EQUITY		5,273,829	5,095,550
NET ASSETS PER SHARE (RM)		0.89 *	0.86

* Based on 5,918,047,144 ordinary shares in issue as at 31 March 2023.

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>2023</u>										
At 1 January 2023	5,918,047	4,332,376	1,427,932	5,259	134,655	12,600	(766,294)	5,146,528	(50,978)	5,095,550
Profit/(Loss) for the financial period	-	-	-	-	-	-	201,010	201,010	(5,096)	195,914
Other comprehensive income/(expense) for the financial period, net of tax	-	-	9,247	-	(29,871)	2,005	-	(18,619)	(124)	(18,743)
Total comprehensive income/(expense) for the financial period, net of tax	-	-	9,247	-	(29,871)	2,005	201,010	182,391	(5,220)	177,171
Transactions with owners:										
- Management incentive plan granted	-	-	-	1,108	-	-	-	1,108	-	1,108
At 31 March 2023	5,918,047	4,332,376	1,437,179	6,367	104,784	14,605	(565,284)	5,330,027	(56,198)	5,273,829

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>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	-	-	-	-	-	-	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/(expense) 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 CASH FLOWS

	Period Ended 31.03.2023 RM'000	Period Ended 31.03.2022 RM'000
OPERATING ACTIVITIES		
Profit for the financial period	195,914	186,280
Adjustments for non-cash items:		
Share of results of joint ventures and associates	(27,053)	(20,470)
Gain on disposal of a joint venture	(318)	-
Depreciation of property, plant and equipment	82,138	83,284
Fair value loss/(gain) on ineffective portion of cash flow hedges	1,749	(258)
Reversal of impairment	(1,317)	(1,656)
Unrealised foreign exchange loss/(gain)	5,961	(6,471)
Share-based payment	1,108	1,113
Interest income	(11,329)	(4,981)
Interest expense	88,647	84,005
Accretion of interest	1,378	1,127
Taxation	4,116	5,408
Operating profit before changes in working capital	340,994	327,381
Changes in working capital:		
Finance lease receivables	64,787	52,942
Trade and other receivables	29,520	(40,964)
Trade and other payables	(41,155)	(28,270)
Joint ventures and associates	(823)	(12,724)
Cash from operations	393,323	298,365
Interest paid	(103,896)	(102,360)
Tax (paid)/refund (net)	(1,109)	62
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	288,318	196,067
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(115)	(137)
Proceeds from disposal of property, plant and equipment	-	16,751
Proceeds from disposal of investments in subsidiaries	-	137,922
Proceeds from disposal of investments in a joint venture	5,949	-
Interest received	11,624	5,415
Proceeds from redemption of redeemable preference shares in a joint venture	21,639	-
NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES	39,097	159,951
FINANCING ACTIVITIES		
Repayment of borrowings	(490,367)	(447,085)
Repayments of lease liabilities	(1,049)	(2,106)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(491,416)	(449,191)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(164,001)	(93,173)
CURRENCY TRANSLATION DIFFERENCES	2,692	8,409
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	838,847	843,372
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	677,538	758,608
Cash and cash equivalents consist of:		
Deposits with licensed banks	618,992	704,118
Cash and bank balances	58,546	54,490
	677,538	758,608

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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 2022 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 2022. 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 2022, 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 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 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 2024:
- Amendments to MFRS 101 “Presentation of Financial Statements” – Non-current Liabilities with Covenants

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 31.03.2023 RM'000	YTD 31.03.2022 RM'000	Change RM'000
Segment revenue			
Operations	529,124	522,124	7,000
Others	14,863	6,883	7,980
Total revenue	543,987	529,007	14,980
Profit for the financial period	195,914	186,280	9,634
Finance costs	(91,774)	(84,874)	(6,900)
Share of results of joint ventures and associates	27,053	20,470	6,583
Depreciation of property, plant and equipment	(82,138)	(83,284)	1,146

The Group generated revenue of RM544.0 million for the financial period ended 31 March 2023 (“YTD 2023”), an increase of RM15.0 million compared to the financial period ended 31 March 2022 (“YTD 2022”). Revenue from the Operations segment increased marginally from YTD 2022 to YTD 2023. The increase in the Others segment was mainly due to higher revenue from engineering services to one of the Group’s jointly-owned FPSO vessels in YTD 2023.

