



**BUMIARMADA**

**BUMI ARMADA BERHAD**

199501041194 (370398-X)

(Incorporated in Malaysia)

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

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 fourth quarter and financial year ended 31 December 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 Year Ended		
		31.12.2023 RM'000	31.12.2022 RM'000 Restated	+ / (-) %	31.12.2023 RM'000	31.12.2022 RM'000 Restated	+ / (-) %
Revenue		<b>622,983</b>	605,028	3	<b>2,133,089</b>	2,405,539	(11)
Cost of sales		<b>(217,978)</b>	(328,699)		<b>(1,090,880)</b>	(1,275,399)	
Gross profit		<b>405,005</b>	276,329	47	<b>1,042,209</b>	1,130,140	(8)
Other operating income		<b>13,909</b>	13,801		<b>145,728</b>	58,226	
Selling and distribution costs		<b>(467)</b>	(1,083)		<b>(2,638)</b>	(5,559)	
Administrative expenses		<b>(32,156)</b>	(34,054)		<b>(138,792)</b>	(84,826)	
Operating profit before impairment		<b>386,291</b>	254,993	51	<b>1,046,507</b>	1,097,981	(5)
(Impairment)/Reversal of impairment							
- Property, plant and equipment		<b>(514,351)</b>	-		<b>(514,351)</b>	-	
- Accrued lease rental		-	-		-	(88,010)	
- Others		<b>36,387</b>	(3,122)		<b>39,546</b>	16,577	
Operating (loss)/profit		<b>(91,673)</b>	251,871	(136)	<b>571,702</b>	1,026,548	(44)
Finance costs		<b>(80,013)</b>	(99,368)		<b>(338,395)</b>	(366,698)	
Share of results of joint ventures and associates		<b>(3,142)</b>	39,571		<b>62,835</b>	49,151	
(Loss)/Profit before taxation		<b>(174,828)</b>	192,074	(191)	<b>296,142</b>	709,001	(58)
Taxation	18	<b>65</b>	19,729		<b>(3,105)</b>	15,655	
(Loss)/Profit for the financial period/year		<b>(174,763)</b>	211,803	(183)	<b>293,037</b>	724,656	(60)
Attributable to:							
- Owners of the Company		<b>(165,487)</b>	210,681	(179)	<b>332,059</b>	732,411	(55)
- Non-controlling interests		<b>(9,276)</b>	1,122		<b>(39,022)</b>	(7,755)	
		<b>(174,763)</b>	211,803		<b>293,037</b>	724,656	
Basic earnings per share (sen)	27	<b>(2.80)</b>	3.56		<b>5.61</b>	12.38	
Diluted earnings per share (sen)	27	<b>(2.80)</b>	3.56		<b>5.61</b>	12.38	

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual Quarter Ended		Cumulative Quarters Year Ended	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
(Loss)/Profit for the financial period/year		<b>(174,763)</b>	211,803	<b>293,037</b>	724,656
Other comprehensive (expense)/income Items that may be reclassified subsequently to profit or loss					
- Cash flow hedges		<b>(50,005)</b>	30,059	<b>(105,590)</b>	290,247
- Costs of hedging		<b>1,933</b>	(41,391)	<b>56,469</b>	(32,746)
- Foreign currency translation differences		<b>(122,894)</b>	(257,674)	<b>212,787</b>	170,122
- Share of other comprehensive (expense)/ income of joint ventures		<b>(216)</b>	(24)	<b>(1,006)</b>	2,555
Items that will not be reclassified to profit or loss:					
- Financial assets at fair value through other comprehensive income:					
- (Loss)/Gain on fair value change		<b>(9,823)</b>	3,613	<b>23,983</b>	14,342
Other comprehensive (expense)/income for the financial period/year, net of tax		<b>(181,005)</b>	(265,417)	<b>186,643</b>	444,520
Total comprehensive (expense)/income for the financial period/year		<b>(355,768)</b>	(53,614)	<b>479,680</b>	1,169,176
Total comprehensive (expense)/income attributable to:					
- Owners of the Company		<b>(347,665)</b>	(57,030)	<b>520,902</b>	1,179,275
- Non-controlling interests		<b>(8,103)</b>	3,416	<b>(41,222)</b>	(10,099)
		<b>(355,768)</b>	(53,614)	<b>479,680</b>	1,169,176

