BUMIARMADA

ANNUAL REPORT 2020

ABOUT BUMI ARMADA

Bumi Armada Berhad is a Malaysia-based international offshore energy facilities and services provider with a presence in over 10 countries spread across four continents, supported by over 1,100 people from over 29 nationalities.

We provide offshore services via two business units – Floating Production & Operations ("FPO") and Offshore Marine Services ("OMS") (encompassing the Offshore Support Vessel ("OSV") and the Subsea Construction ("SC") services).

Bumi Armada is one of the largest Floating Production Storage Offloading ("FPSO") players in the world and an established OSV owner and operator, with extensive experience across Asia, Europe, Africa and Latin America.

The Company was incorporated in December 1995 as a public limited company, and the Bumi Armada group of companies include diversified subsidiaries as well as joint venture companies.

2020 AT A GLANCE

KEY TARGETS FOR 2020 >>>

ENSURE THE SAFETY of all employees, partners and assets

BUILD ON THE IMPROVED OPERATIONAL PERFORMANCE OF FPSO DIVISION

- FPO accounted for over 85% of the Group's revenue in 2020

IMPROVE THE BALANCE SHEET

- Reduce debt
- Optimise costs
- Increase cash flows

MAINTAIN RELATIONSHIPS WITH CLIENTS & PARTNERS during the COVID-19 pandemic

MONETISE ASSETS that are unlikely to contribute positively in the short-term to medium term

PERFORMANCE 2020 >>>

REVENUE

RM2.34 billion

2019: RM2.07 billion

SHARE PRICE (as at 31 December)

RM0.35

2019: RM0.53

FPSO UPTIME

99%

2019: >99%

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

RM125.57 million

2019: RM58.62 million

TOTAL ASSETS

RM12.65 billion

2019: RM13.98 billion

EMPLOYEES (as at 31 December 2020) >>>

OFFSHORE

731

2019: 842

ONSHORE FEMALE EMPLOYEES

45%

2019: 44%

ONSHORE

383

2019: 378

ONSHORE NATIONALITIES

18

2019: 22

MARKET CAPITALISATION

RM2.06 billion

2019: RM3.10 billion

OSV UTILISATION

54%

2019: 50%

TOTAL EQUITY

RM3.13 billion

2019: RM3.21 billion

LOST TIME INJURY

ZERO

2019: ZERO

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ABOUT BUMI ARMADA

2020 AT A GLANCE

AN OVERVIEW OF BUMI ARMADA

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VISION, MISSION AND CORE VALUES

VISION

To be the preferred provider of offshore production and support services to our clients.

MISSION

- To operate and deliver on our commitments to the satisfaction of our stakeholders, safely, on time and within budget.
- To add value by effectively managing risks through a hands-on approach.
- To continuously improve our capabilities and to apply the lessons learnt to the way we work.
- To ensure good governance in all our practices, reduce our environmental footprint, support our local communities and promote social sustainability awareness wherever we operate.

CORE VALUES

S U R E

SAFE
We care for the safety of each other and lead by example.

We aim to take a proactive approach in protecting the environment, maintaining our assets and safeguarding information.

UNITED
We place a high importance on working as one team and want to pursue and achieve results together.

We seek the participation of others in resolving problems, encourage mutual respect and always welcome feedback.

RESPONSIBLE
We take responsibility in always delivering on our promises and we commit ourselves personally in adding value to our stakeholders.

We want to conduct our business with good governance and a strong moral compass.

EXCELLENT
We are driven by our ambition to continuously improve.

We seek to learn from others, challenge others constructively and have the discipline to make the extra effort each time.

ABOUT THIS REPORT

Welcome to Bumi Armada's 2020 Annual Report. As you read through the following pages, you will find a comprehensive review of our Group's performance, including challenges faced and opportunities during the financial year ending 31 December 2020.

SCOPE

This report covers the governance, the strategy, the financial performance and the business of the Group. Split into 8 sections, Sections 1 - 4 (namely About Bumi Armada, 2020 At A Glance, An Overview of Bumi Armada and Strategy & Sustainability) provide a narrative of our business whilst Sections 5 - 8 (namely How We Are Governed, Our Numbers, Other Information and Annual General Meeting Information) provide all the material information relevant to our stakeholders, including the consolidated annual financial statements.

GUIDELINES

The financial statements have been audited by our external auditors, PricewaterhouseCoopers PLT, and were prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 ("CA 2016") in Malaysia.

Other sections of this report have been prepared in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Malaysian Code on Corporate Governance 2017 ("MCCG"), Bursa Securities Sustainability Reporting Guidelines, and Corporate Governance Guide (3rd Edition) ("CG Guide").

ENQUIRY

In ensuring that we report on the issues that matter to our stakeholders, please provide any questions pertaining to this report or questions that you would like answered at our upcoming Annual General Meeting to enquiry@bumiarmada.com.

Note:
The Information stated in this Annual Report is as at 31 December 2020 unless stated otherwise.

On behalf of the Board:

TUNKU ALI REDHAUDDIN IBNI TUANKU MUHRIZ

GARY NEAL CHRISTENSON

WHERE WE OPERATE

FLOATING PRODUCTION & OPERATIONS

The FPO business specialises in engineering, procurement, construction, commissioning, and the operations of floating oil and gas facilities as per the specific requirements of clients.

Bumi Armada currently has the following facilities:

- **4** wholly-owned FPSOs
- **1** Liquified Natural Gas ("LNG") Floating Storage Unit ("FSU")
- **3** jointly owned FPSOs
- **1** partially owned FPSO under construction

OFFSHORE

731
employees

ONSHORE

383
employees

DIVERSITY OF EMPLOYEE NATIONALITIES

29
countries
(onshore & offshore)

27 Offshore Support Vessels/Work Barge

8 Shore Bases/Offices

OFFSHORE MARINE SERVICES

The OMS business runs a fleet of 30 vessels, comprising of 27 OSV vessels and 3 SC vessels.

The OSV vessels currently operate in South East Asia, West Africa and Latin America. The 3 Ice Class vessels operate in the Russian sector of the Caspian Sea. The SC vessels operate in the Caspian Sea and Indonesia, where we execute pipeline installations and heavy lift operations.

The OMS business is responsible for the chartering, scope planning, logistics and full operations of the vessels in the fleet.

Scan the QR Code above for more information.

GROUP CORPORATE STRUCTURE
AS AT 31 DECEMBER 2020

BUMIARMADA

- 49% less 1 share — ARMADA D1 PTE. LTD. — Singapore
- ARMADA TGT LTD. — Marshall Islands
- BUMI ARMADA AUTOMATION INTERNATIONAL SDN. BHD. — Malaysia
- BUMI ARMADA CAPITAL MALAYSIA SDN. BHD. — Malaysia
- BUMI ARMADA CAPITAL OFFSHORE LTD — Labuan
- BUMI ARMADA ENGINEERING SDN. BHD. — Malaysia
- BUMI ARMADA HOLDINGS B.V. — Netherlands
- BUMI ARMADA HOLDINGS LABUAN LTD. — Labuan
- 99% — BUMI ARMADA NAVIGATION SDN. BHD. — Malaysia
- BUMI ARMADA OFFSHORE HOLDINGS LIMITED — Marshall Islands
- BUMI ARMADA (SINGAPORE) PTE. LTD. — Singapore
- BUMI ARMADA SINGAPORE HOLDINGS PTE. LTD. — Singapore
- 30% — SHAPOORJI PALLONJI BUMI ARMADA GODAVARI PRIVATE LIMITED — India
- 49% less 1 share — SHAPOORJI PALLONJI BUMI ARMADA OFFSHORE PRIVATE LIMITED — India
- 49% less 1 share — SP ARMADA OIL EXPLORATION PRIVATE LIMITED — India

Notes:

1 Notwithstanding the Group is holding less than 50% equity interest, the investments in Angoil Bumi JV, LDA and Abaco Offshore Limited are classified as subsidiaries (not as joint ventures) due to the Group's control pursuant to the Shareholders' Agreements.

2 Remaining 1% equity interest is held by Bumi Armada Russia Holdings Limited, a related corporation.

* All 100% owned unless stated otherwise.

The full list of Bumi Armada Group of Companies are stated on pages 157 to 163, page 165 and page 169 of the Notes to the Financial Statements.

GROUP CORPORATE STRUCTURE
AS AT 31 DECEMBER 2020

- BUMI ARMADA HOLDINGS NETHERLANDS B.V. — Netherlands
  - BUMI ARMADA NETHERLANDS B.V. — Netherlands
- 49% ABACO OFFSHORE LIMITED[1] — Marshall Islands
- 49% ANGOIL BUMI JV, LDA[1] — Angola
- 30% ARMADA 98/2 PTE. LTD. — Singapore
- ARMADA BALNAVES PTE. LTD. — Singapore
- 49% (less 1 share) ARMADA C7 PTE. LTD. — Singapore
- ARMADA CABACA LTD — Marshall Islands
- ARMADA FLOATING GAS SERVICES MALTA LTD — Malta
- ARMADA FLOATING GAS STORAGE MALTA LTD — Malta
- ARMADA KRAKEN PTE. LTD. — Singapore
- 30% ARMADA MADURA EPC LIMITED — Marshall Islands
- BUMI ARMADA 98/2 HOLDINGS PTE. LTD. — Singapore
- 60% BUMI ARMADA GHANA LIMITED — Ghana
- BUMI ARMADA OFFSHORE CONTRACTOR LIMITED — Marshall Islands
  - 99% BUMI ARMADA CASPIAN LLC[2] — Russia
  - 99% BUMI ARMADA MARINE LLC[2] — Russia
- BUMI ARMADA UK LIMITED — England and Wales
- 49% PT. ARMADA GEMA NUSANTARA — Indonesia
- 40% SHAPOORJI PALLONJI ARMADA OIL AND GAS SERVICES PRIVATE LIMITED — India
- 49% FORBES BUMI ARMADA LIMITED — India
- ARMADA CONSTRUCTOR PTE. LTD. — Singapore
- ARMADA MARINE ANGOLA (SU), LDA — Angola
- ARMADA SHIP MANAGEMENT (S) PTE. LTD. — Singapore
- BUMI ARMADA (LABUAN) LTD. — Labuan
- BUMI ARMADA MARINE NARYAN MAR PTE. LTD — Singapore
- BUMI ARMADA MARINE POKACHI PTE. LTD. — Singapore
- BUMI ARMADA MARINE URAY PTE. LTD. — Singapore
- PT. IONASEA MARINE SERVICES — Indonesia
- ARMADA MARINE CONTRACTORS CASPIAN LTD. — BVI
  - ARMADA MARINE CONTRACTORS CASPIAN PTE. LTD. — Singapore
- BUMI ARMADA NAVIGATION LABUAN INTERNATIONAL LIMITED — Labuan
- BUMI ARMADA NAVIGATION LABUAN LIMITED — Labuan
- 60% BUMI ARMADA MARINE GHANA LIMITED — Ghana

Legend: Associate | Joint Venture ("JV")

CORPORATE INFORMATION

BOARD OF DIRECTORS

1 **Tunku Ali Redhauddin ibni Tuanku Muhriz** [(1)]
Chairman/
Independent Non-Executive Director

2 **Alexandra Elisabeth Johanna Maria Schaapveld** [(2)]
Independent Non-Executive Director

3 **Uthaya Kumar a/l K Vivekananda** [(3)]
Independent Non-Executive Director

4 **Donald Allan Chudanov** [(4)]
Independent Non-Executive Director

5 **Chan Chee Beng**
Non-Independent Non-Executive Director

6 **Maureen Toh Siew Guat**
Non-Independent Non-Executive Director

7 **Gary Neal Christenson**
Executive Director/
Chief Executive Officer

AUDIT COMMITTEE

VU Kumar (Chairperson)
Alexandra Schaapveld
Maureen Toh Siew Guat

REMUNERATION COMMITTEE

Alexandra Schaapveld (Chairperson)
Maureen Toh Siew Guat
VU Kumar

NOMINATION & CORPORATE GOVERNANCE COMMITTEE

Tunku Ali Redhauddin ibni Tuanku Muhriz (Chairperson)
Alexandra Schaapveld
Chan Chee Beng
VU Kumar

RISK MANAGEMENT COMMITTEE

VU Kumar (Chairperson)
Maureen Toh Siew Guat
Donald Allan Chudanov [(4)]

COMPANY SECRETARIES

Noreen Melini binti Muzamli
SSM PC No: 201908002218
LS 0008290

Noor Hamiza binti Abd Hamid
SSM PC No: 201908002960
MAICSA 7051227

REGISTERED ADDRESS/ HEAD OFFICE

Level 21, Menara Perak
24, Jalan Perak
50450 Kuala Lumpur, Malaysia
Tel : +603 2171 5799
Fax : +603 2163 5799
Website : www.bumiarmada.com
Email : enquiry@bumiarmada.com

SHARE REGISTRARS

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603 7890 4700
Fax : +603 7890 4670

AUDITORS

PricewaterhouseCoopers PLT
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia
Tel : +603 2173 1188
Fax : +603 2173 1288

STOCK EXCHANGE LISTING

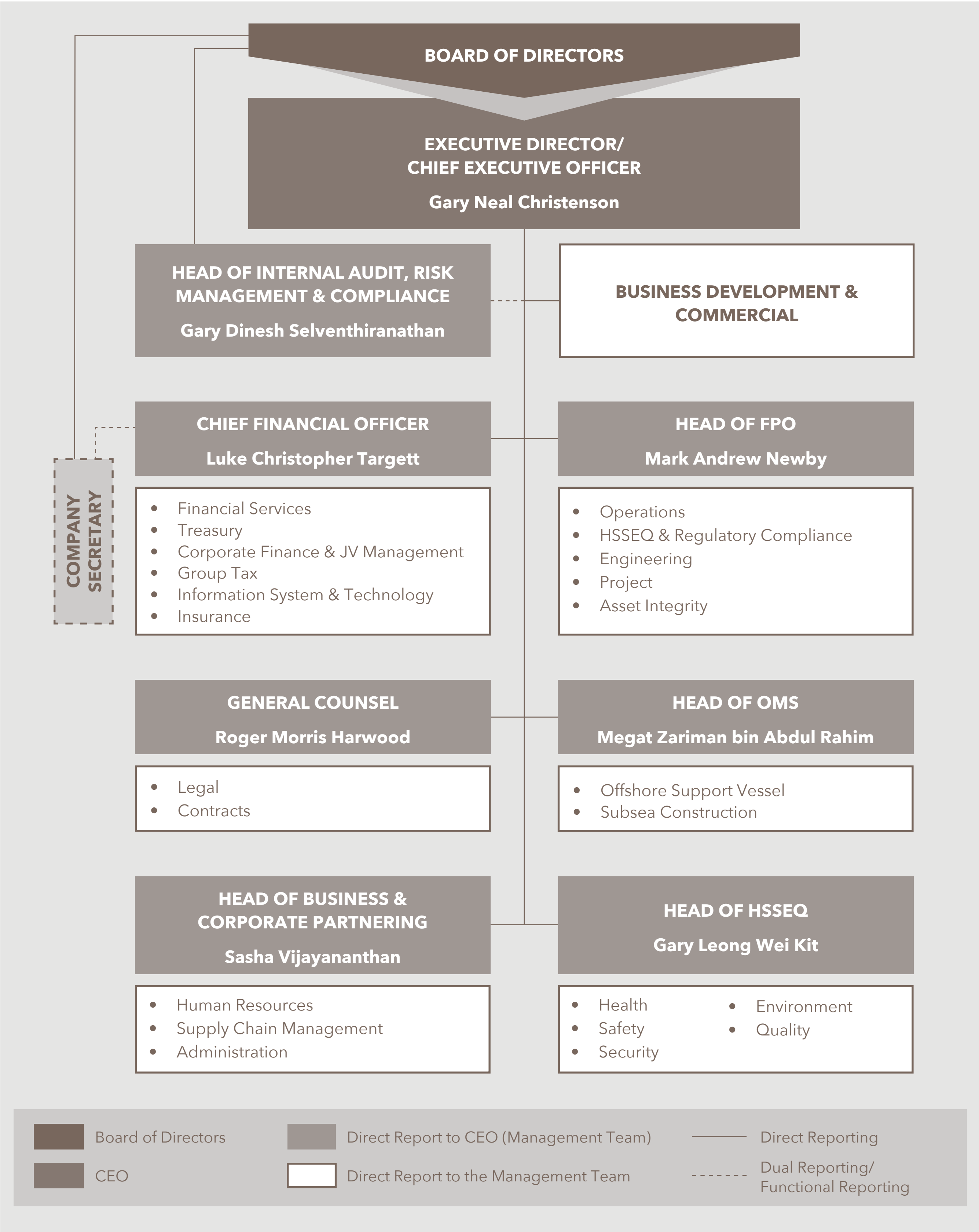
Bursa Malaysia Securities Berhad
(Main Market) Listed since
21 July 2011
Sector : Energy
Sub-sector : Energy Infrastructure Equipment & Services
Stock Code : 5210

In the other sections of the Annual Report:
(1) He is also referred to as Tunku Ali.
(2) She is also referred to as Alexandra Schaapveld.
(3) He is also referred to as VU Kumar.
(4) Appointed on 1 January 2021.

Details of Membership in Board Committees

DIRECTORS	BOARD COMMITTEES: Audit Committee	Remuneration Committee	Nomination & Corporate Governance Committee	Risk Management Committee
Tunku Ali	-	-	Chairperson	-
Alexandra Schaapveld	Member	Chairperson	Member	-
VU Kumar	Chairperson	Member	Member	Chairperson
Chan Chee Beng	-	-	Member	-
Maureen Toh Siew Guat	Member	Member	-	Member
Donald Allan Chudanov	-	-	-	Member

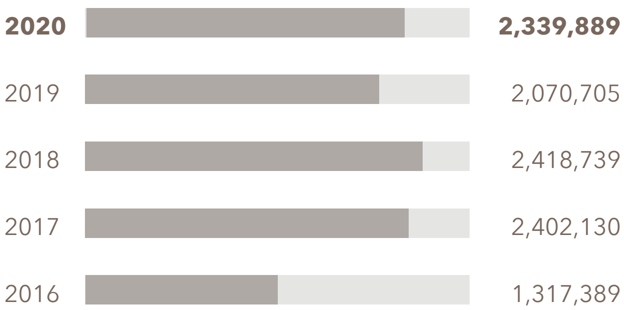
ORGANISATION CHART



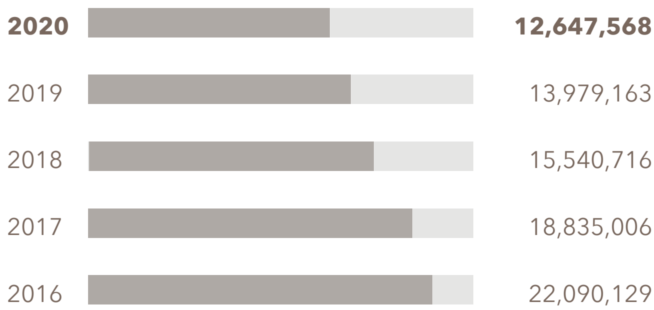
FIVE-YEAR FINANCIAL PERFORMANCE

AS AT 31 DECEMBER 2020

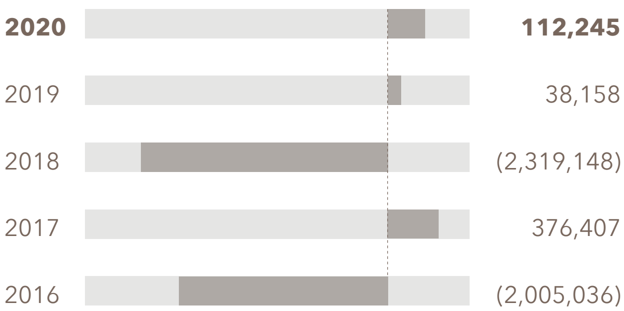
REVENUE
(RM'000)



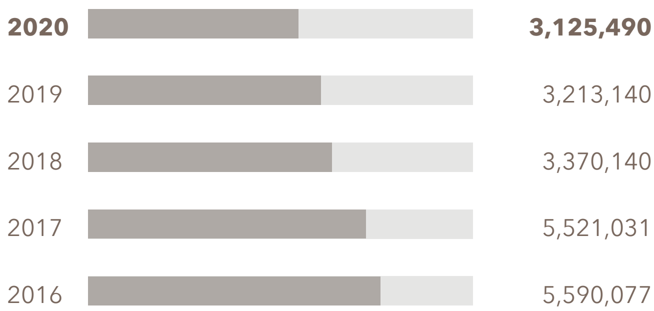
TOTAL ASSETS
(RM'000)



PROFIT/(LOSS) FOR THE FINANCIAL YEAR
(RM'000)



TOTAL EQUITY
(RM'000)



Financial Performance (RM'000)	**2016**	**2017**	**2018**	**2019**	**2020**
Revenue	1,317,389	2,402,130	2,418,739	2,070,705	**2,339,889**
Profit/(Loss) for the financial year	(2,005,036)	376,407	(2,319,148)	38,158	**112,245**
Profit/(Loss) attributable to Owners of the Company	(1,967,651)	352,247	(2,302,769)	58,618	**125,569**
Total assets	22,090,129	18,835,006	15,540,716	13,979,163	**12,647,568**
Total equity	5,590,077	5,521,031	3,370,140	3,213,140	**3,125,490**

Scan the QR Code for more information. Go online to our website at:
www.bumiarmada.com

SHARE PERFORMANCE

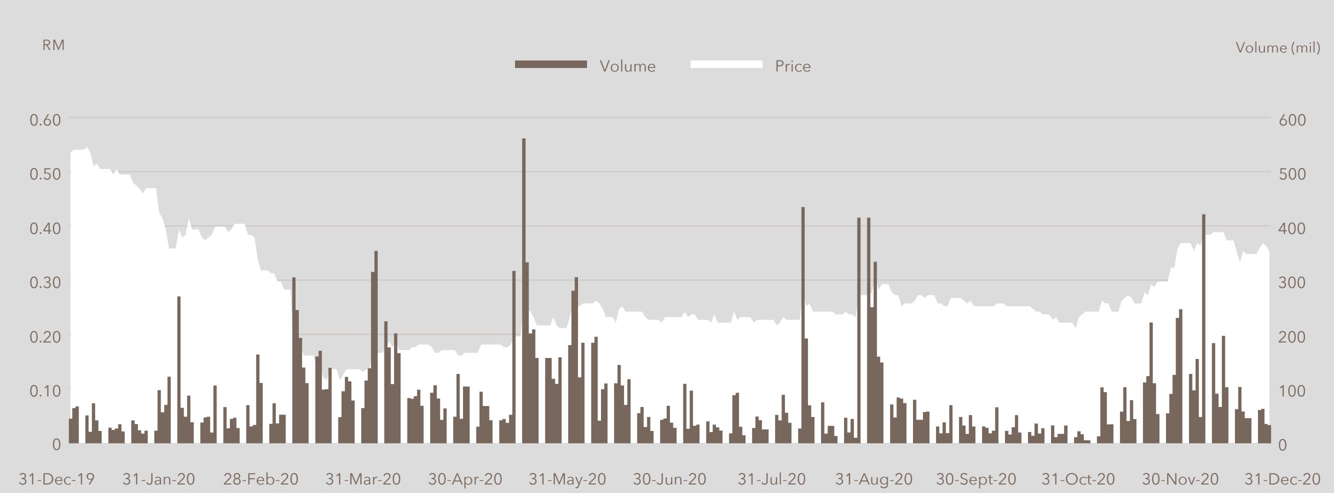
STOCK PERFORMANCE IN 2020

The benchmark FBM KLCI Index ("Index"), ended the year 2020 at 1,627.21 points, which was 2.4 percent higher than where the Index opened on the first day of trading for the year. Against a backdrop of the COVID-19 pandemic, the Index started its sharp fall on 11 March and plunged to an 11-year low of 1,219.72 points on 19 March, a day after the Movement Control Order took effect in Malaysia, before staging a recovery thereafter on the strength of liquidity measures introduced to support the markets and economy.

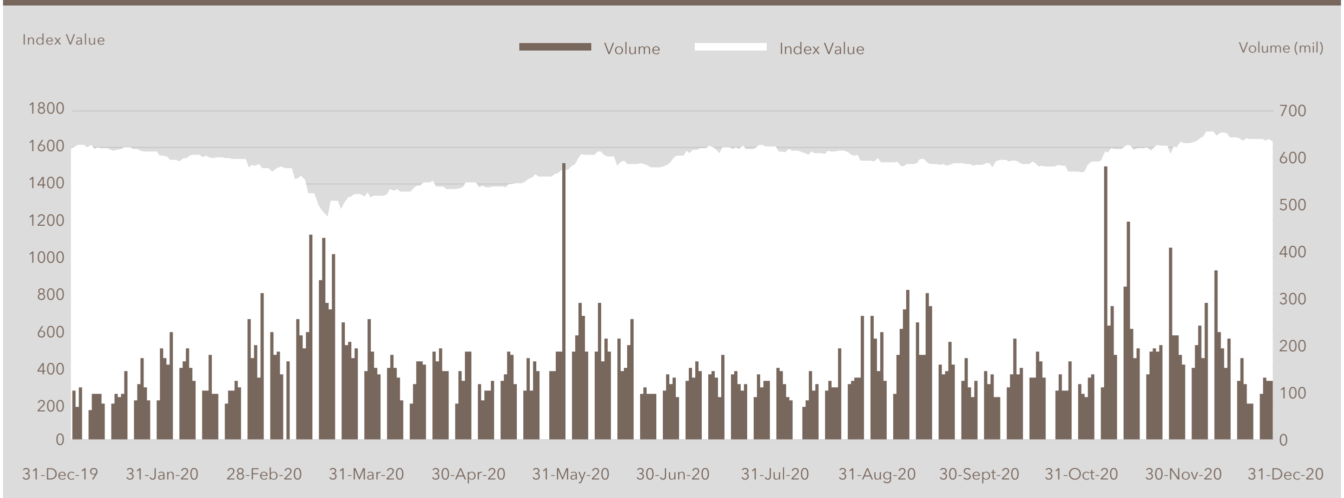
The Index performance over the course of 2020 had been affected not just by the COVID-19 pandemic but also due to the oil price volatility that saw Brent crude oil plunging about 70% since the start of the year to a multi-year low of USD19.33/barrel on 21 April due to growing oil supply glut and cratering demand, as well as continuing local political tensions in Malaysia.

Bumi Armada's shares have similarly been affected by the volatility in the wider economy in 2020 as it ended the year at 35.0 sen, which was a 34.0% decrease from the year's opening price of 53.0 sen. Tracking Brent crude oil price gradual recovery as a result of collective action by the world's major oil producers to stem the spiralling oil inventories, and as Bumi Armada's key vessels chalked up a steady operating performance in 2020, Bumi Armada's shares have seen a steady climb since late March 2020. The positive share price movement has continued into the first quarter of 2021 on the back of encouraging fourth quarter results of 2020 as well as the successful completion of the Group's corporate debt maturity extension in the first quarter of 2021.

Bumi Armada Share Price & Volume Performance >>>



FBM KLCI Price & Volume Performance >>>



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Bumi Armada, I present to you the 2020 Annual Report. Despite the significant effects of COVID-19 globally, the year saw continued improvement across all aspects of the business, culminating in a full year profit attributable to Owners of the Company of RM125.6 million.

COVID-19 AND THE GLOBAL ECONOMY

The effect of COVID-19 on the global economy was unforeseen and profound. Although our business was resilient, it was not completely unaffected. At the time of writing, vaccines are being rolled out, so hopefully the situation should firstly stabilise, then gradually improve throughout the rest of 2021, and beyond.

Since early January 2020, the Group adopted various preventative measures that encompassed Health, Safety, Operations and Supply Chain Management, based on best practices as recommended by various international bodies. We also underwent an independent review in respect of our COVID-19 Risk Framework and received an "Excellent" rating, based on AON's COVID-19 Energy Risk Framework. Some of the direct impacts of the pandemic to our staff include working from home and alternate work teams attending our offices, and stringent onboarding quarantine processes for our crew.

Notwithstanding the above, we continue to explore avenues for improvement to continue to protect our people and our operations, whilst always complying with national regulations in the countries we operate.

OIL

Oil prices crashed to below USD20 per barrel amidst the pandemic in 2020 but have since recovered to above USD60 per barrel. There remains a high degree of volatility in prices. Although our FPO contracts are not linked to oil prices, but rather to vessel performance, a higher oil price is encouraging for capital investment which provides opportunities in terms of new and follow-on projects. Our OMS business consisting of the OSV and Subsea fleet is impacted by oil prices as prices affect new project activity, which requires our vessels. Thus, both charter rates and utilisation can be affected.

THE GROUP IN 2020

Overall Performance

Despite the pandemic and the oil price crash, the Group delivered on our 2020 goals, namely to ensure safety of people and assets, build on the improved operational performance of the FPSO division, improve the balance sheet, maintain relationships with clients and partners, and monetise assets that are unlikely to contribute positively in the short-term to medium-term. The improvement in the performance of Armada Kraken FPSO ("Kraken") was particularly gratifying. During the year we were awarded the Kakinada FPSO project (98/2 field in India) along with our co-venturer, Shapoorji Pallonji ("SP") Group, and secured a new long-term contract for the Armada Sterling FPSO (D1 field in India), also with SP Group. We ended 2020 in a better position than at the start of the year despite the challenging environment. However, we know that the need for continuous improvement is a must.

Safety Performance

As the Group rose to the challenges of the COVID-19 pandemic, I am pleased to announce that for the second consecutive year, the Group achieved Zero Lost Time Injury ("LTI"). This significant safety milestone is the outcome of strong collaboration between the onshore and offshore teams.

Operational Performance

It was pleasing to see that the performance of Kraken improved as did the utilisation of our OSV fleet increasing from 50% in 2019 to 54% in 2020. However, despite efforts made to secure new work, the Subsea Construction ("SC") vessels remained idle throughout the year reflecting the lack of new projects in the Caspian region. In the most recent period, the increase in oil prices should lead to an increase in activity in the sector, which should in turn yield more opportunities for these assets.

Financial Performance

The Group generated a 13% increase in revenue compared to 2019. Our gross profit margin increased to over 40% which reflects not only the increased scale of revenue generation but better operational and cost practices. Despite incurring impairments with respect to the OMS business, the Group's bottom line continued to improve with a net profit attributable to Owners of the Company of RM125.6 million compared to RM58.6 million the year before. In addition, we continued to pay down our debt which will reduce our interest burden going forward.

SUSTAINABILITY

During the year, we continued to grow the organisation to be a sustainable investment for our shareholders. In accordance with the United Nations Sustainable Development Goals, we have identified the areas that are material to our business. These include Environmental Impact, Safety, Ethical Operations and Business Performance. The Group remains committed to making a positive contribution to the community in countries where we operate and will always abide by our core values of Safe, United, Responsible and Excellent ("SURE") in our operations across the world.

Do peruse the Sustainability Statement in this report to explore the specific measures we have taken and ongoing initiatives to enable Bumi Armada to be a more sustainable organisation.

Outlook for 2021

We expect and hope that the impact of the pandemic will begin to dissipate throughout the remainder of 2021, which will enable international travel to recover and increased business activity. Oil price increase will also drive further opportunities for the industry.

For the Group, health and safety will remain key focus areas. We will continue to drive the performance of our existing fleet whilst looking forward to progressing new ventures including the latest awarded Kakinada project.

We will look to accelerate the optimisation of the OSV business and to securing new work for the SC vessels. We will continue to be financially disciplined and pursue modest growth aspirations through targeted opportunities.

IN CONCLUSION

Despite the challenges of COVID-19, 2020 continued to be a year of steady improvement for the Group. The FPO business, which is underpinned by long term contracts, continues to be the backbone of our Group. Its ongoing improvement is particularly satisfying and reaffirms our strategic direction.

Finally, I would like to thank the Bumi Armada team for their continued commitment to the Group and our partners, all other stakeholders, and especially you, our Shareholders, for your continued support.

TUNKU ALI REDHAUDDIN IBNI
TUANKU MUHRIZ
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

The COVID-19 pandemic combined with the resulting crash in oil prices presented Bumi Armada with a uniquely challenging year. We successfully navigated the challenges in 2020 with the safety of our people and fleet front-and-centre.

We introduced robust COVID-19 protocols that, combined with our staff's many sacrifices, minimised the impact of COVID-19 both in our offices and our offshore fleet. "Protect the Fleet" was a clear focus of 2020. Also, communication with our overseas offices, partners and clients became more difficult because of travel restrictions and quarantines, so a dedicated effort was made to ensure our relationships strengthened over the course of 2020. I want to thank our people, our partners, and our clients for all working together under difficult circumstances to make 2020 a successful year.

OBJECTIVES AND STRATEGIES

Despite the challenges of 2020, Bumi Armada stayed the course on our core business strategy, and we were successful. We continued to improve both our operational and our financial position in 2020. Focus in 2021 remains unchanged from 2019 and 2020 as we strengthen our core business:

We will also pursue selected growth opportunities in our areas of strength and expand our application of "green engineering" in current and new projects.

SAFETY

The Group had Zero LTI in 2020 - achieved due to the strict awareness and adherence to regulatory requirements, internal policies and close collaboration between the front-line operations, shore-bases, and Health, Safety, Security, Environment and Quality ("HSSEQ") team. We have over seven hundred offshore crew working on vessels operating 24 hours a day in some extremely severe weather conditions. With travel restrictions imposed globally throughout the pandemic, our Senior Management remains vigilant in remote engagements with our crew members of our offshore operations to ensure their Health, Safety and Wellness. This includes improving our IT infrastructure for some of our vessels so that our crew remains connected to their family and loved ones. In addition to the strong operational safety performance, the Group remains active in revisiting its policies, standards, and procedures to continuously improve its management system. The review enables the Group to further elevate its management system in meeting the new ISO45001:2018 Occupational Health & Safety standard.

OVERVIEW OF BUSINESS AND OPERATIONS

FPO Business

During 2020, all vessels in the FPO fleet achieved safe operations and Zero LTI. In response to the COVID-19 pandemic, the FPO fleet has further enhanced its Health & Safety Protocol through a holistic risk assessment across our business, which is recognised as "Excellent" under the AON's COVID-19 Energy Risk Assessment Framework.

Our FPSOs, Armada Olombendo, Armada TGT 1, Armada Sterling, Armada Sterling II, and Armada LNG Mediterrana FSU all outperformed their contractual obligations. Kraken significantly outperformed its 2019 performance. Karapan Armada Sterling III also exceeded its 2019 performance. Although COVID-19 issues caused delays in the Kakinada Project, the baseline was reset to 2022 by the client.

OMS Business

We achieved Zero LTI in 2020 for the OSV fleet and received positive recognition from clients, including SHELL and ExxonMobil, for our HSE performance and practices. Despite COVID-19 related issues, the OSV utilisation rates improved to 54% in FY2020 compared to 50% in FY2019. We continued our vessel monetisation programme and disposed of 5 vessels during the year, bringing the OSV fleet down to 27 vessels.

In 2020, there were no SC projects in the parts of the Caspian Sea we operate. We are currently focused on tenders for 2022 and 2023.

Revenue
RM2.3
billion
in FY2020

Increased by **13%**

OMS business incurred non-cash impairments totalling
RM357.3
million

FINANCIAL RESULTS

Revenue increased by 13% from the previous year to RM2.3 billion in FY2020, mainly due to an improved operating performance from Kraken and better utilisation of our OSV vessels. Our FPO segment continued to be the engine room of our business, contributing 85% of our reported revenue during the year. We expect this trend to continue. Our SC vessels in the Caspian Sea remained idle during a year when SC activity in the region was minimal.

The increase in revenue and decrease in costs drove our gross profit margin to 41% compared to 27% in FY2019.

Other operating income decreased year on year mainly due to the absence of various significant one-off items in FY2019.

Our focus on cost reduction continued with a further decrease of selling and distribution costs, and administrative expenses by 22% compared to the previous year.

Disappointingly, the OMS business incurred non-cash impairments totalling RM357.3 million during the year in respect of the SC vessels and various OSVs.

We have previously acknowledged that our debt burden needs to be reduced. During 2020 we made net principal debt repayments totalling USD263.1 million. Coupled with a reduced borrowing reference rate, our finance costs for 2020 decreased by RM63.9 million or 11% year-on-year. We will continue to reduce our debt and associated finance costs in the future. To this end, in February 2021, the final repayment date for Tranche 1 of the unsecured term loans was extended from May 2021 to November 2022.

Net principal debt repayments totalling
USD263.1
million

Net profit after tax attributable to Owners of the Company
RM125.6
million
(RM58.6 million in FY2019)

MANAGEMENT DISCUSSION & ANALYSIS

Our share of our joint ventures' results decreased during the year mainly due to vessel life extension costs incurred for the Armada Sterling in India relating to its new 15-year charter contract. Also, there were no one-off tax writebacks in FY2020, which occurred in FY2019.

The Group recorded a net profit after tax attributable to Owners of the Company of RM125.6 million compared to RM58.6 million the previous year.

During the year, cash generation was strong, with net cash generated from operating activities of RM904.3 million, an increase of RM170.0 million from FY2019.

Despite the uncertainties surrounding COVID-19 and the collapse of the oil price, we concluded and drew down a new project finance facility in respect of the Armada TGT 1 of USD64.3 million during the year.

We further reduced trade and other payables and accruals balance by RM157.5 million during the year (approximately a 25% reduction). Despite the increase in the trade receivables balance by RM95.0 million, the ageing has improved compared to FY2019. Our cash on hand at year-end was lower although still satisfactory at RM894.8 million.

KEY RISKS AND TARGETS

In 2021, the safety of our employees, assets, and partners will continue to be a primary focus for the Group. Our front-line operations are out at sea with our people exposed to potentially hazardous environments. COVID-19 remains a risk and we need to remain vigilant.

As highlighted earlier, the Group's key targets for 2021 will require everyone's full attention and commitment to be successful. At the two business units, we need to operate our assets to the highest optimum levels, secure new charters for available assets, and dispose of our surplus vessels. At the Group, we need to remain vigilant on costs and reduce our debt while managing our overall balance sheet.

CONCLUSION

I want to thank the team at Bumi Armada for their commitment and hard work in 2020. I want to thank our shareholders, partners, and clients for their support in 2020 and their continued support in 2021.

GARY NEAL CHRISTENSON
Executive Director/Chief Executive Officer

SUSTAINABILITY STATEMENT

INTRODUCTION

Welcome to the Bumi Armada Group's sustainability updates for 2020. As a Group that operates worldwide, we are committed to addressing identified economic, environmental, social and governance issues related to our business. Our sustainability reporting framework is structured with the material areas of Environment, Society and Governance ("ESG"), and aligned with the relevant United Nations ("UN") Sustainable Development Goals ("SDGs"). In this update, we have included information on initiatives related to critical and essential materials to our business.

SUSTAINABILITY MATERIAL AREAS

Critical Areas	Covered under	ESG Area
Environmental Impact	Environmental Management	Environment
Safety	Health, Safety, Security, Environment & Quality ("HSSEQ")	Social
Ethical Operations	Statement of Risk Management and Internal Control	Governance
Business Performance	Management Discussion & Analysis	Governance
Essential Areas		
Biodiversity	Life Below Water	Environment
Biodiversity	Life On Land	Environment
People	People	Social
Operational Compliance	Operational Compliance	Governance

MAKING A POSITIVE ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACT

In Bumi Armada, we are committed to managing the business while protecting our stakeholders' interests by taking into consideration the economic, environmental and social ("EES") risks and opportunities, alongside financial implications across the Group. Our long-term strategy enables us to maintain positive ESS impacts while ensuring business continuity and value creation in the areas or regions where we operate. The key EES areas below are further elaborated in this Sustainability Statement.

ECONOMIC

- National Content Requirements
- Joint Venture ("JV") companies and operations
- Shore-bases and operational offices around the world
- Training and development plans of employees

ENVIRONMENTAL

- Environmental management
- Meeting or exceeding the environmental compliance standards of ISO 14001:2015
- Sustaining biodiversity of life on land and below water

SOCIAL

- Corporate Social Responsibility ("CSR") Activities
- HSSEQ
- Communities

HEALTH, SAFETY, SECURITY, ENVIRONMENT & QUALITY ("HSSEQ")

Bumi Armada Berhad, in alignment with the Group's HSSEQ Management Policy commits to protecting our people, assets and environment in all our operations that are within our management and operational controls. As a Group that operates in offshore global locations, the Group's culture emphasises the importance of proactive risk management to reduce identified HSSEQ risks to As Low As Reasonably Practicable ("ALARP").

As Safety is one of our shared core values, the Company continues to drive improvement initiatives that instil a proactive safety culture across the organisation.

Integrated Management System ("IMS")

In 2020, we further improved our HSSEQ governance by establishing an Integrated Management System ("IMS") that are defined from the following International Organisation for Standardisation ("ISO") standards:

- **ISO 45001:2018**
  International Standard related to Occupational Health and Safety Management System
- **ISO 14001:2015**
  International Standard related to Environment Management System
- **ISO 9001:2015**
  International Standard related to Quality Management System

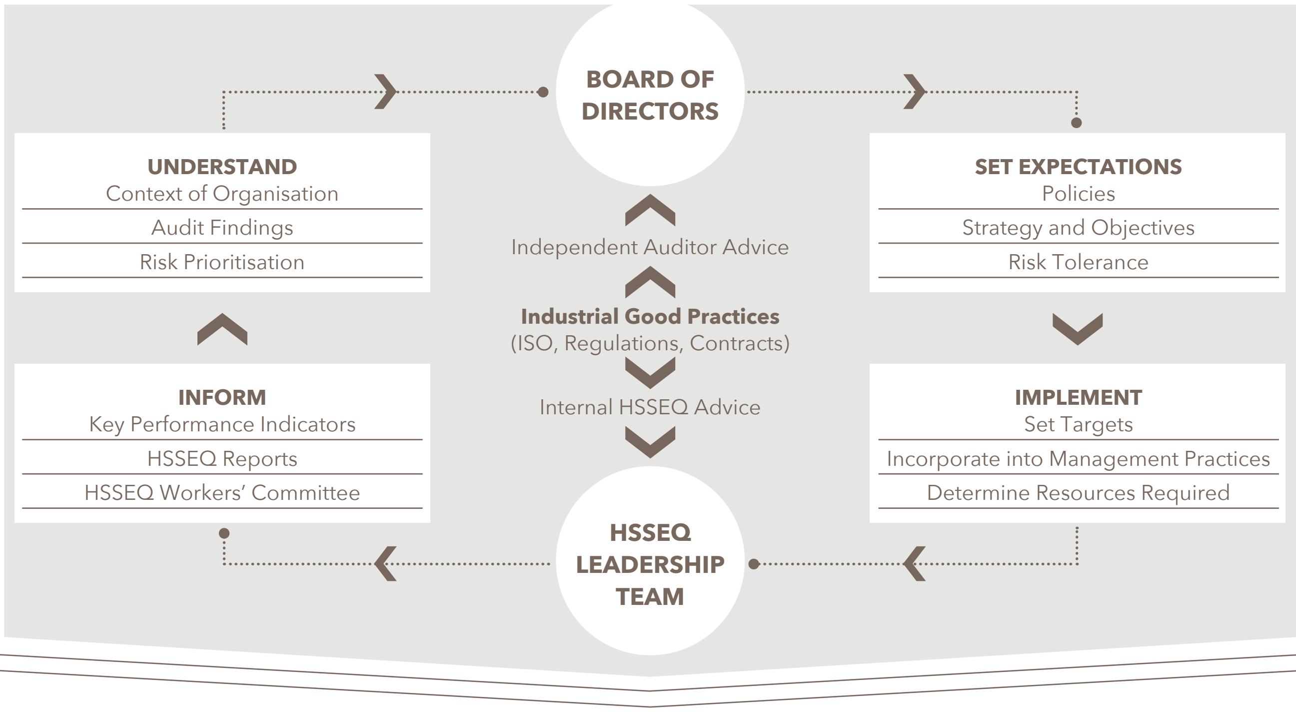
The ISO certifications reflect our commitment to ensure all our assets and services are of high quality in the management of the Offshore and Marine Industry, including the following: FPSO and FGS Facilities; Offshore Pipelines and Structures; New Build; Ship Management and Marine Operations; Transportation and Installation Vessels; as well as Chartering Services;

- Engineering/Engineering Design Consultancy
- Procurement
- Construction
- Commissioning
- Start Up and Life Cycle of Operations

With the new IMS, we have established a High-Level Structure for our management systems across the organisation to strengthen and improve our HSSEQ management throughout our operations. At the time of this report, the Group has successfully elevated our management system with the new ISO 45001:2018 Occupational Health and Safety Management Standard, which supersedes the OHSAS 18001:2007 Occupational Health and Safety Standard.