The Group generated a profit of RM195.9 million for YTD 2023, an increase of RM9.6 million compared to YTD 2022 mainly due to higher other operating income (interest income).

With reference to Note 10 Segmental Information, the Operations segment result decreased marginally to RM317.9 million for YTD 2023 compared to RM323.3 million for YTD 2022. The Others segment result increased to RM3.7 million for YTD 2023 compared to RM0.8 million for YTD 2022 mainly due to higher revenue from engineering services to one of the Group’s jointly-owned FPSO vessels in YTD 2023.

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

Financial Indicators	1st Quarter 2023 RM'000	4th Quarter 2022 RM'000	Change RM'000
Segment revenue			
Operations	529,124	599,158	(70,034)
Others	14,863	5,870	8,993
Total revenue	543,987	605,028	(61,041)
Profit for the financial period	195,914	211,803	(15,889)
Finance costs	(91,774)	(99,368)	7,594
Share of results of joint ventures and associates	27,053	39,571	(12,518)
Depreciation of property, plant and equipment	(82,138)	(86,592)	4,454

The Group generated revenue of RM544.0 million for the quarter ended 31 March 2023 (“Q1 2023”), a decrease of RM61.0 million compared to the quarter ended 31 December 2022 (“Q4 2022”). The decrease in the Operations segment was mainly due to lower vessel availability for Armada Kraken FPSO⁽¹⁾ and lower revenue from variation order for Armada Olombendo FPSO. 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 2023.

Share of results of joint ventures and associates decreased from RM39.6 million in Q4 2022 to RM27.1 million in Q1 2023 mainly due to the engineering services provided by the Group to one of the Group’s jointly-owned FPSO vessels in Q1 2023 and reversal of over provision of prior period taxation for one of the Group’s joint ventures in Q4 2022.

The Group generated profit of RM195.9 million for Q1 2023, a decrease of RM15.9 million compared to Q4 2022, mainly driven by lower contribution from Armada Kraken FPSO in Q1 2023 and tax credit in Q4 2022, offset by revenue from engineering services to one of the Group’s jointly-owned FPSO vessels and higher operating income (management fee charged to an associate) in Q1 2023.

2. MANAGEMENT COMMENTARY (CONTINUED)

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

With reference to Note 10 Segmental Information, the Operations segment result decreased from RM345.6 million in Q4 2022 to RM317.9 million in Q1 2023 mainly due to lower contribution from Armada Kraken FPSO. The Others segment reported a profit of RM3.7 million in Q1 2023 compared to a loss of RM17.8 million in Q4 2022 due to provision of engineering services to one of the Group's jointly-owned FPSO vessels in Q1 2023.

Note:

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

(C) Review of consolidated statement of financial position

Financial Indicators	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000	Change RM'000
Total assets	11,408,441	11,726,018	(317,577)
Total liabilities	(6,134,612)	(6,630,468)	495,856
Total equity	(5,273,829)	(5,095,550)	(178,279)

As at 31 March 2023, the Group had total assets of RM11,408.4 million, a decrease of 3% compared to 31 December 2022 mainly due to decrease in property, plant and equipment (“PPE”) arising from depreciation, and decrease in cash and bank balances due to repayment of borrowings.

As at 31 Mar 2023, the Group had total liabilities of RM6,134.6 million, a decrease of 7% compared to 31 December 2022. This was mainly due to repayment of bank borrowings.

(D) Review of consolidated statement of cash flows

Financial Indicators	YTD 31.03.2023 RM'000	YTD 31.03.2022 RM'000	Change RM'000
Net cash flows generated from operating activities	288,318	196,067	92,251
Net cash flows generated from investing activities	39,097	159,951	(120,854)
Net cash flows used in financing activities	(491,416)	(449,191)	(42,225)
Net decrease in cash and cash equivalents	(164,001)	(93,173)	(70,828)

The Group had higher net cash flows generated from operating activities in YTD 2023 compared to YTD 2022 mainly due to favourable changes in working capital in YTD 2023.

