



BUMIARMADA

BUMI ARMADA BERHAD

199501041194 (370398-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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 second quarter ended 30 June 2024 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 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		
		30.06.2024 RM'000	30.06.2023 RM'000	+ / (-) %	30.06.2024 RM'000	30.06.2023 RM'000	+ / (-) %
Revenue		578,859	441,324	31	1,214,397	985,311	23
Cost of sales		(259,130)	(320,623)		(518,409)	(589,435)	
Gross profit		319,729	120,701	165	695,988	395,876	76
Other operating income		27,952	74,405		44,812	98,449	
Selling and distribution costs		(482)	(732)		(862)	(1,676)	
Administrative expenses		(32,136)	(20,081)		(79,626)	(54,922)	
Operating profit before impairment		315,063	174,293	81	660,312	437,727	51
Reversal of impairment		660	1,358		1,606	2,675	
Operating profit		315,723	175,651	80	661,918	440,402	50
Finance costs		(77,458)	(83,583)		(156,575)	(175,357)	
Share of results of joint ventures and associates		31,968	13,829		35,121	40,882	
Profit before taxation		270,233	105,897	155	540,464	305,927	77
Taxation	18	(1,778)	1,238		(8,901)	(2,878)	
Profit for the financial period		268,455	107,135	151	531,563	303,049	75
Attributable to:							
- Owners of the Company		265,958	118,770	124	506,502	319,780	58
- Non-controlling interests		2,497	(11,635)		25,061	(16,731)	
		268,455	107,135		531,563	303,049	
Basic earnings per share (sen)	27	4.49	2.01		8.55	5.40	
Diluted earnings per share (sen)	27	4.49	2.01		8.55	5.40	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarters Period Ended	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Profit for the financial period		268,455	107,135	531,563	303,049
Other comprehensive (expense)/income					
Items that may be reclassified subsequently to profit or loss					
- Cash flow hedges		(21,125)	28,384	(25,615)	(48,202)
- Costs of hedging		4,325	4,506	7,353	51,532
- Foreign currency translation differences		(9,525)	289,100	144,961	298,222
- Share of other comprehensive expense of a joint venture		-	(230)	-	(541)
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		(1,298)	26,723	11,348	28,728
Other comprehensive (expense)/income for the financial period, net of tax		(27,623)	348,483	138,047	329,739
Total comprehensive income for the financial period		240,832	455,618	669,610	632,788
Total comprehensive income/(expense) attributable to:					
- Owners of the Company		238,185	470,171	647,035	652,562
- Non-controlling interests		2,647	(14,553)	22,575	(19,774)
		240,832	455,618	669,610	632,788

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	3,191,195	3,256,254
Investments in joint ventures		1,068,711	1,130,548
Investments in associates		42,372	42,619
Financial assets at fair value through other comprehensive income		50,535	52,453
Finance lease receivables		4,131,586	4,206,498
Amount due from a joint venture		-	15,984
Amounts due from associates		539,471	532,838
Derivative financial instruments	22	23,415	20,857
Deferred tax assets		9,037	9,840
TOTAL NON-CURRENT ASSETS		9,056,322	9,267,891
CURRENT ASSETS			
Finance lease receivables		366,339	333,738
Trade receivables	20	665,002	671,303
Other receivables, deposits and prepayments		38,748	32,316
Contract assets		-	498
Amounts due from joint ventures		30,007	177
Amounts due from associates		31,001	28,360
Derivative financial instruments	22	38,767	41,586
Tax recoverable		20,403	35,523
Deposits, cash and bank balances		1,214,341	704,720
TOTAL CURRENT ASSETS		2,404,608	1,848,221
TOTAL ASSETS		11,460,930	11,116,112
LESS: CURRENT LIABILITIES			
Trade payables and accruals		119,720	117,014
Other payables and accruals		190,378	192,417
Contract liabilities		28,311	26,219
Amounts due to joint ventures		1,397	1,597
Amounts due to associates		28,374	58,349
Leases		29,341	45,542
Borrowings	21	2,169,363	2,273,253
Derivative financial instruments	22	613,790	539,630
Taxation		11,225	10,855
TOTAL CURRENT LIABILITIES		3,191,899	3,264,876
NET CURRENT LIABILITIES		(787,291)	(1,416,655)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
LESS: NON-CURRENT LIABILITIES			
Other payables and accruals		116,939	104,355
Contract liabilities		40,205	28,768
Leases		41,305	48,223
Borrowings	21	1,817,769	2,081,272
Deferred tax liabilities		6,946	8,997
TOTAL NON-CURRENT LIABILITIES		2,023,164	2,271,615
NET ASSETS		6,245,867	5,579,621
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		4,338,585	4,335,448
Reserves		1,976,907	1,336,373
		6,315,492	5,671,821
NON-CONTROLLING INTERESTS		(69,625)	(92,200)
TOTAL EQUITY		6,245,867	5,579,621
NET ASSETS PER SHARE (RM)		1.05 *	0.94