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	3,256,254	4,011,548
Investments in joint ventures		1,130,548	1,030,763
Investments in associates		42,619	39,276
Financial assets at fair value through other comprehensive income		52,453	27,816
Finance lease receivables		4,206,498	4,350,572
Amount due from a joint venture		15,984	26,748
Amounts due from associates		532,838	357,317
Derivative financial instruments	22	20,857	46,522
Deferred tax assets		9,840	9,339
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,267,891</b>	<b>9,899,901</b>
<b>CURRENT ASSETS</b>			
Finance lease receivables		333,738	277,905
Trade receivables	20	671,303	506,945
Other receivables, deposits and prepayments		32,316	32,804
Contract assets		498	32,156
Amounts due from joint ventures		177	23,614
Amounts due from associates		28,360	15,691
Derivative financial instruments	22	41,586	50,843
Tax recoverable		35,523	40,713
Deposits, cash and bank balances		704,720	838,847
		<b>1,848,221</b>	<b>1,819,518</b>
Non-current assets classified as held-for-sale		-	6,599
<b>TOTAL CURRENT ASSETS</b>		<b>1,848,221</b>	<b>1,826,117</b>
<b>TOTAL ASSETS</b>		<b>11,116,112</b>	<b>11,726,018</b>

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

	Note	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables and accruals		117,014	182,622
Other payables and accruals		192,417	316,785
Contract liabilities		26,219	21,634
Amounts due to joint ventures		1,597	1,441
Amounts due to associates		58,349	2,945
Leases		45,542	63,861
Borrowings	21	2,273,253	1,018,411
Derivative financial instruments	22	539,630	9,737
Taxation		10,855	10,461
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,264,876</b>	<b>1,627,897</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(1,416,655)</b>	<b>198,220</b>
<b>LESS: NON-CURRENT LIABILITIES</b>			
Other payables and accruals		104,355	50,211
Contract liabilities		28,768	27,949
Leases		48,223	2,941
Borrowings	21	2,081,272	4,486,369
Derivative financial instruments	22	-	424,684
Deferred tax liabilities		8,997	10,417
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,271,615</b>	<b>5,002,571</b>
<b>NET ASSETS</b>		<b>5,579,621</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		1,336,373	814,152
		5,671,821	5,146,528
<b>NON-CONTROLLING INTERESTS</b>		<b>(92,200)</b>	<b>(50,978)</b>
<b>TOTAL EQUITY</b>		<b>5,579,621</b>	<b>5,095,550</b>
<b>NET ASSETS PER SHARE (RM)</b>		<b>0.94*</b>	<b>0.86</b>

\* Based on 5,922,666,244 ordinary shares in issue as at 31 December 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	<b>5,918,047</b>	<b>4,332,376</b>	<b>1,427,932</b>	<b>5,259</b>	<b>134,655</b>	<b>12,600</b>	<b>(766,294)</b>	<b>5,146,528</b>	<b>(50,978)</b>	<b>5,095,550</b>
Profit/(Loss) for the financial year	-	-	-	-	-	-	<b>332,059</b>	<b>332,059</b>	<b>(39,022)</b>	<b>293,037</b>
Other comprehensive income/(expense) for the financial year, net of tax	-	-	<b>214,987</b>	-	<b>(50,127)</b>	<b>23,983</b>	-	<b>188,843</b>	<b>(2,200)</b>	<b>186,643</b>
Total comprehensive income/(expense) for the financial year, net of tax	-	-	<b>214,987</b>	-	<b>(50,127)</b>	<b>23,983</b>	<b>332,059</b>	<b>520,902</b>	<b>(41,222)</b>	<b>479,680</b>
Transactions with owners:										
- Shares issued pursuant to the management incentive plan	<b>4,619</b>	<b>3,072</b>	-	<b>(3,072)</b>	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	<b>4,391</b>	-	-	-	<b>4,391</b>	-	<b>4,391</b>
At 31 December 2023	<b>5,922,666</b>	<b>4,335,448</b>	<b>1,642,919</b>	<b>6,578</b>	<b>84,528</b>	<b>36,583</b>	<b>(434,235)</b>	<b>5,671,821</b>	<b>(92,200)</b>	<b>5,579,621</b>

