



**BUMIARMADA**

**BUMI ARMADA BERHAD**

199501041194 (370398-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 third quarter ended 30 September 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 Quarters Period Ended		
		30.09.2023 RM'000	30.09.2022 RM'000 Restated	+ / (-) %	30.09.2023 RM'000	30.09.2022 RM'000 Restated	+ / (-) %
Revenue		<b>524,795</b>	653,073	(20)	<b>1,510,106</b>	1,800,511	(16)
Cost of sales		<b>(283,467)</b>	(373,349)		<b>(872,902)</b>	(946,700)	
Gross profit		<b>241,328</b>	279,724	(14)	<b>637,204</b>	853,811	(25)
Other operating income		<b>33,370</b>	17,942		<b>131,819</b>	44,425	
Selling and distribution costs		<b>(495)</b>	(482)		<b>(2,171)</b>	(4,476)	
Administrative expenses		<b>(51,714)</b>	(16,227)		<b>(106,636)</b>	(50,772)	
Operating profit before impairment		<b>222,489</b>	280,957	(21)	<b>660,216</b>	842,988	(22)
Reversal of impairment/ (Impairment)							
- Accrued lease rental		-	-		-	(88,010)	
- Others		<b>484</b>	(4,541)		<b>3,159</b>	19,699	
Operating profit		<b>222,973</b>	276,416	(19)	<b>663,375</b>	774,677	(14)
Finance costs		<b>(83,025)</b>	(94,851)		<b>(258,382)</b>	(267,330)	
Share of results of joint ventures and associates		<b>25,095</b>	(43,157)		<b>65,977</b>	9,580	
Profit before taxation		<b>165,043</b>	138,408	19	<b>470,970</b>	516,927	(9)
Taxation	18	<b>(292)</b>	776		<b>(3,170)</b>	(4,074)	
Profit for the financial period		<b>164,751</b>	139,184	18	<b>467,800</b>	512,853	(9)
Attributable to:							
- Owners of the Company		<b>177,766</b>	149,723	19	<b>497,546</b>	521,730	(5)
- Non-controlling interests		<b>(13,015)</b>	(10,539)		<b>(29,746)</b>	(8,877)	
		<b>164,751</b>	139,184		<b>467,800</b>	512,853	
Basic earnings per share (sen)	27	<b>3.00</b>	2.53		<b>8.40</b>	8.82	
Diluted earnings per share (sen)	27	<b>3.00</b>	2.53		<b>8.40</b>	8.82	

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual Quarter Ended		Cumulative Quarters Period Ended	
		30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Profit for the financial period		<b>164,751</b>	139,184	<b>467,800</b>	512,853
Other comprehensive (expense)/income					
Items that may be reclassified subsequently to profit or loss					
- Cash flow hedges		<b>(7,383)</b>	89,158	<b>(55,585)</b>	260,188
- Costs of hedging		<b>3,004</b>	13,475	<b>54,536</b>	8,645
- Foreign currency translation differences		<b>37,459</b>	214,616	<b>335,681</b>	427,795
- Share of other comprehensive (expense)/income of joint ventures		<b>(249)</b>	407	<b>(790)</b>	2,579
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		<b>5,078</b>	(6,411)	<b>33,806</b>	10,729
Other comprehensive income for the financial period, net of tax		<b>37,909</b>	311,245	<b>367,648</b>	709,936
Total comprehensive income for the financial period		<b>202,660</b>	450,429	<b>835,448</b>	1,222,789
Total comprehensive income/(expense) attributable to:					
- Owners of the Company		<b>216,005</b>	463,226	<b>868,567</b>	1,236,304
- Non-controlling interests		<b>(13,345)</b>	(12,797)	<b>(33,119)</b>	(13,515)
		<b>202,660</b>	450,429	<b>835,448</b>	1,222,789

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	3,930,561	4,011,548
Investments in joint ventures		1,103,324	1,030,763
Investments in associates		43,375	39,276
Financial assets at fair value through other comprehensive income		62,626	27,816
Finance lease receivables		4,386,518	4,350,572
Amount due from a joint venture		17,576	26,748
Amounts due from associates		497,050	357,317
Derivative financial instruments	22	44,378	46,522
Deferred tax assets		8,440	9,339
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,093,848</b>	<b>9,899,901</b>
<b>CURRENT ASSETS</b>			
Finance lease receivables		329,757	277,905
Trade receivables	20	417,387	506,945
Other receivables, deposits and prepayments		57,687	32,804
Contract assets		-	32,156
Amounts due from joint ventures		437	23,614
Amounts due from associates		28,883	15,691
Derivative financial instruments	22	51,965	50,843
Tax recoverable		37,001	40,713
Deposits, cash and bank balances		751,919	838,847
		<b>1,675,036</b>	<b>1,819,518</b>
Non-current assets classified as held-for-sale		-	6,599
<b>TOTAL CURRENT ASSETS</b>		<b>1,675,036</b>	<b>1,826,117</b>
<b>TOTAL ASSETS</b>		<b>11,768,884</b>	<b>11,726,018</b>