HSSEQ Governance

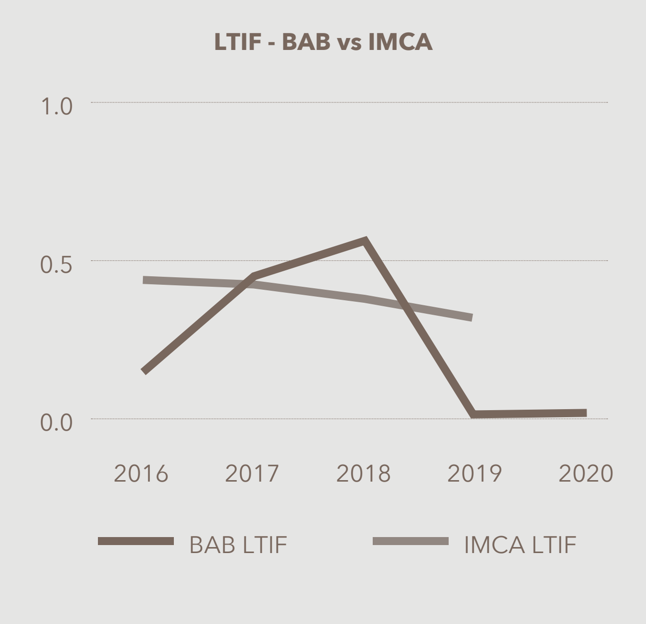
Bumi Armada's Corporate HSSEQ department acts as the governing body that monitors the compliance of the Group against our company policies, standards, procedures and guidelines, as well as contractual requirements and relevant regulatory requirements. Our HSSEQ governance framework strives to enable both Leadership Team and Workers to participate and contribute in driving HSSEQ excellence across the organisation.



In 2020, we continued to drive improvements in our governance framework by extending participation of Supply Chain Management and Document Management teams into our HSSEQ governance process, which enable them to participate and contribute to the effort in reducing HSSEQ risks to ALARP across our operations.

SUSTAINABILITY STATEMENT

The Company strives for continuous improvements and we benchmark our HSSEQ performance against international standards in the industry. To ensure we are aligned with the progression of international standards, we remain an active member of the International Maritime Organisation ("IMO"), International Marine Contractors Association ("IMCA") and Oil Companies International Marine Forum ("OCIMF") Floating Systems Group. Our involvement in these organisations enables the Group to access international best practices and industrial lessons learnt for ongoing improvement initiatives.



Note:
At the time of this report, IMCA has yet to release their industrial safety statistic on Lost Time Injury Frequency ("LTIF") for 2020.

The Company also evaluates its practices and processes relating to our employees' health and well-being through regular compliance audits on occupational health management related procedures, including travel vaccination, ergonomics, lighting, noise, chemicals, and hygiene conditions at work. This includes a review of appointed medical centres, Health Risk Assessment ("HRA"), pre-travel vaccination and monitoring of epidemiological situations in-country and overseas. Particular attention is given to the prevention of non-communicable diseases and general health promotion. In 2020, we completed our Chemical Health Risk Assessment ("CHRA") with an approved competent assessor for all offices in Malaysia to ensure identified health risks have been addressed with the necessary control measures.

Corporate HSSEQ Policies

Governance policies are signed by the CEO and implemented throughout all levels of the Company. The policies adopted ensure our key business objectives are communicated, achieved and set a high standard of HSSEQ excellence. These include, amongst others:

- Asset Integrity Management Policy
- Corporate Major Accident Prevention Policy ("CMAPP")
- Drug and Alcohol Policy
- Heath, Safety, Security, Environment & Quality Management Policy
- Stop Work Policy
- Smoking Policy

Operational Excellence

Bumi Armada is committed to executing our business with full compliance to applicable laws and regulations, as well as any relevant contractual requirements imposed by our Clients. To sustain safe and high-performance services to our clients, we consistently strive for continuous improvement while fulfilling the requirements of our ISO certifications. In addition, our offshore operational assets must comply with various International Standards ("IS") and regulations that are auditable by recognised certification and classification bodies. These IS are recognised in the industry and set by the following Classification Societies:

- ABS – American Bureau of Shipping
- BKI – Biro Klasifikasi Indonesia
- BV – Bureau Veritas
- DNV.GL – Det Norske Veritas
- IRS – Indian Register of Shipping
- RMRS – Russian Maritime Register of Shipping
- VR – Vietnam Ship Register

The FPO assets, in addition to the International Safety Management ("ISM") and the International Ship and Port Facility Security ("ISPS") Codes, must also meet certification requirements under the Mobile Offshore Drilling Unit ("MODU") code for Floating Production Units. Furthermore, all our assets or vessels under the FPO and OMS businesses must comply with International Convention for the Prevention of Pollution from Ships ("MARPOL"), especially requirements under MARPOL 73/78, the environmental regulation on pollution prevention in the marine industry set out by the IMO. MARPOL contains strict processes and environmental limits for discharge, emissions and waste management.

In 2020, several of the FPO operational and JV assets were awarded with the following accolades from United Kingdom ("UK") British Safety Council ("BSC") and continue to operate with Zero Lost Time Injury ("LTI") and High Potential Incidents ("HIPO") across our operations:

- International Safety Award – Occupational Health and Safety
- Five Star Process Safety Audit

Despite the many challenges faced in 2020, the OMS business managed to sustain safe and excellent performance as follows:

- Zero LTI and spills across our operations
- Received 4-Star (the highest) rating from PETRONAS
- Received EXCELLENT performance for YTD 2020 from ExxonMobil Exploration and Production Malaysia Inc ("EMEPMI")
- Awarded the "The Marine League Champion" by SHELL Malaysia
- Listed as the Finalists in the SHELL overall Safety Awards with Special Merit Recognition for Sustained Performance

HEALTH AND SAFETY

In line with the Company's HSSEQ Management Policy, we continue to make improvements that drive and deliver HSSEQ initiatives throughout all levels of the organisation. We actively encourage both leadership and employees' participation to sustain a proactive HSE culture among the employees. This includes:

- Annual Corporate HSSEQ Week
- Fire Fighting and First Aid Refresher Training for Office
- Health and crew wellbeing awareness campaign
- Lesson learned sharing (internal and external)
- LTI Safety Milestone Achievement Awards
- Monthly HSE Video Sharing Sessions
- Onboard Speak Up Programme
- Quarterly Safety Campaign
- Participation in Client Safety Programme
- Safety Observation Card ("SOC") Recognition Campaign

In 2020, the Group has introduced a company-wide "HSSEQ Week Campaign", which aims to build competency and raise awareness of key topics on Health, Safety, Security, Environment and Quality. The campaign is incorporated with internal awareness training on the abovementioned ISO standards. In addition, online HSSEQ quizzes have been implemented with recognition awards to elevate HSSEQ knowledge and familiarisation among the employees. The topics covered in this campaign include:

- Health: Mental Health, Stress, Fatigue Management and COVID-19
- Safety: Governance and Risk Management
- Security: Travel Risk and Personal Security
- Environment: Environment Management System
- Quality: Quality Control and Assurance
- Maritime Cyber Risk Management: In line with a new IMO requirement [RESOLUTION MSC.428(98)] Maritime Cyber Security awareness training

In 2020, we recorded zero LTI cases and are committed to drive continuous improvement in HSSEQ areas in subsequent years, including:

- Streamline Incident Notification and Investigation processes across the organisation,
- Revise our Life Saving Rules ("LSR") with industrial recognised standard,
- Strengthening the organisation risk assessment methodology with Risk Based Thinking approach, which is in line with ISO 9001:2015, and
- Improve HSSEQ related standards, procedures and to ensure they meet the requirements of the new ISO:45001:2018 standard.

SUSTAINABILITY STATEMENT

Year	2016	2017	2018	2019	2020
Total Manhours (millions) – Bumi Armada only	8.24	6.70	5.25	4.75	**4.38**
HSSEQ Training Manhours	28,627	30,826	31,018	25,186	**30,147**
Leading Indicators (per 200,000 manhours)					
Safety Observation Frequency	598.8	684.8	826.2	988.0	**986.2**
Near Miss Reporting Frequency	1.2	3.6	3.7	4.1	**4.8**
Management Visit Ratio	8.3	3.0	3.5	4.8	**2.2**
Lagging Indicators (per 1 million manhours)					
Lost Time Injury Frequency	0.1	0.5	0.6	0.0	**0.0**
Total Recordable Injury Frequency	0.7	1.0	1.0	1.5	**0.5**
First Aid Case Frequency	1.5	1.8	1.9	4.0	**2.3**

Notes:
- 'Total Manhours (millions) – Bumi Armada only' for 2017. For 2018, manhours has been updated to provide more accurate inclusion of project manhours.
- 'Safety Observation Frequency' for 2017 and 2018 has been updated to reflect the revision in Total Manhours.
- 'Near Miss Reporting Frequency' for 2019 has been updated to reflect our effort in standardising the definition of near miss reporting across the businesses.
- Travel restrictions due to COVID-19 pandemic has impacted the feasibility of planned management visits onboard our vessels. Our management team continue to engage offshore crew members using video conferencing technology, ensuring the wellness of our crew and asset operations are well managed during this unprecedented period.
- 'Total Recordable Injury Frequency' for 2017 and 2018 has been updated to reflect the revision in Total Manhours.
- 'First Aid Case Frequency' for 2019 has been updated to reflect correction in calculation method.

Process Safety

In line with industrial standards such as the International Oil Gas Producers ("IOGP") Process Safety Key Performance Indicators ("KPIs"), the Group measures and reports Process Safety Events ("PSE") with Tier-1 as most significant. In 2020, the Group recorded zero Tier-1 and two Tier-2 PSEs. Our Asset Integrity team continues to monitor and close out Technical Management of Change ("MOC") to safeguard our operations and minimise the risks of any PSEs which could result in a Loss of Primary Containment leading to a Major Accident Hazard.

COVID-19 Management

In January 2020, we implemented preventive controls with continuous improvements throughout the year based on recommendations from World Health Organisation, International SOS, U.S. Centres for Disease Control and Prevention, and local regulations in countries where we operate.

Our preventive controls which were initiated since early January 2020, include:

- **i** Improved COVID-19 Medical Emergency Response Guideline
- **ii** Daily Health Surveillance and stringent Onboarding Quarantine process for our offshore crew members
- **iii** Strengthened Travel Risk Management with COVID-19 preventive controls for critical business travel
- **iv** Extension of COVID-19 risk management to SCM
- **v** Enhanced Health and Safety protocols
- **vi** On-going COVID-19 awareness campaigns across the organisation
- **vii** Improved Business Continuity Plan ("BCP") with consideration of COVID-19 risks
- **viii** Collaborated with the Major Clients on COVID-19 preventive measures implementation onboard

In order to establish if the Company's global risk management of COVID-19 pandemic is effective, an independent COVID-19 Energy Risk Framework assessment was conducted by AON UK Ltd., where the Group received an "EXCELLENT" rating. The Company will continue to closely monitor the pandemic situation, explore for areas of improvement and implement the necessary preventive measures in order to protect our people, operations and the community.

AON UK Ltd. confirmed that the risk mitigation measures of

Bumi Armada Berhad's subsidiaries/JVs:

- Armada TGT 1 FPSO
  (Armada TGT Ltd., Vietnam)
- Armada Kraken FPSO
  (Bumi Armada UK Limited, UK)
- Armada Olombendo FPSO
  (Angoil Bumi JV LDA., Angola)
- Armada Sterling FPSO
  (Shapoorji Pallonji Bumi Armada Offshore Pvt. Ltd., India)
- Armada Sterling II FPSO
  (SP Armada Oil Exploration Pvt. Ltd., India)
- Karapan Armada Sterling III FPSO
  (PT Armada Gema Nusantara., Indonesia)
- Armada LNG Mediterrana FSU
  (Armada Floating Gas Services Malta Ltd., Malta)

have been recognised as '***EXCELLENT***' following assessment through AON's **COVID-19 Energy Risk Framework** undertaken in June 2020.

This assessment highlights best 'risk management' practice and has been developed around the insurance market's key concerns ("LMA/JRC") and leverages our membership of recognised industry professional bodies including the Centre for Chemical Process Safety ("CCPS").

Embarking on Digital HSSEQ

In 2020, the COVID-19 pandemic has introduced 'new norms' to our work environment including remote work arrangements. We implemented multiple digital platforms to connect with our employees and further raise awareness in HSSEQ related matters. This includes the introduction of:

Online HSSEQ video platform that enables sharing of safety moments and training videos,

Internal online collaborative platform *"HSSEQ Connect"* to share key updates on HSSEQ and COVID-19 information,

Improved internet bandwidth for affected offshore assets, enabling crew members to better connect with family members.

By leveraging on existing technologies available to the Group, we continue to improve our Business Intelligence Dashboard for in-depth analysis of our HSSEQ Performance data. This enables prompt decision making to close HSSEQ gaps, thus preventing the escalation of incidents. Aside from that, Corporate HSSEQ continues to drive the awareness of its Lesson Learnt Online Database; enabling the in-country team to embed the lessons learned and strengthen their existing process.

Cyber Security Risk Management in Safety

Bumi Armada has implemented a Cyber Security Risk Management Standard across our organisation. This standard enhances our risk management process for Operational Technology and Information Technology onboard the vessels. In 2020, the Group launched our monthly awareness campaign "Cyber Aware at Sea" to instil the knowledge of cyber security risk among our crew members. The organisation also developed and launched the Cyber Security Management Procedures for implementation onboard our vessels.

Collaboration with Malaysia Oil and Gas Service Council ("MOGSC")

In Malaysia, Bumi Armada collaborated with MOGSC to drive professional development and raise competency of the HSE workforce in the industry. In 2020, we chaired the MOGSC HSE Workgroup, which aims to raise safety standards in the industry. We will continue to collaborate with other members and partners in achieving the Council's objective of reducing incidents and injuries in the industry.

SECURITY

Our Corporate Security & Crisis Management ("CSCM") Team continues to diligently monitor the global threat landscape through analysis of credible and actionable intelligence. Any identified or forecasted security risks deemed to present a likely risk exposure to our personnel, assets and operations, is managed through an established process, which include conducting Security Risk Assessments ("SRA"), developing bespoke procedures and implementing robust physical security controls. Vessel security compliance continues to be governed by the ISPS Code, whilst adopting a commensurate security posture within our respective area of operations and in accordance with local laws and regulations. In driving a more security-conscious organisation, in-house security training and drills continue to be conducted both on and offshore to educate and create awareness amongst our personnel towards relevant security threats and effective mitigation methods.

In response to the global COVID-19 pandemic, our CSCM Team has remained resilient throughout, facilitating countless enhanced journey management missions for business-critical travellers, whilst complying with government restrictions and medical guidelines. This has enabled our business-critical activities to continue with high efficiency whilst safeguarding our personnel during the pandemic.

ENVIRONMENT MANAGEMENT

As an organisation that operates in the offshore energy sector across more than 10 countries globally, we are committed to reducing the impact of our business on the environment. This includes compliance with the IMO requirements on marine pollution and local governing bodies of countries where we operate. This objective aims at preventing and minimising the environmental impact from ships – both from normal and abnormal operations. Our focus areas include reducing Green House Gas ("GHG") emission across our operations. We also continue to ensure our environment controls are in line with international best practice through our certification with ISO 14001:2015 Environmental Management System.

Spill Management

In 2020, we recorded 2 cases of minor spill released to sea by our FPSO fleet. The Group did not incur any fines or penalties in relation to spills or environmental pollution in 2020. We continue to drive positive reporting culture among our offshore crew members to proactively mitigate the risks of escalation in our spill management program. To achieve our goal of Zero Spill to the Sea, we continuously explore improvement opportunities and lesson learned in spill prevention.

GHG Reduction

In line with our long-term ambitions, we are committed to reducing the carbon footprint of our offshore operations, as well as onshore worksites. In 2020, we were able to reduce our CO_2 equivalent emission through improved operation efficiency across the fleet. There was an increase in bunker fuel consumption due to increase in the number of OSV vessels start-up in Malaysia.

	2016	2017	2018	2019	2020
Environment					
Number of Spills (Contained onboard)	6.0	10.0	12.0	16.0	**21.0**
Number of Spills Released to Sea (Number)	0.0	0.0	2.0	3.0	**2.0**
Greenhouse Gas Emissions ("GHGs")					
Scope 1 ('000 tonnes CO_2 equivalent)	497.0	484.0	595.8	790.9	**766.4**
Scope 2 ('000 tonnes CO_2 equivalent)	0.7	0.7	0.6	0.5	**0.4**
Bunker Fuel Consumption (Million litres)	67.0	58.0	41.6	85.8	**88.3**
Electricity Consumption (MWh)	1,016.0	1,101.0	902.6	796.8	**629.2**
Water Consumption - Vessels (thousand m^3)	114.0	133.0	119.3	165.4	**151.7**

Notes:
- Scope 1 ('000 tonnes CO_2 equivalent) is based on consumption of bunker fuel, fuel gas and crude oil. In 2020, there was no crude oil consumed by the FPSO fleet.
- Scope 2 ('000 tonnes CO_2 equivalent) is based on electricity consumption from offices in Astrakhan, Indonesia, Malaysia, and Singapore. In 2020, there was a significant electricity reduction in the KL office due to work from home practices.
- In 2020, Scope 1 GHG, Bunker Fuel Consumption and Water Consumption data reported represent 100% coverage from our operating assets. We recorded 2 cases of spills released to sea by our FPSO fleet. Our FPSO fleet contributed to 94% of GHG Scope 1, 81% of Bunker Fuel and 70% of water consumed.
- Bunker Fuel data recorded in 2020 was slightly higher compared to 2019 due to increase in consumption from a few of our FPSOs. The significant increase was recorded for Armada Sterling FPSO due to reduced incoming gas flow from the wells, resulting in higher usage of diesel fuel for boilers and power generators.
- Environmental performance indicators set for different type of assets were calculated based on specific operational indicators i.e. running hours, man hours and hydrocarbon production. These data were used for internal monitoring.

SUSTAINABILITY DEVELOPMENT GOALS

Reducing impact to Climate Change

Bumi Armada continues to monitor and report our CO_2 emission for opportunities to reduce our emission to ALARP. In our FPSO fleet, we continue to strengthen our compliance to local emission limits and improve operation discipline, in order to minimise process upset that may result in unplanned emission. This is complemented by the OSV fleet in their Fuel Management Program and Ship Energy Efficiency Management Plan to optimise the use of natural resources, thus reducing emission due to fuel consumption. Bumi Armada continues to explore new opportunities to play our part in mitigating the threat of runaway climate change in our world.

Conservation and Management of Sea Turtles Sanctuary

Malaysia had been recognised as one of major nesting location for sea turtles in the Southeast Asian region.

Turtles play a crucial role in marine ecosystems, helping to maintain the health of sea grass beds and coral reefs. Furthermore, they are often culturally important to coastal communities in Malaysia and can provide substantial tourism value. In line with our commitment to sustaining Biodiversity in the ecosystem, Bumi Armada had established a collaboration with Department of Fisheries Malaysia on the "Conservation and Management of Sea Turtles at Turtle Conservation and Information Centre, Cherating, Pahang". This collaboration, which has been renewed from 2019 until 2022 aims to enhance the conservation efforts and improves sea turtle hatchery activities at Cherating Beach. Some of the key activities planned include upgrading of infrastructure at Sea Turtle Information and Conservation Centre Cherating, education and community awareness, as well as research activity.

Protecting Life on Land

In the UK, the Group has made contributions to "The New Arc Wildlife & Animal Rescue Centre" in Aberdeen, Scotland to care for orphaned or injured birds and mammals. In India, the partnership between the SP Group and Bumi Armada Group has provided funds to the Centre for Environmental Research and Education ("CERE"), Urban Afforestation Project ("UAP") for carbon sequestration i.e. planting large native tree saplings within cities across India to increase green cover in the cities to improve the air quality and reduce pollution.

Bumi Armada strongly believes in a holistic approach to protecting our ecosystem, ensuring a sustainable future for the next generation. The Group had collaborated with the Malaysian Forest Research Institute Malaysia ("FRIM") from 2012 to 2019 and is currently reviewing our long-term agreements with FRIM.

PEOPLE

HR Data:

	2016	2017	2018	2019	2020
Total Employee Numbers - Onshore	855	683	491	398	**383**
Total Employee Numbers - Offshore	845	821	1046	1050	**731**
Onshore Local Staff Percentage	51%	59%	65%	67%	**72%**
Onshore Female Staff Percentage	32%	38%	41%	44%	**45%**
Training hours per employee	8.8	10.4	15	18.9	**19.2**
Voluntary Attrition Rates	12%	10%	13%	26%	**10%**

SUSTAINABILITY STATEMENT

SUSTAINABILITY DEVELOPMENT GOALS

Our People

Bumi Armada continues to embrace diversity by building teams of people from different backgrounds, nationalities, skills and experiences across the globe to create sustainable value for the organisation. As provided in our Employee Handbook, the Group believes in creating career opportunities for the local people where it operates and inclusiveness at the workplace where everyone feels valued and heard. The Employee Handbook also highlights the Group's equal opportunities and diversity standards in hiring and working with people, and the expected behaviour of employees towards all other employees regardless of their gender, race, colour, nationality, religion or any other factor.

In line with the International Labour Standard for Decent Work, the Group benchmarks its employee remuneration to national, industry and experience standards, sources new talent both locally and internationally depending on specific requirements and availability. In addition, we always look to promote talent within the organisation.

Employee Rights

The Group's employment policy is governed by various national requirements and regulations, based on the location of the role. In Malaysia, employees are covered by the regulations set out under the Malaysian Employment Act, which protects employees' rights and the Group is guided by the Malaysian Employers' Federation. In other countries where the Group operates, our employees in those locations will be covered by the regulations governing employee rights in those jurisdictions.

People Engagement, Health and Wellness

The Group actively focuses on engaging with its people, promoting employee well-being and fitness and health in the workplace. These initiatives are driven through "Bumi Life" which takes the lead in organising various sports, recreational and fun-packed activities for our employees, encouraging team engagements and other activities to encourage employee participation in health and wellness. In addition, the Group also subsidises gym membership for the employees.

Aside from our employees, in Russia, the regional office of Astrakhan contributed to the "The Heart of Caspian" to support needy children in Astrakhan and a fund-raising program for anti-epidemic suits for the "Aleksandro-Mariinsky Regional Clinical Hospital" to help medical front-line workers in the fight against the COVID-19 pandemic.

Governance

Bumi Armada is committed to best practices and has rolled out and adopted a comprehensive Governance framework within the Group. With a Zero-Tolerance towards bribery and corruption, the Board has mandated that every employee is governed by the Anti-Bribery and Corruption Policy ("ABC Policy"). The ABC Policy is supported by ancillary policies, namely:

- The Code of Business Conduct and Ethics ("Code") for Employees
- The Code of Business Conduct and Ethics for Directors
- The Gifts and Hospitality Policy
- The Speak-Up (Whistleblowing) Policy
- Other Group policies

These documents outline the professional standards of behaviour expected by all employees within the Group in the execution of their day to day business activities. They also cover all areas of compliance, business integrity as well as the legal implications with regards to illegal payments, gifts or entertainment.

The Board has made it compulsory for all Directors and Employees to attend training and awareness sessions and acknowledge their compliance with the ABC Policy. Employees are required to read and sign-off in respect to the above policies on a yearly basis. In addition, Directors and Employees are required to submit yearly declarations in relation to any potential conflict of interest.

While the ABC Policy and the Code cover the Group's expected business behaviours internally, the Group also expects a similar standard of ethics covering all these areas of behaviour, including human rights and relevant labour laws from our business partners and suppliers, who are required to abide by the standards laid out in the Code.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group's CSR initiatives continue to support various charitable organisations and activities that either mitigate our impact on the environment or society, with the aim of benefitting areas that are close to our operations.

2 ZERO HUNGER

In December 2020, the Head Office in Kuala Lumpur in collaboration with Rise Against Hunger ("RAH") once again sponsored a meal packing event at the RAH offices. 50,000 ready meals were packed and distributed by "Lost Food Project" for B-40 families in the Klang Valley, and flood victims in Kelantan. In addition, meals were packed and distributed by Alliance Chin Refugees for the Myanmar communities in Raub, Pahang.

In the UK, contributions were channelled to the "Community Food Initiatives North East ("CFINE") to establish a foodbank facility to support vulnerable families through "Cash for Kids" and children with difficult life circumstances through "Befriend a Child", complements medical aid to long-term young patients through "The Archie Foundation" and raised urological cancers awareness through the "Urological Cancer Charity ("UCAN") foundation.

6 CLEAN WATER AND SANITATION

We continue to work in close collaboration and support UNICEF's programmes for children in providing adequate water, sanitation, hygiene and immunisation programmes to the most vulnerable children.

In Angola, contributions were made to the Chogoroi-Malongo "My water, my life" programme, raising funds to support the production and installations of water biofilters in Benguela Province including health, hygiene and basic sanitisation training to the targeted families. The office also supports "Groupo de Amizade" and "Viana Nutrition Centre" in the effort to improve and change the life of underprivileged children by nurturing them with craftwork skills and supplementary of medicine and consumables. Our joint ventures in India ("India JVs") jointly with Eureka Forbes Institute of Environment has set up a community of Water Plant and Multi Services Kiosks which provides access to healthy and safe water, adequate sanitation, and improved long-term hygiene prevention and control measures.

8 DECENT WORK AND ECONOMIC GROWTH

The India JVs have also contributed to "Odia Samaj", a leading non-profit and socio-cultural organisation which promotes and preserves the natural heritage, art and culture of Odisha. This year's contribution was made for the preservation and promotion of ethnic and tribal based art and supporting artisans from low income communities. In addition, the India JV has contributed to the wider society of farmers with the aim of reducing farmer suicide and increasing green foliage, benefiting rainfall and shade from trees, and reducing global warming via "The Farmer Livelihood Project", which focuses on the Marathwada region.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

Throughout the year, the Group actively engages with various stakeholder groups. These engagements occur at various times, levels and across different parts of the organisation, depending on the topic of discussion and the parties involved. These may vary from meetings with potential equity investors, suppliers of specific equipment on one of our vessels, through to meetings with auditors or representatives of our certifying bodies.

Below is a selection of some of the interactions with various groups of stakeholders held during 2020. The interactions are not limited to those provided in the list. Key corporate information and updates on the Group are also posted on Bumi Armada's website.

Stakeholder Group	Engagement	Examples of Engagement
Shareholders & Financial Community	Regular	• 1-on-1 & Group meetings • Conference calls • Quarterly results briefings • AGM
Employees	Regular	• Management vessels and site visits • HSSEQ awareness campaign • Performance appraisals • New employee Inductions
Regulators & Government Agencies	As required	• Formal engagement or dialogues • Certification/Compliance reviews/audits • Regulatory training • Safety audits
Clients & Business Associates	Regular	• Operational reviews • New business/pre-qualification discussions • Know Your Customer reviews/updates • Conferences
Suppliers & Contractors	Regular	• Lessons learnt and feedback • Safety audits or reviews • Compliance reviews
Community	As required	• Local partnerships • Local content reviews/audits • Community support • CSR activities
Media & External Parties	Regular	• Quarterly results announcements • Corporate updates/announcements

TOP 5 STAKEHOLDER CONCERNS IN 2020

Area of Concern	Explanation/Response
Impact of COVID-19 Pandemic	The COVID-19 pandemic and the resulting governmental restrictions have led to an unexpected slowdown in global business activities. Nevertheless, the Group has been able to prioritise employee safety and operational excellence despite the logistical challenges.
Progress of Monetisation Initiatives	The COVID-19 pandemic and the slowdown in global business activities have hindered the progress of monetisation initiatives in 2020. Nonetheless, the Group remains committed towards monetising its non-core assets.
Performance of Armada Kraken FPSO	There has been significant improvement in the performance of the Armada Kraken FPSO since 2019. This has also been acknowledged by EnQuest PLC's public disclosures.
Repayment of Corporate Debt Maturity	This has been addressed with the announcement on 23 February 2021 with respect to the extension of the final maturity date to 23 November 2022 in relation to Tranche 1 under the USD660 million Term Loan Facilities.
Financial performance for FY2020	Over the course of 2020, the FPO business showed solid results on the back of stable operations from our FPO fleet. The OMS business performance was mixed with improvement in the OSV utilisation. However, the Subsea Construction vessels remained idle.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Dear Shareholders,

I am pleased to introduce our Corporate Governance Overview Statement for 2020 on behalf of the Board of Directors. The pages which follow provide details on the activities and governance processes of the Board and its Committees.

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During the year, the Board has spent a significant proportion of its time on ensuring operational delivery, strategic development and governance. The scope of the Board's activities, discussions and actions are detailed on pages 46 and 47. My role, along with the Board, is to ensure that the Group operates within a robust governance framework in order to deliver its objectives and meet stakeholder obligations. The Board reviews the short-term and long-term strategies, which it monitors by both challenging and supporting the leadership team in its implementation. As Chairman, I continue to focus on maintaining a Board which is diverse, having a broad range of skills, backgrounds and perspectives.

As a Board, we practise openness and accountability in the board room, and promote this throughout the business. One of the Board's most important corporate governance roles is to ensure that strategic decisions are made with a long-term view of the health of the Company. The Board works to ensure that governance structures remain appropriate and are updated when necessary to reflect the business and global market within which the Group operates.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

“Good corporate governance is critical to building a successful, safe and sustainable business, enabling us to create long-term value more effectively.”

Strong corporate governance underpins our ability to fulfil our Vision. The Bumi Armada Board is committed to ensuring that we continue to adhere to high standards of corporate governance. This section of the Annual Report provides an overview of the means by which the Company is directed and controlled. The Corporate Governance Report, which can be found on our corporate website, should be read in tandem with this section.

The Board is there to support and challenge Management and to ensure that we operate in a manner that promotes the long-term success of Bumi Armada. Over the next few pages, we describe the ways in which we seek to achieve this.

The Board strongly believes that high standards of corporate governance and effective Board oversight are important to the Group’s performance, to the delivery of its strategy and in supporting long-term sustainable success for the Company’s shareholders and other stakeholders. We are committed to maintaining a robust and effective governance and risk management framework. The Board therefore welcomes the principles and provisions set out in the Malaysian Code on Corporate Governance 2017 (“MCCG”), many of which were well-embedded in prior years.

OUR COVID-19 RESPONSE

During the COVID-19 pandemic, the Group has been agile in adapting to the ‘new norm’, and ensuring effective oversight of the Group’s operations is maintained. Throughout this unique period, the Board continues to provide strategic directives to senior management with clear focus on stakeholder interests. The Board remains connected through periodic remote engagements via telephone calls and video conferences throughout this period, including extended weekly meetings during the peak of the pandemic in Malaysia i.e. the Movement Control Order (“MCO”) phase. The Board has remained conscious of the importance of continuing to support our customers, clients and colleagues during the challenges presented by COVID-19. Further information on the operation of the Board during the pandemic is elaborated throughout this report.

SUSTAINABILITY

The Board acknowledges the importance of maintaining focus on sustainability and the Group’s responsibilities to the community where it operates, especially during the pandemic. To ensure that the Group remains a sustainable investment for our stakeholders, the Board is involved in strategic discussions on the material areas that are important to our business, and maintain ongoing oversight of the Group’s activities in the areas of Environmental, Social and Governance (“ESG”). The strategic outcomes are detailed in the Sustainability Statement in this report.

BOARD COMPOSITION

On 1 January 2021, we were delighted to announce that Donald Allan Chudanov was appointed to the Board as an Independent Non-Executive Director. Donald’s deep knowledge and experience in the oil and gas industry, which includes facility engineering design and construction, as well as drilling and production field operations, make him ideally placed to make a valuable contribution to the Board.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement continues to be a priority for the Board. During the year the Board has used formal meetings and other opportunities to discuss the Group’s performance and delivery of its strategy with both group and divisional management. This included consideration of stakeholders and their interests, including risks arising from the wider regulatory, economic and political environment.

I hope you find this report useful and informative. I look forward to engaging with you at our AGM, which will be held virtually, I would encourage you to still participate in the meeting, so that we gain a better understanding of the views of our shareholders as a whole.

TUNKU ALI REDHAUDDIN IBNI TUANKU MUHRIZ
Chairman of the Board

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our Corporate Governance structures remain robust. In this section of the report, we will detail how our Board and Board Committees operate, their roles and responsibilities and the key governance focus areas of the Board and Management.

OUR DIRECTORS

Our Directors' skills and experience, together with their wide range of backgrounds, help them constructively challenge Bumi Armada's Management and develop an effective strategy for the future.

OUR GOVERNANCE FRAMEWORK

Our governance and internal control frameworks help the Board exercise proper oversight.

OUR COMMITTEES

The Board has delegated certain authorities and responsibilities to four Board Committees, all of which operate within their respective terms of reference ("TOR").

OUR CORPORATE GOVERNANCE STATEMENT

We remain committed to operating in accordance with best practices in business integrity and ethics and maintaining the highest standards of financial reporting and corporate governance. The Directors consider that Bumi Armada has broadly complied throughout the year with the provisions of the MCCG, save for what has been detailed in the Corporate Governance Report. Bumi Armada has also complied with the Companies Act 2016 ("CA 2016") and Main Market Listing Requirements ("MMLR") of Bursa Securities. In preparing this report, reference was made to the Corporate Governance Guide issued by Bursa Securities. Our Corporate Governance Overview is to be read in conjunction with the Corporate Governance Report, which is accessible online at www.bumiarmada.com.

The MCCG issued in April 2017 is available on the Securities Commission website at www.sc.com.my and the CG Guide is available on www.bursamalaysia.com.

CORE PRINCIPLES

LEADERSHIP & EFFECTIVENESS
A strong, open and effective board
Refer to pages 34 to 55

ACCOUNTABILITY
Close scrutiny of risks and controls
Refer to pages 56 to 63, 65 to 78

RELATIONSHIP WITH STAKEHOLDERS
Open engagement with stakeholders
Refer to page 64

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All Directors had achieved a 100% attendance rate for all meetings held in 2020.

BOARD ATTENDANCE

Independent Non-Executive Directors ("Independent NED")

Tunku Ali
(Chairman)
Attended 16 out of 16 Board Meetings
100%

Alexandra Schaapveld
Attended 16 out of 16 Board Meetings
100%

VU Kumar
Attended 16 out of 16 Board Meetings
100%

Non-Independent Non-Executive Directors ("Non-Independent NED")

Chan Chee Beng
Attended 16 out of 16 Board Meetings
100%

Maureen Toh Siew Guat
Attended 16 out of 16 Board Meetings
100%

Executive Director ("ED")/ Chief Executive Officer ("CEO")

Gary Neal Christenson
Attended 16 out of 16 Board Meetings
100%

BOARD COMMITTEE ATTENDANCE

Nomination & Corporate Governance Committee ("NC")

Tunku Ali
Independent NED
(Chairperson)
Attended 5 out of 5 NC Meetings
100%

Alexandra Schaapveld
Independent NED
(Member)
Attended 5 out of 5 NC Meetings
100%

VU Kumar
Independent NED
(Member)
Attended 5 out of 5 NC Meetings
100%

Chan Chee Beng
Non-Independent NED
(Member)
Attended 5 out of 5 NC Meetings
100%

Remuneration Committee ("RC")

Alexandra Schaapveld
Independent NED
(Chairperson)
Attended 5 out of 5 RC Meetings
100%

Maureen Toh Siew Guat
Non-Independent NED
(Member)
Attended 5 out of 5 RC Meetings
100%

VU Kumar
Independent NED
(Member)
Attended 5 out of 5 RC Meetings
100%

Audit Committee ("AC")

VU Kumar
Independent NED
(Chairperson)
Attended 8 out of 8 AC Meetings
100%

Alexandra Schaapveld
Independent NED
(Member)
Attended 8 out of 8 AC Meetings
100%

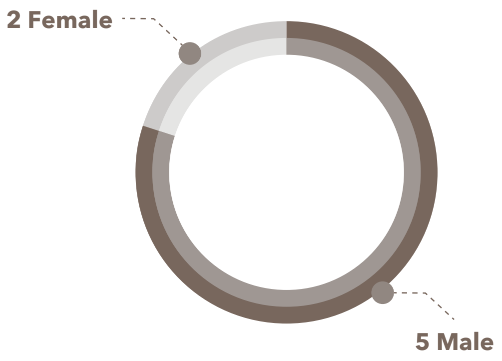
Maureen Toh Siew Guat
Non-Independent NED
(Member)
Attended 8 out of 8 AC Meetings
100%

Risk Management Committee ("RMC")

VU Kumar
Independent NED
(Member)
Attended 5 out of 5 RMC Meetings
100%

Maureen Toh Siew Guat
Non-Independent NED
(Member)
Attended 5 out of 5 RMC Meetings
100%

Gender Composition



Industries

- Banking/Capital Markets
- Oil and Gas (Technical/Operations)
- Oil and Gas (General Management)
- Oil and Gas (Insurance)
- Marine & Shipping
- Telecommunications/IT
- Property Development/Real Estate Manufacturing
- Investments
- Others

BOARD COMPOSITION AND SKILLS

Experience

- Government/Agency/ Regulatory Bodies
- Private Enterprises
- Professional Services/Bodies
- International Postings

Skills

- Corporate Governance
- Strategic Planning and Business Strategy
- International Business Relations
- Banking, Finance & Investment
- Engineering & Geological
- Linguistics & Negotiation
- Marketing
- Accounting
- Corporate Finance
- Audit
- Risk Management
- Legal and Regulatory Compliance
- Communication
- Human Resource Management
- Change Management
- Project Management

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

LEADERSHIP & EFFECTIVENESS

ROLES AND RESPONSIBILITIES OF THE BOARD

CHAIRMAN

Tunku Ali ♂

The Chairman is responsible for creating the conditions necessary for overall Board and individual Director's effectiveness, drawing on their respective knowledge, experience and skills. His role includes:

- providing leadership at the Board level;
- setting the tone for the Board discussions and deliberations with a view to promoting effective decision-making and performance monitoring to promote the success of the Group;
- setting the tone for the Company's values and standards to ensure the obligations to its shareholders and other stakeholders are understood and met;
- together with the Board, reviewing the organisational structure including the composition of Board Committees to ascertain if it serves the needs of the Company and Board;
- setting the Board agenda with input and advice from the CEO (with primary focus on strategy, value creation, governance and accountability) and the Company Secretaries and ensuring timely flow of high quality supporting information;
- working together with the Board and based on the work of the Board Committees, determine the nature and extent of risk appetite of the Group;
- working with the Board in ensuring there is a proper selection, assessment and training programmes for the Directors;
- together with the other Board Members, monitoring the implementation of Board decisions and directions and performance of Management;
- lead the Board in establishing and monitoring good corporate governance practices and systems in the Company; and
- presiding over shareholders' meetings and representing the Company at certain key events.

CHIEF EXECUTIVE OFFICER

Gary Neal Christenson ♂

The CEO, who is an ED on the other hand, has overall responsibilities over the following:

- the performance of the operational and business units and achievement of the corporate and commercial objectives of the Group including managing the expansion and optimisation of revenue and earnings of each of the business units and enhancing the capital value of the Group;
- working with and advising the Board to define the strategic, corporate and commercial objectives of the Group;
- preparing the Group's business and operational plans and seeing to their implementation as well as the implementation of the policies, directives and decisions as approved by the Board; and
- providing leadership to Management and having direct oversight on the financial performance and organisational effectiveness of the Group which includes business operations, financial management and controls, project execution, supply chain management, human resource development, investor relations and building of brand equity, operational excellence, supporting and managing the Company's HSSEQ management system and quality performance initiatives as well as commitment to Corporate Sustainability.

SENIOR INDEPENDENT DIRECTOR

Alexandra Schaapveld ♀

The Board has nominated one of the Independent NEDs to act as Senior Independent Director.
She is responsible for:

- being an alternative contact for shareholders at Board level other than the Chairman;
- acting as a sounding Board for the Chairman;
- if required, being an intermediary for NEDs' concerns; and
- undertaking the annual Chairman's performance evaluation.

COMPANY SECRETARIES

Noreen Melini binti Muzamli ♀ (Head, Corporate Secretarial Services)

Noor Hamiza binti Abd Hamid ♀

The Company Secretaries support the Chairman on Board Corporate Governance matters.

They are responsible for:

(i) Corporate governance advisory
- ensuring that adequate processes and procedures are in place and adhered to for the effective functioning of the Board;
- advising the Board on various matters including Directors' duties and disclosure obligations;
- compliance with companies and securities laws, regulatory requirements and corporate governance developments;
- assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- facilitating training programme for Directors and induction programme for new Directors.

(ii) Compliance advisory
- providing updates and assist the Board and Management with reviewing regulatory requirements related to the Company and securities regulations and listing requirements as well as analysis of status of compliance and action plans;
- advising the Board on disclosure requirements relating to material information to shareholders and regulators in a timely manner; and
- notifying the Board of any possible non-compliance issues.

(iii) Information flows and meetings
- setting the agenda, convening, facilitating proper conduct and recording proceedings and decisions of the Board and Board Committees; and
- ensuring an appropriate level of communication between the Board and its Committees and between Senior Management and the NEDs.

(iv) Regulatory compliance
- ensuring statutory and meeting records of the Company are properly maintained; and
- ensuring relevant disclosures, submissions and filings are made in a timely manner to the regulators on behalf of the Company and the Board.