* Based on 5,927,875,444 ordinary shares in issue as at 30 June 2024.

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)/ Retained earnings RM'000	Total RM'000		
<u>2024</u>										
At 1 January 2024	5,922,666	4,335,448	1,642,919	6,578	84,528	36,583	(434,235)	5,671,821	(92,200)	5,579,621
Profit for the financial period	-	-	-	-	-	-	506,502	506,502	25,061	531,563
Other comprehensive income/(expense) for the financial period, net of tax	-	-	147,447	-	(18,262)	11,348	-	140,533	(2,486)	138,047
Total comprehensive income/(expense) for the financial period, net of tax	-	-	147,447	-	(18,262)	11,348	506,502	647,035	22,575	669,610
Transfer of gain on disposal of financial assets at fair value through other comprehensive income to retained earnings	-	-	-	-	-	(10,012)	10,012	-	-	-
Transactions with owners:										
- Shares issued pursuant to the management incentive plan	5,209	3,137	-	(3,137)	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	131	-	-	-	131	-	131
- Reversal of management incentive plan granted due to modification of payment arrangement	-	-	-	(3,495)	-	-	-	(3,495)	-	(3,495)
At 30 June 2024	5,927,875	4,338,585	1,790,366	77	66,266	37,919	82,279	6,315,492	(69,625)	6,245,867

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>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	-	-	-	-	-	-	319,780	319,780	(16,731)	303,049
Other comprehensive income/(expense) for the financial period, net of tax	-	-	301,264	-	2,790	28,728	-	332,782	(3,043)	329,739
Total comprehensive income/(expense) for the financial period, net of tax	-	-	301,264	-	2,790	28,728	319,780	652,562	(19,774)	632,788
Transactions with owners:										
- Shares issued pursuant to the management incentive plan	4,619	3,072	-	(3,072)	-	-	-	-	-	-
- Management incentive plan granted	-	-	-	2,147	-	-	-	2,147	-	2,147
At 30 June 2023	5,922,666	4,335,448	1,729,196	4,334	137,445	41,328	(446,514)	5,801,237	(70,752)	5,730,485