The Group had lower net cash flows generated from investing activities in YTD 2023 compared to YTD 2022 mainly due to proceeds from the disposal of subsidiaries in YTD 2022.

In YTD 2023, the Group repaid bank debt of RM490.4 million.

(E) Critical accounting estimates and judgements

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 arrived at the field and is hooked-up, and ready to commence commissioning to achieve first oil.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

We are pursuing new opportunities in targeted markets. We will continue to focus on the following to improve our prospects:

- Safety of all employees, partners and assets;
- Continue the excellent operational performance of our vessels;
- Secure new projects in core regions and with our preferred partners;
- Establish our energy transition pathway and building our roadmap towards carbon emission reduction; and
- Maintain and further develop effective relationships with our 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 2022.

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 2023.

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 2023.

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 2023.

9. DIVIDENDS PAID

There were no dividends paid in the financial period ended 31 March 2023.

10. SEGMENT INFORMATION

The Group is organised into 2 reportable segments to reflect the nature of activities carried out by its business units, 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 information of each of the Group’s reportable segments for the individual quarter ended 31 March 2023 and 31 March 2022 are as follows:

Individual/Cumulative Quarter Ended 31.03.2023	Operations RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue	529,124	14,863	-	543,987
Inter-segment revenue	-	17,324	(17,324)	-
Results				
Segment results	317,857	3,671	-	321,528
Depreciation of property, plant and equipment	(81,318)	(820)	-	(82,138)
Reversal of impairment	1,317	-	-	1,317
Share of results of joint ventures and associates	25,557	1,496	-	27,053
Subtotal	263,413	4,347	-	267,760
Other operating income				24,044
Finance costs				(91,774)
Taxation				(4,116)
Profit for the financial period				195,914

Individual/Cumulative Quarter Ended 31.03.2022	Operations RM'000	Others RM'000	Elimination RM'000	Total RM'000
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)
Reversal of impairment	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 for the financial period				186,280

Segmental revenue for Operations is mainly denominated in USD.

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

As at 31 March 2023, 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 31 March 2023 and 31 December 2022 are as follows:

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
- authorised but not contracted	<u>2,266</u>	<u>2,381</u>

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group's contingent liabilities comprising bank guarantees extended to third parties amounted to RM42.1 million as at 31 March 2023 as compared to RM48.7 million as at 31 December 2022. There are no material contingent assets to be disclosed.

15. CHANGES IN THE COMPOSITION OF THE GROUP

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

- a) On 3 March 2023, Bumi Armada Holdings Netherlands B.V. ("BAHNB") was deregistered from the Business Register of the Netherlands Chamber of Commerce. Its shareholdings in Bumi Armada Netherlands B.V. ("BANB") was transferred to the Company upon its deregistration.
- b) On 6 March 2023, Bumi Armada Holdings B.V. ("BAHB") was deregistered from the Business Register of the Netherlands Chamber of Commerce.

16. SIGNIFICANT RELATED PARTY DISCLOSURES

The significant related party transactions undertaken during the quarter ended 31 March 2023 and 31 March 2022 are described below:

	Individual/ Cumulative Quarter Ended 31.03.2023 RM'000	Individual/ Cumulative Quarter Ended 31.03.2022 RM'000
(a) Management fees and engineering assistance services receivable from a joint venture and an associate		
- revenue	8,980	4,630
- other operating income	11,802	8,400
(b) Payment on behalf of joint ventures	100	-
(c) Telecommunication expenses to Maxis Berhad ⁽¹⁾	(54)	(44)
(d) Rental to Malaysian Landed Property Sdn Bhd ⁽²⁾	(942)	(937)
(e) Management fees to UTSB Management Sdn Bhd ⁽³⁾	(1,938)	(1,824)
(f) Interest expense to Mezzanine Equities N.V. ("MENV") ⁽³⁾	(5,767)	(3,520)
(g) Interest income from an associate	3,953	3,774
(h) Key management personnel compensation		
- Non-Executive Directors' fees	(674)	(671)
- salaries, bonus and allowances and other staff related costs	(4,646)	(4,351)
- defined contribution plan	(129)	(94)
- share-based payment	(1,105)	(1,059)