(v) Stakeholder communication
- managing processes pertaining to the annual shareholders meeting; and
- serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Board of Directors' Profile

AC Audit
NC Nomination & Corporate Governance
Chairperson
RMC Risk Management
RC Remuneration
Member

TUNKU ALI REDHAUDDIN IBNI TUANKU MUHRIZ

NC

Chairman/Independent Non-Executive Director

Country: Malaysia **Age:** 44 **Gender:** Male

Dates of Appointment:
Director – 17 January 2013
Chairman – 18 June 2013

Qualifications:
- BA (Hons) in History and Social & Political Sciences from the University of Cambridge
- Masters in Public Administration from the John F Kennedy School of Government, Harvard University

Present Directorships:
Listed Companies:
- Taliworks Corporation Berhad

Other Public Companies:
- Bangkok Bank Berhad
- Sun Life Malaysia Assurance Berhad

Skill and Experiences:
Tunku Ali Redhauddin ibni Tuanku Muhriz ("Tunku Ali") brings with him significant experience and knowledge in the global investment field, having been with Khazanah Nasional Berhad ("Khazanah") from 2004 to 2010, where he was a Director in the Investments Division.

There, he worked on a number of transformational projects and new investments in Malaysia and throughout Asia. Prior to Khazanah, Tunku Ali gained international client service experience while serving in McKinsey & Company as a management consultant from 1998 to 2004 where he worked on corporate strategy, organisational and governance projects in Europe, North America, and Asia. He is also a Senior Advisor to TPG Capital, a global Private Equity firm.

He is Chairman and Founding Trustee of Teach For Malaysia, Chairman of WWF Malaysia, Chairman of the Board of Governors of Marlborough College Malaysia, and Pro Chancellor of Universiti Sains Islam Malaysia.

Tunku Ali has no family relationship with any Director and/or major shareholder of the Company and he has no conflict of interest with the Company.

He has not been convicted of any offence within the past 5 years nor been imposed any penalty by the relevant regulatory bodies during the financial year.

ALEXANDRA ELISABETH JOHANNA MARIA SCHAAPVELD

RC AC NC

Independent Non-Executive Director

Country: Netherlands **Age:** 62 **Gender:** Female

Date of Appointment:
8 June 2011

Qualifications:
- Degree in Politics, Philosophy and Economics from Oxford University, United Kingdom.
- Master in Development Economics at Erasmus University, Netherlands.

Present Directorships:
Listed Companies:
- Société Générale S.A.
- 3i PLC

Other Public Companies:
Nil

Skill and Experiences:
Alexandra Schaapveld started her career at ABN AMRO Bank in 1984 in corporate banking and subsequently in investment banking: equity capital markets and mergers and acquisitions.

She had always been a strong advocate of client relations at the Bank. In 2001, she was made Senior Executive Vice President responsible for sector expertise and in 2004 she became the head of the global clients and investment banking units. After the acquisition of ABN AMRO Bank by a consortium of banks, she became head of Europe for Royal Bank of Scotland in 2008.

Alexandra Schaapveld has no family relationship with any Director and/or major shareholder of the Company and she has no conflict of interest with the Company.

She has not been convicted of any offence within the past 5 years nor been imposed any penalty by the relevant regulatory bodies during the financial year.

UTHAYA KUMAR K VIVEKANANDA AC RMC RC NC
Independent Non-Executive Director

Country: Malaysia **Age:** 67 **Gender:** Male

Date of Appointment:
10 April 2017

Qualifications:
- Fellow of the Institute of Chartered Accountants in England & Wales
- Chartered Accountant of Malaysian Institute of Accountants
- Member of Malaysian Association of Certified Public Accountants

Present Directorships:
Listed Companies:
Nil

Other Public Companies:
Nil

Skill and Experiences:
VU Kumar was with PricewaterhouseCoopers for nearly 36 years. He has led and worked on some of the most challenging and complex assignments, both in Malaysia and globally, working with multinational and blue-chip national clients in audit, business advisory, mergers and acquisitions, valuations, privatisations, IPOs and cross-border transactions.

VU Kumar has no family relationship with any Director and/or major shareholder of the Company and he has no conflict of interest with the Company.

He has not been convicted of any offence within the past 5 years nor been imposed any penalty by the relevant regulatory bodies during the financial year.

DONALD ALLAN CHUDANOV RMC
Independent Non-Executive Director

Country: United States of America **Age:** 62 **Gender:** Male

Date of Appointment:
1 January 2021

Qualifications:
- Bachelor of Science, Chemical Engineering, The Ohio State University, USA

Present Directorships:
Listed Companies:
Nil

Other Public Companies:
Nil

Skill and Experiences:
Donald Allan Chudanov ("Don Chudanov") has over 40 years of technical and managerial experience in the oil and gas industry with responsibilities in facility engineering design and construction, drilling operations, production field operations, deepwater project development and overall asset management.

At Chevron, he held Operations and Asset Development General Manager positions in Indonesia deepwater, the UK North Sea, offshore Thailand, and Nigeria deepwater. At Unocal, as Deepwater Development Manager, he was the project manager from discovery through production for Indonesia's first deepwater development, the West Seno Field, which involved several innovative new technologies. Prior to this with Unocal, he held positions of increasing responsibility in facilities engineering and construction, drilling, and offshore operations across various US locations.

Don Chudanov has no family relationship with any Director and/or major shareholder of the Company and he has no conflict of interest with the Company.

He has not been convicted of any offence within the past 5 years nor been imposed any penalty by the relevant regulatory bodies during the financial year.

Board of Directors' Profile

CHAN CHEE BENG

Non-Independent Non-Executive Director

NC

Country: Malaysia **Age:** 65 **Gender:** Male

Date of Appointment:
2 June 2003

Qualifications:
- Degree in Economics and Accounting from the University of Newcastle-upon-Tyne, United Kingdom.
- Fellow of the Institute of Chartered Accountants in England and Wales.

Present Directorships:
Listed Companies:
Nil

Other Public Companies:
- Maxis Communications Berhad Group
- Yu Cai Foundation

Skill and Experiences:
Chan Chee Beng has more than 43 years of experience in general and financial management, investment banking and accounting including stints with Ernst & Young and Morgan Grenfell & Co. Ltd prior to joining the Usaha Tegas Sdn Bhd ("UTSB") Group in 1992 as Head of Corporate Finance. He is currently a Director of UTSB Management Sdn Bhd.

He serves on the boards of several other companies in which UTSB has significant interests, such as Sri Lanka Telecom PLC, Binariang GSM Sdn Bhd and Maxis Communications Berhad (holding company of Maxis Berhad), having an operational base in Malaysia.

Chan Chee Beng has no family relationship with any Director and/or major shareholder of the Company and he has no conflict of interest with the Company.

He has not been convicted of any offence within the past 5 years nor been imposed any penalty by the relevant regulatory bodies during the financial year.

MAUREEN TOH SIEW GUAT

Non-Independent Non-Executive Director

AC RMC RC

Country: Malaysia **Age:** 55 **Gender:** Female

Dates of Appointment:
23 April 2014

Qualifications:
- Bachelor of Law (LL.B) from University Malaya, Malaysia
- Master of Law (LL.M) from Harvard Law School, United States of America

Present Directorships:
Listed Companies:
Nil

Other Public Companies:
Nil

Skill and Experiences:
Maureen Toh Siew Guat ("Maureen Toh") has more than 20 years of legal experience, primarily in corporate, commercial and banking matters and equity/capital markets, including stints with law firms in Kuala Lumpur and Singapore.

She is a Director of Usaha Tegas Sdn Bhd ("UTSB"), which is a Malaysian based investment holding company which has significant interests in companies operating across diverse industries such as telecommunications, media and entertainment, energy and real estate and leisure, including the following companies which are listed on Bursa Malaysia Securities Berhad – Maxis Berhad (integrated communications services group) and Astro Malaysia Holdings Berhad (integrated consumer media entertainment group). She was previously the Group General Counsel of UTSB.

Maureen Toh has no family relationship with any Director and/or major shareholder of the Company and she has no conflict of interest with the Company.

She has not been convicted of any offence within the past 5 years nor been imposed any penalty by the relevant regulatory bodies during the financial year.

GARY NEAL CHRISTENSON

Executive Director/Chief Executive Officer

Country: United States of America **Age:** 65 **Gender:** Male

Date of Appointment:
Non-Executive Director - 2 May 2018
Executive Director/Chief Executive Officer - 16 May 2019

Qualifications:
- Stanford Executive Programme (SEP), Stanford University, United States of America ("USA")
- Ph.D. programme in Structural Geology (thesis not completed), Cornell University, USA
- Bachelor of Arts, Geology, Hamline University, USA
- United States Air Force ("USAF") and USAF Reserve, Aircrew for C-130A Hercules aircraft

Present Directorships:
Listed Companies:
Nil

Other Public Companies:
- Black Platinum Energy Ltd

Skill and Experiences:
Gary Neal Christenson ("Gary Christenson") has over 36 years of technical and managerial experience in the petroleum exploration and production industry with a focus on South East Asia and Africa. His experience includes management positions at Tenneco Oil E&P, British Gas Indonesia, Unocal Indonesia Co. ("Unocal") and Santos Indonesia ("Santos").

At Unocal he was the Senior Vice President of Unocal E&P Indonesia and President of Unocal Makassar and developed and produced the West Seno field utilising a min-TLP, semisubmersible TAD and a barge hull FPU. At Santos he was the President of Santos Indonesia and developed and produced the Maleo and Oyang fields. He was the Chairman and CEO of Black Gold Energy in partnership with Goldman Sachs and Temasek.

Gary Christenson has no family relationship with any Director and/or major shareholder of the Company and he has no conflict of interest with the Company.

He has not been convicted of any offence within the past 5 years nor been imposed any penalty by the relevant regulatory bodies during the financial year.

Senior Management Team Profile

GARY NEAL CHRISTENSON
Executive Director/
Chief Executive Officer
Country: United States of America
Age: 65
Gender: Male

Please refer to his profile in the Board of Director's profile section.

LUKE C. TARGETT
Chief Financial Officer
Country: Australia
Age: 56
Gender: Male

Date of Appointment:
29 October 2018

Qualifications:
- Member of Chartered Accountants Australia and New Zealand
- Bachelor of Commerce Degree (Melbourne University)
- Graduate Diploma in Applied Finance and Investment

Directorship in Listed Issuers and Public Companies:
Nil

Skill and Experiences:
Luke C. Targett ("Luke") is responsible for leading Bumi Armada's current operations and growth trajectory through Financial Services, Treasury, Corporate Finance, Joint Venture Management, Group Tax, Investor Relations, Communications & Sustainability, Information Systems & Technology and Insurance.

He has more than 30 years' experience in financial advisory roles which include restructuring, mergers & acquisitions, pre-lending reviews, transaction advisory, independent business reviews and non-performing loan management in numerous jurisdictions including London, Singapore, Indonesia, Myanmar, Thailand and Australia. Luke started his career with Coopers & Lybrand, Melbourne in 1988 and subsequently spent more than 12 years at Ernst & Young. In 2005, he joined Interra Resources Limited, a dual Singapore Exchange and Australian Securities Exchange listed oil & gas producer and explorer as CEO for 4 years. Prior to joining Bumi Armada, he was a Partner at Cor Cordis, an Australian national business advisory firm.

MARK ANDREW NEWBY
Head of Floating Production and Operations ("FPO")
Country: Australia
Age: 57
Gender: Male

Date of Appointment:
17 October 2016

Qualifications:
- Master Class 1 Certificate of Competency & Diploma of Nautical Science

Directorship in Listed Issuers and Public Companies:
Nil

Skill and Experiences:
Mark Andrew Newby ("Mark") is responsible for Bumi Armada Floating Production and Operations Division. This Division encompasses all aspects of Floating Production and Floating LNG from engineering design, construction, commissioning and operation of new developments through to safely operating and maintaining Bumi Armada's existing fleet of FPSOs and LNG FSU.

Mark has over 30 years of wide-ranging experience in the Oil and Gas industry and has held senior positions both offshore and onshore, with extensive knowledge of Floating Production Systems and significant involvement in developing industry best practice for FPSO operations through involvement with Oil Companies International Marine Forum ("OCIMF") and the Society of International Gas Tanker and Terminal Operations ("SIGTTO").

Before joining Bumi Armada in 2016, he was with BG Group for 5 years, with the last 2 years as the Regional Operations Manager for southern hemisphere operational assets.

Prior to that, he was at ConocoPhillips as the Global Production Marine Operations Manager.

MEGAT ZARIMAN BIN ABDUL RAHIM
Head of Offshore Marine Services ("OMS")
Country: Malaysia
Age: 53
Gender: Male

Date of Appointment:
- 11 April 2013 (Appointed as Senior General Manager, Sales & Marketing – Malaysia)
- 1 March 2018 (Appointed as Head of Offshore Marine Services)

Qualifications:
- Bsc Electrical Engineering, Worcester Polytechnic Institute, Worcester, Massachusetts, USA

Directorship in Listed Issuers and Public Companies:
Nil

Skill and Experiences:
Megat Zariman Abdul Rahim ("Megat") is responsible for the running of our OMS business which includes the OSV and SC sub- segments. He has held various positions within Bumi Armada for the last eight years with the scope of building, managing and growing the Company's activities globally.

He is a certified Professional Engineer by the Malaysian Board of Engineers since 1997, and Professional Technologist from Malaysian Board of Technologies since 2018. Before joining Bumi Armada, Megat spent over 21 years with Schlumberger, in various technical, commercial, and Management roles globally.

Concurrently, Megat is also an Advisor in the Malaysian Oil & Gas Service Council ("MOGSC") as well as an EXCO member in Malaysian OSV Owners' Association ("MOSVA"). Both MOGSC and MOSVA are non-profit associations promoting the interests of Malaysian oilfield service providers and Malaysian OSV owners respectively.

Senior Management Team Profile

LEONG WEI KIT
Head of Health, Safety, Security, Environment and Quality ("HSSEQ")
Country: Malaysia
Age: 40
Gender: Male

Dates of Appointment:
15 March 2018

Qualifications:
- Bachelor (First Class), Chemical Engineering with Environmental Protection, Loughborough University
- Certified Sustainability Reporting Specialist ("CSRS"), License No. TR114747

Directorship in Listed Issuers and Public Companies:
Nil

Skill and Experiences:
Leong Wei Kit ("Gary") is responsible for overseeing Bumi Armada's HSSEQ function as well as driving governance and assurance on HSSEQ matters related to corporate, operations and projects across the organisation. Before joining the Company, Gary was the Head of Health, Safety, Security & Environment ("HSSE") Performance at Group HSSE, PETRONAS where he was responsible for HSSE performance management, sustainability reporting, digitalisation of HSSE performance management and C-level reporting to PETRONAS Executive Leadership Team and Board.

Gary has also worked with DuPont and Accenture, where he held various positions in driving HSSE excellence for clients in the energy and mining industry. His experiences span across strategy development, governance audits, risks assessment, safety culture transformation, organisation improvement, project management and performance improvement in the realm of HSSE. He is also the Chairperson for MOGSC HSE Workgroup.

SASHA VIJAYANANTHAN
Head of Business & Corporate Partnering
Country: Malaysia
Age: 46
Gender: Female

Date of Appointment:
10 June 2019

Qualifications:
- CPA Australia
- Bachelor of Commerce (Accounting), Monash University, Australia

Directorship in Listed Issuers and Public Companies:
Nil

Skill and Experiences:
Sasha Vijayananthan ("Sasha") is responsible for the Supply Chain Management, Human Resources and Administration functions of Bumi Armada. This would include responsibilities and accountabilities over the areas of vendor quality management, procurement, logistics management, inventory management as well as all people and administrative matters.

Prior to her appointment to this role, Sasha was the Head of Internal Audit and Risk. This was a position that she held from March 2016 to June 2019. It was during her tenure as Head of Internal Audit that she built her in-depth knowledge of the processes within Bumi Armada hence her progression into her current role.

She has over 24 years' experience in the Governance, Risk and Control space and was Vice President of Group Risk Management at Sime Darby Berhad, before joining Bumi Armada.

Sasha was previously an auditor at Ernst & Young, starting as an associate and working her way up to Director level. She has a wealth of experience, specialising in governance reviews, financial control framework implementations, transformation projects, internal and external auditing for a broad range of industries including the oil and gas industry.

STEPHEN MATTHEW WILLIAMSON
Head of Asset Integrity and Engineering, Floating Production Operations and Technology
Country: United Kingdom
Age: 53
Gender: Male

Date of Appointment:
1 December 2019

Qualifications:
- Class 1 Marine Engineer, General/Motor and a Diploma in Engineering

Directorship in Listed Issuers and Public Companies:
Nil

Skill and Experiences:
Stephen Matthew Williamson ("Steve") is responsible for ensuring that FPO assets are maintained and operated in a safe, compliant and efficient manner.

He is also responsible for the direct management of the FPO Technology team, providing appropriate technical design competence and capability to the FPO business.

Steve has 37 years of experience of technical operations and risk management in the Shipping and Oil and Gas industry.

He started his career as a sea going Engineer Officer, serving predominantly on tanker vessels. In 2001 he moved to BP where he held several technical and senior operations management roles over a period of 17 years. These included; Engineering Standards Superintendent, Technical Authority and Regional Fleet Manager (East) based in Singapore.

Prior to his current role, he was the GM Technical Operations and Head of Asset Integrity in the FPO business.

Before joining Bumi Armada, he had spent the preceding 4 years as Manager of the BP Gas Fleet, based in the UK.

ROGER M HARWOOD
General Counsel
Country: New Zealand/
United Kingdom
Age: 56
Gender: Male

Date of Appointment:
15 June 2020

Qualifications:
- LL.B (Hons), Victoria University of Wellington, New Zealand (1987)
- Admitted as Barrister and Solicitor of High Court of New Zealand (1988)
- Admitted as a Solicitor of England and Wales (2006)

Directorship in Listed Issuers and Public Companies:
Nil

Skill and Experiences:
Roger Harwood ("Roger") is responsible for all areas of legal, contracts, and corporate regulatory compliance and risk related matters at Bumi Armada and its subsidiaries.

Roger has over 30 years of international experience in legal advisory work and has held senior management roles in the oil and gas industry. He has worked in both the upstream E&P space and within the full spectrum of the oil & gas services sector.

After qualifying and working in private practice in New Zealand, Roger moved to the UK in 1991 where he began a 20-year career with Hess Corporation. During this time, he advised Hess on its developments in the North Sea, before moving into their international group and supporting activities in North-West Europe, South America, South East Asia, Australia, Africa and Central Asia. Roger spent 3 years in Hess's KL office, where he established a regional legal team for the group.

Prior to joining Bumi Armada, Roger was the Group Head of Legal at Petrofac where he led a global team of lawyers and had responsibility for the management of the group's legal risk.

Senior Management Team Profile

NOREEN MELINI BINTI MUZAMLI
Joint Company Secretary/Head Corporate Secretarial Services

Country: Malaysia **Age:** 44 **Gender:** Female

Date of Appointment:
1 September 2015 (joined Bumi Armada)
10 September 2015 (appointed as Joint Company Secretary)

Qualifications:
- Bachelor of Laws (Hons) from University of Bristol, United Kingdom (1999)
- Certificate of Legal Practice (2005)
- Company Secretary license from the Companies Commission of Malaysia (since 2001)

Directorship in Listed Issuers and Public Companies:
Nil

Skill and Experiences:
Noreen Melini binti Muzamli ("Noreen") is responsible for ensuring the provision of effective corporate secretarial services at Bumi Armada and advising the Board and Management of Bumi Armada on the compliance with relevant regulations and best practices on corporate governance.

She has more than 19 years of corporate secretarial experience in various sectors which included property development and financial services. Prior to joining Bumi Armada, Noreen was attached to the Maybank Group for nine years and her last position was as the Company Secretary of Maybank Investment Bank Berhad and its group of companies, a position she held since November 2010.

She was also Regional Head, Corporate Secretarial Services of Maybank Kim Eng Group ("Group"), the investment banking division of Maybank Group and was responsible for ensuring the adoption of group policies and best practices on corporate governance in the 10 countries in which the Group operated. Before Maybank Group, she was with a public listed property developer for more than five years and was assigned to its Legal and Secretarial Department.

Notes:
- None of the Management has any family relationships with any Directors and/or major shareholders of the Company.
- None of the Management has any conflict of interest with the Company.
- None of the Management has any convictions for offences within the past five years (other than traffic offences, if any).
- None of the Management has any public sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2020.

GOVERNANCE FRAMEWORK

BUMI ARMADA SHAREHOLDERS

THE BOARD

Ultimate responsibility for the Management of the Group rests with the Board. The Board focuses primarily on strategic and policy issues and is responsible for:

- leadership of the Group;
- implementing and monitoring effective controls to assess and manage risk;
- supporting the senior leadership team to formulate and execute the Group's strategy;
- monitoring the performance of the Group; and
- setting the Group's values and standards.

There is a specific schedule of matters reserved for the Board. These matters can be found in our Board Charter which is accessible online at www.bumiarmada.com.

Audit Committee

Reviews the Group's financial reporting process, the system of internal control and management of enterprise risk, the audit process, and the Group's process for monitoring compliance with law and regulations and its own code of business conduct.

Remuneration Committee

Reviews the policies and procedures on remuneration for Directors and Key Management, remuneration for Executive Directors based on annual performance, share scheme for employees as well as long term incentive plans.

Nomination & Corporate Governance Committee

Reviews the composition of Board and Board Committees, selection of Directors and Key Management, succession planning for Board and Key Management, assesses the annual performance of Directors and Board, ensures continuous training for Directors and best practices on corporate governance for the Group.

Risk Management Committee

Oversees the Group's risk management systems, practices and procedures to ensure Enterprise Risk Management ("ERM") processes and culture are embedded throughout the Group, and promotes a Group wide governance culture with respect to risk management and internal controls.

INTERNAL AUDIT

CHIEF EXECUTIVE OFFICER

RISK

MANAGEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD MEETING FOCUS DURING 2020

GOVERNANCE & RISK

- Identified principal risks relating to the business and operations and ensured the implementation of appropriate internal controls and mitigation measures with oversight from the RMC;
- Deliberated on litigation cases involving the Group and the strategies in managing these cases;
- Maintained robust regulatory compliance at all times with oversight from the AC, including adherence to the provisions of anti-corruption legislations such as the Malaysian Anti-Corruption Commission Act, Foreign Corrupt Practices Act and UK Bribery Act;
- Strengthened the Company's IMS with governance and operational controls that are in line with ISO 45001:2018 Occupational Safety and Health, ISO 14001:2015 Environmental Management System and ISO 9001:2015 Quality Management System across all wholly-owned assets and operations;
- Discussed HSSEQ performance and related matters at each Board meeting to identify opportunities for improvement that could further elevate the safety culture in the Company; and
- Reviewed and approved policies, including new and updated policies on anti-bribery and corruption, gifts and hospitality, the code of business conduct and know your counter party ("KYC").

STRATEGY

- Reviewed and approved the strategy and business plan of the Group for the FY2020 and FY2021 based on input from the various heads of department;
- Considered the strategy and business plans which were in line with the Company's vision and mission, reviewed the action plans, resource requirements and timelines for implementation of the plans;
- Reviewed the operations of key assets including technical matters and collection;
- Reviewed the ongoing corporate simplification exercise which included the voluntary liquidation and dissolution of inactive companies in BAB Group; and
- Discussed and approved the sustainability initiatives for FY2020 as recommended by the Sustainability Committee.

FINANCIAL

- Reviewed and approved the budget for FY2021 with key assumptions based on the 2021 strategy and business plan;
- Reviewed the corporate debt refinancing exercise and funding requirements of the Group;
- Reviewed proposals on new projects including JVs in line with the business plan as well as the respective project financing;
- Reviewed quarterly operational review reports;
- Reviewed related party transactions;
- Reviewed and approved the quarterly financial results for FY2020 and the full year financial results for FY2019 of the Group and their release to Bursa Securities as recommended by the AC to the Board; and
- Considered and approved the contents of the Company's 2019 Annual Report, which included the AC Report, Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control and Directors' Responsibility Statement.

BOARD MEETING FOCUS DURING 2020

LEADERSHIP & PEOPLE

- Ensured that there are programmes in place for succession planning for Senior Management with monitoring from the NC as well as participated in interviews of potential candidates for new Independent Directors;
- Deliberated on the annual remuneration of staff including Management for FY2020 as per the recommendation of the RC;
- Deliberated and approved the offer, grant and/or allotment of shares to the ED pursuant to the Management Incentive Plan ("MIP") as per the recommendation of the RC, as well as recommended the proposal to shareholders for approval; and
- Discussed COVID-19 impact to the Group including mitigation measures.

SHAREHOLDERS & ENGAGEMENT

- Ensured effective implementation of shareholders and stakeholders communication which enabled feedback received to be considered when making business decisions; and
- Ensured information used in communication material or statements is balanced and representative of the Company's performance.

SUCCESSION PLANNING

Succession planning ensures that appropriate senior executive leadership resources are in place to achieve the Group's strategic objectives. The plans are reviewed annually by the NC. The Board further develops its knowledge and gains greater visibility of executive talent and Management succession meeting with key talent and senior executives.

BOARD EVALUATION

The Board undertakes a formal and rigorous evaluation of its effectiveness and the performance of the whole board, its individual directors and its committees annually.

For FY2020, the evaluation was conducted internally by the Company Secretary. The evaluation took the form of questionnaires completed by each Director assessing the performance and effectiveness of the Board and each of its committees in a broad range of areas, together with an assessment of progress against the recommendations made in the 2019 internal evaluation.

The questions in the assessment were set to develop the themes explored in prior years' evaluations in order to assess the progress of the Board and its committees compared with previous years, and also to evaluate recent developments and areas of focus in FY2020. In each part of the assessment, Directors were invited to provide general comments and observations in addition to responding to specific questions.

The evaluation of the Board focused on a range of different areas relevant to Board effectiveness and corporate governance, including:

- the Board's duties and responsibilities, vis-a-vis its TORs;
- Board and Board Committees' composition and meeting processes; and
- Observations by the ED.

The responses to the questionnaires were collated and reviewed by the Company Secretary, and discussed with the Chairman. The Chairman then met with each Director, together with the Company Secretary, in private sessions for direct feedback. The Company Secretary subsequently prepared a report setting out the results of the evaluation, including key themes and recommendations arising from the questionnaires, which was then presented to the NC and Board for discussion.

The overall conclusion of the evaluation was that the Board and its committees continue to operate effectively, that they are well led with strong participation from all members and that good progress has been made against each of the recommendations made in the internal evaluation undertaken in the previous year.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Among other things, the evaluation demonstrated the effectiveness of the Board during the challenges presented by the COVID-19 pandemic, and the ongoing value and effectiveness of the dedicated annual sessions focusing on the Company's strategy (alongside opportunities to discuss strategic issues as part of the regular cycle of Board meetings throughout the year). Where there are areas of improvement needed, the Board institutes an Actionable Improvement Programme ("AIMP"). The AIMP sets out clear action plans and identifies persons responsible for each plan and the timelines for which progress will be measured and reviewed by the Board.

DIRECTORS' TRAINING AND INDUCTION

Following appointment and as required, Directors receive training appropriate to their level of experience and knowledge. This includes the provision of a comprehensive, tailored induction programme and individual briefings with senior management and their teams to provide newly appointed Directors with information about the Group's businesses and other relevant information to assist them in effectively performing their duties.

Ongoing training and briefings, as detailed below are also given to all Directors, including external courses as required.

- The nature of the Group, its business, markets and relationships.
- Meetings with the external auditor, lawyers, and relevant operational and functional Senior Management.
- Board procedures, including meeting protocols, committee activities and terms of reference, and matters reserved for the Board.
- Overviews of the business via monthly reports.
- The Group's approach to risk management.

The table below details the professional training attended by the Directors and Company Secretaries.

Courses/Seminars/ Programmes/Workshops/ Conference Attended	Date	Name of Directors & Company Secretaries	Company Sponsoring/ Organiser
Introduction to Blockchain Technology	4 February 2020	AS	Société Générale
KYC Training	11 March 2020	AS	Société Générale/Gibson Dunn
Webinar on Corporate Liability, Adequate Procedures, and ISO 37001	13 May 2020	TA	Taliworks Corporate Berhad/ Trident Integrity Solutions
Law Powered by Technology	19 May 2020	MT	Lee Hishammuddin Allen & Gledhill
COVID-19 Regulatory Requirements in Malaysia	28 May 2020	TA, AS, VU, CCB, MT, GC, NM	Bumi Armada Berhad
Briefing on the Corporate Liability Provision under Section 17A Malaysian Anti-Corruption Commission Act ("MACC")	28 May 2020	TA	Sun Life Malaysia Assurance Berhad/KDJLaw
Corporate Liability for Corruption Offences	12 June 2020	MT	Lee Hishammuddin Allen & Gledhill
AMLA 2001 – Risk, Challenges, Governance & Transparency in Managing Business & Compliance	23 June 2020	TA	Bangkok Bank Berhad/Sheila Hussain Vijay & Partners
COVID-19 Series – Cybersecurity	23 June 2020	TA	Bangkok Bank Berhad

Courses/Seminars/ Programmes/Workshops/ Conference Attended	Date	Name of Directors & Company Secretaries	Company Sponsoring/ Organiser
Corruption and Bribery	2 July 2020	AS, VU, CCB, MT, GC, NM, NH	Bumi Armada Berhad/Bursa Malaysia Securities Berhad
Optimising Risk and Resilience Planning to Manage Disruptions	19 August 2020	TA	Taliworks Corporate Berhad/ Tricor Axcelasia
Intercultural Communication in Global Business Settings under the Framework of The Belt and Road Initiative ("BRI")	14 September 2020	TA	Tsinghua University
Key Disclosure Obligations of a Listed Company	15 September 2020	NM	Bumi Armada Berhad/CKM Advisory Sdn Bhd
Guidelines for Reporting Framework for Beneficial Ownership ("BO") of Legal Persons	16 October 2020	NH	Bumi Armada Berhad/Boardroom Corporate Services Sdn Bhd
China Economic Growth and Great Bay Area Opportunities	22 October 2020	TA	Tsinghua University
US China Trade Disputes and the New World Order	23 October 2020	TA	Tsinghua University
The History of China's Capital Market	24 October 2020	TA	Tsinghua University
Legal Issues in Cross Border Mergers & Acquisition ("M&A")	24 October 2020	TA	Tsinghua University
World Economy in Era of Pandemics	25 October 2020	TA	Tsinghua University
Strategy & Plans – Market Outlook	30 October 2020	TA, AS, VU, CCB, MT, GC, NM	Bumi Armada Berhad
Office of Foreign Assets Control ("OFAC")/Sanctions Training	3 November 2020	AS	Société Générale/Gibson Dunn
Common Pitfalls in Transactions and Related Party Transactions Rules	5 November 2020	NM	Bumi Armada Berhad/CKM Advisory Sdn Bhd
MAICSA Annual Governance Conference ("MAICSA")	2 & 3 December 2020	NH	Bumi Armada Berhad/Malaysian Institute of Chartered Secretaries and Administrators
Artificial Intelligence	16 December 2020	AS	Société Générale

An induction programme for Donald Chudanov was held from 20 January to 2 February 2021 in which the Management had briefed him on their respective scope in providing an overview of Bumi Armada's business and operation. Donald Chudanov has also completed the Mandatory Accreditation Programme by Asia Business School on 2 April 2021, which is within 4 months from his date of appointment.

TA - Tunku Ali
AS - Alexandra Schaapveld
VU - VU Kumar
CCB - Chan Chee Beng
MT - Maureen Toh Siew Guat
GC - Gary Christenson
NM - Noreen Melini binti Muzamli
NH - Noor Hamiza binti Abd Hamid

Nomination & Corporate Governance Committee Report

Dear Shareholders,

As Nomination & Corporate Governance Committee ("NC") Chair, I am pleased to present the Committee's Report for 2020.

The NC reviews the structure, size and composition of the Board and its Committees and makes recommendations to the Board with regard to any changes considered necessary in the identification and nomination of new Directors, the reappointment of existing Directors, and the appointment of members to the Board's Committees. It also assesses the roles of the existing Directors in office to ensure that there continues to be a balanced Board in terms of skills, knowledge, experience and diversity. The NC reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace and advises the Board on succession planning for Executive Director appointments, although the Board itself is responsible for succession generally.

The NC has standing items that it considers regularly under its perform; for example, the Committee reviews its own TOR annually, or as required, to reflect changes to the Code, or as a result of changes in regulations or best practice. It also conducts a quarterly review of the composition of the Board and Board Committees.

During the year, the NC continued to focus on succession planning for the Board and its leadership team which included the appointment of Donald Chudanov as a new Independent Non-Executive Director. The search for suitable candidates who can perform as new Independent Directors is ongoing.

2020 KEY ACTIVITIES

The NC assisted the Board in the assessment of potential candidates as new Independent Directors and the annual evaluation of the Board and Board Committees. It reviewed succession planning and talent management for key positions, and it provided guidance on corporate governance matters affecting the Board and Company.

The NC deliberated on the following matters during 2020:

- reviewed Board and Board Committees' composition and the eligibility, skills, competencies and experience of potential candidates nominated for appointment to the Board and those seeking election/re-election to the Board;
- reviewed the annual Board evaluation for FY2019 and proposed AIMP;
- discussed talent review and succession planning for Senior Management and their direct reports;
- reviewed the TOR of the Committee;
- set a timeline and facilitated the FY2019 Board and Board Committees assessment process including assessing, reviewing, and reporting the findings and making the appropriate recommendations to the Board;
- assessed the training needs of Directors further to a formal analysis done and recommended the Directors' Training Plan 2020 which included the continued practice of briefing to Directors by reputable external experts on relevant topics and vessel visits; and
- reviewed policies, initiatives, measures and procedures to strengthen and give effect to matters pertaining to corporate governance, having regard to provisions of the MCCG and ASEAN CG Scorecard in line with best practices.

COMMITTEE EVALUATION

The annual evaluation of the NC was undertaken together with the evaluation of the Board and other Board Committees. Based on feedback from the NC members as well as other Directors through a self-assessment questionnaire, it was concluded that the NC has discharged its duties according to its TOR.

DIVERSITY AND INCLUSION

We are a people business. Our strength comes from an inclusive and welcoming environment, where we recognise that the experiences and perspectives which make us unique come together in our shared values and vision. We strongly believe that the more our people reflect the diversity of our customers, the better equipped we are to service their needs. At Board level, our approach to the appointment of new Directors and senior executives reflects our Board Diversity Policy to develop people and value diversity, to ensure the optimal balance of experience and backgrounds on our Board and Board Committees. Prior to making an appointment, the NC evaluates the balance of skills, knowledge, independence, experience and diversity on the Board and, in light of this evaluation, prepares a description of the role and capabilities required, with a view to ensuring that the best placed individual for the role is recommended to the Board for appointment. As a Board we promote an environment which is supportive of all individuals from diverse backgrounds and thus in identifying suitable candidates we:

- Keep in mind the corporate governance best practices recommendation of at least 30% female representation on Boards;
- Consider candidates from a wide range of backgrounds; and
- Consider candidates on merit and against objective criteria, ensuring that appointees have sufficient time to devote to the position, in light of other potentially significant commitments.

The Committee's aim is for the Board to consist of individuals with diverse experience who can add value to Board debates, and contribute to the progression of our strategic objectives. The Company was recently named in the top 10 companies (ranked 9th out of 312 companies) of the Malaysia Board Diversity Index. The Malaysia Board Diversity Study & Index was conducted by the Institute of Directors Malaysia in collaboration with Willis Towers Watson.

RE-ELECTION OF DIRECTORS

The Board, on the recommendation of the NC, is satisfied that Directors standing for re-election will continue to share their knowledge, experience and skills and contribute effectively to the Board's discussions, deliberations and decisions based on their performance thus far or their skills and competence.

Nomination & Corporate Governance Committee Report

NC AT A GLANCE

Committee Membership and Meeting Attendance

The NC members and the number of meetings each member attended during the year are as follows:

Directors	Committee meetings attended in 2020
Tunku Ali Independent NED (Chairperson)	5/5 (100%)
Alexandra Schaapveld Independent NED (Member)	5/5 (100%)
VU Kumar Independent NED (Member)	5/5 (100%)
Chan Chee Beng Non-Independent NED (Member)	5/5 (100%)

The Chairman of the Committee is Tunku Ali, an Independent NED. All of the Committee members are Non-Executives and majority of members (3/4) are Independent Directors.

Roles and Responsibilities

The NC's foremost priority is to advise the Board on the Group's leadership, and develop a clear plan for both ED and NED succession. Its prime focus is, therefore, to concentrate on the strength of the Board, for which appointments will be made on merit against objective criteria, selecting the best candidate for the post. The NC advises the Board on these appointments, and also on retirements and resignations from the Board, and its other Committees.

The NC will regularly review its succession planning based on the Board's balance of skills and overall diversity.

Process for Board Appointment

There is a formal process in place regarding the appointment of Directors. The NC first identify the criteria for a new Director that would complement the current Board composition to enhance the Board's effectiveness. Factors that are taken into account include the skills, knowledge and experience of the current Board members, the Board mix and diversity, and the independence of existing members matched with the strategic plans of the Group as well as requirements relating to Board composition.

Once the Board approves the NC's recommendation on the criteria of the new Director, the search for suitable candidates will commence. The NC may engage an independent search firm to assist in the search process. Next, the NC will review the list of candidates and interview the shortlisted candidates and ensure he/she can commit adequate time to discharge his/her duty as a Director and any conflicts of interest are disclosed and properly managed. Other Directors may also interview the candidate. The interview session may be done in person or via call, which practice was more prominent last year due to the pandemic. The NC will then recommend to the Board the selected candidate.

The NC TOR can be found on www.bumiarmada.com.

Remuneration Committee Report

Dear Shareholders,

On behalf of the Board and in my capacity as the Chairman of the Remuneration Committee, I present to you the Remuneration Committee report for the year under review.

The Board sets the Company's Remuneration Policy and the Remuneration Committee ("RC") is responsible, within the authority delegated by the Board, for determining specific remuneration packages and the terms and conditions of employment for the members of the Board (including Executive Director) and the Management Team. In reviewing the remuneration, the RC considers the organisation's needs and individual contribution towards achieving the goals of the Company. The RC ensures that the members of the Board are provided with the appropriate incentives to enhance the Group's performance and to reward their personal contribution to the success of the business. The RC reviews the remuneration arrangements for CEO and his direct reports, and administers the Company's share incentive plans.

The RC has regard for the wider remuneration philosophy of the organisation when considering executives' packages. The determination of the remuneration of the ED is decided by the Board as a whole and the remuneration (fees and benefits) for NEDs will be recommended by the Board to the shareholders for approval. Directors will abstain on any proposal regarding their own remuneration packages at the general meeting where the proposal is tabled. The RC maintains open dialogue with shareholder representatives and takes into account their views when setting policies. The RC full TOR is set out on the Company's website.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Remuneration Committee Report

2020 KEY ACTIVITIES

The determination of the remuneration of Directors is a matter for the Board as a whole based on the recommendation of the RC. Individual Directors do not participate in decisions regarding their own remuneration packages.

The RC dealt with the following matters during 2020:

- deliberated on the evaluation of performance of the ED for 2019 and recommended the proposal to the Board;
- reviewed and recommended the proposal on the Management Incentive Plan ("MIP") for allotment of shares to the ED which was approved by the shareholders at the Annual General Meeting ("AGM") in June 2020;
- setting of 2020 KPIs for the Management team;
- reviewed the broad parameters and criteria for performance bonuses for FY2020;
- reviewed the remuneration framework for NEDs based on internal benchmarking exercise;
- reviewed the cost-to-company for all business units and office locations for the past few years in considering the appropriate cost-saving measures relating to employees; and
- assessment of key and critical positions and aligned them towards the Company's strategy and streamlined structure.

RC AT A GLANCE

Committee Membership and Meeting Attendance

The RC members and the number of Committee meetings they each attended during the year are as follows:

Directors	Committee meetings attended in 2020
Alexandra Schaapveld Independent NED (Chairperson)	5/5 (100%)
VU Kumar Independent NED (Member)	5/5 (100%)
Maureen Toh Siew Guat Non-Independent NED (Member)	5/5 (100%)

The Chairman of the RC is Alexandra Schaapveld, an Independent NED. All of the Committee members are Non-Executives and a majority of members are Independent Directors i.e. 2 out of 3 members are independent.

ROLES AND RESPONSIBILITIES

The RC is charged with the following primary responsibilities:

- recommend to the Board the policy and framework for Directors' remuneration as well as the remuneration and terms of service of the EDs;
- evaluate the annual performance and reward of the EDs;
- review Management remuneration policies and proposals; and
- review and endorse broad parameters and criteria for the determination of eligibility and basis and criteria for allocations and grant of options under the Company's MIP.

The RC's TOR is posted on BAB's website at www.bumiarmada.com.

OVERVIEW OF OUR REMUNERATION POLICY

The objective of the Group's policy on Directors' remuneration is to attract, retain and incentivise Directors with the right experience, expertise and calibre needed to manage the Group successfully. In this regard, the RC is responsible to review and recommend to the Board the policy and framework for Directors' remuneration as well as the remuneration and terms of service of the EDs.

Bumi Armada, as a Malaysian based company that competes globally, needs to attract the right talent, including Directors from a global base who have international experience. One way to achieve this is by offering competitive remuneration packages.

In the case of NEDs, their remuneration reflects their experience, expertise and the level of responsibility and duties undertaken, as well as the roles they are to play on the Board and Board Committees. The Board may draw advice from independent consultants in determining remuneration.

The policy on remuneration of Directors was stated under the Explanatory Note 2 to the Notice of the 25th AGM and posted on BAB's website. Briefly, the NEDs' remuneration comprises fees and meeting allowances. The Board Chairman also receives a monthly car allowance.

The remuneration of the ED is structured so as to link rewards to individual responsibilities and to corporate and individual performance. The ED remuneration package comprises an all-in fixed component which includes a base salary, benefits-in-kind/emoluments such as company car, driver, health insurance premium coverage, and a variable component which includes short-term incentives in the form of a performance-based bonus and long-term incentives in the form of performance-based shares allotment. The ED is not entitled to receive any fees and meeting allowances for Board or Board Committee meetings that he attends.

The payment of Directors' fees and benefits requires the approval of shareholders at a general meeting in line with the CA 2016.

BAB has an Employee Share Option Scheme ("ESOS") that was initially issued in 2011 for a period of 10 years and has since lapsed in February 2019.

The establishment of the MIP was approved by the Company's shareholders on 23 May 2016 which enabled the grant of shares to eligible employees and the Executive Director of the Company and its subsidiaries that will be awarded annually and/or every 3-year period.

Under the By-Laws of the MIP, the total number of shares which may be made available under the MIP shall not when aggregated with the total number of new shares allotted and issued under the ESOS exceed 10% of the issued and paid-up share capital of the Company (excluding treasury shares) at any time during the duration of the MIP. In addition, the total number of shares which may be made available under the MIP to the EDs and Senior Management shall not exceed in aggregate 50% of the total number of shares to be issued under the MIP and ESOS ("Total Permissible Allocation").

Since the commencement of the MIP up to 31 December 2020, shares under the MIP which have been offered to the EDs and Senior Management were 5.75% of the Total Permissible Allocation and 0.58% of the total issued and paid-up share capital of the Company.

The Company is seeking shareholders' approval on the offer and grant of shares under the MIP to the ED at the forthcoming AGM.