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended 30.06.2024 RM'000	Period Ended 30.06.2023 RM'000
OPERATING ACTIVITIES		
Profit for the financial period	531,563	303,049
Adjustments for non-cash items:		
Share of results of joint ventures and associates	(35,121)	(40,882)
Gain on disposal of joint ventures	-	(318)
Gain on disposal of property, plant and equipment and non-current assets held-for-sale	-	(60,654)
Depreciation of property, plant and equipment	152,957	164,421
Fair value (gain)/loss on ineffective portion of cash flow hedges	(187)	1,107
Fair value gain on financial assets at fair value through profit or loss	(6,733)	-
Reversal of impairment	(1,606)	(2,675)
Unrealised foreign exchange loss	6,931	2,550
Share based payment - Management incentive plan granted	131	2,147
Interest income	(35,464)	(22,058)
Interest expense	149,211	171,431
Accretion of interest	7,551	2,819
Dividend income	(1,301)	(452)
Taxation	8,901	2,878
Operating profit before changes in working capital	776,833	523,363
Changes in working capital:		
Finance lease receivables	164,761	134,693
Trade and other receivables	4,013	149,134
Trade and other payables	(12,887)	(123,272)
Joint ventures and associates	1,918	9,487
Cash from operations	934,638	693,405
Interest paid	(191,541)	(156,205)
Tax refunded (net)	7,953	790
Dividend received from joint ventures	113,199	26,694
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	864,249	564,684
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(203)	(279)
Proceeds from disposal of property, plant and equipment and non-current assets classified as held-for-sale	-	152,615
Proceeds from disposal of financial assets at fair value through other comprehensive income	13,687	-
Proceeds from disposal of financial assets at fair value through profit or loss	6,733	-
Proceeds from disposal of investments in joint ventures	-	5,949
Advances to an associate	(28,848)	(64,174)
Interest received	23,054	22,136
Dividends received from financial assets at fair value through other comprehensive income	1,301	452
Repayment from a joint venture	14,304	3,318
Proceeds from redemption of redeemable preference shares in a joint venture	-	21,639
NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES	30,028	141,656

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Period Ended 30.06.2024 RM'000	Period Ended 30.06.2023 RM'000
FINANCING ACTIVITIES		
Repayment of borrowings	(400,862)	(899,566)
Repayments of lease liabilities	(2,025)	(2,092)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(402,887)	(901,658)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	491,390	(195,318)
CURRENCY TRANSLATION DIFFERENCES	18,231	45,849
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	704,720	838,847
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	1,214,341	689,378
Cash and cash equivalents consist of:		
Deposits with licensed banks	868,317	571,436
Cash and bank balances	346,024	117,942
	1,214,341	689,378

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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 2023 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 2023. The results of the joint ventures and associates are based on unaudited management accounts.

As at 30 June 2024, the Group’s current liabilities exceeded its current assets by RM787.3 million mainly due to the classification of Sukuk Murabahah of RM1,500.0 million and its corresponding derivative financial liabilities of RM613.8 million as current liabilities as the repayment is due within 12 months from the balance sheet date (i.e. September 2024). The Sukuk Murabahah will be refinanced with a new 6-year financing facility of USD400.0 million (RM1,887.0 million). Following Bank Negara Malaysia’s approval, the related financing agreements were signed on 15 August 2024 and the financing will be disbursed before the Sukuk Murabahah’s due date in September 2024.

A cash flow forecast for the 12 months from the date of approval of the financial statements 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 fulfil its obligations for the next 12 months from the date of approval of the financial statements.

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 2023, other than those disclosed below:

(a) Amendments to published standards that are effective:

- (i) Amendments to MFRS which are applicable to the Group beginning on or after 1 January 2024:
 - Amendments to MFRS 101 “Presentation of Financial Statements” – Non-current Liabilities with Covenants

The adoption of the above amendments to MFRS did not have any significant impact on the financial statements of the Group.

(b) Standard and amendments to published standards 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 2025:
 - Amendments to MFRS 121 “The Effects of Changes in Foreign Exchange Rates” – Lack of Exchangeability
- (ii) Amendments to MFRS which are applicable to the Group beginning on or after 1 January 2026:
 - Amendments to MFRS 9 “Financial Instruments and MFRS 7 “Financial Instruments: Disclosures” – Amendments to the Classification and Measurement of Financial Instruments
- (ii) Standard which is applicable to the Group beginning on or after 1 January 2027:
 - MFRS 18 “Presentation and Disclosure in Financial Statements”
 - MFRS 19 “Subsidiaries without Public Accountability: Disclosures”

The adoption of the above standards and 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

Financial Indicators	YTD 30.06.2024 RM'000	YTD 30.06.2023 RM'000	Change RM'000
Segment revenue			
Operations	1,196,121	969,012	227,109
Others	18,276	16,299	1,977
Total revenue	1,214,397	985,311	229,086
Profit for the financial period	531,563	303,049	228,514
Finance costs	(156,575)	(175,357)	18,782
Share of results of joint ventures and associates	35,121	40,882	(5,761)
Depreciation of property, plant and equipment	(152,957)	(164,421)	11,464