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	
	31.03.2023 RM'000	31.03.2022 RM'000
Income tax:		
- Current year	2,373	3,430
- Prior year	1	935
Deferred tax	1,742	1,043
Taxation	4,116	5,408

The Group's effective tax rates for the individual and cumulative quarter ended 31 March 2023 were 2%. 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.

20. TRADE RECEIVABLES

The credit terms of trade receivables ranged from 0 to 60 days. Ageing analysis of trade receivables as at 31 March 2023 and 31 December 2022 is as follows:

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Current	487,055	483,914
Less than 30 days past due	5,260	4,820
Between 31 and 60 days past due	743	2,263
Between 61 and 90 days past due	1,550	1,243
Between 91 days and 1 year past due	1,337	168
More than 1 year past due	-	14,537
	<u>495,945</u>	<u>506,945</u>

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

21. BORROWINGS

	As at 31.03.2023			As at 31.12.2022			As at 31.03.2022		
	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⁾	650,291	-	650,291	985,537	-	985,537	1,085,314	-	1,085,314
Unsecured:									
Sukuk Murabahah	-	6,646	6,646	-	30,654	30,654	-	7,168	7,168
Term loans	2,252	-	2,252	2,220	-	2,220	107,294	-	107,294
Total short-term debts	652,543	6,646	659,189	987,757	30,654	1,018,411	1,192,608	7,168	1,199,776
LONG TERM DEBTS									
Secured:									
Term loans	1,934,765	-	1,934,765	2,040,884	-	2,040,884	2,550,892	-	2,550,892
Unsecured:									
Sukuk Murabahah	-	1,499,942	1,499,942	-	1,499,907	1,499,907	-	1,499,803	1,499,803
Term loans	921,311	-	921,311	945,578	-	945,578	1,249,427	-	1,249,427
Total long-term debts	2,856,076	1,499,942	4,356,018	2,986,462	1,499,907	4,486,369	3,800,319	1,499,803	5,300,122
Total borrowings	3,508,619	1,506,588	5,015,207	3,974,219	1,530,561	5,504,780	4,992,927	1,506,971	6,499,898

21. BORROWINGS (CONTINUED)

- ⁽¹⁾ Included in the short-term secured term loans is a 3-year secured term loan of USD29.9 million (RM132.2 million) from Pacific Mezzanine Capital (Jersey) Limited (“PMC”), a wholly-owned subsidiary of UTSB which is classified as current liabilities as the repayment is due within 12 months from the balance sheet date. The term loan was previously drawn down from MENV, a wholly-owned subsidiary of UTSB (refer to Note 16), and was novated to PMC on 30 March 2023. The Group is currently in discussion with PMC to extend the repayment date for this secured term loan.

As at 31 March 2023, the proportion of borrowings between floating interest rates and fixed interest rates is 70%:30%. 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:

	31.03.2023	31.12.2022	31.03.2022
	%	%	%
Term loans	8.15	7.84	3.89
Sukuk Murabahah	6.35	6.35	6.35

Borrowings as at 31 March 2023 decreased by 9% as compared to 31 December 2022 mainly due to repayment of bank borrowings.