REMUNERATION OF DIRECTORS

The details of Directors' Remuneration (both Executive and Non-Executive) is shown under Note 7 of the Company's audited financial statements for the FY2020 on pages 145 to 147 of this Annual Report.

Audit Committee Report

Dear Shareholders,

The role of the AC is to assist the Board of Directors of the Company ("Board") to fulfill its statutory and fiduciary responsibilities under the Companies Act 2016 ("CA2016"), the Main Market Listing Requirements ("MMLR") and the Corporate Governance Guide (3rd edition) ("CG Guide") issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). We are pleased to present our report to you.

The CG Guide sets out the following key roles and responsibilities of the AC:

1. overseeing financial reporting
2. assessing the internal control environment
3. evaluating the internal audit process
4. evaluating the external audit process
5. reviewing conflict of interest situations and related party transactions

In addition to the CG Guide, the AC also monitors the management of financial risk processes of Bumi Armada Berhad and its subsidiaries ("the Group") along with their accounting and financial reporting practices, reviewing the Group's business processes whilst ensuring the efficacy of the Group's system of internal controls.

My role as AC Chairman includes acting as a key contact between the AC members and the Board members, as well as Key Management, the Internal Audit Department ("IAD"), and the External Auditors ("EA"). During the year, I have held a significant number of meetings with various members of Management to ensure that key matters are being highlighted, actions to address them are progressing and to understand and assess the main areas in the Group that need the guidance and the focus of the AC. I also meet with the Head of IAD on a regular basis to deliberate on matters arising from internal audits, investigative reviews as well as to decide on the most effective way that we can enhance the state of governance and internal controls in the organisation. The AC has also met the EA at the quarterly meetings and a number of other meetings prior to those to discuss various issues pertaining to the business of the Group.

In 2020, the Group's operations began to stabilise. However the global pandemic caused by the spread of the COVID-19 virus around the world has impacted the safety of our people and caused major disruptions in operations globally due to lockdowns by Governments around the world, restricted movements and other operational limitations, such as an interruption to the supply chain process.

These issues had presented significant challenges with ramification to the financial situation of the Group, its controls, processes and financial reports. This has led to the AC focusing on key areas such as:

Refinancing of high levels of corporate debts – continued focus on reducing corporate debts by stringent management of operating expenses and refinancing of debt. In February 2021, the Group successfully extended the final maturity date for Tranche 1 of the USD660 million Term Loan Facilities to 23 November 2022

Governance and internal controls – ensured the successful rollout of the Corporate Compliance programme, which included the introduction of the Anti-Bribery and Corruption ("ABC") Policy and the enhancement of various corporate policies relating to Governance

Assessment and impairment of OSV vessels and SC vessels – reviewing the programme and progress of the sale of vessels identified

Monitoring the performance of FPSO vessels to ensure constant uptime

Continuously Monitoring the actions for dealing with high levels of receivables and payables

Improving the financial reporting of subsidiaries, joint ventures and associates

Advising management to improve its process and controls over procurement

Though the performance of the Group in 2020 continues to be positive, there still remains certain legacy issues that are being addressed and that have been reported in the financial statements. The AC continues to spend a significant amount of time with Management, the EA and the IAD to ensure that proper work and appropriate judgement is applied in the preparation of the financial statements and disclosures. In meeting this role, the AC had to ensure that there has been proper governance and transparency within the Group.

Overall, there has been good progress by management in governance and financial reporting. Having said that, there is always room for improvement and the AC will continue to be active to discharge its obligations.

Uthaya Kumar Vivekananda
Chairman of the Audit Committee

Audit Committee Report

ROLES AND RESPONSIBILITIES

The AC is governed by its own TOR which is subject to annual review. A review of the TOR was conducted in August of 2020. The TOR has been reviewed and amended to reflect the changes in line with the amendments to the MMLR, the Malaysian Code on Corporate Governance and the CG Guide. The TOR is available on the Company's website at www.bumiarmada.com.

The function of the AC is to assist the Board in fulfilling its oversight responsibilities.

The AC has been tasked with reviewing the following:

1

The System of Internal Controls and Management of Enterprise Risk

- Review systems of risk management
- Review systems of internal controls

2

BAB Group's Financial Reporting Process

- Review financial statements
- Review other accounting, audit and financial matters
- Review related party transactions
- Review conflict of interest situations and internal investigations

3

The Audit Process

Internal Audit

- Review independence of internal auditors
- Review internal audit plans
- Review internal audit reports
- Review internal audit department's performance
- Appointment/Termination of Head of Internal Audit or senior internal audit staff
- Take cognisance of internal auditors' resignation
- Approve the internal audit charter

External Audit

- Appointment, resignation and dismissal of external auditors
- Review independence of external auditors
- Review external audit plans
- Conduct of external audits
- Review external audit results
- Review recommendations of external auditors
- Review performance of external auditors

4

The Group's Process for Monitoring Compliance with Law and Regulations and its own Code of Business Conduct

- Review the process for monitoring compliance with legal, regulatory and statutory requirements
- Assessing fraud and corruption risks

5

Other Matters

- Speak Up/Whistleblowing arrangements
- Group's Statement on Internal Control
- Efficiency and efficacy of operations of the Group and any other matters which would improve governance
- Other matters as deemed appropriate or as defined by the Board

COMPOSITION AND ATTENDANCE

The AC members at the end of 2020 and the number of meetings they each attended during the year were as follows:

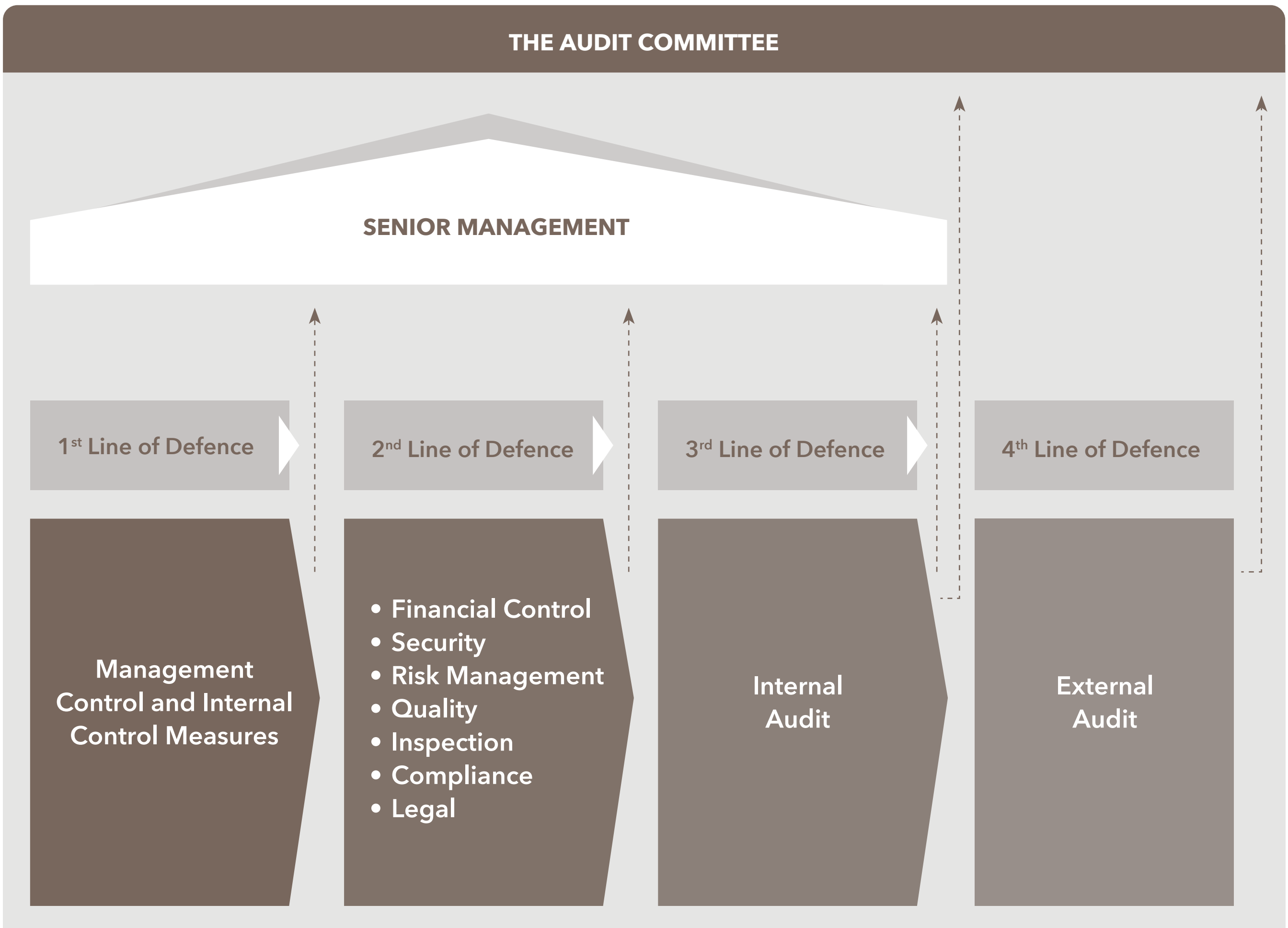
	AC Meetings attended in 2020
VU Kumar Independent Non-Executive Director (Chairperson)	8/8 (100%)
Alexandra Schaapveld Independent Non-Executive Director (Member)	8/8 (100%)
Maureen Toh Siew Guat Non-Independent Non-Executive Director (Member)	8/8 (100%)

The AC presently comprises three members, all of whom are NEDs and majority are independent. The AC Chairman is Mr Uthaya Kumar Vivekananda, an Independent NED. He also chairs the RMC.

The current composition of the AC complies with Paragraph 15.09(1) of the MMLR which requires all members to be NEDs, with a majority of them being independent and at least one member fulfilling the requisite qualification under Paragraph 15.09(1)(c) of the MMLR.

THE AC REPORTING FRAMEWORK

An AC Reporting Framework is used in the Group to ensure that there are clear lines of accountability via our various lines of defence. The AC Reporting Framework and the matters that are reported via this framework to the AC have been mapped to the TOR of the AC to ensure that all areas of responsibility are covered and to enhance the quality of reporting.



CORPORATE GOVERNANCE
OVERVIEW STATEMENT

Audit Committee Report

Quarterly Reporting to the Audit Committee

1. Finance report on consolidated results of the Group
2. External Auditors report
3. Internal Auditors report
4. Finance controls and compliance report:
   - Financial reporting process
   - IT controls
   - Limits of Authority
   - Contractual arrangements – avoidable loss
   - Cash flow, debt, financing & treasury matters
   - Departures from procurement process
   - Tax compliance
5. Joint Venture management report
6. Risk Management – finance process and financials
7. Compliance report
8. General Counsel report
9. Related Party Transactions
10. CEO/CFO representation

The Agenda of all AC meetings is developed according to the matters listed above and presentations are done by the Management responsible for the respective area.

SUMMARY OF THE WORK DONE BY THE AC FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020 (“FY2020”)

Financial Reporting

- Reviewed the quarterly results for announcements to Bursa Securities before recommending the same for approval by the Board. This was done upon being satisfied that the reporting has complied with the applicable approved Malaysian Financial Reporting Standards (“MFRS”) issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRS”), MMLR and other relevant regulatory requirements.
- Reviewed the Company’s annual and quarterly management accounts.
- Reviewed the audited financial statements of the Group prior to submission to the Board for the Board’s consideration and approval upon the AC being satisfied that, inter alia, the audited financial statements were drawn up in accordance with the provisions of the CA 2016 and the applicable approved MFRS issued by MASB.
- The AC also reviewed the status of accounting provisions and estimates, changes in accounting policies and significant judgemental accounting matters affecting its interim and audited financial statements.
- Detailed review of asset valuations and related impairments that were made during the financial year.

Governance & Internal Controls

- Reviewed the effectiveness of the system of internal controls, taking account of findings from internal and external audit reports as well as the reports of any investigative or special reviews.
- Reviewed and suggested improvements to the Group’s contractual governance process.
- Reviewed improvements on the procurement process and tracked the progress of these improvements.
- Reviewed and advised management on efforts to improve the legal function.
- Management and the Company Secretary also presented to the AC for its review the status and changes in material litigation, law and regulations, compliance with loan covenants and regulatory updates where applicable.
- Reviewed speak-up reports as presented by either the Head of IAD or the General Counsel.
- Reviewed and made recommendations to the Board on proposed related party transactions to be entered into by the Group.
- Reviewed the Statement on Risk Management and Internal Controls (“SORMIC”), which was supported by an independent review by our EA.

Internal Audit

- Reviewed the annual internal audit plan for the year including its scope, basis for assessment and actions taken and accountability assigned for actions to the relevant parties. In reviewing the audit plan, consideration was also given to the risk ratings in relation to the various auditable areas proposed in the plan.
- Reviewed and deliberated on reports of all audits that were conducted by the IAD.
- Provided oversight and guidance for all forensic, fraud or speak up investigation reviews led by the IAD.
- Reviewed all corrective actions on audit findings identified by the IAD via reporting done from the Internal Audit Monitoring Mechanism. This included the monitoring of all action items until resolution and closure.

External Audit

- Reviewed the EA's strategy and scope for the quarter ended 31 March 2020 ("Q1 2020") and statutory audit of the Company's financial statements for FY2020.
- Reviewed with the EA the results of the statutory audit and the audit report.
- Reviewed and endorsed the proposed fees of the EA.
- Reviewed and approved the non-audit services provided by the EA while ensuring that there was no impairment of independence or objectivity. This included monitoring the fees of the non-audit work carried out by the EA so as not to jeopardise their independence status.
- Reviewed the performance of the EA and their independence.

Compliance Programme

- Approving the implementation of the ABC policy, Gifts & Hospitality ("G&H") policy , Code of Business Conduct and Ethics ("Code") and KYC procedure in order to ensure compliance with the Malaysian Anti-Corruption Commission Act ("MACC") 2019 and MACC (Amendment) Act 2018. This included sharing the ABC policy with suppliers and stakeholders.
- Supervising the compliance training and awareness sessions among the employees and stressing on the importance of having a compliance culture within the organisation.
- Monitored the status of internal misconduct cases reported to Board and Audit Committee on a quarterly basis, including on-going investigations, in accordance with BAB's Code of Business Conduct and Ethics and other governing documents.
- Deliberated on the results of compliance cases and directed Management to implement and/or enhance controls to prevent recurrence, conducting education programmes to increase awareness.

INTERNAL AUDIT

The internal audit process for the Group is conducted by its IAD which has been established by the AC. The IAD is independent of the activities it audits, and audits are performed with impartiality, proficiency, and due professional care. Internal Audit Reports are tabled at the AC meetings. The AC will review, assess and approve the internal audit plans and programmes and provides guidance to the IAD as and when necessary.

The AC also reviews and monitors the responsiveness of Management to significant audit findings and the recommendations of the IAD. To ensure that Management effectively close out all significant audit findings in a timely manner, the AC has directed that part of the Management's annual key performance indicators include the proper close out of key audit findings.

The IAD also attempts to assist the Group to accomplish its goals by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the various processes and controls within the Group. The IAD maintains its impartiality and proficiency and due professional care by having its plans and reports directly under the purview of the AC.

The audits and reviews conducted for the Group during the financial year under review were as follows:

Audits and Reviews Conducted

1 Anti-Bribery & Corruption gap analysis
2. OSV operations audit
3. Supply Chain Management – audit of improvement initiatives
4. Astrakhan operations – procurement (PO & Non-PO) review
5. Corporate HSSEQ governance review
6. Vessel conversions – specific scope review
7. Vendor scrubbing exercise
8. Employee (selected) due diligence exercise
9. Group petty cash controls
10. Travel and entertainment audit – head office and overseas locations

Audit Committee Report

Apart from the audits and reviews that are listed above, there were ad-hoc reviews and investigations that were conducted by the IAD throughout the year. The outcome from the planned audit and ad-hoc reviews/investigations performed were findings around the areas of operations, finance, supply chain management, and human resource management. These areas are all being monitored closely by IAD via the monitoring mechanism and improvements are being implemented by the respective Business Units ("BU") and Departments.

The reports from any reviews performed by the IAD were also shared with the Head of that BU, the CEO and CFO. Management is responsible for ensuring that corrective actions are taken within the stipulated time frame and all outstanding/ open items are reported.

The IAD adopts the main standards and principles outlines in the International Professional Practices Framework of The Institute of Internal Auditors and this has been incorporated in the practical IAD methodology that is used to guide the ways of working of the IAD.

The Department is staffed by 3 personnel and is headed by the Head of Internal Audit. These personnel come from a diverse background of audit, risk, engineering and finance. The IAD undertakes to ensure that the staff are competent and adequately equipped in carrying out their duties and responsibilities by providing them with the relevant training.

Total costs incurred in FY2020 for the Group's internal audit function amounted to RM1.4 million.

EXTERNAL AUDIT

During FY2020, the AC assessed the EA's performance, independence, objectivity and terms of engagement before recommending its reappointment and remuneration. The AC together with Management conducted an evaluation on the EA's performance and effectiveness which was coordinated by the Company Secretary.

The assessment which covered independence, objectivity and professional scepticism, financial stability, risk and audit strategy, communication and interaction, audit finalisation and level of knowledge, capabilities and experience and sufficiency of resources was conducted in March 2020.

In addition, the AC also reviewed the EA's representation on its quality control procedures with respect to engagement performance which included the involvement of a quality review partner, access to the EA's accounting technical support on complex accounting matters, periodic assurance quality reviews by the EA's Global Assurance Quality Review team, internal guidance on accounting standards interpretation and application and International Standards of Auditing guidelines.

The AC also holds private sessions with the lead engagement partner from the EA, without the presence of Management. These sessions allow the AC and the EA to focus on areas that might not have been specifically addressed as part of the audit and where the EA can provide additional confidential comments to the AC. Some of the matters discussed include the EA's assessment of the tone at the top, ethical values and integrity of Management, quality of financial management and reporting, and cooperation from various levels of Management and Internal Audit.

The AC remains satisfied with the level of independence of the EA and is of the view that they have not been impaired by any event or services that give rise to conflict of interest.

The AC also conducted a thorough review on the performance of the EA during FY2020. This was in addition to the selection of the new audit partner who would be replacing the existing partner who will be rotating off the audit.

The amount of non-audit fees incurred for services rendered by the EA to the Company and its subsidiaries for FY2020 was RM1.1 million, which did not exceed the EA's audit fees.

MOVING FORWARD – THE AC'S KEY FOCUS FOR 2021

For FY2021, the key priorities of the AC will continue to be focused on the integrity of the Group's financial accounting and reporting, including all the key financial indicators taking into consideration the challenging environment that the Group continues to operate in.

The Group continuously enhances its Corporate Compliance Framework and Policies. The AC will focus in assessing the risk and compliance culture within the Group and ensuring the following enhanced policies are adhered to Groupwide and communicated effectively:

- Anti-Bribery and Corruption Policy
- Code of Business Conduct and Ethics for Employees
- Speak Up Policy
- Gifts and Hospitality Policy
- KYC

In 2021, the AC will continue to focus on the following areas:

10 Focus Areas

1. Instilling a compliance culture within the Group
2. Rolling out the enhanced ABC policy, G&H policy and the Code
3. External audit efficacy and efficiency
4. Cost optimisation and process improvements
5. Cash flow management and reporting
6. Collection initiatives
7. Group financial close and reporting
8. Subsidiary and Joint Venture reporting
9. Processes and controls
10. Governance and oversight

Relationship with Stakeholders

INVESTOR RELATIONS

The Group has an investor relations ("IR") programme in place to ensure that current and potential shareholders, as well as financial analysts, are kept informed of the Group's performance and have appropriate access to Management to understand the Company's business and strategy.

The Board believes it is important to maintain open and constructive relationships with shareholders and for them to have opportunities to share their views with the Board. The Chief Executive Officer, Chief Financial Officer and Head of Treasury, engage with financial analysts on a regular basis, mainly following the release of the Group's quarterly financial results.

The Board is regularly updated on IR aspects which includes a summary of share price performance, shareholder composition and feedback from any investor meetings.

The Company maintains a corporate website at www.bumiarmada.com which provides access to corporate information about the Group, among others, overview of the business and operation, profiles of Directors and Senior Management, sustainability initiatives, past financial results announcements, annual reports and investor presentations. At the time of writing, the corporate website is being reviewed and revamped for a more concise, cleaner look and feel, and more user friendly experience.

Investors may direct their queries regarding the Group to Peter Su, Head of Treasury, at his email peter.su@bumiarmada.com.

ANNUAL GENERAL MEETING

The Directors regard the Company's AGM as an important opportunity for all shareholders to engage directly with the Board. In previous years, shareholders have had the opportunity to raise questions with the Board at the AGM, either in person or by submitting written questions in advance.

In the AGM held in June 2020, the meeting was held virtually in line with the Company's health and safety measures as per the Securities Commission Guidance and FAQs on the Conduct of General Meetings for Listed Issuers. There were many questions received from shareholders which were addressed during the AGM.

All Directors including the Chairman of each of the Board Committees are expected to attend the AGM. All Directors had attended the 2020 AGM either in person or via online.

ADDITIONAL COMPLIANCE INFORMATION

Material contract

Save as disclosed in the financial statements and below, there are no other material contracts entered into by the Company and its subsidiaries which involved the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year:

- A 3-year term loan facility of up to USD30.0 million between Bumi Armada 98/2 Holdings Pte. Ltd. and Mezzanine Equities N.V. ("MENV") together with option agreements and security documents as announced by the Company on 26 September 2019.
- A 6-year term loan facility of up to USD45.0 million entered into between Armada Floating Gas Storage Malta Ltd. and MENV together with security documents as announced by the Company on 26 September 2019 and 11 October 2019.

Usaha Tegas Sdn Bhd ("UTSB"), via its wholly-owned subsidiary, Objektif Bersatu Sdn Bhd is a major shareholder of Bumi Armada Berhad ("BAB"). MENV is a related party to BAB as MENV is a subsidiary of UTSB.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to provide this Statement on Risk Management and Internal Control which outlines the nature of risk management and internal controls within the Group for the financial year ended 31 December 2020 ("FY2020").

This Statement is made pursuant to Paragraph 15.26(B) of the MMLR where the Board of Directors of Public Companies are required to publish a statement about the state of internal control.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for having sound risk management and strong internal controls. This responsibility is addressed, managed and discharged by Board Committees, namely the Risk Management Committee ("RMC") and the Audit Committee. These Committees report to the Board who provides an oversight on their performance.

The Group has in place an ongoing process for identifying, evaluating, monitoring and managing all significant risks faced by the Group and continues to take measures towards enhancing the adequacy and effectiveness of the risk management and internal control system.

There is a system of internal controls that is being applied by the Group. This system, whilst addressing the inherent and identified gaps, only provides reasonable but not absolute assurance against material misstatement or losses or the occurrence of unforeseeable circumstances.

RISK MANAGEMENT FUNCTION

The Board affirms its overall responsibility for the Group's system of internal control and risk management. Each Business Unit ("BU") or Department implements its own internal control and risk management process under the stewardship of the Chief Executive Officer ("CEO"), who is the overall risk owner of the Group.

The risk management function is governed by 4 pillars, namely the:

- **A** Corporate Risk Management Department
- **B** Risk Management Committee of the Board
- **C** Enterprise Risk Management ("ERM") Framework
- **D** Health, Safety, Security, Environment and Quality ("HSSEQ") Department

A. Corporate Risk Management Department

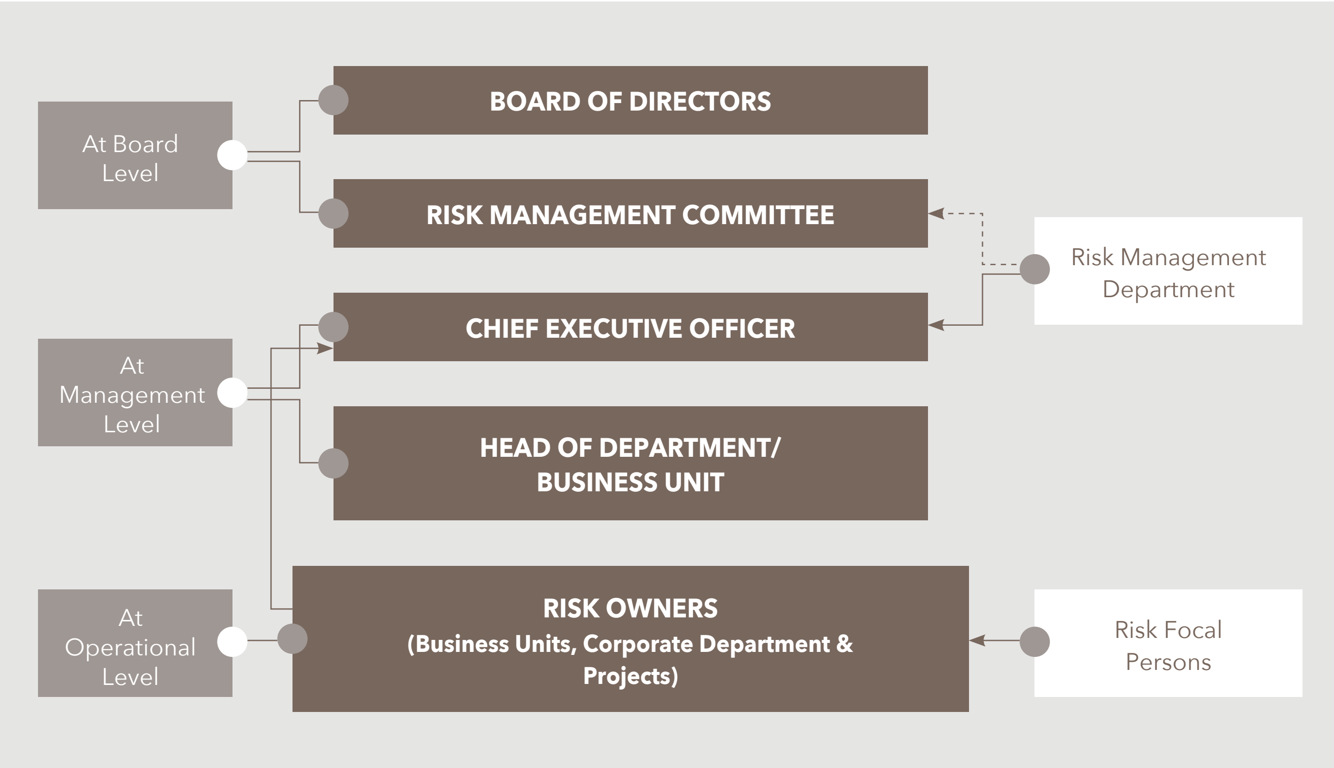
The Corporate Risk Management Department ("RMD") is headed by the Head of Risk Management and functionally reports to the CEO, with oversight by the RMC.

The RMD establishes the processes that need to be complied by the Group and is guided by the approved Enterprise Risk Management ("ERM") Framework and Risk Assessment Procedures. It is also primarily responsible for facilitating and implementing the ERM Framework in the Company. Amongst others, the Unit is also responsible for:

1. Promoting the ERM Framework across the Group, including facilitating the development of risk profiles within all business/operations units and subsidiaries;
2. Recommending ERM policies, including defining roles and responsibilities, risk assessment process, risk-reporting process for RMC consideration;
3. Fostering integration of ERM with other business planning and management activities;
4. Facilitating respective business/operations units in developing risk reporting protocols, including quantitative and qualitative thresholds, and monitoring the reporting process including installing appropriate tools and capabilities for risk assessment, quantification and management;
5. Reporting to RMC on the progress and status of the overall ERM Framework; and
6. Providing risk management training to Risk Focal Persons.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL

The Group's ERM Organisational structure is as depicted below:



The CEO includes risk management as a permanent agenda item during his weekly meetings with Heads of BUs and Departments. The CEO also liaises with the RMC on any risks that require the RMC's attention.

B. Risk Management Committee

The RMC's role is primarily to provide oversight and set the tone and culture towards managing key risks. The RMC ensures that there is a Risk Management Framework which identifies significant risks and addresses them.

High risk matters are brought to the RMC by the CEO for deliberation, advice and endorsement prior to the RMC recommending these matters to the Board for approval.

This Risk Management Framework includes the necessary policies and mechanisms to manage and monitor the overall risk exposure of the Group including the need to establish a risk awareness and response culture. Additionally, the RMC reviews the effectiveness of the Risk Management Framework and the results of risk assessments of the various business units within the Group.

The Group RMD reports to the CEO and assists the RMC in discharging its responsibilities. The ERM Framework allows risk information flow for effective oversight of risk management at all levels. Risks are reviewed at various levels namely the various shore base operations including the Joint Ventures, BUs and the Corporate Departments and then at the CEO level from a collation of Enterprise Risks standpoint. The CEO reports the results of the ERM Framework to the RMC for further deliberation.

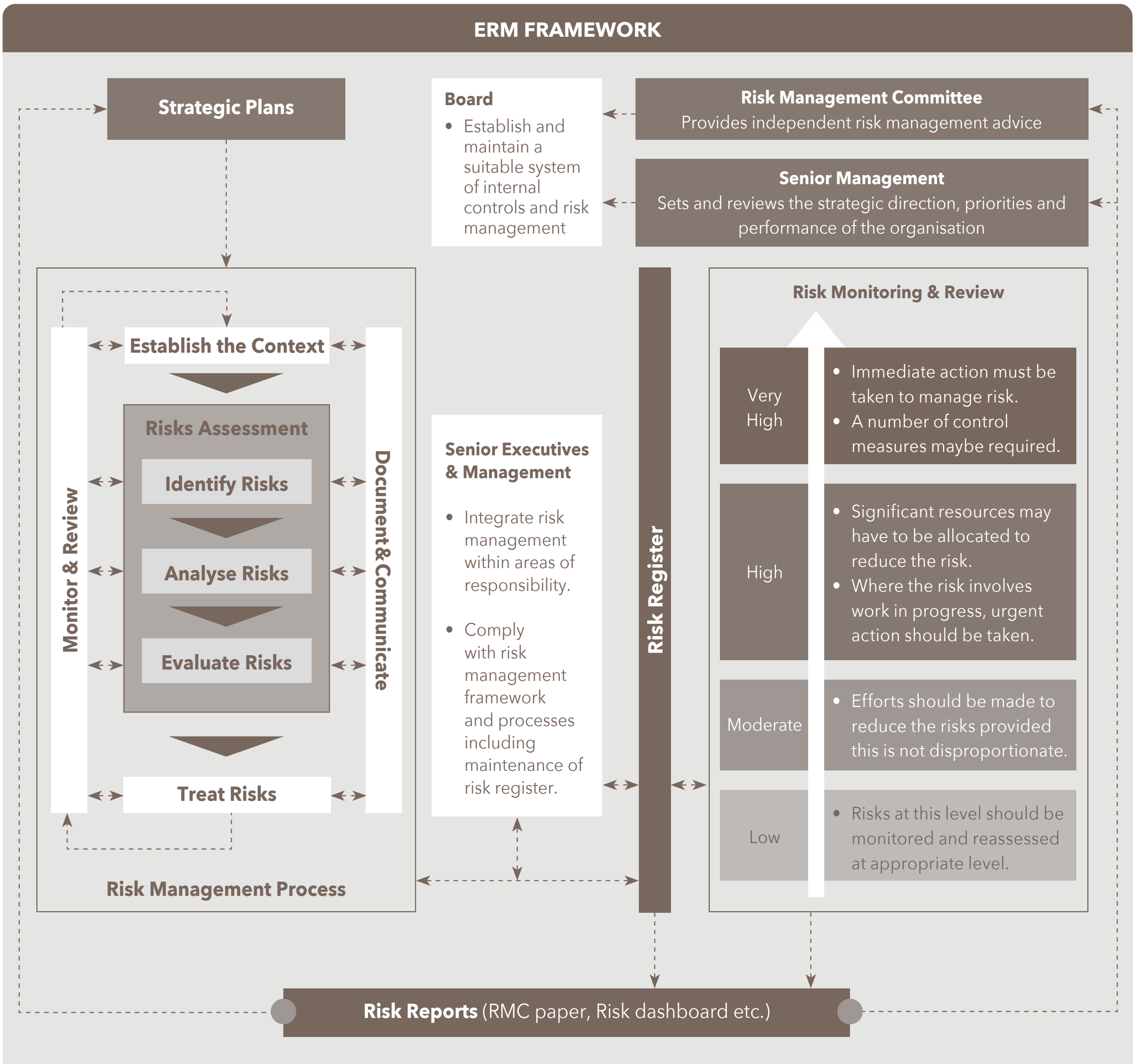
C. Enterprise Risk Management Framework

The Group has a risk management framework that is integrated and embedded into the day-to-day business activities and management decision making of the various BUs and functions of the Group. The framework also aims to provide a consistent approach for identifying, evaluating and managing the significant risks faced by the Group and facilitating a reasonably accurate perception of the acceptable risks. Managing risks is the responsibility of the CEO and line management. The Board provides oversight on this role. This is integrated within the Group's governance, business processes and operations.

The Group's ERM Framework as endorsed by the RMC contains the following key elements:

1. Risk Representatives in each BU to spearhead the coordination of risk management activities. These Risk Representatives are responsible for ensuring the timely updating of risks, controls, issues and action plans within their own BUs. Their updates are then independently validated by the RMD.
2. Specified roles and responsibilities at each level of management in the Group in relation to Risk Management.
3. Guidance on risk reporting. Risk reports are prepared for the RMC and include an assessment of risks, actions to mitigate the risks and their status.

The ERM framework and an overview of how the steps in the Group's ERM process interrelate to the Group's planning, reviewing and reporting cycle. Risk governance components of the Framework, and the actions required from the risk monitoring and reviewing process are as depicted below:



STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL

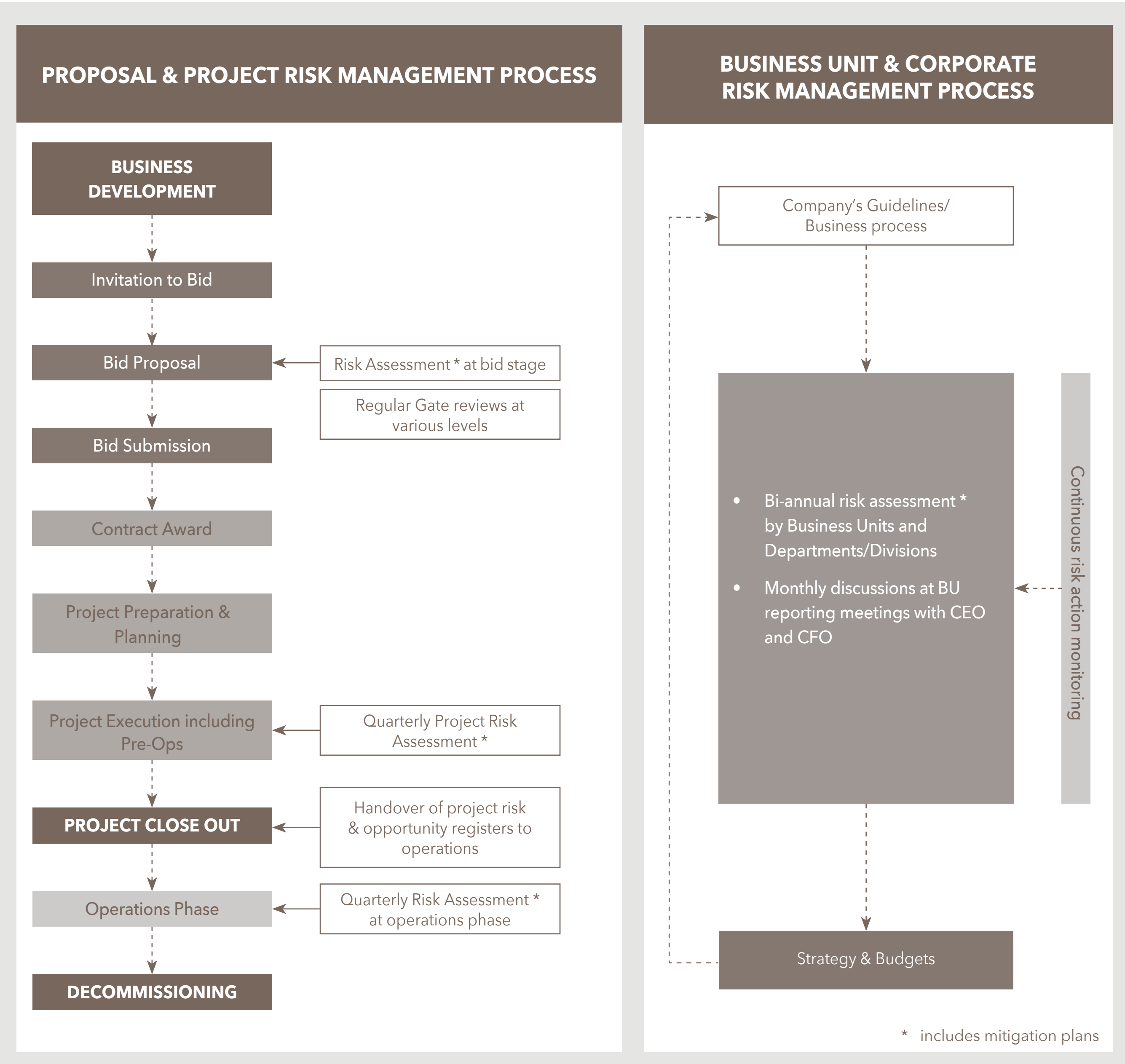
Management Responsibilities

The Chief Executive Officer is the overall risk owner of the Group while Management is responsible for implementing the approved frameworks, policies and procedures on risk management and internal control. Management acknowledges their responsibility to identify and evaluate the risks faced and to monitor the achievement of business goals and objectives within the risk appetite parameters as discussed and approved by the Board.

In line with these, key Management responsibilities would include setting the right examples through behaviours and actions, encourage, reinforce the importance of good business behaviours and apply the required rules and regulations.

All key risks and mitigation plans identified are submitted by Management to the RMC for deliberation. All action plans arising from these meetings are actioned by the BU or Corporate functions and the Risk Management Department tracks and followed-up until closure by the Risk Management Department.

An overview of the ERM requirements for the BUs and Corporate functions is as depicted below:



D. Health, Safety, Security, Environment and Quality ("HSSEQ") Department

The Bumi Armada Corporate HSSEQ department acts as the governing body that monitors the HSSEQ compliance of the Group, against our company policies, standards, procedures and guidelines, as well as contractual and relevant regulatory requirements. The HSSEQ governance framework strives to enable both, the Leadership Team and Workers to participate and contribute to driving HSSEQ excellence across the organisation. More information on HSSEQ efforts and initiatives can be found in the Sustainability Statement Section of this Annual Report.

Key Risk Management Activities for FY2020

The following key activities pertaining to risk management were undertaken during FY2020. The Group:

- intensified focus on COVID-19 preventive measures and initiatives driven by the Group HSSEQ, which is in addition to the continued implementation of HSSEQ controls and initiatives. As a result, the Group managed to keep operations uninterrupted and achieved zero Lost Time Injury ("LTI") in FY2020. We remain committed to maintain this target on an ongoing basis for all our operations;
- aggressively pursued the sale of the Offshore Service Vessels ("OSV") despite the adverse global oil and gas market in 2020. Despite the challenging market conditions, the Group managed to sell 5 OSVs and secured the sale of another 11 OSVs as at 31 December 2020;
- continued to focus on mitigating and addressing the risks which were highlighted in FY2019, in particular relating to the Kraken operations and high levels of debt. As a result of the implementation of various action plans to address these risks, we have managed to reduce the exposure of these risks to the Group;
- had frequent RMC meetings with detailed risk presentations by the various BUs and Departments. Risks and their action plans were discussed, deliberated and challenged in detail during those meetings; and
- had frequent RMC meetings where discussions were held in relation to the 98/2 project progress and financing. This includes understanding the risks behind the delays in the project and the financing obligations. Continuous engagements are also held with the project Partner to resolve any delays to the project.

Despite the ERM Framework and mechanism that has been put in place, a number of key risks to the Group occurred during FY2020 due to either internal or external factors which have resulted in significant issues to the Group. Below is the list of specific risks to the Group:

RISK CONTEXT	CURRENT STATE & MITIGATION
Safety, security, reliability and integrity in the delivery of projects and operations are key to our success	**Risk** In FY2020, the Group successfully achieved zero LTI cases. As safety and security are inherent risks within the industry, the Group is committed and consistently prioritising safety and security aspects of all our operations in order to maintain this achievement for the years to come. **Actions** The Group continues to thoroughly investigate and review any incidents albeit near miss cases to improve our safety procedure. The Group has a Corporate HSSEQ plan in place, aimed at minimising HSE incidents, and it complies with the applicable global HSE standards. In addition, the Group has dedicated HSE teams at the operational BUs that set stringent safety standards to be followed by all our staff.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL

RISK CONTEXT	CURRENT STATE & MITIGATION
COVID-19 impacting safety of our people and disrupting operations	**Risk** The recent pandemic caused by the spread of the COVID-19 around the world has impacted the safety of our people and has caused disruption in operations globally due to lockdowns by Governments around the world, restricted movements and several operational limitations. **Actions** The Group HSSEQ has taken several initiatives to protect the safety and health of our people by implementing several precautionary measures, which include working from home ("WFH") and alternate working from office arrangements. Physical distancing in the office is closely monitored. The office also observed Standard Operating Procedures ("SOP") issued by the Government. This is in addition to the frequent communication and coordination work between BUs and other offices (Malaysia and overseas). Specific guidelines were also issued to our vessels to mitigate COVID-19 impact on vessel operations in addition to guidelines issued by the regulators. This includes: • Quarantine of crew members prior to boarding the vessels. Only crew members with negative COVID-19 test results will be permitted to board vessels; • Frequent temperature checks for crew members onboard vessels; • Isolation of symptomatic crew members, including emergency evacuations as and when required; • Testing of all crew members by local health authorities in the event of a positive COVID-19 case on board a vessel; and • Ongoing awareness programs to ensure crew members are well informed of the preventive measures in place. In considering mental health, the Group improved its IT infrastructure on the vessels to ensure crew members remained connected with their family members via video calls. In addition, safety protocols were embedded into the journey management to enable crew members to return to their home countries.