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

	Note	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables and accruals		151,127	182,622
Other payables and accruals		319,973	316,785
Contract liabilities		23,351	21,634
Amounts due to joint ventures		1,655	1,441
Amounts due to associates		3,800	2,945
Lease liabilities		43,057	63,861
Borrowings	21	2,846,464	1,018,411
Derivative financial instruments	22	566,321	9,737
Taxation		10,473	10,461
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,966,221</b>	<b>1,627,897</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(2,291,185)</b>	<b>198,220</b>
<b>LESS: NON-CURRENT LIABILITIES</b>			
Other payables and accruals		22,223	50,211
Contract liabilities		29,470	27,949
Lease liabilities		4,752	2,941
Borrowings	21	1,802,229	4,486,369
Derivative financial instruments	22	-	424,684
Deferred tax liabilities		9,669	10,417
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,868,343</b>	<b>5,002,571</b>
<b>NET ASSETS</b>		<b>5,934,320</b>	<b>5,095,550</b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		4,335,448	4,332,376
Reserves		1,682,969	814,152
		6,018,417	5,146,528
<b>NON-CONTROLLING INTERESTS</b>		<b>(84,097)</b>	<b>(50,978)</b>
<b>TOTAL EQUITY</b>		<b>5,934,320</b>	<b>5,095,550</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>*1.00</b>	<b>0.86</b>

\* Based on 5,922,666,244 ordinary shares in issue as at 30 September 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	-	-	-	-	-	-	497,546	497,546	(29,746)	467,800
Other comprehensive income/(expense) for the financial period, net of tax	-	-	339,054	-	(1,839)	33,806	-	371,021	(3,373)	367,648
Total comprehensive income/(expense) for the financial period, net of tax	-	-	339,054	-	(1,839)	33,806	497,546	868,567	(33,119)	835,448
Transactions with owners:										
- Shares issued pursuant to the management incentive plan	4,619	3,072	-	(3,072)	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	3,322	-	-	-	3,322	-	3,322
At 30 September 2023	5,922,666	4,335,448	1,766,986	5,509	132,816	46,406	(268,748)	6,018,417	(84,097)	5,934,320

**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 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
Transaction 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 CASH FLOWS**

	<b>Period Ended 30.09.2023 RM'000</b>	<b>Period Ended 30.09.2022 RM'000 Restated</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the financial period	<b>467,800</b>	512,853
Adjustments for non-cash items:		
Share of results of joint ventures and associates	<b>(65,977)</b>	(9,580)
Gain on disposal of joint ventures	<b>(18,398)</b>	-
Net gain on disposal of property, plant and equipment and non-current assets held-for-sale	<b>(60,654)</b>	(6)
Depreciation of property, plant and equipment	<b>248,319</b>	256,069
Fair value loss/(gain) on ineffective portion of cash flow hedges	<b>1,186</b>	(2,201)
(Reversal of impairment)/impairment (net)	<b>(3,159)</b>	68,311
Unrealised foreign exchange loss/(gain)	<b>17,867</b>	(39,943)
Share-based payment	<b>3,322</b>	3,397
Interest income	<b>(35,619)</b>	(18,565)
Interest expense	<b>252,764</b>	265,878
Accretion of interest	<b>4,432</b>	3,653
Dividend income from financial assets at fair value through other comprehensive income	<b>(452)</b>	-
Taxation	<b>3,170</b>	4,074
Operating profit before changes in working capital	<b>814,601</b>	1,043,940
Changes in working capital:		
Finance lease receivables	<b>209,059</b>	199,195
Trade and other receivables	<b>100,160</b>	(81,116)
Trade and other payables	<b>(116,600)</b>	115,520
Joint ventures and associates	<b>6,101</b>	(9,503)
Cash from operations	<b>1,013,321</b>	1,268,036
Interest paid	<b>(263,682)</b>	(268,853)
Tax refunded/(paid) (net)	<b>1,423</b>	(3,743)
Dividends received from joint ventures	<b>26,694</b>	25,708
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>	<b>777,756</b>	1,021,148
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(880)</b>	(1,366)
Proceeds from disposal of property, plant and equipment	<b>152,615</b>	16,757
Proceeds from disposal of investments in subsidiaries	<b>-</b>	137,922
Proceeds from disposal of investments in joint ventures	<b>15,171</b>	-
Advances to an associate	<b>(100,600)</b>	-
Interest received	<b>35,612</b>	19,475
Dividends received from financial assets at fair value through other comprehensive income	<b>452</b>	-
Repayment from a joint venture	<b>3,318</b>	5,329
Proceeds from redemption of redeemable preference shares in a joint venture	<b>49,304</b>	-
Additional investment in joint ventures	<b>(3)</b>	(1,815)
<b>NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES</b>	<b>154,989</b>	176,302