**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 year	-	-	-	-	-	-	732,411	732,411	(7,755)	724,656
Other comprehensive income/(expense) for the financial year, net of tax	-	-	172,466	-	260,056	14,342	-	446,864	(2,344)	444,520
Total comprehensive income/(expense) for the financial year, net of tax	-	-	172,466	-	260,056	14,342	732,411	1,179,275	(10,099)	1,169,176
Transaction with owners:										
- Shares issued pursuant to the management incentive plan	11,002	3,944	-	(3,944)	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	4,546	-	-	-	4,546	-	4,546
At 31 December 2022	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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Year Ended 31.12.2023 RM'000</b>	<b>Year Ended 31.12.2022 RM'000 Restated</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the financial year	293,037	724,656
Adjustments for non-cash items:		
Share of results of joint ventures and associates	(62,835)	(49,151)
Gain on disposal of joint ventures	(18,398)	-
Net (gain)/loss on disposal of property, plant and equipment and non-current assets held-for-sale	(60,654)	14,268
Depreciation of property, plant and equipment	333,470	342,661
Fair value loss/(gain) on ineffective portion of cash flow hedges	1,678	(2,875)
Impairment (net)	474,805	71,433
Unrealised foreign exchange loss/(gain)	16,177	(45,693)
Share-based payment	4,391	4,546
Interest income	(49,122)	(29,394)
Interest expense	330,580	364,390
Accretion of interest	6,137	5,183
Dividend income from financial assets at fair value through other comprehensive income	(452)	-
Taxation	3,105	(15,655)
Operating profit before changes in working capital	1,271,919	1,384,369
Changes in working capital:		
Finance lease receivables	285,286	265,752
Trade and other receivables	(86,207)	40,463
Trade and other payables	(214,004)	32,975
Joint ventures and associates	(3,736)	(39,068)
Cash from operations	1,253,258	1,684,491
Interest paid	(292,543)	(334,197)
Tax refunded (net)	1,172	60
Dividends received from joint ventures	26,694	78,414
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>	<b>988,581</b>	<b>1,428,768</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,239)	(1,486)
Proceeds from disposal of property, plant and equipment and non-current assets classified as held-for-sale	152,615	99,517
Proceeds from disposal of investments in subsidiaries	-	137,922
Proceeds from disposal of investments in joint ventures	34,159	-
Advances to an associate	(142,190)	-
Interest received	49,177	28,531
Dividends received from financial assets at fair value through other comprehensive income	452	-
Repayment from a joint venture	38,902	5,329
Proceeds from redemption of redeemable preference shares in a joint venture	49,304	-
Additional investment in joint ventures	(3)	(1,815)
<b>NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES</b>	<b>181,177</b>	<b>267,998</b>



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

	<b>Year Ended 31.12.2023 RM'000</b>	<b>Year Ended 31.12.2022 RM'000 Restated</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	<b>500,801</b>	-
Repayment of borrowings	<b>(1,836,517)</b>	(1,747,294)
Repayments of lease liabilities	<b>(4,076)</b>	(2,631)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(1,339,792)</b>	(1,749,925)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(170,034)</b>	(53,159)
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>35,907</b>	48,634
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>838,847</b>	843,372
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>704,720</b>	838,847
Cash and cash equivalents consist of:		
Deposits with licensed banks	<b>590,511</b>	756,035
Cash and bank balances	<b>114,209</b>	82,812
	<b>704,720</b>	838,847

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 2023, the Group’s current liabilities exceeded its current assets by RM1,416.7 million mainly due to the classification of Sukuk Murabahah of RM1,500.0 million and its corresponding derivative financial liabilities of RM539.6 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. Based on the cash flow forecast, the Group has sufficient funds to fulfill its obligations for the next 12 months from the reporting date, with the assumption that the Sukuk Murabahah will be refinanced before its due date in September 2024. The Group is confident that the Sukuk Murabahah will be refinanced based on the following: there is sufficient time to conclude the new financing, positive indications received from the financiers, and the Group’s strong operating cash flows and significant cash holdings. As of the date of this Report, the financiers are in the process of obtaining the approval from the credit committees to support the new financing. The Group expects to conclude the new financing within the next few months.

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
- (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 financial year (“FY”) results as compared with the previous FY**

<b>Financial Indicators</b>	<b>FY 31.12.2023 RM’000</b>	<b>FY 31.12.2022 RM’000</b>	<b>Change RM’000</b>
Segment revenue			
Operations	<b>2,114,726</b>	2,315,371	(200,645)
Others	<b>18,363</b>	90,168	(71,805)
Total revenue	<b>2,133,089</b>	2,405,539	(272,450)
Profit for the financial year	<b>293,037</b>	724,656	(431,619)
Finance costs	<b>(338,395)</b>	(366,698)	28,303
Share of results of joint ventures and associates	<b>62,835</b>	49,151	13,684
Depreciation of property, plant and equipment	<b>(333,470)</b>	(342,661)	9,191
Impairment (net)	<b>(474,805)</b>	(71,433)	(403,372)

The Group generated revenue of RM2,133.1 million for the financial year ended 31 December 2023 (“FY 2023”), a decrease of RM272.5 million compared to the financial year ended 31 December 2022 (“FY 2022”). Revenue from the Operations segment decreased mainly due to lower revenue from Subsea Construction (“SC”) contract work in the Caspian Sea as the project was near completion in FY 2022 and completed in FY 2023, lower revenue from offshore support vessels (“OSV”) division following disposal of the last OSV in May 2023, lower revenue from Armada Kraken FPSO<sup>(1)</sup> arising from the failure of hydraulic submersible pump (“HSP”) transformers in FY 2023, offset by higher revenue from Armada Olombendo FPSO due to revision of vessel unguaranteed residual value in FY 2022. Revenue from the Others segment was lower mainly due to the absence of front-end engineering and design (“Pre-FEED”) revenue recognised in FY 2022.