The Group generated revenue of RM1,214.4 million for the financial period ended 30 June 2024 (“YTD 2024”), an increase of RM229.1 million compared to the financial period ended 30 June 2023 (“YTD 2023”). Operations segment revenue increased due to settlement of the escalation of the operating fee of Armada Olombendo FPSO. Revenue YTD 2023 was reduced due to the failure of Armada Kraken FPSO’s hydraulic submersible pump (“HSP”) transformers.

The Group generated a profit of RM531.6 million for YTD 2024, an increase of RM228.5 million compared to YTD 2023 mainly due to higher contribution from Armada Kraken FPSO and Armada Olombendo FPSO, offset by lower other income mainly due to the gain on disposal of vessels in YTD 2023.

With reference to Note 10 Segmental Information, the Operations segment result increased to RM799.0 million for YTD 2024 compared to RM511.5 million for YTD 2023 mainly due to higher contribution from Armada Kraken FPSO and Armada Olombendo FPSO. The Others segment result had higher losses of RM30.6 million for YTD 2024 compared to a loss of RM7.8 million in YTD 2023 mainly due to higher foreign exchange loss arising from translation of intercompany balances denominated in foreign currency in YTD 2024.

Note:

⁽¹⁾ 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

Financial Indicators	2nd Quarter 2024 RM'000	1st Quarter 2024 RM'000	Change RM'000
Segment revenue			
Operations	561,905	634,216	(72,311)
Others	16,954	1,322	15,632
Total revenue	578,859	635,538	(56,679)
Profit for the financial period	268,455	263,108	5,347
Finance costs	(77,458)	(79,117)	1,659
Share of results of joint ventures and associates	31,968	3,153	28,815
Depreciation of property, plant and equipment	(76,535)	(76,422)	(113)

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 RM578.9 million for the quarter ended 30 June (“Q2 2024”), a decrease of RM56.7 million compared to the previous quarter. The quarter ended 31 March 2024 (“Q1 2024”) benefitted from settlement of the escalation of the operating fee of Armada Olombendo FPSO. The increase in the Others segment was mainly from provision of engineering services to the Group’s jointly-owned FPSO vessels in Q2 2024.

The Group generated a profit of RM268.5 million for Q2 2024, a marginal increase of RM5.3 million compared to Q1 2024.

With reference to Note 10 Segmental Information, the Operations segment result decreased from RM429.6 million in Q1 2024 to RM369.4 million in Q2 2024 mainly due to higher contribution from Armada Olombendo FPSO in Q1 2024. The Others segment reported a loss of RM5.8 million in Q2 2024 compared to a loss of RM24.8 million in Q1 2024, mainly due to higher foreign exchange loss arising from translation of intercompany balances denominated in foreign currency in Q1 2024.

(C) Review of consolidated statement of financial position

Financial Indicators	As at 30.06.2024 RM’000	As at 31.12.2023 RM’000	Change RM’000
Total assets	11,460,930	11,116,112	344,818
Total liabilities	(5,215,063)	(5,536,491)	321,428
Total equity	(6,245,867)	(5,579,621)	(666,246)

As at 30 June 2024, the Group had total assets of RM11,460.9 million, an increase of 3% compared to 31 December 2023, mainly due to the following:

- 1) Increase in deposits, cash and bank balances due to net cash flows generated from operating activities which is offset by repayment of borrowings.
- 2) Favourable exchange rate as at June 2024 contributed to the increase in asset balances denominated in USD.
- 3) Offset by decrease in property, plant and equipment due to depreciation charged in YTD 2024.
- 4) Offset by decrease in investment in joint ventures due to dividends received from joint ventures net of share of results recognised in YTD 2024.