RISK CONTEXT	CURRENT STATE & MITIGATION
Liquidity position of the Group and access to capital are keys to continued successful operations. The Group has had to deal with high levels of corporate debt falling due and the risk of potential default	**Risk** As a result of the capital-intensive nature of the Group's FPSO projects and the decreasing demand of our OMS vessels, the Group had to incur significant borrowings to fund the construction of our vessels and operating expenses. This has resulted in high levels of corporate debt which put the liquidity position of the Group at risk should repayment obligations for such debt and other loan covenants not be met. Inability to finance new projects may hamper the Group's continued growth and success. As the Group's gearing remains at high levels and in the current economic situation, access to capital for any accelerated growth is a challenge. **Actions** On 23 February 2021, the Group successfully extended the final maturity date for Tranche 1 (USD260 million or approximately RM1,051 million) of the USD660 million Term Loan Facilities to 23 November 2022. The Group continues to manage costs and monitor cash flows very closely to ensure that all payment obligations are met. In parallel, the Group continues to actively pursue its asset monetisation and OSV divestment programmes. The Group will also continue to enter into joint ventures ("JVs") with reputable partners as and when the need arises in order to mitigate the project financing risks and reduce the full exposure to project related risks. The Group also remains selective in new projects it will enter, in terms of jurisdiction and clients.
Low utilisation of assets from the OMS business	**Risk** The inability to mobilise or utilise our OMS assets may hamper our OMS business' sustainability and growth. Idle assets are liabilities to the Group in terms of operating expenditures to maintain the vessel, lay-up costs and the possible impairment accounting exposure. **Actions** The Group has assessed the OMS business risks in FY2019 and decided to monetise the assets. In this regard, a divestment programme was initiated in FY2019 to divest assets within the OMS business. This divestment plan will continue albeit the vessel market has been adversely affected by the COVID-19 pandemic. The SC business continues to actively seek opportunities in parallel to the divestment plan.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL

RISK CONTEXT	CURRENT STATE & MITIGATION
It has been crucial to maintain the expected level of performance for Armada Kraken	**Risk** Armada Kraken faced various technical issues that affected her performance, thus affecting its ability to generate revenue at expected levels. **Actions** In FY2020, Management focused on resolving most of the technical and contractual issues. The vessel performance has been constantly monitored, and Management remains vigilant in ensuring that the vessel performance and uptime has been maintained. The vessel has managed to improve her performance in FY2020. Management will continue to ensure close monitoring of its reliability and integrity in 2021.
98/2 Project delays due to the COVID-19 pandemic	**Risk** The COVID-19 pandemic has caused disruptions in operations globally due to lockdowns by Governments, restricted movements and several operational limitations. These restrictions have had an impact on the conversion of the FPSO by an associate company for the 98/2 Project in the form of delays in the work schedule of various sub-contractors and major component manufacturers of the FPSO. Additionally, the delays have also indirectly impacted the timing to secure additional funding for the Project. **Actions** The associate has been in close and regular communication with the client with respect to all challenges and issues caused by the COVID-19 pandemic. With the oil prices gradually recovering on the back of an anticipated global economic recovery, the associate remains committed to fulfil its obligations under the charter contract and has been granted an extension to complete the project. In addition, the client has already invested more than USD3 billion in the field development despite the volatile oil prices and have acknowledged their commitment by providing an extension in mobilisation dates.

An overview of other general material risks is as summarised below:

RISK CONTEXT	CURRENT STATE & MITIGATION
Legal and Contractual requirements in our contracts, managing it effectively and efficiently are key drivers	Our charter contracts are broadly in line with industry practice. Key terms of these charter contracts would include key milestones on the construction and delivery schedules, as well as operational performance of the facilities. Failure to meet material contract terms will expose the Group to potential penalty payments, liquidated damages and in a worst-case, termination of contract. The Group has established "Golden Contracting Rules" which set out the guiding principles to be adopted for contracts. Any deviations from these rules will require Board approval. The Group Legal Department will monitor all charter contracts to ensure that we are compliant with our contractual obligations. In addition, as the Group emphasises on service delivery to our clients, compliance with the contract terms and conditions are important for the success of the Group. This in turn would translate to repeat orders from our clients. The Group has a dedicated contract management team at the BU level to manage clients. They are supported by Corporate Departments such as Legal, Corporate Finance and JV Management.
A high level of operational performance and excellence are critical to our continued success	The success of our operations is dependent on the operating efficiency and reliability of our vessels in terms of vessel performance, people capability as well as HSSEQ performance. The compromise of any of these could have an adverse impact to the Group both monetarily and reputationally. The FPO and OMS BUs continue work via the shore base offices and the offshore crew continue to ensure that the vessels are performing and that all technical issues that arise are investigated and solutions developed for resolution.
Access to capital, capital allocation and management of financial risks underpin our business performance	The Group very closely monitors our debt and repayment obligations. Cash flows are regularly reviewed by Management and the Board to ensure debt can be serviced and future funding requirements can be met. The Group also closely monitors our compliance with existing debt covenants. On 23 February 2021, the Group successfully extended the final maturity date for Tranche 1 of the USD660 million Term Loan Facilities to 23 November 2022, while the final maturity date of 23 May 2024 for Tranche 2 remains unchanged. Accordingly, the asset divestment dates have also moved.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL

RISK CONTEXT	CURRENT STATE & MITIGATION
Political and security risks affecting business around the world	Political and security risks include expropriation, capital controls, adverse regulatory changes, as well as war, terrorism, and civil disturbance. The Group is constantly monitoring the world's political development and security advisories are shared whenever necessary by our Corporate Security personnel. Our vessels are also equipped with the Ship Security System to protect the vessels against untoward incidents e.g. piracy.
Proper and well-structured project execution is vital for the success of a project	When there is a project in progress, monthly project reviews are held between Project Managers and Management to highlight risks and issues that have arisen, so that they can be dealt with on a timely manner. We have implemented a robust process which are applied at a very early stage where proposals are made and where schedules and budgets are developed. After contract award, the project team works accordingly and follows through until the end of contract, where lessons learnt are identified and recorded as feedback for any future contracts.
Our business relies on a variety of information technology systems	The Group has a cyber security programme in place to mitigate any potential data breach vulnerabilities internally or from external sources. In addition, as part of the governance and reporting process, the Head of IT presents to the Board the IT strategy, plan, risks and mitigation plans. The IT systems have also been audited by Internal Audit ("IA") and findings are presented to the Board. There is also an IT Disaster Recovery Plan ("DRP") to recover critical IT systems in the event of a major disruption.
Execution of business model is the key for success	The Group has optimised its business model to maintain sustainability and generate a good return to our shareholders. This includes collaborating with reputable partners to ensure project risks are spread among the partners. The Group continues to focus on: 1. Health and safety; 2. Client service; and 3. Risk management and compliance in delivering excellent service to our clients.

RISK CONTEXT	CURRENT STATE & MITIGATION
Low oil prices impact on business sustainability and growth	The decline in oil prices since March 2020 and COVID-19 have impacted the demand for oil globally. This may increase risks associated with our counterparties, such as the reduced demand for our services or the inability to pay promptly. Several austerity measures have been planned to keep operational costs low during the low oil prices period. Management is constantly monitoring the situation closely and assessing any counterparty risks which may impact on the financial performance of the Group and will take necessary actions to mitigate the risks.
Increased compliance obligations	With the introduction of Section 17A of the MACC (Amendment) Act 2018 on the Corporate Liability provisions and the associated Guidelines on Adequate Procedures issued by the Government of Malaysia, all companies in Malaysia must oblige to the new law and increase their compliance initiatives. The Group established and enhanced its Anti-Bribery and Corruption Policy ("ABC Policy"), Gifts and Hospitality Policy, Code of Business Conduct and Ethics, Speak Up (Whistleblowing) Policy and Know Your Counterparty ("KYC") Policy as part of its commitment towards good governance. In addition, the Group has shared the ABC Policy with its counterparties.

Plans for 2021

In 2021, the Group will continue to focus on the key risks that have been realised and the mitigation actions to ensure that these risks are managed to acceptable levels. Key areas of focus will be on the safety and security of operations, capability of people in line with the strategy of the Group and the financial position of the Group. In addition, the Group will continue to enhance our practices and instil a culture of risk management and compliance within the Group. A few of the improvements expected in 2021 are:

- i. Continued focus on safety management where robust HSSEQ plans for vessel operations and offices will continue to be implemented, to maintain zero LTI success. This includes COVID-19 specific mitigation actions and precautionary procedures.
- ii. Continuation of Risk Management Plan driven by the CEO with the full support from BAB Risk Owners and all BU and Department Heads.
- iii. Automation of Enterprise Risk Management ("ERM") for data integrity, efficiency and reporting purposes.
- iv. Enhancement of compliance management framework – Roll out of enhanced compliance related policies and procedures which includes enforcement initiatives via IA.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

v. Promote a risk and compliance culture within the Group through staff engagement and training, increased risk management and compliance awareness.

vi. Continued excellent and safe operations of all our vessels.

INTERNAL CONTROL ENVIRONMENT

Board

The Board meets at least once a quarter, in order to maintain its full and effective oversight of the overall governance of the Group. In arriving at any decisions, based on recommendations by Management, thorough deliberations and discussion by the Board is a prerequisite. The Board reviews all significant issues arising from changes in the business or operating landscape of the Group which may result in significant risks.

Audit Committee

The AC comprises wholly of NEDs, the majority of whom are Independent Directors. The AC assists the Board in fulfilling the Board's responsibilities by focusing on the integrity of the Group's financial reporting process, management of governance, financial risks, internal control systems, external and IA processes, compliance with legal and regulatory matters as well as the Code. The detailed activities of the AC are detailed in the AC Report.

Internal Audit ("IA")

The Board recognises that the IA function is an integral part of the governance process of the Group. The IA function provides independent assurance on the adequacy and effectiveness of the internal control systems implemented by the Group and reports its findings directly to the AC. The IA function reviews the Group's system of internal controls, its operations and selected key activities based on the risk assessment and in accordance with the annual audit plan that is approved by the AC.

The AC receives and reviews all IA reports including the agreed actions that are to be taken in order to mitigate and close the highlighted control gaps. All issues raised and action plans to close gaps are monitored via the monitoring mechanism that has been developed until closure and the status is reported on a quarterly basis to the AC. The key activities of the IA function during the year comprised audits and investigations. These are set out in the AC report section of this annual report.

External Auditors ("EA")

The EA provide the AC with a report on the internal control environment of the Group during the 3rd quarter and the 4th quarter of the year under review. The EA are also continuously challenged by the AC to provide value added recommendations around the area of internal controls and potential enhancements that could heighten the level of governance in the Group.

Code of Business Conduct and Ethics ("Code")

The Bumi Armada Code of Business Conduct and Ethics governs our business practices and provides guidance for ethical decision making. As integrity and honesty are the building blocks of our Core Values, these principles are also the foundation of our Code. The Code outlines practical information about what is expected of employees and what is expected of those working with the Group. As the Group works globally with a wide variety of business challenges, it is important that all employees are aware of the challenges that are linked to business ethics as they do carry risks and exposure to the employee and the Group. The Code includes references to relevant policies and procedures which will provide the employee with the information and guidance specific to issues that the employee may face.

Organisation Structure

The organisation structure of the Group defines the formal lines of responsibility and the lines of accountability of our Management. The structure also defines the lines of authority that is in place to assist in implementing the Group's strategies and day-to-day business activities. The Group has a management team that meets weekly to discuss pertinent issues. RMC also provides guidance to the CEO in accomplishing the vision, mission, strategies and objectives that have been set for the Group.

Budgeting, Monitoring & Reporting

The various BUs and departments in the Group collaborate closely to prepare the Company's budget on an annual basis. The budget is then subject to a review process by CFO, CEO and the relevant Management team members prior to submission to the AC and the Board for approval. The Company's approved budget is then monitored monthly against the actual performance of the Company. A reporting system which highlights significant variances against the budget is in place to track and monitor performance. On a quarterly basis, the results are presented to and reviewed by the AC and Board to enable them to gauge the Group's overall performance against the budget and prior periods.

Limits of Authority

A documented Limits of Authority ("LOA") with clear lines of accountability and responsibility serves as a tool of reference to identify the appropriate approving authority at various levels of management including matters that require the approval of the RMC, AC and the Board. The LOA is reviewed and updated periodically to reflect business, operational and structural changes and needs.

Health, Safety, Security, Environment and Quality ("HSSEQ")

The Corporate HSSEQ Department is responsible for setting the overall direction on HSSEQ implementation within the Group and drives strategies and monitors performance to ensure HSSEQ risks are reduced to As Low As Reasonably Practicable. During the FY2020, the Group achieved zero LTI.

The overall management of Group security falls under the purview of the Head of HSSEQ. It is the policy of the Company to ensure the protection of all Company related interests against negative security incidents that have the potential to adversely impact the Group's personnel, assets and the business. Such protective activities are conducted in a manner which commensurate with international best practice and statutory compliance. The systems and processes adopted promote compliance with local regulations and respect for local cultures. Ultimately, the Company considers security a major business enabler, facilitating operational integrity and business continuity across the Group's global portfolio.

Project Sales Tender Evaluation and Approval Policy

The Group has in place a Tender Evaluation and Approval Policy to ensure that all tenders participated in by the Group for potential contracts and projects with clients have been reviewed and evaluated for appropriate balance in risk and reward and is consistent with the Group's strategy and risk profile. The policy provides guidelines to mitigate risks and unplanned events which would jeopardise the successful execution and financial outcome of projects. All proposed tenders are required to be comprehensively and thoroughly reviewed by Management at various phases via a gate review process in order to make an early assessment of the merits of submitting a tender, assigning appropriate management resources setting accountabilities, procuring timely approvals, and ensuring optimum project outcome. The Company's LOA specifies the various authority levels for approval, with the Board having the ultimate responsibility. However, at this point in time, there is very selective participation in tenders.

Related Party Transactions

The AC and the Board reviews and deliberates any new related party transactions to ensure that the terms and conditions are commercially based, and the terms are at arm's length. All relevant related party transactions are reviewed and disclosed in the financial statements and quarterly announcements to ensure compliance with the MMLR.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ABC Policy, Code of Business Conduct and Ethics ("Code") and Speak Up Policy

The Group introduced its own ABC Policy in FY2020 and has enhanced the Code as well as the Speak Up (Whistleblowing) Policy. These documents are made accessible to all employees of the Group as well as to the public via the Group's intranet and official website at www.bumiarmada.com respectively. The ABC Policy and the Code place significant importance in upholding the principle of integrity, discipline, good conduct and professionalism that are critical to the success and well-being of the Group. The ABC Policy and the Code include our zero-tolerance policy towards bribery and corruption in all our business dealings and include policy statements on the standards of behaviour and ethical conduct expected of all our Group directors, officers, employees, partners, agents, consultants, suppliers, sub-contractors and other third parties having business relationships with our Group.

The Group requires all employees and business partners to adhere and commit to all applicable anti-bribery and corruption laws in the countries where the Group operates and to the ABC Policy.

In addition to the ABC Policy and the Code, the Group has an established Speak Up Policy which provides a confidential and secure avenue for employees and the public to disclose any improper conduct committed or about to be committed in accordance with procedures set out therein. The Group has also implemented an independent external speak-up hotline to receive any complaints.

ASSURANCE FROM MANAGEMENT

The CEO and CFO have provided their assurance to the RMC, the AC and the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group, for FY2020 and up to the date of approval of this statement. Based on Management's assurance as well as input from the relevant assurance providers, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively. There will also be continuous improvement in this area and the systems and processes of the Group, as appropriate.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the EA have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the EA to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

For the year under review, and up to the date of approval of this Statement, based on inquiry, presentations during the year and information and assurances provided by the CEO and CFO, the Board is of the view that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects. There were no significant internal control weaknesses that have not been reported based on the risk management and internal control system of the Group and the internal control procedure of the Group will continue to be reviewed in order to improve and strengthen the system to ensure adequacy, integrity and effectiveness to safeguard the Group's assets and shareholders' investments.

This Statement is made in accordance with a resolution of the Board of Directors dated 25 March 2021.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors of the Company are required to prepare financial statements for each financial year in accordance with the requirements of the Companies Act 2016 ("CA 2016"), Malaysian Financial Reporting Standards and the International Financial Reporting Standards, and to lay these before the Company at its Annual General Meeting. In addition, the Main Market Listing Requirements of Bursa Securities requires that a listed issuer prepares the annual audited financial statements on a consolidated basis.

Directors are also responsible to ensure that the financial statements provide a true and fair view of the financial position of the Group and the Company as at the financial year ended 31 December 2020 and of their financial performance for the said financial year.

The CA 2016 also requires the Directors to keep such accounting and other records that will enable them to sufficiently explain the transactions and financial position of the Group and the Company, and to prepare true and fair financial statements and any documents required to be attached thereto, as well as to keep such records in such manner as to enable them to be conveniently and properly audited.

The Directors have used certain key accounting estimates and assumptions in preparing the financial statements for FY2020 as well as exercised their judgement in applying the appropriate and relevant accounting policies.

The Directors have also relied on the internal control systems to ensure that the assets of the Company are safeguarded against loss from unauthorised use or disposition and all transactions are properly authorised and recorded for the preparation of the financial statements are true and fair and are free from material misstatement.

Incorporated on pages 81 to 215 of this Annual Report are the financial statements of the Group and the Company for the financial year ended 31 December 2020.

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DIRECTORS' REPORT

The Directors hereby present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group consist of provision of marine transportation, Floating Production Storage and Offloading ("FPSO") operations and engineering and maintenance services to offshore oil and gas companies. Further details are provided in Note 12 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:		
- Owners of the Company	125,569	(840,872)
- Non-controlling interests	(13,324)	-
	112,245	(840,872)

DIVIDENDS

No dividend has been paid or declared since 31 December 2019. The Board of Directors does not recommend any dividend to be paid for the financial year ended 31 December 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

ISSUE OF SHARES

During the financial year, the Company issued 9,370,900 shares pursuant to Management Incentive Plan ("MIP" or "Plan") to eligible employees and the Executive Director of the Group. The salient features and other terms of the Plan are disclosed in Note 35 to the financial statements.

MANAGEMENT INCENTIVE PLAN

On 23 May 2016, the Company's shareholders approved the establishment of a MIP for eligible employees and the Executive Director of the Company and its subsidiaries by the grant of shares which will be awarded annually and/or every 3-year period. The Plan was made effective on 10 October 2016 following the submission of the final copy of the by-laws governing the Plan to Bursa Malaysia Securities Berhad, the receipt of all required approvals and compliance with the requirements pertaining to the Plan by the Company.

The salient features and other terms of the Plan are disclosed in Note 35 to the financial statements.

DIRECTORS' REPORT

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are as follows:

Tunku Ali Redhauddin ibni Tuanku Muhriz
Alexandra Elisabeth Johanna Maria Schaapveld *
Chan Chee Beng
Maureen Toh Siew Guat
Uthaya Kumar K Vivekananda
Gary Neal Christenson
Donald Allan Chudanov (Appointed on 1 January 2021)

* She is also referred to as Alexandra Schaapveld in the other sections of this report and the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits as disclosed in Note 7 to the financial statements and the premium paid for the Directors and Officers Liability insurance for the year 2020/2021 amounting to RM0.2 million with a coverage of RM250.0 million (2019/2020: premium paid amounted to RM0.2 million with a coverage of RM250.0 million)) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than shares granted under the MIP.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of the Directors in office at the end of the financial year, in shares and options over unissued shares in the Company or its subsidiaries during the financial year are as follows:

In the Company - Direct Interests

	Number of ordinary shares			
	As at 1.1.2020	Acquired	Disposed	As at 31.12.2020
Tunku Ali Redhauddin ibni Tuanku Muhriz [(1)]	20,000	-	-	20,000
Alexandra Schaapveld [(2)]	900,000	-	-	900,000
Chan Chee Beng [(3)]	2,511,200	-	-	2,511,200
Uthaya Kumar K Vivekananda [(4)]	-	200,000	-	200,000
Gary Neal Christenson	-	5,437,000	-	5,437,000

(1) Held through a nominee, namely Maybank Securities Nominees (Tempatan) Sdn Bhd.
(2) Held through a nominee, namely CIMSEC Nominees (Asing) Sdn Bhd.
(3) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn Bhd.
(4) Held through a connected person.

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

In the Company - Direct Interests (continued)

	Number of ordinary shares under the MIP				
	As at 1.1.2020	Granted	Awarded	Vested	As at 31.12.2020
Gary Neal Christenson					
2019 MIP					
Annual grant	up to 14,964,200	-	10,874,000	(5,437,000)	5,437,000
2-year grant *	up to 19,952,300	-	-	-	up to 19,952,300

* Offered and granted, but yet to be awarded.

Save as disclosed above, no other Directors in office at the end of the financial year held any interest in shares or options over shares in the Company or in its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses; and

(b) to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for impairment losses in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENTS

No material events have arisen subsequent to the end of the financial year except as follows:

(a) In February 2021, the Group signed an amendment and restatement agreement ("Amendment Agreement") to defer the final repayment date of the Tranche 1 facility (under the Group's unsecured term loan facilities) to 23 November 2022, the details of which are disclosed in the Preface to the Financial Statements Section E – Liquidity risk.

SUBSIDIARIES

Details of subsidiaries and subsidiaries' holding of shares in other related corporations are set out in Note 12 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 5 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 25 March 2021. Signed on behalf of the Board of Directors:

GARY NEAL CHRISTENSON
DIRECTOR

UTHAYA KUMAR K VIVEKANANDA
DIRECTOR

Kuala Lumpur

PREFACE TO THE FINANCIAL STATEMENTS

Sections A to E form part of the notes to the financial statements and provide the general information, basis of preparation and underlying considerations used in preparing the financial statements of the Group and the Company.

A GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group consist of provision of marine transportation, Floating Production Storage and Offloading ("FPSO") operations and engineering and maintenance services to offshore oil and gas companies. Further details are provided in Note 12 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The Company is incorporated and domiciled in Malaysia and is listed and quoted on the Official List of the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

Level 21, Menara Perak
24, Jalan Perak
50450 Kuala Lumpur
Malaysia.

B BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies as stated in Section C.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Section D.

As at 31 December 2020, the Group's current liabilities exceeded its current assets by RM214.4 million due to the classification of unsecured term loans of RM537.1 million as current liabilities as the repayment is due within 12 months from the balance sheet date.

PREFACE TO THE FINANCIAL STATEMENTS

B BASIS OF PREPARATION (CONTINUED)

In assessing the appropriateness of a going concern basis to prepare the financial statements of the Group, the Directors prepared a cash flow forecast for the next 12 months from the date of approval of the financial statements. Based on the cash flow forecast (which is elaborated further in Section E - Liquidity risk), the Directors are of the view that the going concern assumption is appropriate for the preparation of the financial statements.

(a) Amendments to published standards and interpretations that are effective

(i) Amendments to MFRS and interpretations which are applicable to the Group and the Company beginning on or after 1 January 2020:

- Amendments to References to the Conceptual Framework in MFRS Standards
  - Amendments to MFRS 2 "Share-Based Payment"
  - Amendment to MFRS 3 "Business Combinations"
  - Amendments to MFRS 101 "Presentation of Financial Statements"
  - Amendments to MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
  - Amendments to MFRS 134 "Interim Financial Reporting"
  - Amendment to MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets"
  - Amendment to MFRS 138 "Intangible Assets"
  - Amendment to IC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"
  - Amendment to IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- Amendments to MFRS 3 "Business Combinations" – Definition of a Business
- Amendments to MFRS 101 "Presentation of Financial Statements" and MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Material
- Amendments to MFRS 9 "Financial Instruments", MFRS 139 "Financial Instruments: Recognition and Measurement" and MFRS 7 "Financial Instruments: Disclosures" – Interest Rate Benchmark Reform
- Amendment to MFRS 16 "Leases" – COVID-19-Related Rent Concessions

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

(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 and the Company beginning on or after 1 January 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16 – Interest Rate Benchmark Reform – Phase 2

(ii) Amendments to MFRS and annual improvements which are applicable to the Group and the Company beginning on or after 1 January 2022:

- Amendments to MFRS 116 "Property, Plant and Equipment" – Proceeds before Intended Use
- Amendments to MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts – Costs of Fulfilling a Contract
- Amendments to Annual Improvements to MFRS Standards 2018 – 2020
- Amendments to References to the Conceptual Framework in MFRS Standards
  - Amendments to MFRS 3 "Business Combinations"

B BASIS OF PREPARATION (CONTINUED)

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

(iii) Amendments to MFRS which is applicable to the Group and the Company beginning on or after 1 January 2023:

- Amendments to MFRS 101 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 "Presentation of Financial Statements" – Disclosure of Accounting Policies
- Amendments to MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates

The adoption of the above amendments to MFRS and annual improvements may result in a change in accounting policy. The Group and the Company will quantify the effect of adopting these standards when the full standards are effective.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combination. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such remeasurement are recognised in profit and loss.

PREFACE TO THE FINANCIAL STATEMENTS

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(i) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Intercompany transactions, balances and unrealised gains on transactions between companies within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(iii) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(iv) Joint arrangements

A joint arrangement is an arrangement in which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interests in joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

(iv) Joint arrangements (continued)

Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in joint venture is impaired. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(v) Associates

An associate is an entity in which the Group is in a position to exercise significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions, but not control those policies.

The Group's interests in associates are accounted for in the consolidated financial statements using the equity method, similar to the accounting policy disclosed in Section C(a)(iv).

(b) Investments in subsidiaries, joint ventures and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses (see the accounting policy disclosed in Section C(h)). On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future and has no contractual terms of repayment are considered as part of the Company's capital contribution in subsidiaries (net investments).

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, assets dismantling costs, and restoration costs for the site. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see the accounting policy disclosed in Section C(i)).

Drydocking expenditures represent major inspection and overhaul costs and are depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent drydocking generally performed. The Group has included these drydocking costs as a component within vessel costs in accordance with MFRS 116 "Property, Plant and Equipment".

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Property, plant and equipment are depreciated on a straight-line basis to allocate the cost of the assets to their residual values over their estimated useful lives. Depreciation on assets under construction commences when the assets are ready for their intended use. Vessels are depreciated on a systematic basis to reflect the pattern in which future economic benefits are expected to be consumed over their estimated useful lives.

The estimated useful lives of the categories of property, plant and equipment are summarised as follows:

Office premise	25 years
Drydocking expenditure	2 years
Vessels	10 to 25 years
Equipment, furniture, fittings and office equipment	2 to 10 years
Spare parts	1 to 3 years
Motor vehicles	5 years

Residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see the accounting policy disclosed in Section C(h)).

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

(ii) Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in the statement of income together with foreign exchange gains and losses. Impairment losses are presented within the statement of income.

- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in other operating income using the effective interest rate method. Foreign exchange gains and losses are presented in administrative expenses and impairment expenses are presented within the statement of income and statement of comprehensive income as applicable.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within the statement of income in the period in which it arises.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets (continued)

(iii) Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in profit or loss as applicable.

(iv) Impairment of financial assets

Impairment for debt instruments

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(a) Simplified approach for trade receivables, accrued lease rental and contract assets

The Group applies the MFRS 9 simplified approach to measure ECL, which uses a lifetime ECL for trade receivables, accrued lease rental and contract assets.

(b) General 3-stage approach for all financial assets except trade receivables, accrued lease rental and contract assets

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Section E – Credit risk sets out the measurement details of ECL.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets (continued)

(iv) Impairment of financial assets (continued)

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information, incorporating indicators such as significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

A significant increase in credit risk is presumed if a debtor is more than 180 days past due in making a contractual payment, which the Group determined based on historical repayment trends before risk of default is heightened.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(a) Quantitative criteria

The Group defines a financial instrument as default, when the counterparty fails to make contractual payments within a year of when they fall due.

(b) Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- The debtor is in breach of financial covenants;
- Concessions have been made by the lender relating to the debtor's financial difficulty;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- Continuous default in the repayment plan; and
- The debtor is insolvent.

Financial instruments that are credit-impaired are assessed on an individual basis.

PREFACE TO THE FINANCIAL STATEMENTS

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets (continued)

(iv) Impairment of financial assets (continued)

Groupings of instruments for ECL measurement

Financial assets are assessed on an individual basis for ECL measurement, as credit risk information is obtained and monitored based on each debtor, joint venture and subsidiary.

Write-off

Financial assets are written off when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

Impairment losses are presented as net impairment losses within cost of sales in the profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

(v) De-recognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(f) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued and the liability is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial Instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Derivative and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as fair value through profit or loss and accounted for in accordance with the accounting policy set out in Section C(d). Derivatives that qualify for hedge accounting are designated as a cash flow hedge of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholders' equity are shown in the statement of changes in equity. Where a portion of a derivative financial instrument is expected to be realised within 12 months after the end of the reporting period, that portion should be presented as a current asset or liability, and the remainder of the derivative financial instrument should be shown as non-current asset or liability.

<u>Cash flow hedge</u>

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within finance cost.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the profit or loss. The gain or loss relating to the effective portion of interest rate swaps and cross currency interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, the accounting of any cumulative deferred gain or loss and deferred costs of hedging included in equity depends on the nature of the underlying hedge transaction. For cash flow hedge which resulted in the recognition of a non-financial asset, the cumulative amount in equity shall be included in the initial cost of the asset. For other cash flow hedges, the cumulative amount in equity is reclassified to profit or loss in the same period that the hedged cash flows affect profit or loss. When hedged future cash flows or forecast transactions are no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that was reported in equity is immediately reclassified to profit or loss within finance costs.

<u>Hedge documentation</u>

The Group documents at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

PREFACE TO THE FINANCIAL STATEMENTS

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Derivative and hedging activities (continued)

Costs of hedging requirements: Foreign currency basis spread of cross currency interest rate swap

When swaps are used to hedge forecast transactions, the Group generally designates only the change in fair value of the swaps related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the swaps are recognised in the cash flow hedge reserve within equity. The change in the foreign currency basis spread of the swaps that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income ("OCI") in the costs of hedging reserve within equity. The deferred amounts are reclassified to profit or loss in the same period that the hedged item affects profit or loss.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life (e.g. goodwill) are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets ("cash-generating units"). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserves.

(i) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is capitalised as prepayment until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss within finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Borrowings and borrowing costs (continued)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents material and attributable cost of acquisition and is determined using the first in, first out method.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

(k) Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets and financial assets, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the statement of financial position.

(l) Revenue recognition

<u>Revenue from contracts with customers</u>

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customers. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, value added tax, returns, rebates and discounts.

Revenue from contracts with customers measured at its transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct goods or services promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

When there is a change order, variation or amendment to the contract, the Group will account for it as a separate contract if there is an increase in the scope of work with distinct performance obligations.

PREFACE TO THE FINANCIAL STATEMENTS

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue recognition (continued)

Revenue from contracts with customers (continued)

The Group recognises revenue as follows:

(i) Vessel charter fees and support services

Floating Production and Operations segment

The Group is contracted to provide charter of vessels and support services such as operation and maintenance of the vessels. Charter of vessels are accounted in accordance to lease accounting as disclosed in Section C(n)(ii).

The contracts may include vessel demobilisation services and major maintenance works which are treated as distinct performance obligations and will be satisfied in the period when the services are performed. The transaction price of the contracts is allocated to these performance obligations based on its standalone selling price, estimated by using the expected costs to be incurred and a rate of return which is applicable to the individual performance obligation.

The contracts of the Group are negotiated separately for charter of vessels and for support services. The Group treats vessel demobilisation services to be part of the contract for charter of vessels. The Group treats major maintenance works to be part of the contract for support services. These performance obligations are measured and recognised over time when the services are performed.

Any supplementary payments included in contracts are assessed as part of variable considerations and adjusted to the transaction price of the contracts.

Offshore Marine Services segment

The Group is contracted to provide time charter services using offshore support vessels fleets. Time charter services relates to short-term vessel charter operated by the Group.

The Group determines time charter services as a single performance obligation. Other scope of work includes provision of meals, accommodation, ship management services, agency services, mobilisation and demobilisation services which are considered as separate performance obligations and are recognised over time when services are rendered to the customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices specific to each offshore support vessels fleet and is recognised on a straight-line basis over the tenure of the contract.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue recognition (continued)

Revenue from contracts with customers (continued)

The Group recognises revenue as follows: (continued)

(ii) Construction work

The Group enters into construction contracts with customers specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose for use.

The Group has regarded the construction contracts as a single performance obligation. When one of the following criteria is met, the Group recognises revenue from construction work over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The transaction price of the contracts will be recognised as revenue progressively based on the percentage of completion determined by reference to the costs incurred to date relative to the total expected costs.

The Group provides warranties on completed projects against potential defects and do not treat these warranties as a separate performance obligation.

(iii) Sale of goods

Sale of goods such as scraps are recognised at a point in time upon delivery of products and customer acceptance, net of sales taxes and discounts, and after eliminating sales within the Group.

(iv) Central overhead fees

The Company earns central overhead fees from its subsidiaries and joint ventures. Central overhead fees are recognised over time when services are rendered.

(v) Management fees

The Group earns management fees from its subsidiaries and joint ventures. Management fees are recognised over time when services are rendered.

(vi) Engineering services

The Group earns revenue from engineering services and cost recovery, net of discounts and rebates, which are recognised over time when the services are rendered.

PREFACE TO THE FINANCIAL STATEMENTS

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue recognition (continued)

Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group are as follows:

(i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

(ii) Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised as part of other operating income in the profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of vessel charter contracts and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

The impairment loss of contract asset is charged to profit or loss (see the accounting policy disclosed in Section C(d)(iv)).

Contract liability is the obligation to transfer goods or services to a customer for which the Group has received the consideration in advance or has billed the customer. In the case of vessel charter contracts and construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned.

Costs incurred in obtaining a contract

Prior to securing a contract with customers, the Group will undergo a project bidding process. Costs incurred during the project bidding process are determined as costs to obtain a contract. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer in which case, it will be recognised as an asset. The asset recognised will be amortised on a systematic basis consistent with the transfer of goods or services to the customer to which the asset relates.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within administrative expenses.

Translation difference on non-monetary financial assets, such as equities classified as financial assets at FVOCI, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future with no contractual terms of repayment, are treated as part of the parent's capital contribution in subsidiaries (net investment in foreign entities). On consolidation, exchange differences arising from translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in joint ventures that do not result in the Group losing joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(i) Accounting by lessee

Leases are recognised as a right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The Group accounts for the non-lease components by applying other applicable standards.

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that

- is within the control of the Group; and
- affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

ROU assets are subsequently measured at cost less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

ROU assets are presented within property, plant and equipment in the statement of financial position.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Leases (continued)

(i) Accounting by lessee (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, i.e. the Group's weighted average borrowing rate at the inception of the lease.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of income.

Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Accounting policies applied until 31 December 2019:

A change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

PREFACE TO THE FINANCIAL STATEMENTS

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Leases (continued)

(i) Accounting by lessee (continued)

Reassessment of lease liabilities (continued)

Accounting policies applied from 1 January 2020:

During the financial year, the Group applied a practical expedient to account for a COVID-19-related rent concession that meets all of the following conditions in the same way as they would if they were not lease modification:

(i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(ii) any reduction in lease payments affects only payments due on or before 30 June 2021; and
(iii) there is no substantive change to other terms and conditions of the lease.

The Group accounts for COVID-19 related rent concession as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs. Impact of rent concessions is presented in the profit or loss within administrative expenses.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(ii) Accounting by lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Finance leases

Leases where the Group has transferred substantially risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised in the statement of financial position as "finance lease receivables". The finance lease receivables is subject to MFRS 9 impairment (refer to the accounting policy disclosed in Section C(d)(iv)). The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Leases (continued)

(ii) Accounting by lessor (continued)

Finance leases (continued)

Each lease payment received is applied against the gross investment in the finance lease receivables to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivables.

Any direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

When there is a change in estimates, renewal and modification of a lease agreement that does not result in reclassification of the lease, the Group will apply MFRS 9 derecognition guidance to decide whether the lease receivable should be de-recognised and the modified agreement accounted for as a new lease.

Operating leases

Leases where the Group retains substantially the risks and rewards incidental to ownership of the leased assets are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then the Group classifies the sublease as an operating lease.

Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15 (See the accounting policy disclosed in Section C(l)).

PREFACE TO THE FINANCIAL STATEMENTS

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred income tax

Tax expense for the period comprises current, withholding and deferred taxes. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income.

The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, joint ventures and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables and accruals in the statement of financial position.

(ii) Defined contribution plan

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further financial obligations.

(iii) Share-based payment

The Group operates an equity-settled, share-based compensation plan ("Management Incentive Plan" or "MIP") under which the Group receives services from employees as consideration for shares granted ("MIP shares") over ordinary shares of the Company. The fair value of the MIP shares granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the MIP shares granted:

- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market vesting conditions and service conditions are included in assumptions about the number of MIP shares that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of MIP shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

The Company issues new shares upon vesting of MIP shares. If the employment is terminated or ceased prior to the vesting date, the Group revises its estimates of the number of MIP shares and recognises the impact of the revision to original estimates in profit or loss, with a corresponding adjustment to share option reserve in equity.

If the terms of an equity-settled amount are modified, at a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(q) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance (see the accounting policy disclosed in Section C(d)(iv)).

(r) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(s) Trade payables and accruals

Trade payables and accruals represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables and accruals are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

(i) Provision for demobilisation costs

Provision for demobilisation costs is made based on the estimated cost of demobilising the vessels at the end of contract periods. When this provision relates to an asset with sufficient future economic benefits, a demobilising asset is recognised as property, plant and equipment and accounted for in accordance with the accounting policy set out in Section C(c).

(u) Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities, but disclose its existence in the financial statements, if any.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(v) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

PREFACE TO THE FINANCIAL STATEMENTS

C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(iii) Dividends

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(x) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the Group's profit attributable to Owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer. The Chief Executive Officer, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions. Segment revenue and expenses are those directly attributable to the segments and include any expenses where a reasonable basis of allocation exists.

D CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Classification of lease contracts

The following are the areas of judgement applied in determining the classification of lease contracts between finance lease and operating lease under MFRS 16 "Leases":

(i) Determination of lease term

The Group determines the lease term based on the "non-cancellable period" for which the Group has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, when at lease inception it is reasonably certain that the lessee will exercise the option.

(ii) Determination of purchase option

The lessee's purchase option is considered in classifying the lease contract. At lease inception, if it is not reasonably certain that the option will be exercised, the option will not be a part of the basis for classification. If the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable, the exercise of the option is regarded as reasonably certain. The evaluation of the term "reasonably certain" involves judgement.

(b) Revenue

Allocation of total consideration to performance obligation

Contracts for leasing and operation of vessels are usually negotiated together. As the consideration for the leasing component and operation component of vessels are contracted together, they may not represent the fair value of the individual component separately. The total consideration paid is allocated between each component based on fair value of each component. This requires estimation based on expected costs to be incurred and a rate of return which is applicable to the performance obligation to be determined at lease inception.

D CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Impairment of non-financial assets

Property, plant and equipment and non-current assets classified as held-for-sale

The recoverable amount of each vessel is determined based on the higher of its value-in-use and its fair value less costs to sell.

The value-in-use of the vessels is based on estimates and judgements with respect to key assumptions such as contract margins, probability of securing new contracts, utilisation rates, daily charter rates and discount rate. Several of the Group's contracts are long-term in nature and there can be no certainty that the continuity of these contracts will not be materially affected by conditions such as a deterioration in the oil and gas market or a specific client's financial condition. Should the actual conditions be different to those in our assumptions, there may be an adverse effect on the recoverable amount of property, plant and equipment or non-current assets classified as held-for-sale.

The fair value less costs to sell of the vessels is estimated based on market approach which took into consideration the recent supply and demand for vessels of similar type and age in the market. The expected selling price less costs to sell is assessed based on the assumption that the vessels are charter-free, free of encumbrances, maritime liens and other debts, and is based on a willing buyer and willing seller basis.

Investment in subsidiaries

The recoverable amounts of investment in subsidiaries have been determined based on value-in-use calculations and is based on estimates and judgements with respect to key assumptions such as revenue growth, ability to secure future contracts, funding requirements and discount rate. The calculations of projected future cash flows from the subsidiaries are inherently judgemental and susceptible to change from period to period due to the assumptions stated above.

(d) Impairment of financial assets

The Group measures impairment of financial assets through the ECL model which incorporates elements of probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money, and information about past events, current conditions and forecasts of future economic conditions. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

In assessing the ECL of amounts due from subsidiaries, joint ventures and associates, the Company further considers recovery strategies of repayment in the event if the amount is demanded to be repaid and expected future cash flows in the event the Company is not expected to fully recover the amount outstanding. The calculations of projected future cash flows of the subsidiaries, joint ventures and associates are inherently judgemental and susceptible to change from period to period due to the assumptions made.

D CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Vessels' useful lives and residual values

Depreciation depends on the estimated useful lives of the vessels and residual values at the end of their useful lives. The estimated useful lives are based on previous experience, knowledge and condition of the vessels owned by the Group and is normally equal to the design life of the vessel. Assumptions about residual value are based on prevailing market conditions and expected value to be obtained for these vessels at the end of their useful lives. These assumptions by their nature may differ from the actual outcome.

(f) Liquidated damages ("LD") and supplementary payments

The Group is subject to LD and supplementary payments arising from delays in completion of Floating Production Storage and Offloading conversion projects. The assessment of likelihood of LD requires significant judgement relating to the time of completion, the contracted costs to be incurred upon finalisation of the projects and outcome of negotiation with customers.

E FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES

This section presents information about the Group's and the Company's exposure to risks resulting from its use of financial instruments, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors identifies and evaluates the financial risks in close co-operation with the Group's management.

Foreign currency exchange risk

The Group is exposed to various currencies, primarily, United States Dollar ("USD") and Russian Ruble ("RUB") (2019: USD and RUB). The Group's foreign currency exchange risk arises from balances relating to trade receivables, deposits, cash and bank balances and trade payables and accruals.

The objectives of the Group's foreign currency exchange risk management policies are to allow the Group to effectively manage the foreign exchange fluctuation that may arise from future commercial transactions and recognised assets and liabilities through foreign currency exchange forward contracts and cross currency interest rate swap contracts.

PREFACE TO THE FINANCIAL STATEMENTS

E FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency exchange risk (continued)

The Group's exposure to foreign currency at the end of the financial year is as follows:

	Denominated in currencies other than functional currencies				
	United States Dollar RM'000	Russian Ruble RM'000	Others RM'000	Denominated in functional currencies RM'000	Total RM'000
At 31 December 2020					
Trade receivables	**628**	**-**	**-**	**511,156**	**511,784**
Deposits, cash and bank balances	**61,287**	**71,258**	**34,878**	**727,358**	**894,781**
Trade payables and accruals	**(5,399)**	**(2,412)**	**(13,028)**	**(143,262)**	**(164,101)**
	56,516	**68,846**	**21,850**	**1,095,252**	**1,242,464**
At 31 December 2019					
Trade receivables	651	-	-	416,135	416,786
Deposits, cash and bank balances	84,052	71,665	19,386	919,273	1,094,376
Trade payables and accruals	(986)	(1,236)	(6,672)	(257,088)	(265,982)
	83,717	70,429	12,714	1,078,320	1,245,180

The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD and RUB (2019: USD and RUB) denominated balances as illustrated in the following table:

		Impact on profit before taxation [Increase]	
Currency	Strengthened by	2020 RM'000	2019 RM'000
USD	10%	**5,652**	8,372
RUB	10%	**6,885**	7,043

A similar percentage decrease in the exchange rate would have an equal but opposite effect.

E FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency exchange risk (continued)

The Company's exposure to foreign currency at the end of the financial year is as follows:

	Denominated in currency other than functional currency		
	United States Dollar RM'000	Denominated in functional currency RM'000	Total RM'000
At 31 December 2020			
Deposits, cash and bank balances	**56,443**	**50,553**	**106,996**
Amounts due to subsidiaries	**(58,795)**	**(25,174)**	**(83,969)**
	(2,352)	**25,379**	**23,027**
At 31 December 2019			
Deposits, cash and bank balances	76,097	31,682	107,779

The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD (2019: USD) denominated balances as illustrated in the following table:

		Impact on loss before taxation [Increase/(Decrease)]	
Currency	Strengthened by	2020 RM'000	2019 RM'000
USD	10%	**235**	(7,610)

A similar percentage decrease in the exchange rate would have an equal but opposite effect.