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

	<b>Period Ended 30.09.2023 RM'000</b>	<b>Period Ended 30.09.2022 RM'000 Restated</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of borrowings	<b>(1,068,243)</b>	(1,180,268)
Repayments of lease liabilities	<b>(3,083)</b>	(3,012)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(1,071,326)</b>	(1,183,280)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(138,581)</b>	14,170
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>51,653</b>	95,049
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>838,847</b>	843,372
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>751,919</b>	952,591
Cash and cash equivalents consist of:		
Deposits with licensed banks	<b>605,145</b>	859,285
Cash and bank balances	<b>146,774</b>	93,306
	<b>751,919</b>	952,591

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

As at 30 September 2023, the Group’s current liabilities exceeded its current assets by RM2,291.2 million mainly due to the following reasons:

- (a) Classification of unsecured term loan of USD133.2 million (RM625.4 million) as current liabilities as the repayment is due within 12 months from the balance sheet date (i.e. May 2024). The Group repaid USD27.7 million (RM130.1 million) and has successfully refinanced the remaining balance of USD105.5 million (RM495.3 million) via a Syndicated Term Loan Facility in October 2023.
- (b) Classification of Sukuk Murabahah of RM1,500.0 million and its corresponding derivative financial liabilities of RM566.3 million as current liabilities as the repayment is due within 12 months from the balance sheet date (i.e. September 2024). The Group is currently discussing various proposals from financiers to refinance the Sukuk Murabahah.
- (c) Classification of secured term loan from Pacific Mezzanine Capital (Jersey) Limited (“PMC”) of USD29.9 million (RM140.4 million) as current liabilities as the repayment is due within 12 months from the balance sheet date (i.e. September 2024).

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 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 and International Tax Reform – Pillar Two Model Rules

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

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

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

(ii) Amendments to MFRS which are applicable to the Group beginning on or after 1 January 2025:

- Amendments to MFRS 121 “The Effects of Changes in Foreign Exchange Rates” – Lack of Exchangeability

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 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**

<b>Financial Indicators</b>	<b>YTD 30.09.2023 RM’000</b>	<b>YTD 30.09.2022 RM’000</b>	<b>Change RM’000</b>
Segment revenue			
Operations	<b>1,493,289</b>	1,716,213	(222,924)
Others	<b>16,817</b>	84,298	(67,481)
Total revenue	<b>1,510,106</b>	1,800,511	(290,405)
Profit for the financial period	<b>467,800</b>	512,853	(45,053)
Finance costs	<b>(258,382)</b>	(267,330)	8,948
Share of results of joint ventures and associates	<b>65,977</b>	9,580	56,397
Depreciation of property, plant and equipment	<b>(248,319)</b>	(256,069)	7,750
Reversal of impairment/(Impairment) (net)	<b>3,159</b>	(68,311)	71,470

The Group generated revenue of RM1,510.1 million for the financial period ended 30 September 2023 (“YTD 2023”), a decrease of RM290.4 million compared to the financial period ended 30 September 2022 (“YTD 2022”). Revenue from the Operations segment decreased mainly due to the failure of hydraulic submersible pump (“HSP”) transformers in YTD 2023 on Armada Kraken FPSO<sup>(1)</sup> and lower revenue from Subsea Construction (“SC”) contract work in the Caspian Sea as the project was near completion in YTD 2023. The operational performance of the Armada Kraken FPSO has been fully restored in August 2023. Revenue from the Others segment was lower mainly due to preliminary front-end engineering and design (“Pre-FEED”) revenue recognised in YTD 2022.

The Group generated a profit of RM467.8 million for YTD 2023, a decrease of RM45.1 million compared to YTD 2022 mainly due to lower contribution from Armada Kraken FPSO and foreign exchange loss in YTD 2023 (compared to foreign exchange gain in YTD 2022), offset by higher other operating income mainly arising from gain on disposal of property, plant and equipment (“PPE”) in YTD 2023 and allowance for impairment losses on accrued lease rental which was provided for in YTD 2022 as the Group’s wholly-owned subsidiary, Armada Balnaves Pte Ltd was unsuccessful in its appeal against Woodside Energy Julimar Pty Ltd.

Share of results of joint ventures and associates increased from RM9.6 million in YTD 2022 to RM66.0 million in YTD 2023 mainly due to the reduction in estimated residual value of the Group’s jointly owned FPSO vessels in YTD 2022.