As at 30 June 2024, the Group had total liabilities of RM5,215.1 million, a decrease of 6% compared to 31 December 2023 mainly due to repayment of borrowings.

(D) Review of consolidated statement of cash flows

Financial Indicators	YTD 30.06.2024 RM’000	YTD 30.06.2023 RM’000	Change RM’000
Net cash flows generated from operating activities	864,249	564,684	299,565
Net cash flows generated from investing activities	30,028	141,656	(111,628)
Net cash flows used in financing activities	(402,887)	(901,658)	498,771
Net increase/(decrease) in cash and cash equivalents	491,390	(195,318)	686,708

The Group had higher net cash flows generated from operating activities in YTD 2024 compared to YTD 2023 mainly due to higher operating profit and dividends received from joint ventures in YTD 2024.

Net cash flows generated from investing activities in YTD 2023 were higher than YTD 2024 due to disposal of vessels.

In YTD 2024, the Group repaid bank debt of RM400.9 million, lower than YTD 2023 repayment of RM899.6 million.

2. MANAGEMENT COMMENTARY (CONTINUED)

(E) Critical accounting estimates and judgements

Construction of a FPSO for the ONGC NELP Block KG – DWN 98/2 Development Project Cluster-II field located on the east coast of Kakinada, offshore India (“98/2 Project”) for Oil and Natural Gas Corporation of India

The Group holds a 30% interest in associates involved in the 98/2 Project. The associates are entitled to certain revenue during the start-up phase before achieving final acceptance pending the outcome of a joint delay analysis regarding this and additional outstanding claims that are being worked on to achieve resolution. Armada Sterling V FPSO has completed the necessary tests and successfully achieved final acceptance on 1 July 2024. The achievement of final acceptance signifies the commencement of the firm charter period for Armada Sterling V FPSO.

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 achieving net zero goal by 2050 or earlier, by focusing on carbon emission reduction and carbon injection technologies and solutions including the Bluestreak joint venture; and
- Explore complementary business opportunities in the upstream sector.

As previously explained, in light of the straight-line accounting depreciation of certain assets, we will review the difference between net book value and value-in-use (“VIU”) for impairment purposes for the financing year ending 31 December 2024. The VIU will be computed using key assumptions such as expected contractual period of the vessel, charter fees, prevailing discount rate, inflation rate, and residual value. Impairment may be recognised as a result. Any impairment would not reduce the Group’s cash flows.

4. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the audited financial statements for the preceding financial year ended 31 December 2023.

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 June 2024.

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 June 2024.

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 June 2024.

9. DIVIDENDS PAID

There were no dividends paid during the financial period ended 30 June 2024.

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, Subsea Construction assets and marine related services.
- (ii) Others – consists of the following:
 - Technology, Engineering and Projects – provision of engineering consultancy and project support services.
 - Corporate and others – Management services and corporate support services provided to subsidiaries which are considered incidental to the Group’s operating business.

The information of each of the Group’s business units for the individual and cumulative quarters ended 30 June 2024 and 30 June 2023 are as follows:

Individual Quarter Ended 30.06.2024	Operations RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue	561,905	16,954	-	578,859
Inter-segment revenue	-	29,397	(29,397)	-
Results				
Segment results	369,401	(5,755)	-	363,646
Depreciation of property, plant and equipment	(75,814)	(721)	-	(76,535)
Reversal of impairment	660	-	-	660
Share of results of joint ventures and associates	23,063	8,905	-	31,968
Subtotal	317,310	2,429	-	319,739
Other operating income				27,952
Finance costs				(77,458)
Taxation				(1,778)
Profit for the financial period				268,455

Individual Quarter Ended 30.06.2023	Operations RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue	439,888	1,436	-	441,324
Inter-segment revenue	-	29,326	(29,326)	-
Results				
Segment results	193,601	(11,430)	-	182,171
Depreciation of property, plant and equipment	(81,501)	(782)	-	(82,283)
Reversal of impairment	1,358	-	-	1,358
Share of results of joint ventures and associates	14,000	(171)	-	13,829
Subtotal	127,458	(12,383)	-	115,075
Other operating income				74,405
Finance costs				(83,583)
Taxation				1,238
Profit for the financial period				107,135