The Group is exposed to foreign currency exchange risk on intercompany balances, where the balances are not denominated in functional currencies of the entities involved. Foreign currency exchange differences arising from net investments in foreign operations are recognised in other comprehensive income.

Foreign currency exchange differences arising from translation of financial position of Group entities that has a functional currency different from Ringgit Malaysia are also recognised in other comprehensive income.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's borrowings with floating interest rates. In respect of managing interest rate risks, the floating interest rates of certain long-term loans are hedged in accordance with the Group's policy by fixed rate swaps to mirror the maturity period. Short-term facilities which bear interest at floating interest rates are not hedged.

E FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

The contractual interest rates on borrowings and derivative financial instruments are disclosed in Notes 32 and 33 respectively.

As at the reporting date, the interest rate profile of the Group's interest-bearing financial instruments is as follows:

Group	2020 RM'000	2019 RM'000
Variable rate instruments		
Financial liabilities, comprising term loans	**6,776,152**	7,960,515
Less: Interest rate swap contracts	**(3,096,893)**	(3,565,962)
Total variable rate instruments not hedged	**3,679,259**	4,394,553

The sensitivity of the Group's profit before taxation for the financial year and equity to a reasonable possible change in interest rates with all other factors held constant and based on composition of liabilities with floating interest rates as at the reporting date are as follows:

	Impact on profit before taxation [Increase/(Decrease)]		Impact on equity [(1)] [Increase/(Decrease)]	
Group	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
- increased by 0.5% (2019: 0.5%)	**(18,726)**	(22,356)	**(15,484)**	(17,830)
- decreased by 0.5% (2019: 0.5%)	**18,726**	22,356	**15,484**	17,830

(1) Represents hedging reserve.

The impact on profit before taxation for the financial year is mainly as a result of interest expenses on floating interest rate borrowings not in a designated hedging relationship. For borrowings in a designated hedging relationship, as these are effectively hedged, the interest rate movements will not have any impact on profit or loss.

Credit risk

Credit risk arises from contractual cash flows of favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to external customers and related parties, including outstanding receivables.

The Group's activities limit the exposure and credit risk concentration to a few major customers. The Group employs a credit policy that ensures customers are subjected to credit checks and outstanding accounts are followed up on a timely basis.

E FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Several of the Group's contracts are long-term. The Group's credit risk continues for the entire contractual period. There can be no guarantee that the financial position of the Group's major customers will not materially change during the contracted period. Given the limited number of major customers of the Group and the significant portion they represent to the Group's income, the inability of one or more of them to make full payment may have a significant adverse impact on the financial position of the Group.

The Company is exposed to credit risk arising from financial guarantee contracts given to banks for subsidiaries' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the subsidiaries and the interest charged on the borrowings.

Measurement of ECL Model

The Group and the Company has the following financial assets and contract assets that are subject to the ECL model:

- Finance lease receivables
- Accrued lease rental
- Trade receivables
- Other receivables and deposits excluding prepayments
- Contract assets
- Amounts due from joint ventures
- Amounts due from associates
- Amounts due from subsidiaries

While deposits, cash and bank balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

Simplified approach for trade receivables, accrued lease rental and contract assets

Debtors are segregated into 5 credit ratings (A to E) based on financial position, expected risk of default on payments, and receivables aging as at the reporting date. Accrued lease rental and contract assets are similarly categorised together with the debtors based on assigned credit ratings.

The expected loss rates are based on payment profiles over a period of 5 years before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on conditions specific to the debtors which may affect their ability to settle the receivables.

The Group has considered expected oil price and geographical area which the debtor operates in and concluded that the effect on expected changes in these factors do not significantly affect the historical loss rates. No significant changes to estimation techniques or assumptions were made during the reporting period.

PREFACE TO THE FINANCIAL STATEMENTS

E FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Measurement of ECL Model (continued)

General 3-stage approach for all financial assets except trade receivables, accrued lease rental and contract assets

The Group uses the following categories which reflect their credit risk and how the loss allowance is determined for each of these categories.

Category	Group's definition of category	Basis for recognition of ECL provision
Performing	Debtors have low risk of default and a strong capacity to meet contractual cash flows	12-month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant credit risk is presumed if repayments are 180 days past due	Lifetime ECL
Non-performing	Repayments are 365 days past due and there is evidence indicating the asset is credit-impaired	Lifetime ECL
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Based on the above, loss allowance is measured on either 12-month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("probability of default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group considers historical data and assessed forward-looking macroeconomic data which may be applicable to each debtor. The Group has considered expected oil price and geographical area which the debtor operates in and concluded that the effect on expected changes in these factors do not significantly affect the historical loss rates. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

For amounts due from subsidiaries which are repayable on demand, the ECL is based on the assumption that repayment of the loan is demanded at reporting date. The Company assesses the recovery strategies of repayment from the subsidiaries in the event the amount is demanded to be repaid and if the Company is expected to fully recover the amount outstanding, the ECL will be limited to the effect of discounting the amount due from the subsidiary at an effective interest rate of 0% if the loan is interest free. Impairment would be recognised if the Company does not expect to fully recover the amount outstanding.

E FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Measurement of ECL Model (continued)

Reconciliation of loss allowance

The loss allowance for trade receivables and accrued lease rental as at the reporting periods which was assessed using the simplified approach reconciles to the opening loss allowance as disclosed in Note 21 and Note 22 respectively.

The loss allowance for amounts due from joint ventures and other receivables and deposits, as at the reporting periods which was assessed using the general 3-stage approach is disclosed in Note 17 and Note 23 respectively.

Analysis of credit risk exposure

The following table contains an analysis of credit risk exposure of the Group's financial assets and contract assets that are subject to the ECL model, where the carrying amount represents the maximum credit risk exposure:

Group	Performing RM'000	Under-performing RM'000	Non-performing RM'000	Total RM'000
At 31 December 2020				
Gross carrying amount				
Finance lease receivables	4,678,603	-	-	4,678,603
Accrued lease rental	-	318,222	-	318,222
Trade receivables	511,784	-	116,451	628,235
Other receivables and deposits, excluding prepayments	49,393	-	2,498	51,891
Contract assets	54,299	-	-	54,299
Amounts due from joint ventures	10,574	60,706	-	71,280
Amounts due from associates	195,000	4,205	-	199,205
Deposits, cash and bank balances	894,781	-	-	894,781
	6,394,434	383,133	118,949	6,896,516
Loss allowance				
Accrued lease rental	-	(237,816)	-	(237,816)
Trade receivables	-	-	(116,451)	(116,451)
Other receivables and deposits excluding prepayments	-	-	(2,498)	(2,498)
Amounts due from joint ventures	-	(28,463)	-	(28,463)
	-	(266,279)	(118,949)	(385,228)
Net carrying amount	6,394,434	116,854	-	6,511,288

PREFACE TO THE FINANCIAL STATEMENTS

E FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Measurement of ECL Model (continued)

Analysis of credit risk exposure (continued)

The following table contains an analysis of credit risk exposure of the Group's financial assets and contract assets that are subject to the ECL model, where the carrying amount represents the maximum credit risk exposure: (continued)

Group	Performing RM'000	Under-performing RM'000	Non-performing RM'000	Total RM'000
At 31 December 2019				
Gross carrying amount				
Finance lease receivables	4,961,598	-	-	4,961,598
Accrued lease rental	-	323,819	-	323,819
Trade receivables	416,786	-	209,987	626,773
Other receivables and deposits, excluding prepayments	61,211	-	108,225	169,436
Contract assets	52,948	-	-	52,948
Amounts due from joint ventures	40,411	61,997	-	102,408
Amounts due from associates	131,469	-	-	131,469
Deposits, cash and bank balances	1,094,376	-	-	1,094,376
	6,758,799	385,816	318,212	7,462,827
Loss allowance				
Accrued lease rental	-	(241,998)	-	(241,998)
Trade receivables	-	-	(209,987)	(209,987)
Other receivables and deposits, excluding prepayments	-	-	(108,225)	(108,225)
Amounts due from joint ventures	-	(39,140)	-	(39,140)
	-	(281,138)	(318,212)	(599,350)
Net carrying amount	6,758,799	104,678	-	6,863,477

The Company's financial assets that are subject to the ECL model are classified within the Performing category and have not been impaired. The carrying amount represents the maximum credit risk exposure.

E FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

As at 31 December 2020, the Group's current liabilities exceeded its current assets by RM214.4 million due to the classification of unsecured term loans of RM537.1 million as current liabilities as the repayment of Tranche 1 facility is due within 12 months from the balance sheet date.

In order to improve liquidity, in February 2021, the Group signed an amendment and restatement agreement ("Amendment Agreement") to defer the repayment of the Tranche 1 facility (under the Group's unsecured term loan facilities) from 24 months to 42 months from the Loan disbursement date of 23 May 2019. The final maturity date of the Tranche 1 facility is 23 November 2022. Accordingly, the non-current borrowings will be reclassified as non-current liabilities in the financial statements for the year ending 31 December 2021.

Based on the cash flow forecast for the next 12 months from the date of approval of the financial statements, the Group's obligations are expected to be funded by available cash balances and cash flows from the Group's existing vessel charter contracts and proceeds from asset monetisation of non-core assets. The Group also expects distributions from joint ventures.

The Directors are of the opinion that the Group will be able to discharge its liabilities in the normal course of business over the next 12 months from the date of approval of the financial statements.

The table below analyses the Group's non-derivative financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Group	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2020					
Borrowings	1,828,691	1,322,977	5,206,964	994,299	9,352,931
Amounts due to joint ventures	1,308	-	-	-	1,308
Net settled derivative financial instruments					
- interest rate swaps	40,284	35,609	54,918	11,450	142,261
- cross currency interest rate swaps	4,496	7,546	420,459	-	432,501
Trade payables and accruals	164,101	-	-	-	164,101
Other payables and accruals *	178,731	48,580	-	-	227,311
Lease liabilities – Lessee	3,244	4,400	3,985	-	11,629

* Excludes non-refundable advances from customers and statutory liabilities.

E FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The table below analyses the Group's non-derivative financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows: (continued)

Group	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2019					
Borrowings – others	1,104,971	1,411,666	5,359,695	1,568,328	9,444,660
Borrowings – Armada Kraken Pte Ltd	1,970,460	-	-	-	1,970,460
Amounts due to joint ventures	1,550	-	-	-	1,550
Net settled derivative financial instruments					
- interest rate swaps	(4,836)	4,790	9,581	6,999	16,534
- cross currency interest rate swaps	10,497	9,124	471,140	-	490,761
Trade payables and accruals	265,982	-	-	-	265,982
Other payables and accruals *	249,237	-	-	-	249,237
Lease liabilities – Lessee	3,655	1,572	3,353	488	9,068

* Excludes non-refundable advances from customers and statutory liabilities.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Company	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 5 years RM'000	Total RM'000
At 31 December 2020				
Other payables and accruals excluding statutory liabilities	**17,613**	**-**	**-**	**17,613**
Amounts due to subsidiaries	**83,969**	**-**	**-**	**83,969**
Amount due to a joint venture	**1,229**	**-**	**-**	**1,229**
Lease liabilities – Lessee	**1,544**	**2,799**	**1,166**	**5,509**

E FINANCIAL AND CAPITAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows: (continued)

Company	**Within 1 year RM'000**	**More than 1 year and within 2 years RM'000**	**More than 2 years and within 5 years RM'000**	**Total RM'000**
At 31 December 2019				
Other payables and accruals excluding statutory liabilities	20,175	-	-	20,175
Amounts due to subsidiaries	14,976	-	-	14,976
Amount due to a joint venture	1,472	-	-	1,472
Lease liabilities – Lessee	2,139	85	-	2,224

Corporate guarantees are financial guarantees given to banks for credit facilities granted to subsidiaries. The maximum amount of the financial guarantees issued by the Company to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies and the interest charged on the borrowings, amounting to RM4,963.5 million as at 31 December 2020 (2019: RM6,181.8 million). The earliest period that the financial guarantees can be called upon by the banks is upon an event of default which could not be remedied. The Company believes that the liquidity risk in respect of the financial guarantees is minimal as it is unlikely that the subsidiary companies will not make payment to the banks when due.

Capital risk management

The Group's and the Company's objectives when managing capital, are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the capital structure, the Company may issue new shares or issue new debt and return capital to shareholders or adjust the amount of dividends paid to shareholders.

The capital structure of the Group and the Company consists of borrowings (excluding cash and cash equivalents) and total equity, comprising issued share capital, reserves and non-controlling interests.

The Group is required to maintain a certain ratio of total net debt to adjusted earnings before interest, taxation, depreciation, amortisation and impairment, as defined in the facilities agreement. During the financial year, the Group has complied with these requirements.

STATEMENTS OF INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	2	**2,339,889**	2,070,705	**140,935**	250,722
Cost of sales		**(1,386,221)**	(1,517,264)	**(83,699)**	(93,228)
Gross profit		**953,668**	553,441	**57,236**	157,494
Other operating income	3	**97,276**	141,607	**1,315**	914
Selling and distribution costs		**(4,515)**	(10,858)	**-**	-
Administrative expenses		**(121,227)**	(150,417)	**(17,752)**	(63,344)
Operating profit before impairment		**925,202**	533,773	**40,799**	95,064
Impairment	5	**(357,326)**	(43,656)	**(880,792)**	(1,917,255)
Operating profit/(loss)		**567,876**	490,117	**(839,993)**	(1,822,191)
Finance costs	4	**(491,641)**	(555,502)	**(367)**	(337)
Share of results of joint ventures and associates	13,14	**51,374**	147,576	**-**	-
Profit/(Loss) before taxation	5	**127,609**	82,191	**(840,360)**	(1,822,528)
Taxation	8	**(15,364)**	(44,033)	**(512)**	(35)
Profit/(Loss) for the financial year		**112,245**	38,158	**(840,872)**	(1,822,563)
Attributable to:					
Owners of the Company		**125,569**	58,618		
Non-controlling interests		**(13,324)**	(20,460)		
		112,245	38,158		
Earnings per share (sen)	9				
- basic		**2.13**	1.00		
- diluted		**2.13**	1.00		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Profit/(Loss) for the financial year	**112,245**	38,158	**(840,872)**	(1,822,563)
Other comprehensive expense:				
Items that may be reclassified subsequently to profit or loss:				
- Fair value loss on cash flow hedges	**(143,870)**	(179,080)	**-**	-
- Costs of hedging	**7,940**	11,479	**-**	-
- Foreign currency translation differences	**(55,957)**	(36,636)	**-**	-
- Share of other comprehensive expense of joint ventures	**(2,379)**	(4,308)	**-**	-
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	**(8,789)**	7,566	**-**	-
Other comprehensive expense for the financial year, net of tax	**(203,055)**	(200,979)	**-**	-
Total comprehensive expense for the financial year	**(90,810)**	(162,821)	**(840,872)**	(1,822,563)
Total comprehensive expense attributable to:				
- Owners of the Company	**(79,164)**	(142,050)		
- Non-controlling interests	**(11,646)**	(20,771)		
	(90,810)	(162,821)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**4,945,095**	5,940,608
Investment in joint ventures	13	**1,011,085**	1,056,059
Investment in associates	14	**20,093**	11,501
Financial assets at fair value through other comprehensive income	15	**13,964**	22,986
Finance lease receivables	16	**4,489,502**	4,789,815
Accrued lease rental	22	**80,406**	81,821
Contract assets	24	**-**	24,168
Amount due from a joint venture	17	**32,243**	22,857
Amount due from an associate	18	**186,301**	122,730
Derivative financial instruments	33	**1,735**	6,498
Deferred tax assets	19	**22,865**	21,958
TOTAL NON-CURRENT ASSETS		**10,803,289**	12,101,001
CURRENT ASSETS			
Inventories	20	**4,060**	5,635
Finance lease receivables	16	**189,101**	171,783
Trade receivables	21	**511,784**	416,786
Other receivables, deposits and prepayments	23	**98,517**	81,496
Contract assets	24	**54,299**	28,780
Amounts due from joint ventures	17	**10,574**	40,411
Amounts due from associates	18	**12,904**	8,739
Derivative financial instruments	33	**702**	8,888
Tax recoverable		**16,136**	11,041
Deposits, cash and bank balances	26	**894,781**	1,094,376
		1,792,858	1,867,935
Non-current assets classified as held-for-sale	27	**51,421**	10,227
TOTAL CURRENT ASSETS		**1,844,279**	1,878,162
TOTAL ASSETS		**12,647,568**	13,979,163

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
LIABILITIES			
LESS: CURRENT LIABILITIES			
Trade payables and accruals	28	**164,101**	265,982
Other payables and accruals	29	**200,797**	282,072
Contract liabilities	24	**40,578**	26,395
Amounts due to joint ventures	17	**1,308**	1,550
Amount due to an associate	18	**962**	725
Lease liabilities	31	**45,835**	35,934
Borrowings – others	32	**1,539,516**	1,145,446
Borrowings – Armada Kraken Pte Ltd	32	**-**	1,332,047
Derivative financial instruments	33	**45,530**	10,442
Taxation		**20,043**	37,654
TOTAL CURRENT LIABILITIES		**2,058,670**	3,138,247
NET CURRENT LIABILITIES		**(214,391)**	(1,260,085)
LESS: NON-CURRENT LIABILITIES			
Other payables and accruals	29	**118,045**	92,436
Contract liabilities	24	**11,056**	20,640
Lease liabilities	31	**6,556**	3,953
Borrowings	32	**6,766,919**	7,013,168
Derivative financial instruments	33	**506,184**	449,558
Deferred tax liabilities	19	**54,648**	48,021
TOTAL NON-CURRENT LIABILITIES		**7,463,408**	7,627,776
NET ASSETS		**3,125,490**	3,213,140
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	34	**4,321,351**	4,319,029
Reserves	36	**(1,172,213)**	(1,092,021)
		3,149,138	3,227,008
NON-CONTROLLING INTERESTS		**(23,648)**	(13,868)
TOTAL EQUITY		**3,125,490**	3,213,140
NET ASSETS PER SHARE (RM) *		**0.53**	0.55

* Based on 5,885,895,644 (2019: 5,876,524,744) ordinary shares in issue as at 31 December 2020.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 RM'000	2019 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**6,564**	2,658
Investment in subsidiaries	12	**2,040,536**	2,594,293
Investment in joint ventures	13	**38,242**	38,242
Investment in an associate	14	**19**	19
Deferred tax assets	19	**3,793**	4,008
TOTAL NON-CURRENT ASSETS		**2,089,154**	2,639,220
CURRENT ASSETS			
Other receivables, deposits and prepayments	23	**24,723**	3,610
Amounts due from subsidiaries	25	**274,622**	514,861
Amounts due from joint ventures	17	**1,234**	860
Amount due from an associate	18	**14**	-
Tax recoverable		**3,221**	2,994
Deposits, cash and bank balances	26	**106,996**	107,779
TOTAL CURRENT ASSETS		**410,810**	630,104
TOTAL ASSETS		**2,499,964**	3,269,324
LIABILITIES			
LESS: CURRENT LIABILITIES			
Other payables and accruals	29	**19,417**	22,304
Amounts due to subsidiaries	25	**83,969**	14,976
Amount due to a joint venture	17	**1,229**	1,472
Lease liabilities	31	**1,156**	1,981
TOTAL CURRENT LIABILITIES		**105,771**	40,733
NET CURRENT ASSETS		**305,039**	589,371
LESS: NON-CURRENT LIABILITY			
Lease liabilities	31	**3,392**	78
TOTAL NON-CURRENT LIABILITY		**3,392**	78
NET ASSETS		**2,390,801**	3,228,513
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	34	**4,321,351**	4,319,029
Reserves	36	**(1,930,550)**	(1,090,516)
TOTAL EQUITY		**2,390,801**	3,228,513
NET ASSETS PER SHARE (RM) *		**0.41**	0.55

* Based on 5,885,895,644 (2019: 5,876,524,744) ordinary shares in issue as at 31 December 2020.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Attributable to Owners of the Company								Non-controlling interest	Total equity
		Number of shares 34 '000	Share capital 34 RM'000	Foreign exchange reserve 36(a) RM'000	Share option reserve 36(b) RM'000	Hedging reserve 36(c) RM'000	Other reserve 36(d) RM'000	Accumulated losses RM'000	Total RM'000	RM'000	RM'000
2020											
At 1 January		5,876,525	4,319,029	1,203,934	5,289	(113,634)	8,864	(2,196,474)	3,227,008	(13,868)	3,213,140
Profit/(Loss) for the financial year		-	-	-	-	-	-	125,569	125,569	(13,324)	112,245
Other comprehensive (expense)/ income for the financial year, net of tax		-	-	(57,635)	-	(138,309)	(8,789)	-	(204,733)	1,678	(203,055)
Total comprehensive (expense)/ income for the financial year, net of tax		-	-	(57,635)	-	(138,309)	(8,789)	125,569	(79,164)	(11,646)	(90,810)
Transactions with owners:											
- Shares issued pursuant to the management incentive plan	35	9,371	2,322	-	(2,322)	-	-	-	-	-	-
- Management incentive plan granted	35	-	-	-	3,160	-	-	-	3,160	-	3,160
- Changes in non-controlling interest		-	-	-	-	-	-	(1,866)	(1,866)	1,866	-
At 31 December		5,885,896	4,321,351	1,146,299	6,127	(251,943)	75	(2,072,771)	3,149,138	(23,648)	3,125,490

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Attributable to Owners of the Company									
	Note	Number of shares 34 '000	Share capital 34 RM'000	Foreign exchange reserve 36(a) RM'000	Share option reserve 36(b) RM'000	Hedging reserve 36(c) RM'000	Other reserve 36(d) RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
2019											
At 1 January		5,870,937	4,314,815	1,240,259	10,151	58,275	1,298	(2,261,561)	3,363,237	6,903	3,370,140
Profit/(Loss) for the financial year		-	-	-	-	-	-	58,618	58,618	(20,460)	38,158
Other comprehensive (expense)/ income for the financial year, net of tax		-	-	(36,325)	-	(171,909)	7,566	-	(200,668)	(311)	(200,979)
Total comprehensive (expense)/ income for the financial year, net of tax		-	-	(36,325)	-	(171,909)	7,566	58,618	(142,050)	(20,771)	(162,821)
Transactions with owners:											
- Shares issued pursuant to the management incentive plan	35	5,588	4,214	-	(4,214)	-	-	-	-	-	-
- Management incentive plan granted	35	-	-	-	5,821	-	-	-	5,821	-	5,821
- Employee share options forfeited		-	-	-	(6,469)	-	-	6,469	-	-	-
At 31 December		5,876,525	4,319,029	1,203,934	5,289	(113,634)	8,864	(2,196,474)	3,227,008	(13,868)	3,213,140

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Number of shares 34 '000	Share capital 34 RM'000	Share option reserve 36(b) RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000
2020						
At 1 January		**5,876,525**	**4,319,029**	**5,289**	**(1,095,805)**	**3,228,513**
Total comprehensive expense for the financial year, net of tax		**-**	**-**	**-**	**(840,872)**	**(840,872)**
Transactions with owners:						
- Shares issued pursuant to the management incentive plan	35	**9,371**	**2,322**	**(2,322)**	**-**	**-**
- Management incentive plan granted	35	**-**	**-**	**3,160**	**-**	**3,160**
At 31 December		**5,885,896**	**4,321,351**	**6,127**	**(1,936,677)**	**2,390,801**
2019						
At 1 January		5,870,937	4,314,815	10,151	720,289	5,045,255
Total comprehensive expense for the financial year, net of tax		-	-	-	(1,822,563)	(1,822,563)
Transactions with owners:						
- Shares issued pursuant to the management incentive plan	35	5,588	4,214	(4,214)	-	-
- Management incentive plan granted	35	-	-	5,821	-	5,821
- Employee share options forfeited		-	-	(6,469)	6,469	-
At 31 December		5,876,525	4,319,029	5,289	(1,095,805)	3,228,513

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
OPERATING ACTIVITIES					
Profit/(Loss) for the financial year		**112,245**	38,158	**(840,872)**	(1,822,563)
Adjustments for non-cash items:					
Share of results of joint ventures and associates		**(51,374)**	(147,576)	**-**	-
Depreciation of property, plant and equipment	5	**541,640**	440,528	**3,590**	6,230
Fair value loss/(gain) on ineffective portion of cash flow hedges	4	**950**	(6,385)	**-**	-
(Gain)/Loss on disposal of property, plant and equipment and non-current assets classified as held-for-sale	3,5	**(11,555)**	(33,624)	**1**	1
(Gain)/Loss on disposal of joint ventures	3,5	**-**	(36,111)	**-**	30,331
Fair value gain on remeasurement of a joint venture	3	**(14,031)**	-	**-**	-
Impairment of:					
- non-current assets classified as held-for-sale	5	**42,976**	-	**-**	-
- property, plant and equipment	5	**314,350**	43,656	**-**	-
- investment in subsidiaries	5	**-**	-	**880,792**	1,917,255
Investment in a subsidiary written off		**-**	-	**-**	35
Amount due from a subsidiary written off		**-**	-	**3**	-
Bad debts written back	5	**(144)**	(3,209)	**-**	-
Net (reversal of allowance for impairment losses)/allowance for impairment losses	5	**(12,562)**	239,787	**-**	-
Unrealised foreign exchange loss/(gain)	5	**29,333**	19,056	**(4,595)**	1,342
Share-based payment		**3,160**	5,821	**3,160**	5,821
Interest income	3	**(18,795)**	(26,552)	**(1,239)**	(891)
Interest expense	4	**487,516**	559,986	**-**	-
Accretion of interest	4	**3,175**	1,901	**367**	337
Dividend income	2	**-**	-	**(51,629)**	(144,430)
Taxation	8	**15,364**	44,033	**512**	35
Operating profit/(loss) before changes in working capital		**1,442,248**	1,139,469	**(9,910)**	(6,497)
Changes in working capital:					
Inventories		**1,560**	1,625	**-**	-
Finance lease receivables		**136,259**	153,031	**-**	-
Trade and other receivables		**(74,563)**	288,192	**(9,156)**	2,569
Trade and other payables		**(129,040)**	(264,435)	**(2,887)**	(14,173)
Intercompany balances		**-**	-	**(15,166)**	(90,408)
Joint ventures and associates		**14,159**	(25,622)	**(631)**	4,233
Cash from/(used in) operations		**1,390,623**	1,292,260	**(37,750)**	(104,276)
Interest paid		**(465,504)**	(543,719)	**(367)**	(337)
Tax (paid)/refunded (net)		**(20,836)**	(14,216)	**(524)**	3,913
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**904,283**	734,325	**(38,641)**	(100,700)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	**(49,839)**	(104,590)	**(268)**	(497)
Proceeds from disposal of property, plant and equipment and non-current assets classified as held-for-sale		**37,056**	73,103	**-**	-
Interest received		**19,502**	27,691	**1,196**	873
Proceeds from disposal of investment in joint ventures		**-**	4,293	**-**	-
Additional investment in an associate		**-**	(9)	**-**	(3)
Proceeds from redemption of redeemable preference shares	B	**31,755**	78,779	**-**	48,097
Dividends received from subsidiaries		**-**	-	**39,704**	105,564
Dividend received from a joint venture		**38,845**	-	**-**	-
Repayment from a joint venture		**4,197**	-	**-**	-
Advances to an associate		**(58,172)**	(122,730)	**-**	-
Repayment of capital contribution from a subsidiary		**-**	-	**228,810**	-
Capital contribution in a subsidiary		**-**	-	**(228,810)**	-
NET CASH FLOWS GENERATED FROM/ (USED IN) INVESTING ACTIVITIES		**23,344**	(43,463)	**40,632**	154,034
FINANCING ACTIVITIES					
Repayment of borrowings		**(1,381,605)**	(3,685,077)	**-**	-
Proceeds from borrowings		**273,724**	2,877,505	**-**	-
Repayment of lease liabilities		**(5,990)**	(5,950)	**(4,740)**	(4,858)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(1,113,871)**	(813,522)	**(4,740)**	(4,858)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(186,244)**	(122,660)	**(2,749)**	48,476
CURRENCY TRANSLATION DIFFERENCES		**(13,351)**	(9,388)	**1,966**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**1,094,376**	1,226,424	**107,779**	59,303
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	C	**894,781**	1,094,376	**106,996**	107,779

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Notes to the statements of cash flows:

A Additions to property, plant and equipment (Note 11) which were acquired during the financial year were as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash	**49,839**	104,590	**268**	497
Movement in property, plant and equipment creditors and lease liabilities	**(24,220)**	(37,591)	**7,229**	-
	25,619	66,999	**7,497**	497

B Redemption of redeemable preference shares

During the financial year, the Group redeemed RM31.8 million (2019: RM78.8 million) of redeemable preference shares in Armada C7 Pte Ltd (2019: Armada D1 Pte Ltd and Armada C7 Pte Ltd).

During the previous financial year, the Company redeemed RM48.1 million of redeemable preference shares in Armada D1 Pte Ltd.

C Cash and cash equivalents consist of:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	**206,336**	322,187	**5,269**	58,334
Deposits with licensed banks	**688,445**	772,189	**101,727**	49,445
	894,781	1,094,376	**106,996**	107,779

D Non-cash transactions

During the financial year, the Company designated certain amounts owing from subsidiaries of RM327.1 million as capital contribution in subsidiaries. The amounts designated as capital contribution are unsecured, interest-free and any repayment is at the discretion of the subsidiaries upon notification by the subsidiaries to the Company.

Notes to the statements of cash flows: (continued)

E This section sets out an analysis of liabilities from financing activities for the financial year.

Group	Note	Liabilities from financing activities Borrowings 32 RM'000	Derivative financial instruments 33 RM'000	Lease liabilities - lessee 31 RM'000	Total RM'000
2020					
Net liabilities from financing activities as at 1 January		**9,490,661**	**444,614**	**7,114**	**9,942,389**
Interest expense/(income)	4	**515,996**	**(28,480)**	**-**	**487,516**
Interest (paid)/received		**(489,029)**	**24,236**	**(711)**	**(465,504)**
Accretion of interest	31	**-**	**-**	**711**	**711**
Proceeds from bank borrowings		**273,724**	**-**	**-**	**273,724**
Repayment of bank borrowings		**(1,381,605)**	**-**	**-**	**(1,381,605)**
Repayment of lease liabilities		**-**	**-**	**(5,990)**	**(5,990)**
Additions during the year	11	**-**	**-**	**7,306**	**7,306**
Remeasurement		**-**	**-**	**502**	**502**
Changes in fair value of derivatives financial instruments		**-**	**104,940**	**-**	**104,940**
Foreign exchange differences		**(103,312)**	**3,967**	**69**	**(99,276)**
Net liabilities from financing activities as at 31 December		**8,306,435**	**549,277**	**9,001**	**8,864,713**

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Notes to the statements of cash flows: (continued)

E This section sets out an analysis of liabilities from financing activities for the financial year. (continued)

Group	Note	Liabilities from financing activities			
		Borrowings 32 RM'000	Derivative financial instruments 33 RM'000	Lease liabilities - lessee 31 RM'000	Total RM'000
2019					
Net liabilities from financing activities as at 1 January		10,380,530	302,479	-	10,683,009
Effect on adoption of MFRS 16		-	-	11,709	11,709
Interest expense	4	529,388	30,598	-	559,986
Interest paid		(510,121)	(33,004)	(594)	(543,719)
Accretion of interest	31	-	-	518	518
Proceeds from bank borrowings		2,877,505	-	-	2,877,505
Repayment of bank borrowings		(3,685,077)	-	-	(3,685,077)
Repayment of lease liabilities		-	-	(5,950)	(5,950)
Additions during the year	11	-	-	1,297	1,297
Changes in fair value of derivatives financial instruments		-	140,889	-	140,889
Foreign exchange differences		(101,564)	3,652	134	(97,778)
Net liabilities from financing activities as at 31 December		9,490,661	444,614	7,114	9,942,389

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Notes to the statements of cash flows: (continued)

E This section sets out an analysis of liabilities from financing activities for the financial year. (continued)

Company	Note	Liabilities from financing activities Lease liabilities - lessee 31 RM'000
2020		
Net liabilities from financing activities as at 1 January		**2,059**
Interest paid		**(367)**
Accretion of interest		**367**
Repayment of lease liabilities		**(4,740)**
Addition during the year		**7,229**
		4,548
2019		
Net liabilities from financing activities as at 1 January		-
Effect on adoption of MFRS 16		7,052
Interest paid		(337)
Accretion of interest		337
Repayment of lease liabilities		(4,858)
Remeasurement of lease liabilities		(135)
		2,059

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1 SEGMENT INFORMATION

The Group is organised into 2 main business segments based on the type of operations carried out by its vessels and barges:

(i) Floating Production and Operations ("FPO") – consists of Floating Production Storage Offloading ("FPSO") and Floating Gas Solutions ("FGS").

- FPSO - own, operate and provide FPSO vessels that are used for receiving hydrocarbons sourced from oilfields.
- FGS - focus on innovative solutions for the offshore liquefied natural gas industry.

(ii) Offshore Marine Services ("OMS") – consists of Offshore Support Vessel ("OSV") and Subsea Construction ("SC").

- OSV - own, operate and charter vessels to provide support for exploration, development and production activities in the offshore oil and gas industry.
- SC - provision of conventional installation, floater installation and installation of umbilicals, risers and flexibles as part of FPSO completion or as standalone SC projects.

The remaining operations of the Group are in "Corporate and others" and comprise management and other corporate support services provided to subsidiaries which are considered incidental to the Group's operating business.

The external revenue reported to the Chief Executive Officer is measured in a manner consistent with the Group's statement of income. The cost of sales and allocation of expenses attributable to each segment is based on management's internal allocation basis and may not individually be consistent with the Group's statement of income. Inter-segment revenue comprises mostly of engineering services provided to the marine charter hire companies and central overhead fees allocated within the Group. These transactions are conducted based on terms and conditions negotiated with related parties.

1 SEGMENT INFORMATION (CONTINUED)

2020	FPO RM'000	OMS RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	1,985,890	353,999	-	-	2,339,889
Inter-segment revenue	-	-	76,241	(76,241)	-
Total revenue	1,985,890	353,999	76,241	(76,241)	2,339,889
Results					
Segment results	1,295,325	51,293	10,242	-	1,356,860
Depreciation of property, plant and equipment	(351,408)	(186,697)	(3,535)	-	(541,640)
Bad debts written back	-	144	-	-	144
Net writeback of allowance for impairment losses/ (allowance for impairment losses)	12,925	(363)	-	-	12,562
Impairment	-	(357,326)	-	-	(357,326)
Share of results of joint ventures and associates	46,135	5,239	-	-	51,374
Subtotal	1,002,977	(487,710)	6,707	-	521,974
Other operating income					97,276
Finance costs					(491,641)
Taxation					(15,364)
Profit for the financial year					112,245

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

1 SEGMENT INFORMATION (CONTINUED)

2019	**FPO RM'000**	**OMS RM'000**	**Corporate and others RM'000**	**Elimination RM'000**	**Group RM'000**
Revenue	1,742,575	328,130	-	-	2,070,705
Inter-segment revenue	-	-	90,584	(90,584)	-
Total revenue	1,742,575	328,130	90,584	(90,584)	2,070,705
Results					
Segment results	952,808	113,044	3,420	-	1,069,272
Depreciation of property, plant and equipment	(278,381)	(156,018)	(6,129)	-	(440,528)
Bad debts written back	3,209	-	-	-	3,209
Net (allowance for impairment losses)/writeback of allowance for impairment losses	(245,733)	5,946	-	-	(239,787)
Impairment	-	(43,656)	-	-	(43,656)
Share of results of joint ventures and associates	159,209	(11,633)	-	-	147,576
Subtotal	591,112	(92,317)	(2,709)	-	496,086
Other operating income					141,607
Finance costs					(555,502)
Taxation					(44,033)
Profit for the financial year					38,158

The Group is managed in Malaysia, and operates in the following main geographical areas:

- Asia (excluding Malaysia), Africa, Europe and Latin America - mainly charter hire of vessels and construction work.
- Malaysia - mainly charter hire of vessels, marine engineering and consultancy services.

Revenue by locations of the Group's operations are analysed as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Malaysia	**178,725**	155,138
Asia (excluding Malaysia)	**316,779**	310,121
Africa	**918,409**	908,781
Europe	**887,818**	666,082
Latin America	**38,158**	30,583
	2,339,889	2,070,705

1 SEGMENT INFORMATION (CONTINUED)

The Group's largest customers (by revenue contribution) are in the FPO segment (2019: FPO segment). In 2020, 2 customers (2019: 2 customers), on an individual basis, contributed revenue exceeding 10% of total revenue for the financial year, amounting to RM877.9 million and RM822.1 million respectively (2019: RM860.3 million and RM598.8 million respectively).

2 REVENUE

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Revenue from contract with customers				
Vessel charter fees and support services rendered	**765,354**	727,161	**-**	-
Construction work	**46,879**	6,260	**-**	-
Central overhead fees	**-**	-	**87,884**	97,889
Management fee income	**-**	-	**1,422**	8,403
	812,233	733,421	**89,306**	106,292
Revenue from other sources				
Finance lease income	**692,591**	705,548	**-**	-
Operating lease income	**835,065**	631,736	**-**	-
Dividend income	**-**	-	**51,629**	144,430
	2,339,889	2,070,705	**140,935**	250,722

Disaggregation of the Group's revenue from contracts with customers

The Group derives revenue by satisfying the performance obligation over time in the following segment:

2020	**FPO RM'000**	**OMS RM'000**	**Total RM'000**
Vessel charter fees and support services rendered	**416,737**	**348,617**	**765,354**
Construction work	**46,879**	**-**	**46,879**
	463,616	**348,617**	**812,233**
Timing of revenue recognition:			
- Over time	**463,616**	**348,617**	**812,233**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

2 REVENUE (CONTINUED)

Disaggregation of the Group's revenue from contracts with customers (continued)

The Group derives revenue by satisfying the performance obligation over time in the following segment: (continued)

2019	FPO RM'000	OMS RM'000	Total RM'000
Vessel charter fees and support services rendered	401,030	326,131	727,161
Construction work	6,260	-	6,260
	407,290	326,131	733,421
Timing of revenue recognition:			
- Over time	407,290	326,131	733,421

During the financial year ended 31 December 2020, the Group has recognised revenue from contracts with customers amounting to RM7.6 million (2019: RM10.1 million) that was included in contract liabilities at the beginning of the reporting period (Note 24).

The Company recognises revenue over time.

Revenue from other sources

The Group's revenue from finance leases and operating leases falls within the scope of MFRS 16 "Leases".

3 OTHER OPERATING INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Gain on disposal of property, plant and equipment and non-current assets classified as held-for-sale	**11,555**	33,624	**-**	-
Gain on disposal of joint ventures	**-**	36,111	**-**	-
Fair value gain on remeasurement of a joint venture	**14,031**	-	**-**	-
Interest income				
- deposits with licensed banks	**9,300**	24,577	**1,239**	891
- joint venture	**1,341**	1,975	**-**	-
- associate	**8,154**	-	**-**	-
Management and engineering services charged to joint ventures	**46,586**	24,879	**-**	-
Others	**6,309**	20,441	**76**	23
	97,276	141,607	**1,315**	914

4 FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense	**487,516**	559,986	**-**	-
Accretion of interest	**3,175**	1,901	**367**	337
Fair value loss/(gain) on ineffective portion of cash flow hedges	**950**	(6,385)	**-**	-
	491,641	555,502	**367**	337

5 PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):				
Auditors' remuneration:				
- fees for statutory audit:				
- PricewaterhouseCoopers Malaysia				
- current year	**1,042**	1,615	**208**	208
- member firms of PricewaterhouseCoopers International Limited	**871**	825	**-**	-
- non-PwC member firms	**364**	533	**-**	-
- fees for audit related services:				
- PricewaterhouseCoopers Malaysia	**70**	365	**70**	365
- fees for non-audit services:				
- PricewaterhouseCoopers Malaysia	**219**	216	**-**	216
- member firms of PricewaterhouseCoopers International Limited	**840**	870	**-**	608
Impairment of:				
- property, plant and equipment (Note 11)	**314,350**	43,656	**-**	-
- non-current assets classified as held-for-sale (Note 27)	**42,976**	-	**-**	-
- investment in subsidiaries (Note 12)	**-**	-	**880,792**	1,917,255
Investment in a subsidiary written off	**-**	-	**-**	35
Amount due from a subsidiary written off	**-**	-	**3**	-
Bad debts written back	**(144)**	(3,209)	**-**	-
Net (writeback of allowance for impairment losses)/allowance for impairment losses				
- Trade receivables (Note 21)	**(1,713)**	(1,714)	**-**	-
- Accrued lease rental (Note 22)	**-**	233,615	**-**	-
- Other receivables and deposits (Note 23)	**172**	2,404	**-**	-
- Amount due from a joint venture (Note 17)	**(11,021)**	5,482	**-**	-

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5 PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting): (continued)				
Loss on disposal of property, plant and equipment	**-**	-	**1**	1
Loss on disposal of joint ventures	**-**	-	**-**	30,331
Depreciation of property, plant and equipment (Note 11)	**541,640**	440,528	**3,590**	6,230
Travel and freight	**15,654**	22,081	**1,231**	3,322
Repairs and maintenance	**142,512**	156,314	**8,009**	8,416
Management fees	**20,950**	16,224	**7,310**	7,310
Insurance	**41,037**	21,124	**-**	-
Fuel and oil	**32,317**	15,454	**-**	-
Staff costs (Note 6)	**343,042**	352,255	**75,414**	80,066
Other crew costs	**24,434**	75,345	**-**	-
Hiring of equipment	**35,704**	37,963	**-**	-
Net foreign exchange (gain)/loss:				
- realised	**(9,683)**	(19,786)	**(665)**	4,149
- unrealised	**29,333**	19,056	**(4,595)**	1,342
Maintenance and service costs	**337**	8,975	**-**	-
Survey fees	**7,020**	13,369	**-**	-
Consultancy fees	**23,125**	13,004	**1,108**	652
Communication expenses	**10,924**	11,088	**1**	1

6 STAFF COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and bonuses	**269,049**	286,687	**63,849**	66,529
Defined contribution plan	**8,810**	6,423	**4,176**	3,936
Share-based payments	**3,160**	5,821	**3,160**	5,821
Termination benefits	**952**	173	**952**	44
Other staff related costs	**61,071**	53,151	**3,277**	3,736
Total staff costs	**343,042**	352,255	**75,414**	80,066

Executive Directors' remuneration as disclosed in Note 7 is included in staff costs.