With reference to Note 10 Segmental Information, the Operations segment result decreased to RM817.3 million for YTD 2023 compared to RM981.6 million for YTD 2022 mainly due to lower contributions from Armada Kraken FPSO and SC contract work in the Caspian Sea in YTD 2023. The Others segment result decreased to a loss of RM40.5 million for YTD 2023 compared to a profit of RM73.0 million in YTD 2022 mainly due to recognition of profit from a Pre-FEED contract in YTD 2022 and foreign exchange loss in YTD 2023 arising from translation of intercompany balances denominated in foreign currency (compared to foreign exchange gain in YTD 2022).

Note:

<sup>(1)</sup> 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**

<b>Financial Indicators</b>	<b>3<sup>rd</sup> Quarter 2023 RM'000</b>	<b>2<sup>nd</sup> Quarter 2023 RM'000</b>	<b>Change RM'000</b>
Segment revenue			
Operations	<b>524,277</b>	439,888	84,389
Others	<b>518</b>	1,436	(918)
Total revenue	<b>524,795</b>	441,324	83,471
Profit for the financial period	<b>164,751</b>	107,135	57,616
Finance costs	<b>(83,025)</b>	(83,583)	558
Share of results of joint ventures and associates	<b>25,095</b>	13,829	11,266
Depreciation of property, plant and equipment	<b>(83,898)</b>	(82,283)	(1,615)

The Group generated revenue of RM524.8 million for the quarter ended 30 September 2023 (“Q3 2023”), an increase of RM83.5 million compared to the quarter ended 30 June 2023 (“Q2 2023”). The increase from the Operations segment was mainly because the operational performance of Armada Kraken has been fully restored in August 2023.

The Group generated profit of RM164.8 million for Q3 2023, an increase of RM57.6 million compared to Q2 2023, mainly driven by higher contribution from Armada Kraken FPSO which is offset by gain on disposal of PPE in Q2 2023.

With reference to Note 10 Segmental Information, the Operations segment result increased from RM193.6 million in Q2 2023 to RM305.8 million in Q3 2023 mainly due to higher contribution from Armada Kraken FPSO. The Others segment reported a loss of RM32.8 million in Q3 2023 compared to a loss of RM11.4 million in Q2 2023 mainly due to foreign exchange loss arising from translation of intercompany balances denominated in foreign currency in Q3 2023 (compared to foreign exchange gain in Q2 2023).

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

<b>Financial Indicators</b>	<b>As at 30.09.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>	<b>Change RM'000</b>
Total assets	<b>11,768,884</b>	11,726,018	42,866
Total liabilities	<b>(5,834,564)</b>	(6,630,468)	795,904
Total equity	<b>(5,934,320)</b>	(5,095,550)	(838,770)

As at 30 September 2023, the Group had total assets of RM11,768.9 million which is a marginal increase from 31 December 2022.

As at 30 September 2023, the Group had total liabilities of RM5,834.6 million, a decrease of 12% compared to 31 December 2022. 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 2023.

**2. MANAGEMENT COMMENTARY (CONTINUED)**

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

<b>Financial Indicators</b>	<b>YTD 30.09.2023 RM'000</b>	<b>YTD 30.09.2022 RM'000 Restated</b>	<b>Change RM'000</b>
Net cash flows generated from operating activities	<b>777,756</b>	1,021,148	(243,392)
Net cash flows generated from investing activities	<b>154,989</b>	176,302	(21,313)
Net cash flows used in financing activities	<b>(1,071,326)</b>	(1,183,280)	111,954
Net (decrease)/increase in cash and cash equivalents	<b>(138,581)</b>	14,170	(152,751)

The Group had lower net cash flows generated from operating activities in YTD 2023 compared to YTD 2022 mainly due to lower operating profit and overall unfavourable movement in receivables and payables in YTD 2023.

The Group had lower net cash flows generated from investing activities in YTD 2023 compared to YTD 2022 mainly due to advances to an associate in YTD 2023, offset by proceeds from redemption of preference shares in a joint venture and higher proceeds from disposal of assets in YTD 2023.

In YTD 2023, the Group repaid bank debt of RM1,068.2 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 (“Field”) located on the east coast of Kakinada, offshore India (“98/2 Project”) for Oil and Natural Gas Corporation of India (“ONGC”)

The Group holds a 30% interest in associates involved in the 98/2 Project. Since December 2022, the FPSO has been hooked-up at the Field, is ready to commence acceptance tests and is waiting for the provision of hydrocarbons by ONGC (“First Oil”). The provision of First Oil is crucial to enable the FPSO to conduct the necessary acceptance tests to achieve final acceptance.

The construction of the FPSO for the 98/2 Project was mainly funded by a USD930.0 million bridge loan facility (“Bridge Facility”) made available by a syndication of lenders (“Bridge Lenders”). The Bridge Facility was intended to be refinanced by long term project finance. The Bridge Facility had a maturity date of 9 June 2023 with a five-business day grace period for payment i.e. 16 June 2023 (“Bridge Repayment Date”).