10. SEGMENT INFORMATION (CONTINUED)

The information of each of the Group's business units for the individual and cumulative quarters ended 30 June 2024 and 30 June 2023 are as follows: (continued)

Cumulative Quarters Ended 30.06.2024	Operations RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue	1,196,121	18,276	-	1,214,397
Inter-segment revenue	-	42,351	(42,351)	-
Results				
Segment results	799,049	(30,592)	-	768,457
Depreciation of property, plant and equipment	(151,507)	(1,450)	-	(152,957)
Reversal of impairment	1,606	-	-	1,606
Share of results of joint ventures and associates	51,332	(16,211)	-	35,121
Subtotal	700,480	(48,253)	-	652,227
Other operating income				44,812
Finance costs				(156,575)
Taxation				(8,901)
Profit for the financial period				531,563

Cumulative Quarters Ended 30.06.2023	Operations RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue	969,012	16,299	-	985,311
Inter-segment revenue	-	46,650	(46,650)	-
Results				
Segment results	511,458	(7,759)	-	503,699
Depreciation of property, plant and equipment	(162,819)	(1,602)	-	(164,421)
Reversal of impairment	2,675	-	-	2,675
Share of results of joint ventures and associates	39,557	1,325	-	40,882
Subtotal	390,871	(8,036)	-	382,835
Other operating income				98,449
Finance costs				(175,357)
Taxation				(2,878)
Profit for the financial period				303,049

Segmental revenue for Operations is mainly denominated in USD.

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2024, 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 June 2024 and 31 December 2023 are as follows:

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
- authorised but not contracted	<u>2,717</u>	<u>2,919</u>

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group's contingent liabilities comprising bank guarantees extended to third parties amounted to RM78.0 million as at 30 June 2024 as compared to RM49.5 million as at 31 December 2023. 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.

16. SIGNIFICANT RELATED PARTY DISCLOSURES

The significant related party transactions undertaken during the individual and cumulative quarters period ended 30 June 2024 and 30 June 2023 are described below:

	Individual Quarter Ended 30.06.2024 RM'000	Individual Quarter Ended 30.06.2023 RM'000	Cumulative Quarters Period Ended 30.06.2024 RM'000	Cumulative Quarters Period Ended 30.06.2023 RM'000
(a) Management and engineering services charged to joint ventures and an associate				
- revenue	17,125	1,805	17,125	10,736
- other operating income	-	-	-	11,802
(b) Telecommunication expenses to Maxis Broadband Sdn. Bhd. ⁽¹⁾	(96)	(55)	(183)	(109)
(c) Rental to Malaysian Landed Property Sdn. Bhd. ⁽²⁾	(958)	(994)	(1,913)	(1,936)
(d) Management fees to UTSB Management Sdn. Bhd. ⁽³⁾	(1,325)	(1,938)	(2,650)	(3,876)
(e) Transaction with Pacific Mezzanine Capital (Jersey) Limited (“PMC”) ⁽³⁾				
- Repayment of borrowings	(141,004)	-	(141,004)	(286)
- Interest expense	(6,647)	(5,875)	(13,301)	(11,642)
(f) Transactions with associates				
- advances	25,972	64,174	28,848	64,174
- interest income	5,858	4,340	11,986	8,293
- conversion of advances to redeemable preference shares	(48,450)	-	(48,450)	-
(g) Key management personnel compensation				
- Non-Executive Directors’ fees	(587)	(720)	(1,146)	(1,394)
- salaries, bonus and allowances and other staff related costs	(7,984)	(4,908)	(13,401)	(9,554)
- defined contribution plan	(105)	(75)	(290)	(204)
- share-based payment – management incentive plan reversal/(granted)	4,735	(1,039)	3,368	(2,144)
(h) Dividend income from joint ventures	87,435	26,694	144,021	26,694
(i) Payment on behalf of joint ventures	201	11	201	111

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.

16. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

In 2023, 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 Period Ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Income tax:				
- Current year	3,871	(331)	10,100	2,043
- Prior year	64	(282)	156	(281)
Deferred tax	(2,157)	(625)	(1,355)	1,116
Taxation	1,778	(1,238)	8,901	2,878

The Group’s effective tax rates for the individual and cumulative quarter ended 30 June 2024 were 1% and 2% 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.

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 30 June 2024 and 31 December 2023 is as follows:

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
Current	664,974	658,900
Less than 30 days past due	9	7,630
Between 31 and 90 days past due	-	4,313
Between 91 days and 1 year past due	19	-
More than 1 year past due	-	460
	<u>665,002</u>	<u>671,303</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 30.06.2024			As at 31.12.2023			As at 30.06.2023		
	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000	Denominated in USD RM'000	Denominated in RM RM'000	Total RM'000
SHORT-TERM DEBTS									
Secured:									
Term loans ⁽¹⁾	553,514	-	553,514	707,625	-	707,625	698,773	-	698,773
Unsecured:									
Sukuk Murabahah ⁽²⁾	-	1,531,031	1,531,031	-	1,530,962	1,530,962	-	30,393	30,393
Term loans	84,818	-	84,818	34,666	-	34,666	679,035	-	679,035
Total short-term debts	638,332	1,531,031	2,169,363	742,291	1,530,962	2,273,253	1,377,808	30,393	1,408,201
LONG-TERM DEBTS									
Secured:									
Term loans	1,398,714	-	1,398,714	1,625,318	-	1,625,318	1,910,912	-	1,910,912
Unsecured:									
Sukuk Murabahah	-	-	-	-	-	-	-	1,499,977	1,499,977
Term loans	419,055	-	419,055	455,954	-	455,954	-	-	-
Total long-term debts	1,817,769	-	1,817,769	2,081,272	-	2,081,272	1,910,912	1,499,977	3,410,889
Total borrowings	2,456,101	1,531,031	3,987,132	2,823,563	1,530,962	4,354,525	3,288,720	1,530,370	4,819,090

21. BORROWINGS (CONTINUED)

- (1) Included in the short-term secured term loans was a 3-year secured term loan of USD29.9 million (RM141.1 million) from PMC, a wholly-owned subsidiary of UTSB which is classified as current liabilities as the repayment is due within 12 months from the balance sheet date (i.e. September 2024). The term loan was drawn down from MENV, a wholly-owned subsidiary of UTSB, and was novated to PMC on 30 March 2023. The Group fully repaid the term loan in June 2024.
- (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 Sukuk Murabahah will be refinanced with a new 6-year financing facility of USD400.0 million (RM1,887.0 million). Following Bank Negara Malaysia's approval, the related financing agreements were signed on 15 August 2024 and the financing will be disbursed before the Sukuk Murabahah's due date in September 2024.

As at 30 June 2024, the proportion of borrowings between floating interest rates and fixed interest rates is 62%:38%. 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 29%:71%.

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

	30.06.2024	31.12.2023	30.06.2023
	%	%	%
Term loans	8.58	8.67	8.47
Sukuk Murabahah	6.35	6.35	6.35

Borrowings as at 30 June 2024 decreased by 8% as compared to 31 December 2023 mainly due to repayment of bank borrowings.

22. DERIVATIVE FINANCIAL INSTRUMENTS

Details of derivative financial instruments outstanding as at 30 June 2024 and 31 December 2023 are as set out below:

Types of Derivative	As at 30.06.2024		As at 31.12.2023	
	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	354,349	38,767	334,044	41,586
- 1 to 3 years	772,927	22,745	731,709	20,023
- More than 3 years	205,906	670	396,596	834
	<u>1,333,182</u>	<u>62,182</u>	<u>1,462,349</u>	<u>62,443</u>
Cross currency interest rate swaps				
- Less than 1 year	1,500,000	(613,790)	1,500,000	(539,630)
	<u>1,500,000</u>	<u>(613,790)</u>	<u>1,500,000</u>	<u>(539,630)</u>