22. DERIVATIVE FINANCIAL INSTRUMENTS

Details of derivative financial instruments outstanding as at 31 March 2023 and 31 December 2022 are as set out below:

Types of Derivative	As at 31.03.2023		As at 31.12.2022	
	Contract/ Notional amount RM'000	Fair value assets/ (liabilities) RM'000	Contract/ Notional amount RM'000	Fair value assets/ (liabilities) RM'000
Derivatives used for hedging:				
Interest rate swaps				
- Less than 1 year	307,102	45,403	633,356	50,580
- 1 to 3 years	672,693	26,965	661,098	40,442
- More than 3 years	653,593	2,049	740,930	6,080
	<u>1,633,388</u>	<u>74,417</u>	<u>2,035,384</u>	<u>97,102</u>
Cross currency interest rate swaps				
- Less than 1 year	-	(12,805)	-	(9,474)
- 1 to 3 years	1,500,000	(430,603)	1,500,000	(424,684)
	<u>1,500,000</u>	<u>(443,408)</u>	<u>1,500,000</u>	<u>(434,158)</u>

There have been no changes since the end of the previous financial year ended 31 December 2022 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 2023 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 2023 and 31 December 2022 except as set out below:

	As at 31.03.2023		As at 31.12.2022	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Finance lease receivables	4,574,600	5,171,120	4,628,477	5,235,744
Amount due from a joint venture	26,007	22,873	26,748	22,635
Amount due from an associate	362,158	316,911	357,317	310,571
Sukuk Murabahah	1,506,588	1,475,203	1,530,561	1,510,773

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 2023 and 31 December 2022, by valuation method.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 31.03.2023				
Financial assets:				
Financial assets at fair value through other comprehensive income	29,858	-	-	29,858
Derivatives used for hedging				
- Interest rate swaps	-	74,417	-	74,417
- Cross currency interest rate swaps	-	375	-	375
Financial liabilities:				
Derivatives used for hedging				
- Cross currency interest rate swaps	-	(443,783)	-	(443,783)
As at 31.12.2022				
Financial assets:				
Financial assets at fair value through other comprehensive income	27,816	-	-	27,816
Derivatives used for hedging				
- Interest rate swaps	-	97,102	-	97,102
- Cross currency interest rate swaps	-	263	-	263
Financial liabilities:				
Derivatives used for hedging				
- Interest rate swaps	-	(434,421)	-	(434,421)

23. FAIR VALUE HIERARCHY (CONTINUED)

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

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/ Cumulative Quarter Ended 31.03.2023 RM'000	Individual/ Cumulative Quarter Ended 31.03.2022 RM'000
Profit before taxation is arrived at after (crediting)/charging:		
(a) Other operating income		
- Interest income	(11,329)	(4,981)
- Gain on disposal of a joint venture	(318)	-
- Management fees charged to an associate	(11,802)	(8,400)
- Insurance claim	(414)	(157)
- Others	(181)	(121)
(b) Interest expense	88,647	84,005
(c) Accretion of interest	1,378	1,127
(d) Depreciation of property, plant and equipment	82,138	83,284
(e) Reversal of impairment		
- Trade receivables	(1,317)	(1,656)
(f) Net foreign exchange loss/(gain)		
- realised	1,531	9,733
- unrealised	5,961	(6,471)
(g) Fair value loss/(gain) on ineffective portion of cash flow hedges	1,749	(258)
(h) Termination and retrenchment expenses	1,217	104

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 2023.

25. MATERIAL LITIGATION

There is no material litigation as at the date of this report.

26. DIVIDENDS

No dividend was declared or recommended for the current financial period ended 31 March 2023.

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	
	31.03.2023	31.03.2022
Profit attributable to Owners of the Company (RM'000)	201,010	185,757
Weighted average/adjusted weighted average number of ordinary shares in issue for basic EPS ('000)	5,918,047	5,907,045
Basic EPS (sen)	3.40	3.14
Diluted EPS (sen)	3.40	3.14

28. COMPARATIVE FIGURES

The following comparative figures of the Group have been reclassified to conform with current year's presentation, which more appropriately reflects the nature of relevant transactions.

	Previously reported 31.03.2022 RM'000	Effect of reclassification RM'000	As restated 31.03.2022 RM'000
<u>Consolidated Statements of Income</u>			
<u>Individual/Cumulative Quarter Ended 31.03.2022</u>			
Cost of sales	(256,313)	(1,656)	(257,969)
Reversal of impairment	-	1,656	1,656

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 2023