Despite having successfully executed a Facility Agreement dated 13 April 2023 for a project financing facility of USD948.0 million (“Project Facility”) from a syndicate of project finance lenders (“Project Lenders”) and fulfilling a majority of the disbursement conditions, the associate was not able to provide a final acceptance certificate for the FPSO (being one of the Project Facility disbursement conditions), by the Bridge Repayment Date, due to the delay in being able to conduct FPSO acceptance tests which is due to delay in provision of hydrocarbons by ONGC.

On 6 September 2023, the associate successfully achieved financial close under the Project Facility. The disbursement proceeds from the Project Facility have been utilised to fully repay the Bridge Facility.

**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;

- Safety and health of all employees, partners and assets;
- Improve the operational performance of our vessels;
- Secure new projects in core regions and with our preferred partners;
- Building our energy transition pathway towards net zero goal by 2050, focusing on carbon emission reduction and carbon injection solutions; and
- Maintain and further develop effective relationships with our clients and partners.

In accordance with our previous announcements, we confirm that Armada Kraken FPSO's operational performance has been restored to pre-shutdown levels. On board redundancy is also fully restored to original design status. Further to this, there is an additional new transformer onshore awaiting a weather window to enable it to be transferred to the vessel and installed to replace one of the original transformers which remains operational.

**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 30 September 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 30 September 2023 other than the failure of HSP transformers on the Armada Kraken FPSO as disclosed in Notes 2(A) and 2(B).

**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 2023.

**9. DIVIDENDS PAID**

There were no dividends paid during the financial period ended 30 September 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, SC 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 business units for the individual and cumulative quarters ended 30 September 2023 and 30 September 2022 are as follows:

<b>Individual Quarter Ended 30.09.2023</b>	<b>Operations RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Revenue	524,277	518	-	524,795
Inter-segment revenue	-	23,830	(23,830)	-
Results				
Segment results	305,798	(32,781)	-	273,017
Depreciation of property, plant and equipment	(83,183)	(715)	-	(83,898)
Reversal of impairment/(Impairment)	485	(1)	-	484
Share of results of joint ventures and associates	25,695	(600)	-	25,095
Subtotal	248,795	(34,097)	-	214,698
Other operating income				33,370
Finance costs				(83,025)
Taxation				(292)
Profit for the financial period				164,751

<b>Individual Quarter Ended 30.09.2022</b>	<b>Operations RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
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)
Impairment (net)	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 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 2023 and 30 September 2022 are as follows: (continued)

<b>Cumulative Quarters Ended 30.09.2023</b>	<b>Operations RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Revenue	1,493,289	16,817	-	1,510,106
Inter-segment revenue	-	70,480	(70,480)	-
Results				
Segment results	817,256	(40,540)	-	776,716
Depreciation of property, plant and equipment	(246,002)	(2,317)	-	(248,319)
Reversal of impairment/(Impairment)	3,160	(1)	-	3,159
Share of results of joint ventures and associates	65,252	725	-	65,977
Subtotal	639,666	(42,133)	-	597,533
Other operating income				131,819
Finance costs				(258,382)
Taxation				(3,170)
Profit for the financial period				467,800

<b>Cumulative Quarters Ended 30.09.2022</b>	<b>Operations RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
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)
Impairment (net)	(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 for the financial period				512,853

Segmental revenue for Operations is mainly denominated in USD.

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

As at 30 September 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 30 September 2023 and 31 December 2022 are as follows:

	<b>As at 30.09.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
- authorised and contracted	-	-
- authorised but not contracted	<u>1,501</u>	<u>2,381</u>
	<u><b>1,501</b></u>	<u><b>2,381</b></u>

### 14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group's contingent liabilities comprising bank guarantees extended to third parties amounted to RM51.7 million as at 30 September 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 disclosed below:

- (a) On 28 July 2023, Bumi Armada Singapore Holdings Pte Ltd ("BASHPL"), a wholly-owned subsidiary of the Company, entered into a share sale agreement for the disposal of the issued and paid-up share capital held in its joint venture, PT Ionasea Marine Services ("PT IMS") to PT Oceanik Eka Abadi for a total cash consideration of USD6.0 million (equivalent to approximately RM27.9 million). The disposal of interest in joint venture was completed on 10 August 2023 and PT IMS ceased to be a joint venture of the Group.
- (b) On 14 June 2023, Armada Etan Limited ("AEL"), a wholly-owned subsidiary of the Company, signed a non-binding memorandum of understanding ("MoU") with Navigator Holdings Ltd to establish a joint venture company ("JV Company") to provide an end-to-end solution for carbon emitters to capture, transport, sequester and store their carbon dioxide emissions in line with the United Kingdom's Industrial Decarbonisation Strategy.

On 28 June 2023, pursuant to the MoU, AEL subscribed to 50% of the issued share capital of the JV Company, Bluestreak CO2 Limited. The shares were paid-up on 23 August 2023.