The Group generated a profit of RM293.0 million for FY 2023, a decrease of RM431.6 million compared to FY 2022 mainly due to lower contribution from Armada Kraken FPSO arising from the failure of HSP transformers and impairment of Armada Kraken FPSO and SC assets of RM514.4 million in FY 2023, offset by higher other operating income mainly arising from gain on disposal of property, plant and equipment in FY 2023 and allowance for impairment losses on accrued lease rental of RM88.0 million in FY 2022 as the Group’s wholly-owned subsidiary, Armada Balnaves Pte Ltd was unsuccessful in its appeal against Woodside Energy Julimar Pty Ltd.

With reference to Note 10 Segmental Information, the Operations segment result decreased to RM1,297.6 million for FY 2023 compared to RM1,327.2 million for FY 2022 mainly due to lower contribution from Armada Kraken FPSO in FY 2023. The Others segment result decreased to a loss of RM63.3 million for FY 2023 compared to a profit of RM55.2 million in FY 2022 mainly due to the absence of profit from Pre-FEED contracts recognised in FY 2022 and foreign exchange loss in FY 2023 arising from translation of intercompany balances denominated in foreign currency (compared to foreign exchange gain in FY 2022).

Note:

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

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

<b>Financial Indicators</b>	<b>4<sup>th</sup> Quarter 2023 RM’000</b>	<b>3<sup>rd</sup> Quarter 2023 RM’000</b>	<b>Change RM’000</b>
Segment revenue			
Operations	<b>621,437</b>	524,277	97,160
Others	<b>1,546</b>	518	1,028
Total revenue	<b>622,983</b>	524,795	98,188
(Loss)/Profit for the financial period	<b>(174,763)</b>	164,751	(339,514)
Finance costs	<b>(80,013)</b>	(83,025)	3,012
Share of results of joint ventures and associates	<b>(3,142)</b>	25,095	(28,237)
Depreciation of property, plant and equipment	<b>(85,151)</b>	(83,898)	(1,253)
Impairment (net)	<b>(477,964)</b>	-	(477,964)

**2. MANAGEMENT COMMENTARY (CONTINUED)**

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

The Group generated revenue of RM623.0 million for the quarter ended 31 December 2023 (“Q4 2023”), an increase of RM98.2 million compared to the quarter ended 30 September 2023 (“Q3 2023”). The increase from the Operations segment was mainly from Armada Kraken FPSO as the vessel’s operational performance was fully restored in August 2023 and resolution of outstanding issues with a charterer which resulted in higher revenue.

The Group generated loss of RM174.8 million for Q4 2023, compared to a profit of RM164.8 million for Q3 2023, mainly due to impairment of Armada Kraken FPSO and SC assets, offset by higher contribution from Armada Kraken FPSO due to improved operational performance and resolution of outstanding issues with a charterer which resulted in higher revenue and a reversal of accrued costs.

With reference to Note 10 Segmental Information, the Operations segment result increased from RM305.8 million in Q3 2023 to RM480.3 million in Q4 2023 mainly due to higher contribution from Armada Kraken FPSO and reversal of accrued costs following closure of the OSV division during the year. The Others segment reported a loss of RM22.8 million in Q4 2023 compared to a loss of RM32.8 million in Q3 2023 mainly due to lower foreign exchange loss arising from translation of intercompany balances denominated in foreign currency in Q4 2023.

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

<b>Financial Indicators</b>	<b>As at 31.12.2023 RM’000</b>	<b>As at 31.12.2022 RM’000</b>	<b>Change RM’000</b>
Total assets	<b>11,116,112</b>	11,726,018	(609,906)
Total liabilities	<b>(5,536,491)</b>	(6,630,468)	1,093,977
Total equity	<b>(5,579,621)</b>	(5,095,550)	(484,071)

As at 31 December 2023, the Group had total assets of RM11,116.1 million, a decrease of 5% compared to 31 December 2022, mainly due to impairment of Armada Kraken FPSO and SC assets.

As at 31 December 2023, the Group had total liabilities of RM5,536.5 million, a decrease of 16% 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 December 2023.

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

<b>Financial Indicators</b>	<b>FY 31.12.2023 RM’000</b>	<b>FY 31.12.2022 RM’000 Restated</b>	<b>Change RM’000</b>
Net cash flows generated from operating activities	<b>988,581</b>	1,428,768	(440,187)
Net cash flows generated from investing activities	<b>181,177</b>	267,998	(86,821)
Net cash flows used in financing activities	<b>(1,339,792)</b>	(1,749,925)	410,133
Net decrease in cash and cash equivalents	<b>(170,034)</b>	(53,159)	(116,875)

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

The Group had lower net cash flows generated from investing activities in FY 2023 compared to FY 2022 mainly due to advances to an associate involved in the conversion of a FPSO in FY 2023, offset by higher proceeds from disposal of property, plant and equipment in FY 2023.