7 DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by Directors from the Group and the Company during the financial year were as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Non-Executive Directors:				
- fees	**1,895**	1,907	**1,895**	1,907
- allowances	**315**	405	**315**	405
Executive Directors:				
- salaries, bonuses, allowances and other staff related costs	**4,705**	7,146	**4,705**	7,146
- share-based payments [1]	**2,564**	4,947	**2,564**	4,947
	9,479	14,405	**9,479**	14,405

[1] Share-based payments for the Executive Directors are expenses recognised to the profit or loss over the vesting period for MIP in accordance with Section C(p)(iii).

Benefits-in-kind ("BIK") received by the Executive Director from the Group and the Company amounted to RM18,300 (2019: RM30,471).

	Non-Executive Directors' remuneration for financial year ended 31 December 2020			
		Other emoluments		
	Fees RM'000	**Meeting allowance[1] RM'000**	**Car allowance RM'000**	**Total RM'000**
Tunku Ali Redhauddin Ibni Tuanku Muhriz	**488**	**28**	**144**	**660**
Alexandra Schaapveld	**330**	**59**	**-**	**389**
Chan Chee Beng	**210**	**16**	**-**	**226**
Maureen Toh Siew Guat	**354**	**34**	**-**	**388**
Uthaya Kumar K Vivekananda	**513**	**34**	**-**	**547**
	1,895	**171**	**144**	**2,210**

[1] Meeting allowance includes the allowance for travel days to attend meetings.

The Non-Executive Directors did not receive any BIK during the financial year ended 31 December 2020.

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7 DIRECTORS' REMUNERATION (CONTINUED)

	Executive Director's [1] remuneration for financial year ended 31 December 2020
	Gary Neal Christenson RM'000
Salary	**2,334**
Bonus	**1,361**
Expense chargeable to income tax	**992**
Shares benefit under MIP	**2,564**
BIK	**18**
	7,269

[1] The Executive Director do not receive director's fee and meeting allowances.

	Non-Executive Directors' remuneration for financial year ended 31 December 2019			
		Other emoluments		
	Fees RM'000	Meeting allowance[1] RM'000	Car allowance RM'000	Total RM'000
Tunku Ali Redhauddin Ibni Tuanku Muhriz	488	32	144	664
Alexandra Schaapveld	330	88	-	418
Chan Chee Beng	210	18	-	228
Maureen Toh Siew Guat	354	44	-	398
Uthaya Kumar K Vivekananda	432	42	-	474
Gary Neal Christenson [2]	93	37	-	130
	1,907	261	144	2,312

[1] Meeting allowance includes the allowance for travel days to attend meetings.
[2] Re-designated from Non-Executive Director to Executive Director on 27 March 2019 and assumed the Chief Executive Officer role on 16 May 2019.

The Non-Executive Directors did not receive any BIK during the financial year ended 31 December 2019.

7 DIRECTORS' REMUNERATION (CONTINUED)

	Executive Director's [1] remuneration for financial year ended 31 December 2019		
	Gary Neal Christenson[2] RM'000	Leon Andre Harland[3] RM'000	Total RM'000
Salary	1,758	1,967	3,725
Bonus	2,100	1,262	3,362
Expense chargeable to income tax	-	29	29
Shares benefit under MIP	3,471	1,476	4,947
BIK	17	13	30
	7,346	4,747	12,093

[1] The Executive Directors do not receive director's fee and meeting allowances.
[2] Re-designated from Non-Executive Director to Executive Director on 27 March 2019 and assumed the Chief Executive Officer role on 16 May 2019.
[3] Resigned on 15 May 2019.

8 TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Income tax:				
- Malaysian tax	**522**	942	**297**	298
- foreign tax	**8,581**	36,020	**-**	-
Deferred tax (Note 19)	**6,261**	7,071	**215**	(263)
	15,364	44,033	**512**	35
Income tax:				
- current financial year	**18,650**	38,464	**297**	268
- (over)/under provision in respect of prior financial years	**(9,547)**	(1,502)	**-**	30
	9,103	36,962	**297**	298
Deferred tax:				
- origination and reversal of temporary differences (Note 19)	**6,261**	7,071	**215**	(263)
	15,364	44,033	**512**	35

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8 TAXATION (CONTINUED)

The explanation of the relationship between Malaysian tax rate and average effective tax rate is as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Malaysian tax rate	**24**	24	**24**	24
Tax effects of:				
- exempt income	**(184)**	(215)	**1**	2
- difference in tax rates in other countries	**87**	100	**-**	-
- share of results of joint ventures and associates	**(9)**	(43)	**-**	-
- foreign sourced income	**6**	22	**-**	-
- expenses not deductible for tax purposes	**65**	160	**(25)**	(26)
- deferred tax assets not recognised	**28**	38	**-**	-
- utilisation of deferred tax assets not recognised	**(4)**	(30)	**-**	-
- under/(over) provision in prior years	**(1)**	(2)	**-**	-
	12	54	**0**	0

The Group's effective tax rate for the financial year ended 31 December 2020 was 12% (2019: 54%), as compared to the Malaysian statutory tax rate of 24%. The difference in the effective tax rate and the Malaysian statutory tax rate is mainly due to exempt income arising from contributions from the subsidiaries incorporated in Marshall Islands and difference in tax rates in other countries.

The Company's effective tax rate for the financial year ended 31 December 2020 was less than 1% (2019: less than 1%) compared to the statutory tax rate of 24% as the Company's dividend income was not subject to tax and the impairment of investment in subsidiaries was not deductible for tax purposes.

9 EARNINGS PER SHARE

Basic

The basic earnings per share ("EPS") is calculated by dividing the Group's profit/(loss) attributable to the Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

Diluted

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account:
- the after income tax effect of interest and other financing costs associated with the MIP; and
- 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 MIP shares granted were not dilutive for the financial year ended 31 December 2020 as there is one vesting condition to be satisfied on or before 1 May 2021. Hence, the calculation of diluted EPS does not assume the exercise of the MIP.

	Basic		Diluted	
	2020	**2019**	**2020**	**2019**
Profit/(Loss) attributable to the Owners of the Company for the financial year ended 31 December (RM'000)	**125,569**	58,618	**125,569**	58,618
Weighted average number/adjusted weighted average number of ordinary shares in issue for basic and diluted EPS ('000)	**5,882,784**	5,874,713	**5,882,784**	5,874,713
Basic and diluted EPS (sen)	**2.13**	1.00	**2.13**	1.00

10 DIVIDENDS

The Board of Directors does not recommend any dividend to be paid for the financial year ended 31 December 2020.

11 PROPERTY, PLANT AND EQUIPMENT

		Total vessel costs [1]							
Group	Office premise RM'000	Vessels and vessel equipment RM'000	Dry-docking RM'000	Total RM'000	Motor vehicles RM'000	Equipment, furniture and fittings, and office equipment RM'000	Spare parts RM'000	Right-of-use assets RM'000	Total RM'000
2020									
Net book value									
At 1 January	6,205	5,899,316	23,835	5,923,151	735	2,158	1,199	7,160	5,940,608
Additions	-	40	17,724	17,764	250	126	173	7,306	25,619
Disposal	-	(1,350)	(1,641)	(2,991)	-	(1)	-	-	(2,992)
Remeasurement	-	-	-	-	-	-	-	502	502
Depreciation charge (Note 5)	(261)	(509,238)	(25,914)	(535,152)	(390)	(597)	(636)	(4,604)	(541,640)
Impairment (Note 5)	-	(307,268)	(7,082)	(314,350)	-	-	-	-	(314,350)
Transfer to non-current assets classified as held-for-sale (net) (Note 27)	-	(106,142)	(6)	(106,148)	-	-	(735)	-	(106,883)
Exchange differences	(96)	(56,552)	822	(55,730)	2	(10)	-	65	(55,769)
At 31 December	5,848	4,918,806	7,738	4,926,544	597	1,676	1	10,429	4,945,095
At 31 December 2020									
Cost	6,243	10,890,913	112,591	11,003,504	2,429	95,708	16,694	20,723	11,145,301
Accumulated depreciation	(395)	(3,386,686)	(69,580)	(3,456,266)	(1,832)	(94,032)	(16,693)	(10,294)	(3,579,512)
Accumulated impairment	-	(2,585,421)	(35,273)	(2,620,694)	-	-	-	-	(2,620,694)
Net book value	5,848	4,918,806	7,738	4,926,544	597	1,676	1	10,429	4,945,095

[1] The net book value of vessels at 31 December 2020 under operating lease agreements with charterers was RM3.6 billion.

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Asset under construction [1] RM'000	Office premise [1] RM'000	Total vessel costs [2]: Vessels and vessel equipment RM'000	Total vessel costs [2]: Dry-docking RM'000	Total vessel costs [2]: Total RM'000	Motor vehicles RM'000	Equipment, furniture and fittings, and office equipment RM'000	Spare parts RM'000	Right-of-use assets RM'000	Total RM'000
2019										
Net book value										
At 1 January	5,244	-	6,664,036	17,745	6,681,781	1,094	3,021	1,554	-	6,692,694
Effect on the adoption of MFRS 16 (Note 43)	-	-	-	-	-	-	-	-	11,709	11,709
	5,244	-	6,664,036	17,745	6,681,781	1,094	3,021	1,554	11,709	6,704,403
Additions	1,162	-	35,329	26,730	62,059	-	1,312	1,169	1,297	66,999
Disposal	-	-	(251,136)	(5,042)	(256,178)	-	-	(84)	(136)	(256,398)
Reclassification	(6,406)	6,406	-	-	-	-	-	-	-	-
Depreciation charge (Note 5)	-	(151)	(417,592)	(13,106)	(430,698)	(366)	(2,155)	(1,432)	(5,726)	(440,528)
Impairment (Note 5)	-	-	(43,656)	-	(43,656)	-	-	-	-	(43,656)
Transfer to non-current assets classified as held-for-sale (net) (Note 27)	-	-	(31,997)	(335)	(32,332)	-	-	(6)	-	(32,338)
Exchange differences	-	(50)	(55,668)	(2,157)	(57,825)	7	(20)	(2)	16	(57,874)
At 31 December	-	6,205	5,899,316	23,835	5,923,151	735	2,158	1,199	7,160	5,940,608
At 31 December 2019										
Cost	-	6,353	12,205,653	179,493	12,385,146	2,366	95,650	43,652	12,840	12,546,007
Accumulated depreciation	-	(148)	(3,357,217)	(107,350)	(3,464,567)	(1,631)	(93,492)	(42,453)	(5,680)	(3,607,971)
Accumulated impairment	-	-	(2,949,120)	(48,308)	(2,997,428)	-	-	-	-	(2,997,428)
Net book value	-	6,205	5,899,316	23,835	5,923,151	735	2,158	1,199	7,160	5,940,608

[1] Asset under construction is in relation to the cost of acquisition of office premise by a subsidiary. The asset under construction is reclassified to office premise upon completion of construction.
[2] The net book value of vessels at 31 December 2019 under operating lease agreements with charterers was RM3.9 billion.

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment furniture and fittings RM'000	Motor vehicles RM'000	Right-of-use assets RM'000	Total RM'000
2020				
Net book value				
At 1 January	**591**	**-**	**2,067**	**2,658**
Additions	**18**	**250**	**7,229**	**7,497**
Disposal	**(1)**	**-**	**-**	**(1)**
Depreciation charge (Note 5)	**(145)**	**(50)**	**(3,395)**	**(3,590)**
At 31 December	**463**	**200**	**5,901**	**6,564**
At 31 December 2020				
Cost	**73,700**	**263**	**14,077**	**88,040**
Accumulated depreciation	**(73,237)**	**(63)**	**(8,176)**	**(81,476)**
Net book value	**463**	**200**	**5,901**	**6,564**
2019				
Net book value				
At 1 January	1,474	1	-	1,475
Effect on the adoption of MFRS 16 (Note 43)	-	-	7,052	7,052
	1,474	1	7,052	8,527
Additions	497	-	-	497
Disposal	-	-	(136)	(136)
Depreciation charge (Note 5)	(1,380)	(1)	(4,849)	(6,230)
At 31 December	591	-	2,067	2,658
At 31 December 2019				
Cost	73,685	13	6,848	80,546
Accumulated depreciation	(73,094)	(13)	(4,781)	(77,888)
Net book value	591	-	2,067	2,658

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Fixed charges have been created over certain vessels of the Group with net book values amounting to approximately RM3.5 billion (2019: RM3.2 billion) as security for term loans (Note 32).

(b) The FPSO contracts include options for the charterers to purchase the respective FPSO vessels or to extend their charter periods beyond the initial lease period. The purchase option values are based on declining agreed prices, which are in excess of the current net book values of the FPSO vessels as at the reporting date.

(c) Impairment of property, plant and equipment during the financial year ended 31 December 2020

During the financial year ended 31 December 2020, an impairment charge of RM314.4 million was recognised for certain OMS vessels. The impairment assessment was carried out as a result of the low vessel utilisation and delay in securing new projects arising from the COVID-19 pandemic and the decline in global oil prices.

The Group considered each vessel within a segment as a cash-generating unit ("CGU") except for SC assets which are determined to be one CGU. However, they are grouped together for disclosure purposes. The recoverable amount for these vessels of which an impairment charge was made during the financial year was RM1,018.0 million, where RM881.7 million was determined based on value-in-use ("VIU"), and RM136.3 million was determined based on fair value less costs to sell ("FVLCTS").

In addition, an impairment charge of RM43.0 million for non-current assets classified as held for sale has been recognised during the year. The recoverable amount for these vessels of which an impairment charge was made during the financial year was RM45.0 million, which was determined based on FVLCTS.

(i) Recoverable amount determined based on VIU

The key assumptions used in VIU are based on estimates and judgements, including expectations of future events that are believed to be reasonable under the current circumstances.

The following are key assumptions used in determining the VIU for the OSV vessels:

- The cash flows projection is based on the remaining useful lives of the vessels;
- Utilisation rates and charter rates are based on historical trends, existing charter contracts and future intended use of vessels; and
- Discount rate of 6.5% is applied.

The impairment recognised in respect of OSV vessels amounted to RM51.5 million.

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Impairment of property, plant and equipment during the financial year ended 31 December 2020 (continued)

(i) Recoverable amount determined based on VIU (continued)

The following are key assumptions used in determining the VIU for the SC assets:

- The cash flow projections for the estimated remaining useful lives of the SC assets are based on historical contract margins adjusted for expected period of securing new projects and probability of securing new contracts considering necessary idle time; and
- Discount rate of 6.5% is applied.

The impairment recognised for the SC assets amounted to RM163.5 million.

The sensitivity of the key assumptions with all other variables being held constant to profit or loss is as follows:

	Increase/ (Decrease) in profit before taxation 2020 RM'000
OSV vessels' utilisation rates and charter rates increased by 1%	4,347
OSV vessels' utilisation rates and charter rates decreased by 1%	(4,347)
SC assets' contract margin increased by 2%	14,403
SC assets' contract margin decreased by 2%	(14,403)
Discount rate of 6.6%	(3,000)
Discount rate of 6.4%	3,013
Probability of securing one of the SC projects is less than probable	from (68,000) to (191,000)

(ii) Recoverable amount determined based on FVLCTS

The fair values of the vessels have been assessed either by an independent professional valuer or in comparison with broker prices and recent sale transactions. The sales comparison approach was used as it took into consideration the recent supply and demand for vessels of similar type and age.

The recoverable amount which is determined based on FVLCTS is classified as level 3 under the fair value hierarchy. The impairment recognised for the OSV vessels classified as property, plant and equipment, and non-current assets classified as held-for-sale amounted to RM99.4 million and RM43.0 respectively.

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Impairment of property, plant and equipment during the financial year ended 31 December 2019

During the financial year ended 31 December 2019, an impairment charge of RM43.7 million was charged for certain OMS vessels. The impairment assessment was carried out as a result of the low vessel utilisation and delay in securing new projects.

The Group considered each vessel within a segment as a CGU except for SC assets which are determined to be one CGU. However, they are grouped together for disclosure purposes. The recoverable amount for these vessels of which an impairment charge was made during the financial year was RM876.1 million.

(i) Recoverable amount determined based on VIU

The key assumptions used in VIU are based on estimates and judgements, including expectations of future events that are believed to be reasonable under the current circumstances.

The following are key assumptions used in determining the VIU for the SC assets:

- The cash flow projections for the estimated remaining useful lives of the SC assets are based on the historical contract margins; and
- Discount rate of 6.5% is applied.

The impairment recognised for the SC assets amounted to RM41.5 million.

The sensitivity of the key assumptions with all other variables being held constant to profit or loss is as follows:

	Increase/ (Decrease) in profit before taxation
	2019 RM'000
Contract margin increased by 2%	17,552
Contract margin decreased by 2%	(17,552)
Discount rate of 6.6%	(3,165)
Discount rate of 6.4%	3,181

(ii) Recoverable amount determined based on FVLCTS

The fair values of the vessels have been assessed either by an independent professional valuer or in comparison with broker prices and recent sale transactions. The sales comparison approach was used as it took into consideration the recent supply and demand for vessels of similar type and age.

The recoverable amount which is determined based on FVLCTS is classified as level 3 under the fair value hierarchy. The impairment recognised for the OSV vessels amounted to RM2.2 million.

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(e) During the financial year, the Group revised the residual value of certain FPO and OSV vessels (2019: SC assets) based on the prevailing market conditions and the expected value to be obtained for these vessels at the end of their useful lives. The revision was accounted for as a change in accounting estimate and was made effective on 1 January 2020 (2019: 1 October 2019). As a result, the depreciation charge during the financial year increased by RM48.1 million (2019: RM2.0 million).

In addition, the Group had also revised the useful life of certain FPO and OSV vessels (2019: OSV vessels and SC assets) based on the expected period of future economic benefits for the vessels. The revision was accounted for as a change in accounting estimate and was made effective on 1 January 2020 and 1 October 2020 (2019: 1 October 2019). As a result, the depreciation charge during the financial year increased by RM45.6 million (2019: RM13.6 million).

12 INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM'000	**2019 RM'000**
Unquoted shares, at cost	**24,140**	24,172
7% Cumulative Redeemable Preference Shares, at cost	**16,000**	16,000
Less: Accumulated impairment losses	**(18,332)**	(18,332)
	21,808	21,840
Capital contribution in subsidiaries	**4,816,775**	4,489,708
Less: Accumulated impairment losses	**(2,798,047)**	(1,917,255)
	2,018,728	2,572,453
	2,040,536	2,594,293

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's effective interest in its subsidiaries, their respective principal activities and country of incorporation are shown below:

Name of company	Principal activities	Group's effective interest 2020 %	Group's effective interest 2019 %	Country of incorporation
Direct subsidiaries:				
Armada Floating Solutions Limited ("AFSL") (1) & (4)	Bareboat charter of a floating production storage and offloading unit	-	100	The British Virgin Islands
Armada Oyo Ltd (1)	Bareboat charter of a floating production storage and offloading unit	**100**	100	The British Virgin Islands
Armada TGT Ltd (1)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Armada Kamelia Sdn Bhd (In Members' Voluntary Liquidation) (5)	Dormant	**100**	100	Malaysia
Bumi Armada (Singapore) Pte Ltd ("BASPL") (2)	Ship management and chartering operation and maintenance of FPSO	**100**	100	Singapore
Bumi Armada Automation International Sdn Bhd	Provision of agency services to its holding company	**100**	100	Malaysia
Bumi Armada Engineering Sdn Bhd	Provision of engineering consultancy services	**100**	100	Malaysia
Bumi Armada Navigation Sdn Bhd ("BAN")	Provision of marine transportation, and support services to offshore oil and gas companies	**99**	99	Malaysia
Bumi Armada Offshore Holdings Limited ("BAOHL") (1)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Bumi Armada Russia Holdings Limited (1)	Dormant	**100**	100	Republic of The Marshall Islands

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12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's effective interest in its subsidiaries, their respective principal activities and country of incorporation are shown below: (continued)

Name of company	Principal activities	Group's effective interest 2020 %	Group's effective interest 2019 %	Country of incorporation
Direct subsidiaries: (continued)				
Bumi Armada Holdings Labuan Ltd	Provision of loans, advances and other facilities, cash and debt management services, investment and financial risk management, and other treasury management services to the Bumi Armada Group of companies	**100**	100	Federal Territory of Labuan, Malaysia
Bumi Armada Capital Offshore Ltd	Obtaining non-ringgit financing and providing cash and debt management services, investment and financial risk management services and other treasury management services to the Bumi Armada Group of companies	**100**	100	Federal Territory of Labuan, Malaysia
Bumi Armada Capital Malaysia Sdn Bhd	Facilitating the issuance of RM1.5 billion Sukuk Murabahah and providing advances and other facilities to the Bumi Armada Group of companies	**100**	100	Malaysia
Bumi Armada Marine Holdings Limited ("BAMHL") (1)	Investment holding	**100**	100	The British Virgin Islands
Bumi Armada Singapore Holdings Pte Ltd ("BASH") (3)	Investment holding	**100**	100	Singapore
Bumi Armada Holdings B.V. ("BAHB") (1)	Investment holding	**100**	100	Netherlands
Subsidiaries of BAN:				
Bumi Armada Ship Management Sdn. Bhd. ("BASM") (7)	Managers of ships and vessels, marine support and other services to offshore oil and gas companies	**-**	99	Malaysia
Bumi Care Offshore Production Sdn Bhd	Dormant	**59**	59	Malaysia

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's effective interest in its subsidiaries, their respective principal activities and country of incorporation are shown below: (continued)

Name of company	Principal activities	Group's effective interest 2020 %	Group's effective interest 2019 %	Country of incorporation
Subsidiaries of BAN: (continued)				
Bumi Armada Navigation Labuan Limited ("BANLL") (7)	Shipping on bare boat or time charter basis	**-**	99	Federal Territory of Labuan, Malaysia
Bumi Armada Navigation Labuan International Limited ("BANLIL") (7)	Shipping on bare boat or time charter basis	**-**	99	Federal Territory of Labuan, Malaysia
Subsidiaries of BAOHL:				
Angoil Bumi JV, LDA (1) & (8)	Service provider to the oil and gas industry, especially for repair and maintenance of FPSO and OSV companies	**49**	49	Angola
Abaco Offshore Limited (1) & (8)	Provision of offshore support services	**49**	49	Republic of The Marshall Islands
Bumi Armada Australia Pty Ltd (in liquidation) (3) & (10)	Ship management and chartering operation and maintenance of FPSO	**100**	100	Australia
Bumi Armada Do Brasil Servicos Maritimos Ltda (1)	Dormant	**100**	100	Brazil
Bumi Armada Offshore Contractor Limited ("BAOCL") (1)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Armada Offshore OSV Limited (1)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Armada Offshore MPSV Limited (1)	Dormant	**100**	100	Republic of The Marshall Islands
Bumi Armada UK Limited (2)	Offshore oil and gas marine services	**100**	100	United Kingdom

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12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's effective interest in its subsidiaries, their respective principal activities and country of incorporation are shown below: (continued)

Name of company	Principal activities	Group's effective interest 2020 %	Group's effective interest 2019 %	Country of incorporation
Subsidiaries of BAOHL: (continued)				
Bumi Armada Ghana Limited [(3)]	Provision of marine transportation, floating production storage and offload and offshore supply vessels	**60**	60	Ghana
Armada Kraken Pte Ltd [(2)]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Armada Cabaca Ltd [(1)]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Armada Etan Limited [(1)]	Dormant	**100**	100	Republic of The Marshall Islands
Armada Regasification Services Malta Ltd (in Members' Voluntary Liquidation) [(9)]	Dormant	**-**	100	Malta
Armada Floating Gas Services Malta Ltd [(3)]	Provision of services to oil and gas companies to operate, maintain and repair floating gas solution units	**100**	100	Malta
Armada Floating Gas Storage Malta Ltd [(3)]	Ship owners, charterers, manager of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Malta
Armada Balnaves Pte Ltd [(2)]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Bumi Armada 98/2 Holdings Pte Ltd ("BA98/2") [(2)]	Investment holding	**100**	100	Singapore

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's effective interest in its subsidiaries, their respective principal activities and country of incorporation are shown below: (continued)

Name of company	Principal activities	Group's effective interest 2020 %	Group's effective interest 2019 %	Country of incorporation
Subsidiary of BASPL:				
Bumi Armada Nigeria Limited (3)	Dormant	**100**	100	Federal Republic of Nigeria
Subsidiaries of BAOCL:				
Bumi Armada Caspian LLC (2)	Activities related to oil and gas industry	**100**	100	Russia
Bumi Armada Marine LLC (2)	Provision of marine support and other services to oil and gas companies	**100**	100	Russia
Subsidiaries of BASH:				
Armada Constructor Pte Ltd (3)	Ship owners, charterers, managers of ships and vessels, marine support and other services to oil and gas companies	**100**	100	Singapore
Armada Mahakam Limited ("AML") (1) & (6)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**-**	100	The British Virgin Islands
Armada Marine Contractors Caspian Ltd ("AMCCL") (1)	Investment holding	**100**	100	The British Virgin Islands
Bumi Armada (Labuan) Ltd	To carry out shipping on time charter basis	**100**	100	Federal Territory of Labuan, Malaysia
Offshore Marine Ventures Sdn Bhd	Provision of integrated service solutions for the supply, operation and maintenance of support vessels and logistics and maritime transportation services to the oil and gas industry	**100**	100	Malaysia

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12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's effective interest in its subsidiaries, their respective principal activities and country of incorporation are shown below: (continued)

Name of company	Principal activities	Group's effective interest 2020 %	Group's effective interest 2019 %	Country of incorporation
Subsidiaries of BASH: (continued)				
Armada Ship Management (S) Pte Ltd (2)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Bumi Armada Marine Naryan Mar Pte Ltd (3)	Ship owners, charterers, manager of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Bumi Armada Marine Pokachi Pte Ltd (3)	Ship owners, charterers, manager of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Bumi Armada Marine Uray Pte Ltd (3)	Ship owners, charterers, manager of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Armada Marine Angola (SU), Lda (1)	Provision of management and consulting services including human resources, finance and other related support services to companies in the Bumi Armada Group operating in Angola	**100**	100	Angola
Bumi Armada Marine Ghana Limited (3)	Provision of offshore support vessel services to oil and gas industry in Ghana	**60**	60	Ghana
Bumi Armada Ship Management Sdn.Bhd. ("BASM") (7)	Managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	-	Malaysia
Bumi Armada Navigation Labuan Limited ("BANLL") (7)	Shipping on bare boat or time charter basis	**100**	-	Federal Territory of Labuan, Malaysia

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's effective interest in its subsidiaries, their respective principal activities and country of incorporation are shown below: (continued)

Name of company	Principal activities	Group's effective interest 2020 %	Group's effective interest 2019 %	Country of incorporation
Subsidiaries of BASH: (continued)				
Bumi Armada Navigation Labuan International Limited ("BANLIL") [7]	Shipping on bare boat or time charter basis	**100**	-	Federal Territory of Labuan, Malaysia
Subsidiary of AMCCL:				
Armada Marine Contractors Caspian Pte Ltd [2]	Chartering of ships, barges and boats with crew	**100**	100	Singapore
Subsidiary of BAHB:				
Bumi Armada Holdings Netherlands B.V. ("BAHNB") [1]	Investment holding	**100**	100	Netherlands
Subsidiary of BAHNB:				
Bumi Armada Netherlands B.V. ("BANB") [1]	Investment holding	**100**	100	Netherlands

(1) These companies are not required by their local laws to appoint statutory auditors.

(2) These companies are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.

(3) The financial statements of these companies are audited by firms other than member firms of PricewaterhouseCoopers International Limited.

(4) On 17 July 2020, AFSL was dissolved upon issuance of the Certificate of Dissolution by the Registrar of Corporate Affairs of the British Virgin Island ("BVI Registrar").

(5) On 29 October 2019, a Special Resolution was passed to give effect to the members' voluntary winding-up of Armada Kamelia Sdn Bhd ("AKSB") pursuant to Section 439(1) of the Companies Act 2016. Accordingly, a Liquidator was appointed for the purpose of the winding-up of AKSB.

(6) On 17 March 2020, AML was dissolved upon issuance of the Certificate of Dissolution by the BVI Registrar.

(7) During the financial year, in line with the Group's streamlining exercise, ownership of all shares under BASM, BANLL and BANLIL were transferred from BAN to BASH.

(8) Notwithstanding that the Group is holding less than 50% equity interest, the investments in Angoil Bumi JV, LDA ("ABJV") and Abaco Offshore Limited ("AOL") are classified as subsidiaries (not as joint ventures) due to the Group's control pursuant to the shareholders' agreement governing the operations of these companies.

(9) Armada Regasification Services Malta Ltd ("ARSM") filed a notice of final scheme of distribution dated 16 March 2020 with the Registrar of Companies in Malta and was liquidated upon the expiry of three months from the date of the notice of final scheme of distribution i.e. on 15 June 2020.

(10) On 22 October 2020, a Special Resolution for the members' voluntary winding up of Bumi Armada Australia Pty Ltd ("BAAPL") pursuant to Section 491 of the Australia Corporations Act 2001 was approved via Members Circular Resolution.

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12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

During the financial year, an impairment charge of RM880.8 million (2019: RM1,917.3 million) for capital contribution in subsidiaries has been recognised. The impairment assessment was carried out as a result of lower than expected returns on investment from these subsidiaries.

The recoverable amount was determined based on VIU as at year end. The key assumptions used in VIU are based on estimates and judgements with respect to key assumptions such as revenue growth, ability to secure future contracts, funding requirements, exchange rates and discount rate of 7.8% (2019: 7.5%).

The sensitivity of the key assumptions with all other variables being held constant to profit or loss is as follows:

	Increase/(Decrease) in loss before taxation	
	2020 RM'000	**2019 RM'000**
Discount rate of 7.9% (2019: 7.6%)	**19,907**	22,229
Discount rate of 7.7% (2019: 7.4%)	**(20,109)**	(22,436)

13 INVESTMENT IN JOINT VENTURES

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Unquoted shares, at cost	**339,768**	375,723	**38,242**	38,242
Share of net assets	**699,775**	709,642	**-**	-
Unrealised profit on transactions with joint ventures	**(28,458)**	(29,306)	**-**	-
Interests in joint ventures	**1,011,085**	1,056,059	**38,242**	38,242

During the financial year, the Group redeemed RM31.8 million (2019: RM78.8 million) of redeemable preference shares in Armada C7 Pte Ltd (2019: Armada D1 Pte Ltd and Armada C7 Pte Ltd).

During the previous financial year, the Company redeemed RM48.1 million of redeemable preference shares in Armada D1 Pte Ltd.

The joint ventures are private companies and there are no quoted market prices available for their shares.

13 INVESTMENT IN JOINT VENTURES (CONTINUED)

Details of the joint ventures are as follows:

Name of company	Principal activities	Group's effective interest 2020 %	Group's effective interest 2019 %	Country of incorporation
Armada C7 Pte Ltd	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**50**	50	Singapore
Armada D1 Pte Ltd	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**50**	50	Singapore
Shapoorji Pallonji Bumi Armada Offshore Private Limited	Charterers, managers of ships and vessels, logistics and maritime transportation services to the oil and gas industry	**50**	50	India
Forbes Bumi Armada Limited	Ship owners, charterers, managers of ships and vessels, logistics and maritime transportation services to the oil and gas industry	**49**	49	India
PT Armada Gema Nusantara	Ship owner and operator	**50**	50	Indonesia
SP Armada Oil Exploration Private Limited	Charterers, managers of ships and vessels, logistics and maritime transportation services to the oil and gas industry	**50**	50	India
Bumi Armada Shapoorji Pallonji Ghana Limited	Floating, production, storage and offloading development	**45**	45	Ghana
Karapan Armada Madura Pte Ltd	To provide support and facilitate credit enhancement of an FPSO facility	**49**	49	Singapore
PT Ionasea Marine Services ("PT IMS")	To provide offshore and marine support services	**50**	50	Indonesia

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13 INVESTMENT IN JOINT VENTURES (CONTINUED)

In the opinion of the Directors, the joint ventures which are material to the Group as at 31 December 2020 and 31 December 2019 are as follows:

- Armada D1 Pte Ltd ("Armada D1")
- Armada C7 Pte Ltd ("Armada C7")
- PT Armada Gema Nusantara ("PT AGN")

Set out below are the summarised financial information of the joint ventures of the Group:

Group	Armada D1 RM'000	Armada C7 RM'000	PT AGN RM'000	Others RM'000	Total RM'000
2020					
Current assets	82,545	225,924	297,619	153,100	759,188
Non-current assets	689,176	901,846	1,719,843	676,601	3,987,466
Current liabilities	(3,865)	(193,228)	(258,674)	(291,972)	(747,739)
Non-current liabilities	(42,766)	(334,572)	(1,088,034)	(454,279)	(1,919,651)
Net assets	725,090	599,970	670,754	83,450	2,079,264
The above net assets include the following:					
Cash and cash equivalents	23,237	62,822	118,603	42,450	247,112
Current financial liabilities excluding trade and other payables	(1,746)	(190,003)	(246,882)	(222,948)	(661,579)
Non-current financial liabilities excluding trade and other payables	(42,766)	(334,572)	(1,088,034)	(454,279)	(1,919,651)
Revenue	182,039	95,209	308,202	150,318	735,768
Other expenses	(121,386)	(21,855)	(125,186)	(109,334)	(377,761)
Interest income	356	-	1,139	37	1,532
Depreciation	(79,710)	-	-	(3,478)	(83,188)
Finance costs	(1,983)	(30,332)	(95,383)	(348)	(128,046)
Taxation	-	-	(59,967)	(8,559)	(68,526)
(Loss)/Profit after taxation	(20,684)	43,022	28,805	28,636	79,779
Other comprehensive expense	(51)	(4,841)	-	-	(4,892)
Total comprehensive (expense)/income	(20,735)	38,181	28,805	28,636	74,887

13 INVESTMENT IN JOINT VENTURES (CONTINUED)

Set out below are the summarised financial information of the joint ventures of the Group: (continued)

Group	Armada D1 RM'000	Armada C7 RM'000	PT AGN RM'000	Others RM'000	Total RM'000
2019					
Current assets	175,677	98,907	278,674	226,132	779,390
Non-current assets	730,394	1,195,913	1,955,799	1,124,350	5,006,456
Current liabilities	(98,442)	(178,766)	(99,995)	(617,412)	(994,615)
Non-current liabilities	-	(482,065)	(1,479,970)	(658,305)	(2,620,340)
Net assets	807,629	633,989	654,508	74,765	2,170,891
The above net assets include the following:					
Cash and cash equivalents	90,809	59,372	179,139	5,266	334,586
Current financial liabilities excluding trade and other payables	(90,934)	(175,097)	(86,824)	(617,412)	(970,267)
Non-current financial liabilities excluding trade and other payables	-	(482,065)	(1,479,970)	(658,305)	(2,620,340)
Revenue	233,470	105,397	264,150	157,305	760,322
Other expenses	(21,881)	(20,033)	(101,416)	(141,477)	(284,807)
Interest income	-	-	1,402	7	1,409
Depreciation	(89,107)	-	-	(604)	(89,711)
Finance costs	(9,814)	(42,445)	(128,821)	(112)	(181,192)
Taxation	120,062	(12,647)	15,675	(31,159)	91,931
Profit/(Loss) after taxation	232,730	30,272	50,990	(16,040)	297,952
Other comprehensive expense	(1,249)	(7,368)	-	-	(8,617)
Total comprehensive income/(expense)	231,481	22,904	50,990	(16,040)	289,335

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13 INVESTMENT IN JOINT VENTURES (CONTINUED)

Reconciliation of financial information:

Group	Armada D1 RM'000	Armada C7 RM'000	PT AGN RM'000	Others RM'000	Total RM'000
2020					
Net assets	**725,090**	**599,970**	**670,754**	**83,450**	**2,079,264**
Group share in %	**50%**	**50%**	**50%**		
Group share	**362,545**	**299,985**	**335,377**	**41,636**	**1,039,543**
Unrealised profit	**-**	**(731)**	**(27,727)**	**-**	**(28,458)**
Net carrying amount	**362,545**	**299,254**	**307,650**	**41,636**	**1,011,085**
2019					
Net assets	807,629	633,989	654,508	74,765	2,170,891
Group share in %	50%	50%	50%		
Group share	403,815	316,995	327,254	37,301	1,085,365
Unrealised profit	-	(1,091)	(28,215)	-	(29,306)
Net carrying amount	403,815	315,904	299,039	37,301	1,056,059

The Group's share of profit, total comprehensive income, dividend received and net assets of the joint ventures, after adjustments for equity accounting are as follows:

	Group	
	2020 RM'000	2019 RM'000
Profit for the financial year	**42,506**	144,687
Total comprehensive income for the financial year	**40,127**	140,379
Dividend income	**50,313**	-
Net assets	**1,011,085**	1,056,059

14 INVESTMENT IN ASSOCIATES

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Unquoted shares, at cost	**168**	148	**19**	19
Share of net assets	**19,925**	11,353	**-**	-
	20,093	11,501	**19**	19

Details of the associates are as follows:

Name of company	Principal activities	Group's effective interest 2020 %	Group's effective interest 2019 %	Country of incorporation
Shapoorji Pallonji Bumi Armada Godavari Private Limited	The contracting of the design, fabrication, installation charter, deployment, operations and maintenance of an FPSO facility	**30**	30	India
Armada 98/2 Pte. Ltd. ("Armada 98/2")	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil & gas companies	**30**	30	Singapore
Armada Madura EPC Limited ("AMEL")	Provision of FPSO engineering, procurement, conversion, construction, completion, installation and commissioning services	**30**	30	Republic of The Marshall Islands
Shapoorji Pallonji Armada Oil And Gas Services Private Limited ("SPAOGS") [1]	Operations, maintenance and other support services to offshore fields	**40**	-	India

[1] On 14 July 2020, Bumi Armada (Singapore) Pte Ltd, a wholly-owned subsidiary of the Group, acquired 40,000 units of shares in SPAOGS, representing 40% effective interest in the entity.

14 INVESTMENT IN ASSOCIATES (CONTINUED)

In the opinion of the Directors, the associate which is material to the Group as at 31 December 2020 is AMEL (2019: AMEL).

Set out below are the summarised financial information of the associates of the Group:

Group	AMEL RM'000	Others RM'000	Total RM'000
2020			
Current assets	144,855	41,409	186,264
Non-current assets	-	1,675,081	1,675,081
Current liabilities	(83,634)	(560,990)	(644,624)
Non-current liabilities	-	(1,154,463)	(1,154,463)
Net assets	61,221	1,037	62,258
The above net assets include the following:			
Cash and cash equivalents	96	5,808	5,904
Current financial liabilities excluding trade and other payables	(113)	(139,471)	(139,584)
Non-current financial liabilities excluding trade and other payables	-	(1,154,463)	(1,154,463)
Revenue	500,076	10,911	510,987
Other expenses	(475,838)	(5,304)	(481,142)
Interest income	-	83	83
Finance costs	-	(962)	(962)
Taxation	-	(1,479)	(1,479)
Profit after taxation/Total comprehensive income	24,238	3,249	27,487

14 INVESTMENT IN ASSOCIATES (CONTINUED)

Set out below are the summarised financial information of the associates of the Group: (continued)

Group	AMEL RM'000	Others RM'000	Total RM'000
2019			
Current assets	40,812	36,507	77,319
Non-current assets	-	536,780	536,780
Current liabilities	(2,639)	(148,199)	(150,838)
Non-current liabilities	-	(427,342)	(427,342)
Net assets/(liabilities)	38,173	(2,254)	35,919
The above net assets/(liabilities) include the following:			
Cash and cash equivalents	10,538	2,321	12,859
Current financial liabilities excluding trade and other payables	(12)	(130,961)	(130,973)
Non-current financial liabilities excluding trade and other payables	-	(427,342)	(427,342)
Revenue	261,349	-	261,349
Other expenses	(249,160)	(67)	(249,227)
Finance costs	-	(2,503)	(2,503)
Profit/(Loss) after taxation/Total comprehensive income/(expense)	12,189	(2,570)	9,619

Reconciliation of financial information:

Group	AMEL RM'000	Others RM'000	Total RM'000
2020			
Net assets	**61,221**	**1,037**	**62,258**
Group share in %	**30%**		
Group share	**18,366**	**743**	**19,109**
Reclassification to:			
- amounts due from associates	**-**	**22**	**22**
- amount due to an associate	**-**	**962**	**962**
Net carrying amount	**18,366**	**1,727**	**20,093**

14 INVESTMENT IN ASSOCIATES (CONTINUED)

Reconciliation of financial information: (continued)

Group	AMEL RM'000	Others RM'000	Total RM'000
2019			
Net assets/(liabilities)	38,173	(2,254)	35,919
Group share in %	30%		
Group share	11,452	(676)	10,776
Reclassification to amount due to an associate	-	725	725
Net carrying amount	11,452	49	11,501

The Group's share of profit and net assets of the associates, after adjustment for equity accounting are as follows:

	Group	
	2020 RM'000	2019 RM'000
Profit for the financial year	**8,868**	2,889
Net assets before reclassification to amount due from/to associates	**19,109**	10,776

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	2020 RM'000	2019 RM'000
Quoted equity securities, outside Malaysia:		
At 1 January	**22,986**	15,158
Fair value (loss)/gain recognised in equity	**(8,625)**	7,579
Exchange differences	**(397)**	249
At 31 December	**13,964**	22,986

The fair value of quoted equity securities is determined by reference to published price quotations.

The Group has made an irrevocable election at initial recognition to account for these instruments as equity investments at FVOCI as they are strategic investments of the Group and are not held for trading purposes.

16 FINANCE LEASE RECEIVABLES

	Group	
	2020 RM'000	**2019 RM'000**
Current	**189,101**	171,783
Non-current	**4,489,502**	4,789,815
	4,678,603	4,961,598

As at 31 December 2020, finance lease receivables relate to the leases of the following vessels:

(i) Armada LNG Mediterrana, which started production in January 2017, has a remaining charter of 16 years; and
(ii) Armada Olombendo FPSO, which started production in February 2017, has a remaining charter of 18 years.

The finance lease receivables are expected to be invoiced to the lessee within the following periods:

	Group	
	2020 RM'000	**2019 RM'000**
Within 1 year	**825,340**	842,155
In the 2nd year	**825,340**	839,854
In the 3rd year	**825,340**	839,854
In the 4th year	**827,601**	839,854
In the 5th year	**825,340**	842,155
After 5 years	**6,058,395**	7,004,791
Gross receivables	**10,187,356**	11,208,663
Less: Unearned finance income	**(5,508,753)**	(6,247,065)
	4,678,603	4,961,598

During the financial year, the decrease of finance lease receivables is due to the following reasons:

	2020 RM'000	**2019 RM'000**
Balance as at 1 January	**4,961,598**	5,168,459
Lease payments billed during the financial year, net of finance income earned	**(206,061)**	(153,055)
Others	**-**	(2,693)
Exchange differences	**(76,934)**	(51,113)
Balance as at 31 December	**4,678,603**	4,961,598

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16 FINANCE LEASE RECEIVABLES (CONTINUED)

The unguaranteed residual values included in the finance lease receivables as at 31 December 2020 amount to RM534.1 million (2019: RM543.5 million).

As at 31 December 2020, no allowances for uncollectible minimum lease payments were provided.

There was no contingent rent recognised during the financial year.