- (c) On 7 September 2023, AEL and BASHPL incorporated Armada Akia B.V. ("AABV") and Armada Upstream Investment B.V. ("AUIBV") respectively. AABV was incorporated to undertake upstream exploration and production project in Akia Work Area in Indonesia via the Akia Production Sharing Contract ("PSC"). AUIBV was incorporated to participate in, manage and supervise businesses and companies in the energy sector including crude oil and natural gas.

On 21 September 2023, AABV (as Operator with 51% participating interest) and its co-bidder, Pexco Tarakan NV ("Pexco") (with 49% participating interest), signed a PSC with the Ministry of Energy and Mineral Resources of Indonesia with respect to the Akia Work Area in the Tarakan Basin, North Kalimantan Province, Indonesia.

- (d) On 12 September 2023, the Company transferred its shareholding in BASHPL to Bumi Armada Labuan Holdings Company Limited ("BALHCL").

**16. SIGNIFICANT RELATED PARTY DISCLOSURES**

The significant related party transactions undertaken during the individual and cumulative quarters period ended 30 September 2023 and 30 September 2022 are described below:

	<b>Individual Quarter Ended 30.09.2023 RM'000</b>	<b>Individual Quarter Ended 30.09.2022 RM'000</b>	<b>Cumulative Quarters Period Ended 30.09.2023 RM'000</b>	<b>Cumulative Quarters Period Ended 30.09.2022 RM'000</b>
(a) Management fees and engineering assistance services receivable from a joint venture and an associate				
- revenue	-	-	<b>8,980</b>	4,630
- other operating income	-	5,000	<b>11,802</b>	13,400
(b) Payment on behalf of joint ventures	<b>1</b>	632	<b>112</b>	717
(c) Telecommunication expenses to Maxis Berhad <sup>(1)</sup>	<b>(136)</b>	(119)	<b>(244)</b>	(308)
(d) Rental to Malaysian Landed Property Sdn Bhd <sup>(2)</sup>	<b>(1,000)</b>	(946)	<b>(2,936)</b>	(2,856)
(e) Management fees to UTSB Management Sdn Bhd <sup>(3)</sup>	<b>(1,309)</b>	(1,853)	<b>(5,185)</b>	(5,530)
(f) Interest expense to				
- Pacific Mezzanine Capital (Jersey) Limited <sup>(3)</sup>	<b>(6,278)</b>	-	<b>(17,920)</b>	-
- Mezzanine Equities N.V. <sup>(3)</sup>	-	(4,912)	-	(12,399)
(g) Interest income from associates	<b>5,245</b>	4,125	<b>13,538</b>	11,857
(h) Advances to an associate	<b>36,426</b>	-	<b>100,600</b>	-
(i) Key management personnel compensation				
- Non-Executive Directors' fees	<b>(561)</b>	(596)	<b>(1,955)</b>	(1,938)
- Consultancy fees	-	-	-	(282)
- salaries, bonus and allowances and other staff related costs	<b>(5,438)</b>	(5,588)	<b>(14,992)</b>	(14,357)
- defined contribution plan	<b>(140)</b>	(58)	<b>(345)</b>	(210)
- share-based payment	<b>(1,168)</b>	(1,113)	<b>(3,311)</b>	(3,387)

Objektif Bersatu Sdn Bhd ("OBSB") is a substantial shareholder of the Company. Usaha Tegas Sdn Bhd ("UTSB") is a deemed substantial shareholder of the Company by virtue of its 100% equity interest in OBSB. 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 each deemed to have an interest in the shares of the Company, 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.

The PSC signed with Pexco as disclosed in Note 15(c) is a related party arrangement, as TAK is a deemed substantial shareholder of the Company and also holds a 100% indirect interest in Pexco.

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	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Income tax:				
- Current year	1,583	1,121	3,626	5,752
- Prior year	-	(2,895)	(281)	(12,781)
Deferred tax	(1,291)	998	(175)	11,103
Taxation	292	(776)	3,170	4,074

The Group's effective tax rates for the individual and cumulative quarters period ended 30 September 2023 were less than 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 in which the Group operates.