In FY 2023, the Group repaid bank debt of RM1,836.5 million, offset by proceeds from borrowings of RM500.8 million.

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

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

#### Impairment of property, plant and equipment (“PPE”)

Impairment assessment on PPE is carried out in accordance with MFRS 136 “Impairment of Assets”. In such evaluation, the estimated recoverable amount is determined based on the higher of an asset’s value-in-use (“VIU”) or fair value less costs to sell (“FV”). VIU is the present value of the future cash flows expected to be derived from the asset, while the FV represents an estimate of the amount received in the event the asset is sold on a willing buyer and willing seller basis. The recoverable amount is compared to the carrying value of each asset with identified impairment triggers. If the recoverable amount is lower, the carrying value of the asset is reduced to its estimated recoverable amount and the difference is regarded as an impairment loss.

The firm charter period for the Armada Kraken FPSO concludes at the end of March 2025 with annual options to renew up to 2042. The charter rate during the optional extension period is specified in the charter agreement and consistent with industry practice, is approximately 70% lower than the charter rate during the firm period. This is because the project finance loan obtained to finance the conversion of the FPSO would have been fully repaid during the firm period. The Armada Kraken FPSO project finance loan was fully repaid in March 2023.

Even though there has been no change to the contracted charter cash flows, while the charter revenue reduces significantly during the optional extension period, the vessel cost continues to be depreciated on a straight-line basis, in accordance with the accounting policies promulgated by the International Accounting Standards Board and thus adopted by the Group. On that basis, the recoverable amount will be lower than the carrying value towards the end of the firm period, especially when the applicable discount rate to determine the VIU increases.

The Group has performed an assessment on the recoverable amount of the Armada Kraken FPSO during the financial year. The recoverable amount of the vessel was determined based on VIU which includes estimates and judgements with respect to key assumptions such as expected contractual period of the vessel, charter fees, applicable discount rate, inflation rate, and residual value.

Impairment assessment was also performed on the recoverable amount of the SC assets. Due to the prolonged Russian-Ukrainian conflict and the resultant sanctions imposed, certain potential projects have been delayed in the Caspian Sea region. The recoverable amount of the vessels was determined based on VIU which includes estimates and judgements with respect to key assumptions such as determination of the vessels as one cash-generating-unit, cash flow projections based on historical margins, probability of securing new contracts, applicable discount rates and inflation rate.

Based on the assessments, an impairment charge of RM514.4 million was recognised in respect of the Armada Kraken FPSO and SC assets.

#### 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. First Oil production by the Armada Sterling V FPSO was expected to be in late 2023 however due to operational start-up issues, it was achieved on 7 January 2024. The commissioning issues have been identified and actioned. As soon as practicable, Armada Sterling V FPSO will commence the necessary tests to achieve final acceptance which is required for the vessel charter to commence. The vessel commenced its inaugural offload of the stored processed oil on 25 February 2024. However, the charterer has not made payments on recent invoices and efforts are being made to expedite payment of the outstanding amounts.

**3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024**

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;
- Maintain and further develop effective relationships with our clients and partners;
- 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 including the Bluestreak joint venture; and
- Explore complementary business opportunities in the upstream sector.

**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 year ended 31 December 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 year ended 31 December 2023, other than the failure of HSP transformers on the Armada Kraken FPSO and impairment on Armada Kraken FPSO and SC assets.

**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 year ended 31 December 2023.

**9. DIVIDENDS PAID**

There were no dividends paid during the financial year ended 31 December 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 year ended 31 December 2023 and 31 December 2022 are as follows:

<b>Individual Quarter Ended 31.12.2023</b>	<b>Operations RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Revenue	621,437	1,546	-	622,983
Inter-segment revenue	-	17,318	(17,318)	-
Results				
Segment results	480,320	(22,787)	-	457,533
Depreciation of property, plant and equipment	(84,433)	(718)	-	(85,151)
Impairment (net)	(477,964)	-	-	(477,964)
Share of results of joint ventures and associates	52,963	(56,105)	-	(3,142)
Subtotal	(29,114)	(79,610)	-	(108,724)
Other operating income				13,909
Finance costs				(80,013)
Taxation				65
Loss for the financial period				(174,763)

<b>Individual Quarter Ended 31.12.2022</b>	<b>Operations RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Revenue	599,158	5,870	-	605,028
Inter-segment revenue	-	15,151	(15,151)	-
Results				
Segment results	345,572	(17,788)	-	327,784
Depreciation of property, plant and equipment	(85,711)	(881)	-	(86,592)
Impairment (net)	(3,122)	-	-	(3,122)
Share of results of joint ventures and associates	37,721	1,850	-	39,571
Subtotal	294,460	(16,819)	-	277,641
Other operating income				13,801
Finance costs				(99,368)
Taxation				19,729
Profit for the financial period				211,803