There have been no changes since the end of the previous financial year ended 31 December 2023 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 June 2024 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 June 2024 and 31 December 2023 except as set out below:

	As at 30.06.2024		As at 31.12.2023	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Finance lease receivables	4,497,925	5,060,160	4,540,236	5,114,916
Amount due from a joint venture	-	-	15,984	15,662
Amounts due from associates	539,471	474,882	532,838	466,803
Sukuk Murabahah	<u>1,531,031</u>	<u>1,468,107</u>	<u>1,530,962</u>	<u>1,511,058</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 30 June 2024 and 31 December 2023, by valuation method.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 30.06.2024				
Financial assets:				
Financial assets at fair value through other comprehensive income	50,535	-	-	50,535
Derivatives used for hedging				
- Interest rate swaps	-	62,182	-	62,182
Financial liabilities:				
Derivatives used for hedging				
- Cross currency interest rate swaps	-	(613,790)	-	(613,790)

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 June 2024 and 31 December 2023, by valuation method. (continued)

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 31.12.2023				
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>

The fair value of financial instruments traded in an active market is based on quoted market price at the statement of financial position date. This instrument is included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, such as estimated discounted cash flows. These valuation techniques are used to determine the fair value of derivative financial instruments. The fair value of cross currency interest rate swaps and interest rate swaps are calculated as the present value of the estimated future cash flows based on forward interest rates and exchange rates from observable yield curves.

No transfers between any levels of the fair value estimation took place during the current period and the comparative period. There were also no changes in the purpose of any financial instruments that subsequently caused a change in classification of those instruments.

24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Individual Quarter Ended 30.06.2024 RM'000	Individual Quarter Ended 30.06.2023 RM'000	Cumulative Quarters Ended 30.06.2024 RM'000	Cumulative Quarters Ended 30.06.2023 RM'000
Profit before taxation is arrived at after (crediting)/charging:				
(a) Other operating income				
- Interest income	(19,291)	(10,729)	(35,464)	(22,058)
- Dividend income from financial assets at fair value through other comprehensive income	(1,301)	(452)	(1,301)	(452)
- Gain on disposal of a joint venture	-	-	-	(318)
- Gain on disposal of property, plant and equipment and non-current assets held-for-sale	-	(60,654)	-	(60,654)
- Management and engineering services charged to an associate	-	-	-	(11,802)
- Insurance claim	(395)	(1,796)	(1,066)	(2,210)
- Fair value gain on financial assets at fair value through profit or loss	(6,733)	-	(6,733)	-
- Others	(232)	(774)	(248)	(955)
(b) Interest expense	73,634	82,784	149,211	171,431
(c) Accretion of interest	3,799	1,441	7,551	2,819
(d) Depreciation of property, plant and equipment	76,535	82,283	152,957	164,421
(e) (Reversal of impairment)/Impairment				
- Trade receivables	-	(1,358)	(946)	(2,675)
- Other receivables	257	-	257	-
- Amount due from a joint venture	(917)	-	(917)	-
(f) Net foreign exchange loss/(gain)				
- realised	2,761	(3,944)	5,567	(2,413)
- unrealised	(3,275)	(3,411)	6,931	2,550
(g) Fair value loss/(gain) on ineffective portion of cash flow hedges	25	(642)	(187)	1,107
(h) Termination and retrenchment expenses	413	-	976	1,217

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 June 2024.

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 June 2024.

27. EARNINGS PER SHARE

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

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

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

	Individual Quarter Ended		Cumulative Quarters Ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit attributable to Owners of the Company (RM’000)	265,958	118,770	506,502	319,780
Weighted average/adjusted weighted average number of ordinary shares in issue for basic EPS (’000)	5,924,188	5,918,473	5,924,188	5,918,473
Basic EPS (sen)	4.49	2.01	8.55	5.40
Diluted EPS (sen)	4.49	2.01	8.55	5.40

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
22 August 2024