**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 30 September 2023 and 31 December 2022 is as follows:

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Current	391,244	483,914
Less than 30 days past due	25,825	4,820
Between 31 and 60 days past due	-	2,263
Between 61 and 90 days past due	-	1,243
Between 91 days and 1 year past due	317	168
More than 1 year past due	1	14,537
	<u>417,387</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 30.09.2023			As at 31.12.2022			As at 30.09.2022		
	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
<b>SHORT-TERM DEBTS</b>									
<b>Secured:</b>									
Term loans <sup>(1)</sup>	713,715	-	713,715	985,537	-	985,537	1,237,672	-	1,237,672
<b>Unsecured:</b>									
Sukuk Murabahah <sup>(2)</sup>	-	1,506,919	1,506,919	-	30,654	30,654	-	6,646	6,646
Term loans <sup>(3)</sup>	625,830	-	625,830	2,220	-	2,220	118,535	-	118,535
<b>Total short-term debts</b>	<b>1,339,545</b>	<b>1,506,919</b>	<b>2,846,464</b>	<b>987,757</b>	<b>30,654</b>	<b>1,018,411</b>	<b>1,356,207</b>	<b>6,646</b>	<b>1,362,853</b>
<b>LONG-TERM DEBTS</b>									
<b>Secured:</b>									
Term loans	1,802,229	-	1,802,229	2,040,884	-	2,040,884	2,281,142	-	2,281,142
<b>Unsecured:</b>									
Sukuk Murabahah	-	-	-	-	1,499,907	1,499,907	-	1,499,873	1,499,873
Term loans	-	-	-	945,578	-	945,578	1,118,564	-	1,118,564
<b>Total long-term debts</b>	<b>1,802,229</b>	<b>-</b>	<b>1,802,229</b>	<b>2,986,462</b>	<b>1,499,907</b>	<b>4,486,369</b>	<b>3,399,706</b>	<b>1,499,873</b>	<b>4,899,579</b>
<b>Total borrowings</b>	<b>3,141,774</b>	<b>1,506,919</b>	<b>4,648,693</b>	<b>3,974,219</b>	<b>1,530,561</b>	<b>5,504,780</b>	<b>4,755,913</b>	<b>1,506,519</b>	<b>6,262,432</b>

**21. BORROWINGS (CONTINUED)**

- (1) Included in the short-term secured term loans is a 3-year secured term loan of USD29.9 million (RM140.4 million) from PMC, 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 (i.e. September 2024). The term loan was drawn down from MENV, a wholly-owned subsidiary of UTSB (refer to Note 16), and was novated to PMC on 30 March 2023.
- (2) Sukuk Murabahah of RM1,500.0 million is classified as current liabilities as the repayment is due within 12 months from the balance sheet date (i.e. September 2024). The Group is currently discussing various proposals from financiers to refinance the Sukuk Murabahah.
- (3) Included in the short-term unsecured term loan is a term loan facility with an outstanding balance of USD133.2 million (RM625.4 million) which is reclassified as current liabilities as the repayment is due within 12 months from the balance sheet date (i.e. May 2024). The Group repaid USD27.7 million (RM130.1 million) and has successfully refinanced the remaining balance of USD105.5 million (RM495.3 million) via a syndicated term loan facility in October 2023.

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 30 September 2023, the proportion of borrowings between floating interest rates and fixed interest rates is 68%:32%. 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:

	<b>30.09.2023</b>	<b>31.12.2022</b>	<b>30.09.2022</b>
	%	%	%
Term loans	<b>8.75</b>	7.84	6.39
Sukuk Murabahah	<b>6.35</b>	6.35	6.35

Borrowings as at 30 September 2023 decreased by 16% 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 30 September 2023 and 31 December 2022 are as set out below:

Types of Derivative	As at 30.09.2023		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	336,318	51,965	633,356	50,580
- 1 to 3 years	736,691	40,341	661,098	40,442
- More than 3 years	504,402	4,037	740,930	6,080
	<u>1,577,411</u>	<u>96,343</u>	<u>2,035,384</u>	<u>97,102</u>
Cross currency interest rate swaps				
- Less than 1 year	1,500,000	(566,321)	-	(9,474)
- 1 to 3 years	-	-	1,500,000	(424,684)
	<u>1,500,000</u>	<u>(566,321)</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 30 September 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 30 September 2023 and 31 December 2022 except as set out below:

	<u>As at 30.09.2023</u>		<u>As at 31.12.2022</u>	
	<b>Carrying amount</b> <b>RM'000</b>	<b>Fair value</b> <b>RM'000</b>	<b>Carrying amount</b> <b>RM'000</b>	<b>Fair value</b> <b>RM'000</b>
Finance lease receivables	<b>4,716,275</b>	<b>5,316,882</b>	4,628,477	5,235,744
Amount due from a joint venture	<b>17,576</b>	<b>16,473</b>	26,748	22,635
Amounts due from associates	<b>497,050</b>	<b>432,078</b>	357,317	310,571
Sukuk Murabahah	<b>1,506,919</b>	<b>1,509,543</b>	1,530,561	1,510,773

The fair value of finance lease receivables, amount due from a joint venture, amounts due from associates 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 2023 and 31 December 2022, by valuation method.