**10. SEGMENT INFORMATION (CONTINUED)**

The information of each of the Group's business units for the individual and cumulative quarters year ended 31 December 2023 and 31 December 2022 are as follows: (continued)

<b>Cumulative Quarters Year Ended 31.12.2023</b>	<b>Operations RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Revenue	2,114,726	18,363	-	2,133,089
Inter-segment revenue	-	87,798	(87,798)	-
Results				
Segment results	1,297,575	(63,326)	-	1,234,249
Depreciation of property, plant and equipment	(330,434)	(3,036)	-	(333,470)
Impairment (net)	(474,804)	(1)	-	(474,805)
Share of results of joint ventures and associates	118,215	(55,380)	-	62,835
Subtotal	610,552	(121,743)	-	488,809
Other operating income				145,728
Finance costs				(338,395)
Taxation				(3,105)
Profit for the financial year				293,037

<b>Cumulative Quarters Year Ended 31.12.2022</b>	<b>Operations RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Revenue	2,315,371	90,168	-	2,405,539
Inter-segment revenue	-	61,090	(61,090)	-
Results				
Segment results	1,327,219	55,197	-	1,382,416
Depreciation of property, plant and equipment	(339,314)	(3,347)	-	(342,661)
Impairment (net)	(66,272)	(5,161)	-	(71,433)
Share of results of joint ventures and associates	46,687	2,464	-	49,151
Subtotal	968,320	49,153	-	1,017,473
Other operating income				58,226
Finance costs				(366,698)
Taxation				15,655
Profit for the financial year				724,656

Segmental revenue for Operations is mainly denominated in USD.



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

As at 31 December 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 YEAR**

No material events have arisen in the interval between the end of this reporting year 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 December 2023 and 31 December 2022 are as follows:

	<b>As at</b> <b>31.12.2023</b> <b>RM'000</b>	<b>As at</b> <b>31.12.2022</b> <b>RM'000</b>
- authorised but not contracted	<u><b>2,919</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 RM49.5 million as at 31 December 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 20 November 2023, Bumi Care Offshore Production Sdn Bhd, a dormant company held by Bumi Armada Navigation Sdn Bhd, was dissolved pursuant to Section 551(3) of the Companies Act 2016.

**16. SIGNIFICANT RELATED PARTY DISCLOSURES**

The significant related party transactions undertaken during the individual and cumulative quarters year ended 31 December 2023 and 31 December 2022 are described below:

	<u>Individual Quarter Ended</u>		<u>Cumulative Quarters Year Ended</u>	
	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(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	-	-	<b>11,802</b>	13,400
(b) Payment on behalf of joint ventures	<b>736</b>	18	<b>847</b>	735
(c) Telecommunication expenses to Maxis Berhad <sup>(1)</sup>	<b>(166)</b>	23	<b>(410)</b>	(285)
(d) Rental to Malaysian Landed Property Sdn Bhd <sup>(2)</sup>	<b>(986)</b>	(950)	<b>(3,922)</b>	(3,806)
(e) Management fees to UTSB Management Sdn Bhd <sup>(3)</sup>	<b>(1,325)</b>	(1,853)	<b>(6,510)</b>	(7,383)
(f) Interest expense to				
- Pacific Mezzanine Capital (Jersey) Limited <sup>(3)</sup>	<b>(6,814)</b>	-	<b>(24,734)</b>	-
- Mezzanine Equities N.V. <sup>(3)</sup>	-	(5,547)	-	(17,946)
(g) Interest income from associates	<b>5,845</b>	4,206	<b>19,383</b>	16,063
(h) Advances to an associate	<b>41,590</b>	-	<b>142,190</b>	-
(i) Key management personnel compensation				
- Non-Executive Directors' fees	<b>(575)</b>	(720)	<b>(2,531)</b>	(2,657)
- consultancy fees	-	-	-	(282)
- salaries, bonus and allowances and other staff related costs	<b>(6,085)</b>	(4,866)	<b>(21,077)</b>	(19,223)
- defined contribution plan	<b>(101)</b>	(58)	<b>(446)</b>	(268)
- share-based payment	<b>(1,066)</b>	(1,146)	<b>(4,377)</b>	(4,533)
(j) Redemption of redeemable preference shares	-	(22,062)	<b>(27,665)</b>	(22,062)
(k) Dividend income from joint ventures	-	52,706	<b>26,694</b>	82,726

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.

During the financial year, Armada Akia B.V., a subsidiary of the Group (as Operator with 51% participating interest) and its co-bidder, Pexco Tarakan NV ("Pexco") (with 49% participating interest), signed a production sharing contract ("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. The PSC 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 Year Ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Income tax:				
- Current year	2,349	(1,390)	5,976	11,695
- Prior year	(430)	(22,228)	(712)	(42,342)
Deferred tax	(1,984)	3,889	(2,159)	14,992
Taxation	(65)	(19,729)	3,105	(15,655)

The Group's effective tax rates for the individual and cumulative quarters year ended 31 December 2023 were less than 1% and negative 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 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 standard credit terms of trade receivables ranged from 0 to 60 days. Ageing analysis of trade receivables as at 31 December 2023 and 31 December 2022 is as follows:

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Current	652,028	483,914
Less than 30 days past due	14,388	4,820
Between 31 and 60 days past due	4,427	2,263
Between 61 and 90 days past due	-	1,243
Between 91 days and 1 year past due	-	168
More than 1 year past due	460	14,537
	<u>671,303</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 31.12.2023			As at 31.12.2022		
	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
<b>SHORT-TERM DEBTS</b>						
<b>Secured:</b>						
Term loans <sup>(1)</sup>	707,625	-	707,625	985,537	-	985,537
<b>Unsecured:</b>						
Sukuk Murabahah <sup>(2)</sup>	-	1,530,962	1,530,962	-	30,654	30,654
Term loans <sup>(3)</sup>	34,666	-	34,666	2,220	-	2,220
<b>Total short-term debts</b>	<b>742,291</b>	<b>1,530,962</b>	<b>2,273,253</b>	<b>987,757</b>	<b>30,654</b>	<b>1,018,411</b>
<b>LONG-TERM DEBTS</b>						
<b>Secured:</b>						
Term loans	1,625,318	-	1,625,318	2,040,884	-	2,040,884
<b>Unsecured:</b>						
Sukuk Murabahah	-	-	-	-	1,499,907	1,499,907
Term loans <sup>(3)</sup>	455,954	-	455,954	945,578	-	945,578
<b>Total long-term debts</b>	<b>2,081,272</b>	<b>-</b>	<b>2,081,272</b>	<b>2,986,462</b>	<b>1,499,907</b>	<b>4,486,369</b>
<b>Total borrowings</b>	<b>2,823,563</b>	<b>1,530,962</b>	<b>4,354,525</b>	<b>3,974,219</b>	<b>1,530,561</b>	<b>5,504,780</b>

**21. BORROWINGS (CONTINUED)**

- (1) Included in the short-term secured term loans is a 3-year secured term loan of USD29.9 million (RM137.5 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 confident that the Sukuk Murabahah will be refinanced based on the following: there is sufficient time to conclude the new financing, positive indications received from the financiers, and the Group’s strong operating cash flows and significant cash holdings. As of the date of this Report, the financiers are in the process of obtaining the approval from the credit committees to support the new financing. The Group expects to conclude the new financing within the next few months.
- (3) The Group has successfully secured a syndicated term loan facility for USD105.5 million (RM484.7 million) (“the Syndicated Term Loan”) with a final maturity of 25 September 2028, to refinance the previous term loan facility. As the Syndicated Term Loan is repayable over 60 months, the amount due more than 12 months from the balance sheet date has been classified as non-current liabilities.

In addition to refinancing the Sukuk Murabahah, the Group is taking the following measures to further manage and strengthen the cash flow position:

- Pursue collections from customers; and
- Optimise cost structure.

As at 31 December 2023, the proportion of borrowings between floating interest rates and fixed interest rates is 65%:35%. One of the term loan facilities 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 proportion of borrowings between floating interest rates and fixed interest rates after hedging is 32%:68%.

The weighted contractual interest/profit rates per annum of borrowings that were effective as at the end of the financial year are as follows:

	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>%</b>	<b>%</b>
Term loans	<b>8.67</b>	7.84
Sukuk Murabahah	<b>6.35</b>	6.35

Borrowings as at 31 December 2023 decreased by 21% 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 December 2023 and 31 December 2022 are as set out below:

Types of Derivative	As at 31.12.2023		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	334,044	41,586	633,356	50,580
- 1 to 3 years	731,709	20,023	661,098	40,442
- More than 3 years	396,596	834	740,930	6,080
	<u>1,462,349</u>	<u>62,443</u>	<u>2,035,384</u>	<u>97,102</u>
Cross currency interest rate swaps				
- Less than 1 year	1,500,000	(539,630)	-	(9,474)
- 1 to 3 years	-	-	1,500,000	(424,684)
	<u>1,500,000</u>	<u>(539,630)</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 December 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 December 2023 and 31 December 2022 except as set out below:

	As at 31.12.2023		As at 31.12.2022	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Finance lease receivables	4,540,236	5,114,916	4,628,477	5,235,744
Amount due from a joint venture	15,984	15,662	26,748	46,339
Amounts due from associates	532,838	466,803	357,317	310,571
Sukuk Murabahah	<u>1,530,962</u>	<u>1,511,058</u>	<u>1,530,561</u>	<u>1,510,773</u>

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 31 December 2023 and 31 December 2022, by valuation method.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>As at 31.12.2023</b>				
Financial assets:				
Financial assets at fair value through other comprehensive income	52,453	-	-	52,453
Derivatives used for hedging				
- Interest rate swaps	<u>-</u>	<u>62,443</u>	<u>-</u>	<u>62,443</u>
Financial liabilities:				
Derivatives used for hedging				
- Cross currency interest rate swaps	<u>-</u>	<u>(539,630)</u>	<u>-</u>	<u>(539,630)</u>

**23. FAIR VALUE HIERARCHY (CONTINUED)**

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

The table below analyses financial instruments carried at fair value as at 31 December 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 year and the comparative year. There were also no changes in the purpose of any financial instruments that subsequently caused a change in classification of those instruments.