	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>As at 30.09.2023</b>				
Financial assets:				
Financial assets at fair value through other comprehensive income	<b>62,626</b>	-	-	<b>62,626</b>
Derivatives used for hedging				
- Interest rate swaps	-	<b>96,343</b>	-	<b>96,343</b>
Financial liabilities:				
Derivatives used for hedging				
- Cross currency interest rate swaps	-	<b>(566,321)</b>	-	<b>(566,321)</b>

**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 2023 and 31 December 2022, by valuation method. (continued)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>As at 31.12.2022</b>				
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	<u>-</u>	<u>263</u>	<u>-</u>	<u>263</u>
Financial liabilities:				
Derivatives used for hedging				
- Cross currency interest rate swaps	<u>-</u>	<u>(434,421)</u>	<u>-</u>	<u>(434,421)</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**

	<b>Individual Quarter Ended 30.09.2023 RM'000</b>	<b>Individual Quarter Ended 30.09.2022 RM'000</b>	<b>Cumulative Quarters Period Ended 30.09.2023 RM'000</b>	<b>Cumulative Quarters Period Ended 30.09.2022 RM'000</b>
Profit before taxation is arrived at after (crediting)/charging:				
(a) Other operating income				
- Interest income	<b>(13,561)</b>	(8,089)	<b>(35,619)</b>	(18,565)
- Dividend income from financial assets at fair value through other comprehensive income	-	-	<b>(452)</b>	-
- Gain on disposal of a joint venture	<b>(18,080)</b>	-	<b>(18,398)</b>	-
- Gain on disposal of property, plant and equipment and non-current assets held-for- sale	-	(1)	<b>(60,654)</b>	(6)
- Management fees charged to a joint venture and an associate	-	(5,000)	<b>(11,802)</b>	(13,400)
- Insurance claim	<b>(1,465)</b>	(4,615)	<b>(3,675)</b>	(5,812)
- Others	<b>(264)</b>	(237)	<b>(1,219)</b>	(6,642)
(b) Interest expense	<b>81,333</b>	94,226	<b>252,764</b>	265,878
(c) Accretion of interest	<b>1,613</b>	1,348	<b>4,432</b>	3,653
(d) Depreciation of property, plant and equipment	<b>83,898</b>	87,385	<b>248,319</b>	256,069
(e) (Reversal of impairment)/ Impairment				
- Trade receivables	<b>(484)</b>	(901)	<b>(3,159)</b>	(25,141)
- Accrued lease rental	-	-	-	88,010
- Amount due from a joint venture	-	5,442	-	5,442
(f) Net foreign exchange loss/(gain)				
- realised	<b>7,986</b>	(2,005)	<b>5,573</b>	(830)
- unrealised	<b>15,317</b>	(8,238)	<b>17,867</b>	(39,943)
(g) Fair value loss/(gain) on ineffective portion of cash flow hedges	<b>79</b>	(723)	<b>1,186</b>	(2,201)
(h) Termination and retrenchment expenses	<b>496</b>	-	<b>1,713</b>	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 30 September 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 30 September 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.

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarters Period Ended</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>30.09.2023</b>	<b>30.09.2022</b>
Profit attributable to Owners of the Company (RM’000)	<b>177,766</b>	149,723	<b>497,546</b>	521,730
Weighted average/adjusted weighted average number of ordinary shares in issue for basic EPS (’000)	<b>5,919,886</b>	5,912,727	<b>5,919,886</b>	5,912,727
Basic EPS (sen)	<b>3.00</b>	2.53	<b>8.40</b>	8.82
Diluted EPS (sen)	<b>3.00</b>	2.53	<b>8.40</b>	8.82

**28. COMPARATIVE FIGURES**

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

- (a) Allowance for impairment losses previously classified as Cost of sales has been reclassified as (Impairment)/Reversal of impairment to conform with current year's presentation.

	<b>Previously reported 30.09.2022 RM'000</b>	<b>Effect of reclassification RM'000</b>	<b>As restated 30.09.2022 RM'000</b>
<b><u>Consolidated Statements of Income</u></b>			
<b><u>Individual Quarter Ended 30.09.2022</u></b>			
Cost of sales	(377,890)	4,541	(373,349)
(Impairment)/Reversal of impairment			
- Others	-	(4,541)	(4,541)
<b><u>Cumulative Quarters Ended 30.09.2022</u></b>			
Cost of sales	(1,015,011)	68,311	(946,700)
(Impairment)/Reversal of impairment			
- Accrued lease rental	-	(88,010)	(88,010)
- Others	-	19,699	19,699

- (b) The Group earns dividends as part of their operating activities from joint venture. Dividends received from this joint venture which was previously classified as cash generated from investing activities in the statement of cash flows have been reclassified as cash generated from operating activities to better reflect the source of funds which are managed centrally.

	<b>Previously reported 30.09.2022 RM'000</b>	<b>Effect of reclassification RM'000</b>	<b>As restated 30.09.2022 RM'000</b>
<b><u>Consolidated Statement of Cash Flows</u></b>			
<b><u>Period Ended 30.09.2022</u></b>			
Net cash flows generated from operating activities	995,440	25,708	1,021,148
Net cash flows generated from investing activities	202,010	(25,708)	176,302

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  
16 November 2023