**24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF INCOME**

	<b>Individual Quarter Ended 31.12.2023 RM'000</b>	<b>Individual Quarter Ended 31.12.2022 RM'000</b>	<b>Cumulative Quarters Year Ended 31.12.2023 RM'000</b>	<b>Cumulative Quarters Year Ended 31.12.2022 RM'000</b>
(Loss)/Profit before taxation is arrived at after (crediting)/charging:				
(a) Other operating income				
- Interest income	<b>(13,503)</b>	(10,829)	<b>(49,122)</b>	(29,394)
- Dividend income from financial assets at fair value through other comprehensive income	-	-	<b>(452)</b>	-
- Gain on disposal of joint ventures	-	-	<b>(18,398)</b>	-
- Gain on disposal of property, plant and equipment and non-current assets held-for-sale	-	(3,607)	<b>(60,654)</b>	(3,613)
- Management fees charged to a joint venture and an associate	-	-	<b>(11,802)</b>	(13,400)
- Insurance claim	<b>(310)</b>	(186)	<b>(3,985)</b>	(5,998)
- Others	<b>(96)</b>	821	<b>(1,315)</b>	(5,821)
(b) Interest expense	<b>77,816</b>	98,512	<b>330,580</b>	364,390
(c) Accretion of interest	<b>1,705</b>	1,530	<b>6,137</b>	5,183
(d) Depreciation of property, plant and equipment	<b>85,151</b>	86,592	<b>333,470</b>	342,661
(e) Impairment of/(Reversal of impairment)				
- Property, plant and equipment	<b>514,351</b>	-	<b>514,351</b>	-
- Trade receivables	<b>(1,409)</b>	(1,372)	<b>(4,568)</b>	(26,513)
- Accrued lease rental	-	-	-	88,010
- Amount due from a joint venture	<b>(34,978)</b>	4,494	<b>(34,978)</b>	9,936
(f) Loss on disposal of property, plant and equipment and non-current assets held-for-sale	-	17,881	-	17,881
(g) Net foreign exchange loss/(gain)				
- realised	<b>5,183</b>	538	<b>10,756</b>	(292)
- unrealised	<b>(1,690)</b>	(5,750)	<b>16,177</b>	(45,693)
(h) Fair value loss/(gain) on ineffective portion of cash flow hedges	<b>492</b>	(674)	<b>1,678</b>	(2,875)
(i) Termination and retrenchment expenses	<b>521</b>	48	<b>2,234</b>	152

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

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares from the MIP.

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

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarters Year Ended</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
(Loss)/Profit attributable to Owners of the Company (RM’000)	<b>(165,487)</b>	210,681	<b>332,059</b>	732,411
Weighted average/adjusted weighted average number of ordinary shares in issue for basic EPS (’000)	<b>5,920,587</b>	5,913,796	<b>5,920,587</b>	5,913,796
Basic EPS (sen)	<b>(2.80)</b>	3.56	<b>5.61</b>	12.38
Diluted EPS (sen)	<b>(2.80)</b>	3.56	<b>5.61</b>	12.38

**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.

- (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 31.12.2022 RM'000</b>	<b>Effect of reclassification RM'000</b>	<b>As restated 31.12.2022 RM'000</b>
<b><u>Consolidated Statements of Income</u></b>			
<b><u>Individual Quarter Ended 31.12.2022</u></b>			
Cost of sales	(331,821)	3,122	(328,699)
(Impairment)/Reversal of impairment			
- Others	-	(3,122)	(3,122)
<b><u>Cumulative Quarters Year Ended 31.12.2022</u></b>			
Cost of sales	(1,346,832)	71,433	(1,275,399)
(Impairment)/Reversal of impairment			
- Accrued lease rental	-	(88,010)	(88,010)
- Others	-	16,577	16,577

- (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 31.12.2022 RM'000</b>	<b>Effect of reclassification RM'000</b>	<b>As restated 31.12.2022 RM'000</b>
<b><u>Consolidated Statement of Cash Flows</u></b>			
<b><u>Year Ended 31.12.2022</u></b>			
Net cash flows generated from operating activities	1,350,354	78,414	1,428,768
Net cash flows generated from investing activities	346,412	(78,414)	267,998

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  
28 February 2024