17 AMOUNTS DUE FROM/(TO) JOINT VENTURES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Gross amount due from a joint venture				
- interest bearing	**60,706**	61,997	**-**	-
Less: Loss allowance	**(28,463)**	(39,140)	**-**	-
Net amount due from a joint venture	**32,243**	22,857	**-**	-
Current				
Gross amounts due from joint ventures				
- non-interest bearing	**10,574**	40,411	**1,234**	860
Amounts due to joint ventures	**(1,308)**	(1,550)	**(1,229)**	(1,472)
	41,509	61,718	**5**	(612)

The amounts due from joint ventures classified as current which are non-interest bearing are unsecured and have credit terms ranging from no credit terms to 30 days (2019: no credit terms to 30 days). The amount due from a joint venture classified as non-current is interest bearing and bears interest at a rate of 6% (2019: 6%).

During the financial year ended 31 December 2020, a net allowance impairment of RM11.0 million was written back (2019: RM5.5 million provided) for amounts due from joint ventures due to a change in expected timing of recovery from the joint ventures.

17 AMOUNTS DUE FROM/(TO) JOINT VENTURES (CONTINUED)

The loss allowance for amounts due from joint ventures which was assessed using the general 3-stage approach is as follows:

	Group	
	2020 RM'000	2019 RM'000
At 1 January	**39,140**	33,990
(Decrease)/Increase in loss allowance recognised in profit or loss during the year (Note 5)	**(11,021)**	5,482
Exchange differences	**344**	(332)
At 31 December	**28,463**	39,140

The amounts due to joint ventures classified as current are repayable on demand.

18 AMOUNTS DUE FROM/(TO) ASSOCIATES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Amount due from an associate				
- interest bearing	**186,301**	122,730	**-**	-
Current				
Amounts due from associates				
- non-interest bearing	**12,904**	8,739	**14**	-
Amount due to an associate	**(962)**	(725)	**-**	-
	11,942	8,014	**14**	-

The amount due from an associate classified as non-current is interest bearing and bears interest rate of 5% (2019: 5%).

There was no loss allowance for the amounts due from associates which was assessed using the general 3-stage approach.

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19 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Deferred tax assets	**22,865**	21,958	**3,793**	4,008
Deferred tax liabilities	**(54,648)**	(48,021)	**-**	-
Subject to income tax:				
Deferred tax assets				
- property, plant and equipment	**508**	874	**508**	874
- payables	**3,610**	3,135	**3,610**	3,136
- unutilised capital allowance	**6,635**	9,581	**-**	-
- undistributed profits from subsidiaries	**19,072**	17,949	**-**	-
	29,825	31,539	**4,118**	4,010
Offsetting	**(6,960)**	(9,581)	**(325)**	(2)
Deferred tax assets (after offsetting)	**22,865**	21,958	**3,793**	4,008
Deferred tax liabilities				
- property, plant and equipment	**(61,608)**	(57,602)	**(325)**	(2)
	(61,608)	(57,602)	**(325)**	(2)
Offsetting	**6,960**	9,581	**325**	2
Deferred tax liabilities (after offsetting)	**(54,648)**	(48,021)	**-**	-

19 DEFERRED TAXATION (CONTINUED)

The movements during the financial year relating to deferred taxation are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	**(26,063)**	(19,296)	**4,008**	3,745
(Charged)/Credited to profit or loss (Note 8):				
- property, plant and equipment	**(4,913)**	(4,229)	**(689)**	(60)
- payables	**475**	16	**474**	323
- unutilised capital allowance	**(2,946)**	(3,135)	**-**	-
- undistributed profits from subsidiaries	**1,123**	2,782	**-**	-
- unutilised tax losses	**-**	(2,505)	**-**	-
	(6,261)	(7,071)	**(215)**	263
Exchange differences	**541**	304	**-**	-
At 31 December	**(31,783)**	(26,063)	**3,793**	4,008

The unabsorbed capital allowances, unutilised tax losses and other deductible temporary differences (which have no expiry date other than as disclosed below) for which no deferred tax asset is recognised in the statement of financial position as it is not probable that taxable profit will be available against which these temporary differences can be utilised are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses	**1,475,924**	1,441,359	**63,512**	55,019
Unabsorbed capital allowances	**212,088**	120,543	**11,760**	17,573
Other deductible temporary differences	**5,189**	4,762	**-**	-

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the unutilised tax losses amounting to RM298.6 million for the Group and RM63.5 million for the Company as at 31 December 2020 (2019: RM273.3 million for the Group and RM55.0 million for the Company), which is disclosed as part of the table above, will be imposed with a time limit for utilisation.

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19 DEFERRED TAXATION (CONTINUED)

The unutilised tax losses brought forward from year of assessment 2020 will expire in the following year of assessments:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Year of assessments				
2025	**284,578**	273,342	**55,019**	55,019
2027	**14,012**	-	**8,493**	-
	298,590	273,342	**63,512**	55,019

20 INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
Fuel	**4,060**	5,635

21 TRADE RECEIVABLES

	Group	
	2020 RM'000	2019 RM'000
Trade receivables from:		
- contracts with customers	**201,501**	323,417
- lease contracts	**426,734**	303,356
	628,235	626,773
Less: Loss allowance	**(116,451)**	(209,987)
	511,784	416,786

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

The trade receivables have credit terms ranging from 0 to 60 days (2019: 0 to 60 days).

During the financial year, trade receivables with a net amount of RM1.7 million was written back (2019: RM1.7 million was written back) and was recognised in the profit or loss. As at 31 December 2020, the amount of the loss allowance was RM116.5 million (2019: RM210.0 million). The individually impaired receivables mainly relate to a number of customers, which are in an unexpectedly difficult financial position due to the current industry conditions and change in the expected timing and quantum of recovery of the trade receivables.

21 TRADE RECEIVABLES (CONTINUED)

The loss allowance for trade receivables which was assessed using the simplified approach reconciles to the opening loss allowance as follows:

	Group	
	2020 RM'000	**2019 RM'000**
At 1 January	**209,987**	404,880
Decrease in loss allowance recognised in profit or loss during the year (Note 5)	**(1,713)**	(1,714)
Receivables written off	**(89,319)**	(186,310)
Exchange differences	**(2,504)**	(6,869)
At 31 December	**116,451**	209,987

22 ACCRUED LEASE RENTAL

	Group	
	2020 RM'000	**2019 RM'000**
Non-current asset		
Accrued lease rental	**318,222**	323,819
Less: Loss allowance	**(237,816)**	(241,998)
	80,406	81,821

During the financial year ended 31 December 2019, an amount of RM233.6 million was impaired and provided for based on expected timing and quantum of recovery, following the judgment delivered by the Supreme Court of Western Australia on 24 January 2020 in favour of Woodside Energy Julimar Pty Ltd ("WEJ"), which is further disclosed in Note 41. The recoverability of the residual balance of USD20.0 million is subject to the appeal against the decision of the Supreme Court and is significantly lower than the damages claimed by Armada Balnaves Pte. Ltd. ("ABPL").

As at 31 December 2020, the accrued lease rental remains as non-current assets as the balance is not expected to be recovered within the next 12 months.

The loss allowance for accrued lease rental which was assessed using the simplified approach reconciles to the opening loss allowance as follows:

	Group	
	2020 RM'000	**2019 RM'000**
At 1 January	**241,998**	11,627
Increase in loss allowance recognised in profit or loss during the year (Note 5)	**-**	233,615
Exchange differences	**(4,182)**	(3,244)
At 31 December	**237,816**	241,998

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23 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Other receivables	**49,568**	61,416	**11,988**	283
Deposits	**2,323**	108,020	**1,533**	1,533
Prepayments	**49,124**	20,285	**11,202**	1,794
	101,015	189,721	**24,723**	3,610
Less: Loss allowance	**(2,498)**	(108,225)	**-**	-
	98,517	81,496	**24,723**	3,610

The deposits mainly arise from costs incurred on construction of vessels which were expected to be utilised within 3 years. The amount was impaired and provided for during the financial year ended 31 December 2018 as the constructor was facing financial difficulties arising from the current industry conditions. During the financial year, these deposits were written off upon expiry of the utilisation period.

During the previous financial year, the non-current other receivables which relates to an amount due from a charterer was written off upon disposal of the Armada Perdana FPSO. The amount was previously impaired and fully provided for as the charterer issued a notice advising of a purported "Force Majeure Event" and requested for immediate, orderly shutdown of operations on the Armada Perdana FPSO.

Included in the current other receivables is an amount recognised from pre-contract costs incurred to obtain or fulfil a contract with customers. The pre-contract costs as at 31 December 2020 is RM18.5 million (2019: RM18.5 million).

Other receivables and deposits are interest free, unsecured and have no fixed term of repayment.

The loss allowance for other receivables and deposits which was assessed using the general 3-stage approach is as follows:

	Group	
	2020 RM'000	2019 RM'000
At 1 January	**108,225**	146,944
Increase in loss allowance recognised in profit or loss during the year (Note 5)	**172**	2,404
Write off of other receivables and deposits	**(104,023)**	(39,581)
Exchange differences	**(1,876)**	(1,542)
At 31 December	**2,498**	108,225

24 CONTRACT ASSETS/(LIABILITIES)

The Group has recognised the following assets and liabilities related to contracts with customers:

	Group	
	2020 RM'000	**2019 RM'000**
Non-current contract assets		
Construction work (Note (a))	-	24,168
Current contract assets		
Vessel charter fees and support services rendered	**2,377**	9,703
Construction work (Note (a))	**51,922**	19,077
Total contract assets	**54,299**	52,948
Non-current contract liabilities		
Vessel charter fees and support services rendered	**(11,056)**	(20,640)
Current contract liabilities		
Vessel charter fees and support services rendered	**(40,578)**	(26,395)
Total contract liabilities	**(51,634)**	(47,035)

(a) Construction work

The construction work represents the construction contracts with customers where there are timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect certain stages of physical completion of the contracts.

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24 CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(b) Significant changes in contract assets/(liabilities)

The following table shows the movement of the Group's contract assets/(liabilities) during the financial year:

	Contract assets		Contract liabilities	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Opening balance as at 1 January	**52,948**	49,664	**(47,035)**	(42,251)
Increase as a result of performance obligation fulfilled but not yet billed	**22,998**	8,242	**-**	-
Decrease due to billings made during the financial year	**(20,717)**	(4,537)	**-**	-
Revenue recognised during the financial year that was included in the contract liabilities balance as at 1 January (Note 2)	**-**	-	**7,589**	10,093
Increase due to billings made excluding amounts recognised as revenue during the financial year	**-**	-	**(13,518)**	(15,390)
Exchange differences	**(930)**	(421)	**1,330**	513
Closing balance as at 31 December	**54,299**	52,948	**(51,634)**	(47,035)

(c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date, are as follows:

	Group				
	Within 1 year RM'000	**More than 1 year and within 2 years RM'000**	**More than 2 years and within 5 years RM'000**	**More than 5 years**	**Total RM'000**
2020					
Vessel charter fees and support services rendered	**321,733**	**309,825**	**866,132**	**984,763**	**2,482,453**
2019					
Vessel charter fees and support services rendered	310,874	341,305	895,682	1,348,502	2,896,363

The Group applied the practical expedient in MFRS 15 and did not disclose information about unsatisfied performance obligation for certain contracts, where the transaction price corresponds directly with the Group's level of performance in the future.

(d) There was no loss allowance for contract assets which was assessed using the simplified approach.

25 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Current		
Amounts due from subsidiaries	**274,622**	514,861
Amounts due to subsidiaries	**(83,969)**	(14,976)
	190,653	499,885

The amounts due from subsidiaries are unsecured, interest free and have no fixed term of repayment.

All balances are non-trade in nature except for amounts of RM134.9 million (2019: RM357.5 million) due from subsidiaries which are trade in nature.

The amounts due to subsidiaries classified as current are repayable on demand.

There was no loss allowance for amounts due from subsidiaries which was assessed using the general 3-stage approach.

26 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	**206,336**	322,187	**5,269**	58,334
Deposits with licensed banks	**688,445**	772,189	**101,727**	49,445
	894,781	1,094,376	**106,996**	107,779

The weighted average interest rates per annum of deposits with licensed banks that were effective as at the reporting date were as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Deposits with licensed banks	**0.49**	1.92	**0.91**	2.05

Bank balances are deposits held at call with banks and earn interest ranging between 0% to 2.1% (2019: 0% to 2.3%).

Bank deposits are mainly deposits with banks which have high credit ratings as determined by international credit rating agencies.

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27 NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

The movements during the financial year relating to non-current assets classified as held-for-sale are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Net book value		
At 1 January	**10,227**	114
Transfer from property, plant and equipment (Note 11)	**106,883**	32,338
Impairment (Note 5)	**(42,976)**	-
Disposals	**(23,257)**	(22,225)
Exchange differences	**544**	-
At 31 December	**51,421**	10,227

The non-current assets classified as held-for-sale relates to OSV vessels, where the sale is expected to complete in the next financial year as the Group has entered into agreements to dispose of the vessels.

28 TRADE PAYABLES AND ACCRUALS

	Group	
	2020 RM'000	**2019 RM'000**
Trade payables	**28,971**	42,851
Trade accruals	**135,130**	223,131
	164,101	265,982

The trade payables have credit terms ranging from 0 to 90 days (2019: 0 to 90 days).

28 TRADE PAYABLES AND ACCRUALS (CONTINUED)

The following amounts were offset, and the net amount is reported in the consolidated statement of financial position where the Group has a legally enforceable right to offset the recognised amounts.

	Group					
	2020			2019		
	Gross before offsetting RM'000	Offsetting RM'000	Net after offsetting RM'000	Gross before offsetting RM'000	Offsetting RM'000	Net after offsetting RM'000
Current assets						
Trade receivables	**646,966**	**(18,731)**	**628,235**	742,236	(115,463)	626,773
Current liabilities						
Trade payables	**47,702**	**(18,731)**	**28,971**	104,947	(62,096)	42,851
Other payables and accruals	**179,423**	**-**	**179,423**	272,268	(53,367)	218,901

29 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Advances from customers	**21,374**	63,171	**-**	-
Other payables	**121,177**	167,495	**2,477**	3,442
Accruals	**58,246**	51,406	**16,940**	18,862
	200,797	282,072	**19,417**	22,304
Non-current				
Advances from customers	**69,465**	92,436	**-**	-
Other payables	**48,580**	-	**-**	-
	318,842	374,508	**19,417**	22,304

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30 PROVISIONS

	Group
	2019 RM'000
At 1 January	85,587
Accretion of interest	-
Reversal during the financial year	(86,709)
Exchange differences	1,122
At 31 December	-

During the previous financial year, the remaining provision for demobilisation costs was reversed upon disposal of Armada Perdana FPSO.

Provision for demobilisation costs consists of the net present value of the estimated costs of demobilising a vessel at the end of its useful life.

31 LEASE LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current	**6,556**	3,953	**3,392**	78
Current	**45,835**	35,934	**1,156**	1,981
	52,391	39,887	**4,548**	2,059
Segregated into:				
- The Group as a Lessor (a)	**43,390**	32,773	**-**	-
- The Group/Company as a Lessee (b)	**9,001**	7,114	**4,548**	2,059
	52,391	39,887	**4,548**	2,059

31 LEASE LIABILITIES (CONTINUED)

(a) Lessor

As at 31 December 2020, the lease liabilities relate to the lease of Armada TGT 1 FPSO which has a remaining charter of 14 years, and arose from higher contractual lease payments received to-date as compared to the lease income recognised on a straight-line basis.

During the financial year, the lease income in which the Group acts as a Lessor under operating lease was RM204.9 million (2019: RM191.9 million).

The following table sets out the maturity analysis of the undiscounted lease payments to be received after the reporting date:

	Group	
	2020 RM'000	**2019 RM'000**
Within 1 year	**208,772**	210,900
In the 2nd year	**193,652**	212,568
In the 3rd year	**165,316**	197,182
In the 4th year	**144,482**	168,348
In the 5th year	**-**	147,131
Total undiscounted lease payments	**712,222**	936,129

No contingent rent is recognised during the financial year.

(b) Lessee

The Group and the Company lease various offices and warehouses, and office equipment with remaining durations varying from 0 to 5 years and 0 to 3 years respectively (2019: 1 to 6 years and 0 to 1 year respectively).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Certain lease contracts may contain variable payment terms, extension and termination options. In cases where the Group and the Company are not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities. There are no residual value guarantees provided in these lease contracts.

During the financial year, the Group received COVID-19 related rent concessions of RM14,636 and did not treat such concessions as a lease modification in accordance with the accounting policy disclosed in Section C(n)(i).

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31 LEASE LIABILITIES (CONTINUED)

(b) Lessee (continued)

The following table sets out the information about right-of-use ("ROU") assets, expenses and cash flows related to the leases:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Carrying amounts of ROU assets by class of underlying assets:				
- Offices and warehouses	**10,341**	6,757	**5,823**	1,678
- Office equipment	**88**	403	**78**	389
	10,429	7,160	**5,901**	2,067
Depreciation charge of ROU assets by class of underlying assets:				
- Offices and warehouses	**4,288**	5,346	**3,083**	4,470
- Office equipment	**316**	380	**312**	379
	4,604	5,726	**3,395**	4,849
Accretion of interest	**711**	518	**367**	337
Total cash outflow for leases	**(6,701)**	(6,544)	**(5,107)**	(5,195)
Expenses related to short-term leases *	**1,623**	2,405	**474**	208

* There are no expenses incurred which is related to the lease of low-value assets during the financial year.

As at the end of the financial year, there are no leases not yet commenced to which the lessee is committed.

The following table sets out the maturity analysis of undiscounted lease payments after the reporting date:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Within 1 year	**3,244**	3,655	**1,544**	2,139
In the 2nd year	**4,400**	1,572	**2,799**	85
In the 3rd year	**2,375**	1,400	**1,166**	-
In the 4th year	**1,044**	977	**-**	-
In the 5th year	**566**	976	**-**	-
More than 5 years	**-**	488	**-**	-
	11,629	9,068	**5,509**	2,224

The detailed impact on adoption of MFRS 16 on 1 January 2019 is disclosed in Note 43.

32 BORROWINGS

	Group	
	2020 RM'000	**2019 RM'000**
Current		
Term loans – secured – others	**971,717**	813,240
Term loans – secured – AKPL [(1)]	**-**	1,332,047
Term loans – unsecured [(2)]	**537,146**	301,551
Sukuk Murabahah – unsecured [(3)]	**30,653**	30,655
	1,539,516	2,477,493
Non-current		
Term loans – secured [(4)]	**3,662,385**	3,222,717
Term loans – unsecured [(2)]	**1,604,904**	2,290,960
Sukuk Murabahah – unsecured [(3)]	**1,499,630**	1,499,491
	6,766,919	7,013,168
Total borrowings	**8,306,435**	9,490,661

(1) As at 31 December 2019, non-current borrowings for Armada Kraken Pte Ltd ("AKPL") of RM1,332.0 million was classified as current liabilities due to existing non-compliances by AKPL under this loan, in particular the Armada Kraken FPSO project not achieving final acceptance by the scheduled date, where project lenders have the right to issue, but have not issued, a notice for full prepayment of the loan. Thus, AKPL did not have an unconditional right to defer payment of the non-current borrowings for at least 12 months after the balance sheet date.

In February 2020, the project lenders agreed to remove the risk of having to prepay the loan. Accordingly, the non-current borrowings was reclassified as non-current liabilities.

(2) In April 2019, the Group signed a facility agreement with respect to the grant of unsecured term loans ("Loans") to refinance the Group's unsecured term loans and revolving credit facilities ("Facility Agreement"). The loan repayment requirements under the Facility Agreement include the following salient terms:

(i) The Loans comprise a Tranche 1 facility of RM1,074.3 million and a Tranche 2 facility of RM1,652.8 million repayable over 24 months and 60 months respectively, from the Loans distribution date of 23 May 2019;
(ii) Disposal of the OMS business together with certain idle FPO vessels assuming commercially acceptable sale terms can be obtained; and
(iii) Surplus funds from operations and part of the proceeds from certain strategic initiatives including from asset monetisation and new project financing will be used to repay the Loans.

32 BORROWINGS (CONTINUED)

(2) (continued)

As at 31 December 2020, RM537.1 million was classified as current liabilities as the repayment of the Tranche 1 facility is due within 12 months from the balance sheet date.

In February 2021, the Group signed an amendment and restatement agreement ("Amendment Agreement") to defer the repayment of Tranche 1 facility from 24 months to 42 months from the Loan disbursement date of 23 May 2019. The final maturity date of Tranche 1 facility is 23 November 2022. Accordingly, the non-current borrowings will be reclassified as non-current liabilities in the financial statements for the year ending 31 December 2021.

(3) The Sukuk Murabahah was issued by Bumi Armada Capital Malaysia Sdn Bhd under the Shariah principle of Murabahah (via a Tawarruq arrangement) for the full aggregate nominal value of RM1.5 billion for a tenure of 10 years, at a profit rate of 6.35% per annum.

(4) Included in the borrowings are the following term loans entered into with Mezzanine Equities N.V. ("MENV"), a wholly-owned subsidiary of Usaha Tegas Sdn Bhd ("UTSB"), a substantial shareholder of the Company:

(i) A USD30.0 million 3-year secured term loan facility to fund the Group's 30% equity interest in the construction of one (1) FPSO for the ONGC NELP Block KG – DWN 98/2 Development Project Cluster-II field located on the east coast of Kakinada, offshore India ("98/2 Project"). The term loan is secured by way of assignment over the borrowing subsidiary's bank account and assignment of right to receive payment/proceeds due to the borrowing subsidiary under any shareholder loan given by the borrowing subsidiary. In addition, MENV has been granted options to acquire the Group's 30% interest in the 98/2 Project at fair market value as determined by an independent valuer ("Options"). The Options may be exercised by MENV at any time within 36 months from the date of grant or until the term loan has been fully repaid, whichever is longer (subject to approvals pursuant to relevant regulatory requirements).

(ii) A USD45.0 million 6-year secured term loan facility to Armada Floating Gas Storage Malta Ltd which was used to repay the secured bridge loan on 11 October 2019.

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

	Group	
	2020 %	2019 %
Term loans	**3.67**	5.37
Sukuk Murabahah	**6.35**	6.35

32 BORROWINGS (CONTINUED)

Group	Interest/Profit rate terms	Currency exposure	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1-2 years RM'000	2-5 years RM'000	>5 years RM'000
At 31 December 2020							
Unsecured:							
- term loans	Floating rates vary based on London Interbank Offer Rate ("LIBOR")	USD	**2,142,050**	**537,146**	**40,203**	**1,564,701**	**-**
- Sukuk Murabahah	Fixed rate for a tenure of 10 years	RM	**1,530,283**	**30,653**	**-**	**1,499,630**	**-**
Secured:							
- term loans	Floating rates vary based on LIBOR	USD	**4,634,102**	**971,717**	**1,003,751**	**1,703,993**	**954,641**
			8,306,435	**1,539,516**	**1,043,954**	**4,768,324**	**954,641**
At 31 December 2019							
Unsecured:							
- term loans	Floating rates vary based on LIBOR	USD	2,592,511	301,551	654,560	1,636,400	-
- Sukuk Murabahah	Fixed rate for a tenure of 10 years	RM	1,530,146	30,655	-	1,499,491	-
Secured:							
- term loans	Floating rates vary based on LIBOR						
	- others	USD	3,603,393	380,676	374,177	1,400,032	1,448,508
	- AKPL						
	- current	USD	432,564	432,564	-	-	-
	- non-current [(1)]	USD	1,332,047	1,332,047	-	-	-
			9,490,661	2,477,493	1,028,737	4,535,923	1,448,508

(1) The amount due after one year from the reporting date of RM1,332.0 million is reclassified as current liabilities as the project lenders of AKPL have the right to issue a cancellation notice for a full prepayment of the loan as at the financial year ended 31 December 2019. In February 2020, the project lenders agreed to remove the risk of having to prepay the loan. Accordingly, the non-current borrowings was reclassified as non-current liabilities in the financial year ended 31 December 2020.

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33 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2020		2019	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Derivatives used for hedging:				
- Interest rate swaps	**-**	(141,383)	**13,300**	(29,308)
- Cross currency interest rate swaps	**2,437**	(410,331)	**2,086**	(430,692)
Total	**2,437**	(551,714)	**15,386**	(460,000)
Non-current portion				
Derivatives used for hedging:				
- Interest rate swaps	**-**	(101,011)	**5,014**	(24,962)
- Cross currency interest rate swaps	**1,735**	(405,173)	**1,484**	(424,596)
	1,735	(506,184)	**6,498**	(449,558)
Current portion				
- Interest rate swaps	**-**	(40,372)	**8,286**	(4,346)
- Cross currency interest rate swaps	**702**	(5,158)	**602**	(6,096)
	702	(45,530)	**8,888**	(10,442)

The Group has entered into interest rate swaps ("IRS") to hedge its exposure to interest rate risk on borrowings, and cross currency interest rate swaps ("CCIRS") to hedge against fluctuations on foreign currency exchange on forecasted USD receipts by a subsidiary whose functional currency is in RM that are highly probable.

The following table sets out the maturity profile of the notional amount and average fixed interest rate of the IRS and CCIRS:

Group	Average fixed interest rate	Total notional amount RM'000	< 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	> 5 years RM'000
2020						
IRS	**1.67%**	**3,096,893**	**657,773**	**581,281**	**1,181,540**	**676,299**
CCIRS	**5.51%**	**1,500,000**	**-**	**-**	**1,500,000**	**-**
2019						
IRS	1.69%	3,565,962	525,914	558,035	1,477,247	1,004,766
CCIRS	5.51%	1,500,000	-	-	1,500,000	-

34 SHARE CAPITAL

	Group and Company			
	Number of shares		Share capital	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Issued and fully paid:				
Ordinary shares				
At 1 January	**5,876,525**	5,870,937	**4,319,029**	4,314,815
Shares issued pursuant to the management incentive plan	**9,371**	5,588	**2,322**	4,214
At 31 December	**5,885,896**	5,876,525	**4,321,351**	4,319,029

35 MANAGEMENT INCENTIVE PLAN

The Company established a Management Incentive Plan ("MIP" or "Plan") which came into effect on 10 October 2016 for a period of 10 years to 9 October 2026 and is administered by the MIP Committee. The MIP is governed by the By-Laws which were approved by the shareholders on 23 May 2016.

The main features of the Plan are as follows:

(a) The grant of shares is subject to certain vesting conditions and after fulfilment of certain performance targets and/or other conditions as determined by the MIP Committee in accordance with the By-Laws. The MIP Committee may in its absolute discretion permit the vesting of the unvested shares (or any part thereof) to the MIP participants subject to such terms and conditions as may be prescribed notwithstanding that:

   (i) The vesting date is not due or has not occurred; and/or

   (ii) Other terms and conditions set forth in the grant have not been fulfilled/satisfied.

(b) In the event of termination or cessation of employment prior to the relevant vesting date, any unvested granted shares shall forthwith cease to be capable of vesting.

(c) The new shares to be allotted and issued pursuant to the vesting of the grant under the MIP shall, upon allotment and issuance, rank equally in all respects with the then existing issued shares. The new shares to be allotted and issued pursuant to the vesting of the grant under the MIP shall not be entitled to any voting rights, dividends, rights, allotments, distributions and/or any other entitlements, for which the entitlement date is prior to the date on which the new shares are credited into the Central Depository System ("CDS") Accounts of the respective grantees.

(d) The maximum number of the Company's shares which may be made available under the Plan shall not, when aggregated with the total number of new shares allotted and issued and/or to be allotted and issued under the existing Employee Share Option Scheme ("ESOS"), exceed 10% of the total number of shares of the Company (excluding treasury shares) at any point of time within the duration of the MIP for a period of 10 years commencing from 10 October 2016 during the MIP period ("Maximum Shares").

35 MANAGEMENT INCENTIVE PLAN (CONTINUED)

The main features of the Plan are as follows: (continued)

(e) The maximum number of shares that are to be allocated to any one category or designation of selected employees shall be determined by the MIP Committee from time to time. The allocation to any individual selected employee who, either singly or collectively through persons connected with him/her, holds 20% or more of the total number of shares of the Company (excluding treasury shares), shall not exceed 10% of the Maximum Shares.

2017 MIP Grant ("2017 Grant")

On 2 June 2017, the Company offered and granted 41,152,400 shares under the Plan, comprising of annual grant of up to 26,237,800 shares and a 3-year grant of up to 14,914,600 shares.

The fair value as at grant date of the 2017 Grant shares offered and granted under the Plan was RM0.7543 per share, based on the Volume Weighted Average Price ("VWAP") of the Company's shares on the Main Market of Bursa Malaysia Securities Berhad, on the grant date, as reported on Bloomberg.

Annual grant

During the financial year ended 31 December 2018, 14,002,900 shares for annual grant were awarded to eligible employees and the Executive Director of the Group upon fulfilment of certain performance targets and/or other conditions as determined by the MIP Committee in accordance with the By-Laws. These shares will be vested annually over a period of 10 years and forfeited in the event of termination or cessation of employment prior to the next vesting date.

The movement of the number of eligible shares for annual grant under the 2017 Grant during the financial year is as follows:

	Group and Company				
	Number of shares awarded as at 1 January '000	Awarded '000	Vested '000	Forfeited '000	Number of shares awarded as at 31 December '000
2020					
MIP 2017 grant:					
Annual grant	**2,112**	**-**	**(658)**	**(421)**	**1,033**
2019					
MIP 2017 grant:					
Annual grant	8,359	-	(5,588)	(659)	2,112

35 MANAGEMENT INCENTIVE PLAN (CONTINUED)

2019 MIP Grant ("2019 Grant")

On 1 July 2019, the Company further offered and granted 47,214,600 shares under the Plan, comprising of annual grant of 14,964,200 shares and a 2-year grant of 19,952,300 shares to the CEO of the Company, as well as a 3-year share plan of up to 12,298,100 shares to the eligible key management and employees.

The fair value as at grant date of the 2019 Grant shares offered and granted under the Plan was RM0.2095 per share, based on the VWAP of the Company's shares on the Main Market of Bursa Malaysia Securities Berhad, on the grant date, as reported on Bloomberg.

During the financial year, 10,874,000 shares for the annual grant and 10,924,900 shares for the 3-year share plan were awarded to the CEO of the Company and the eligible key management and employees respectively upon fulfilment of certain performance targets and/or other conditions as determined by the MIP Committee in accordance with the By-Laws. These shares will be vested annually over a period of 2 years and 3 years for the annual grant and 3-year share plan respectively, and forfeited in the event of termination or cessation of employment prior to the next vesting date.

The movement of the number of eligible shares for annual grant under the 2019 Grant during the financial year is as follows:

	Group and Company				
	Number of shares awarded as at 1 January '000	Awarded '000	Vested '000	Forfeited '000	Number of shares awarded as at 31 December '000
2020					
MIP 2019 grant:					
Annual grant	-	**10,874**	**(5,437)**	-	**5,437**
3-year share plan	-	**10,925**	**(3,276)**	**(201)**	**7,448**

During the financial year, there is no new MIP granted to the CEO, management and key employees.

36 RESERVES

(a) Foreign exchange reserve

Foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of entities whose functional currencies are different from the Group's presentation currency.

(b) Share option reserve

Share option reserve comprises the cumulative value of employee services received for the issue of share options by the Company. The fair value measured at grant date of the share options granted to these employees is recognised as an employee expense in profit or loss with a corresponding increase in equity over the period that the employees become unconditionally entitled to the options.

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36 RESERVES (CONTINUED)

(c) Hedging reserve

Hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve.

The Group defers the changes in the forward element of CCIRS in the costs of hedging reserve.

		Cash flow hedge reserve		
	Costs of hedging reserve RM'000	Spot component of CCIRS RM'000	IRS RM'000	Total hedging reserve RM'000
2020				
At 1 January	**(54,823)**	**(41,510)**	**(17,301)**	**(113,634)**
Other comprehensive income ("OCI"):				
Change in fair value	**-**	**(19,041)**	**(127,208)**	**(146,249)**
Costs of hedging deferred in OCI	**7,940**	**-**	**-**	**7,940**
At 31 December	**(46,883)**	**(60,551)**	**(144,509)**	**(251,943)**
2019				
At 1 January	(66,302)	(5,956)	130,533	58,275
Other comprehensive income ("OCI"):				
Change in fair value	-	(35,554)	(147,834)	(183,388)
Costs of hedging deferred in OCI	11,479	-	-	11,479
At 31 December	(54,823)	(41,510)	(17,301)	(113,634)

(d) Other reserve

Other reserve represents the fair value change in financial assets at FVOCI amounting to RM0.1 million (2019: RM8.9 million).

37 COMMITMENTS

Capital expenditure for property, plant and equipment not provided for in the financial statements is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Authorised and contracted	**5,725**	41,210	**149**	251
Authorised but not contracted	**16,979**	44,873	**2,700**	1,318
	22,704	86,083	**2,849**	1,569

38 SIGNIFICANT RELATED PARTY DISCLOSURES

The related parties of the Group and the Company are:

(a) Subsidiaries

Details of the subsidiaries are shown in Note 12.

(b) Joint ventures

Details of the joint ventures are shown in Note 13.

(c) Associates

Details of the associates are shown in Note 14.

(d) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include the Executive Director of the Company and certain members of senior management of the Group and of the Company.

UTSB is a party related to the Company by virtue of its substantial equity interest in Objektif Bersatu Sdn. Bhd. ("OBSB"), a substantial shareholder of the Company. The ultimate holding company of UTSB is PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have an interest in the shares of the Company through UTSB's deemed interest in OBSB, they do not have any economic or beneficial interest in such shares as such interest is held subject to the terms of such discretionary trust.

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38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms and conditions agreed with related parties.

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
(i) Management and engineering assistance services charged to joint ventures				
- revenue	**(1,444)**	(9,923)	**-**	-
- other operating income	**(46,586)**	(24,879)	**-**	-
(ii) Telecommunication expenses to Maxis Broadband Sdn. Bhd. [(2)]	**246**	430	**-**	-
(iii) Rental to Malaysian Landed Property Sdn. Bhd. [(3)]	**3,715**	5,196	**3,715**	5,196
(iv) Transaction with UTSB Management Sdn. Bhd. [(1)]				
- management fees	**7,155**	7,825	**7,155**	7,825
(v) Transactions with Mezzanine Equities N.V. [(1)]				
- term loan facility	**-**	(309,726)	**-**	-
- interest expense	**(18,724)**	-	**-**	-
(vi) Transaction with a joint venture				
- interest income	**1,341**	1,975	**-**	-
(vii) Transactions with an associate				
- advances	**58,172**	125,631	**-**	-
- interest income	**8,154**	-	**-**	-
(viii) Transaction with key management:				
Key management personnel compensation:				
- Non-executive Directors' fees	**1,895**	1,907	**1,895**	1,907
- salaries, bonus, allowances and other staff related costs	**11,669**	14,076	**10,183**	11,377
- defined contribution plan	**385**	382	**205**	236
- share-based payment	**2,816**	4,245	**2,816**	4,245
(ix) Management fees charged to subsidiaries				
- revenue	**-**	-	**(1,422)**	(8,403)
(x) Central overhead fees charged:				
- subsidiaries	**-**	-	**(87,269)**	(97,889)
- joint ventures	**(615)**	-	**(615)**	-
(xi) Payment on behalf of:				
- subsidiaries	**-**	-	**6,572**	3,918
- joint ventures	**579**	482	**37**	246
(xii) Repayment on behalf by subsidiaries	**-**	-	**(3,613)**	(16,456)

(1) Subsidiary of UTSB, a substantial shareholder of the Company.
(2) Subsidiary of a joint venture, in which UTSB has a significant equity interest.
(3) Subsidiary of a company in which TAK has a 100% equity interest.

39 FAIR VALUES

The carrying amounts of financial assets and financial liabilities of the Group as at the reporting date approximated their fair values except as set out below:

	Carrying amount		Fair value	
Group	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Finance lease receivables	**4,678,603**	4,961,598	**5,287,595**	5,622,626
Amount due from a joint venture	**32,243**	22,857	**54,332**	58,423
Amount due from an associate	**186,301**	122,730	**173,243**	115,365
Fixed rate Sukuk Murabahah (Note 32)	**1,530,283**	1,530,146	**1,603,065**	1,548,652

The fair value of finance lease receivables, amount due from a joint venture, amount due from an associate and fixed rate Sukuk Murabahah are within Level 3 of the fair value hierarchy.

The Group estimates the fair value of the above items by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. The discount rates used to determine fair value range between 3.9% and 11.0% (2019: 5.6% and 11.0%).

The Group believes that its estimate of fair value is appropriate and the use of different methodologies or assumptions could lead to different measurement of fair value.

40 CONTINGENT LIABILITIES

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Bank guarantees extended to third parties	**79,190**	80,070	**79,190**	80,070

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41 MATERIAL LITIGATION

Save as disclosed below, as at 31 December 2020, neither the Company nor any of its subsidiaries were involved in any material litigation, claims or arbitration, and the Company and its subsidiaries are not aware of any material litigation, claims or arbitration pending or threatened against the Company and its subsidiaries:

In the Supreme Court of Western Australia between Armada Balnaves Pte Ltd and Woodside Energy Julimar Pty Ltd

The matter arose out of a dispute between Armada Balnaves Pte Ltd ("ABPL"), a wholly-owned subsidiary, and Woodside Energy Julimar Pty Ltd ("WEJ") in relation to a contract for the provision of floating production storage and offloading services dated 30 September 2011 ("Contract"). On 4 March 2016, WEJ purported to terminate the Contract by issuing a notice of termination to ABPL. ABPL considered this purported termination by WEJ tantamount to a cancellation for convenience, or a repudiation of the Contract, either of which entitles ABPL to claim damages.

On 14 March 2016, ABPL commenced a writ action in the Supreme Court of Western Australia ("Supreme Court") against WEJ for, inter alia, (i) a declaration that WEJ was in repudiatory breach of the Contract and (ii) damages for WEJ's breach of the Contract. The trial for this matter commenced at the Supreme Court on 18 February 2019 and concluded on 27 March 2019. Judgment was delivered by the Supreme Court on 24 January 2020 as summarised below:

1. The Supreme Court ruled in favour of WEJ on ABPL's main claim of repudiation of the Contract.
2. ABPL was found to be entitled to a payment of USD2,000,050 for unpaid milestone claims and AUD341,165.29 for unpaid invoices. ABPL was found to be required to pay WEJ AUD1,567,302.20 for reimbursement of miscellaneous charges.

The Supreme Court issued the final orders on the judgment on 20 February 2020. ABPL filed an appeal against the Supreme Court's decision at the Court of Appeal on 11 March 2020. The Court of Appeal has listed the appeal hearing for July 2021.

42 FINANCIAL INSTRUMENTS BY CATEGORY

Analysis of the financial instruments for the Group is as follows:

	Financial assets at amortised cost RM'000	Derivatives used for hedging RM'000	FVOCI RM'000	Total RM'000
At 31 December 2020				
Financial assets:				
Finance lease receivables	4,678,603	-	-	4,678,603
Accrued lease rental	80,406	-	-	80,406
Derivative financial instruments	-	2,437	-	2,437
Financial assets at fair value through other comprehensive income	-	-	13,964	13,964
Trade receivables	511,784	-	-	511,784
Other receivables and deposits excluding prepayments	49,393	-	-	49,393
Amounts due from joint ventures	42,817	-	-	42,817
Amounts due from associates	199,205	-	-	199,205
Deposits, cash and bank balances	894,781	-	-	894,781
	6,456,989	2,437	13,964	6,473,390

	Other financial liabilities at amortised cost RM'000	Derivatives used for hedging RM'000	Total RM'000
At 31 December 2020			
Financial liabilities:			
Trade payables and accruals	164,101	-	164,101
Other payables and accruals excluding non- refundable advances from customers and statutory liabilities	227,311	-	227,311
Lease liabilities – lessee	9,001	-	9,001
Borrowings	8,306,435	-	8,306,435
Amounts due to joint ventures	1,308	-	1,308
Amount due to an associate	962	-	962
Derivative financial instruments	-	551,714	551,714
	8,709,118	551,714	9,260,832

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42 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Analysis of the financial instruments for the Group is as follows: (continued)

	Financial assets at amortised cost RM'000	Derivatives used for hedging RM'000	FVOCI RM'000	Total RM'000
At 31 December 2019				
Financial assets:				
Finance lease receivables	4,961,598	-	-	4,961,598
Accrued lease rental	81,821	-	-	81,821
Derivative financial instruments	-	15,386	-	15,386
Financial assets at fair value through other comprehensive income	-	-	22,986	22,986
Trade receivables	416,786	-	-	416,786
Other receivables and deposits excluding prepayments	61,211	-	-	61,211
Amounts due from joint ventures	63,268	-	-	63,268
Amounts due from associates	131,469	-	-	131,469
Deposits, cash and bank balances	1,094,376	-	-	1,094,376
	6,810,529	15,386	22,986	6,848,901

	Other financial liabilities at amortised cost RM'000	Derivatives used for hedging RM'000	Total RM'000
At 31 December 2019			
Financial liabilities:			
Trade payables and accruals	265,982	-	265,982
Other payables and accruals excluding non- refundable advances from customers and statutory liabilities	249,237	-	249,237
Lease liabilities – lessee	7,114	-	7,114
Borrowings	9,490,661	-	9,490,661
Amounts due to joint ventures	1,550	-	1,550
Amount due to an associate	725	-	725
Derivative financial instruments	-	460,000	460,000
	10,015,269	460,000	10,475,269

42 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The table below analyses financial instruments carried at fair value, by valuation method. 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).

The fair value of financial instruments traded in active market is based on quoted market price at the reporting 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 that are used to determine fair value for the 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.

The following table presents the Group's financial assets and liabilities that were measured at fair value as at 31 December 2020:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets:				
Derivatives used for hedging				
- Cross currency interest rate swaps	-	2,437	-	2,437
Financial assets at fair value through other comprehensive income	13,964	-	-	13,964
Financial liabilities:				
Derivatives used for hedging				
- Interest rate swaps	-	(141,383)	-	(141,383)
- Cross currency interest rate swaps	-	(410,331)	-	(410,331)

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42 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The following table presents the Group's financial assets and liabilities that were measured at fair value as at 31 December 2019:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets:				
Derivatives used for hedging				
- Interest rate swaps	-	13,300	-	13,300
- Cross currency interest rate swaps	-	2,086	-	2,086
Financial assets at fair value through other comprehensive income	22,986	-	-	22,986
Financial liabilities:				
Derivatives used for hedging				
- Interest rate swaps	-	(29,308)	-	(29,308)
- Cross currency interest rate swaps	-	(430,692)	-	(430,692)

Analysis of the financial instruments for the Company is as follows:

	2020 RM'000	2019 RM'000
Financial assets measured at amortised cost:		
Other receivables and deposits excluding prepayments	**13,521**	1,816
Amounts due from subsidiaries	**274,622**	514,861
Amounts due from joint ventures	**1,234**	860
Amount due from an associate	**14**	-
Deposits, cash and bank balances	**106,996**	107,779
	396,387	625,316
Financial liabilities measured at amortised cost:		
Other payables and accruals excluding statutory liabilities	**17,613**	20,175
Lease liabilities – lessee	**4,548**	2,059
Amounts due to subsidiaries	**83,969**	14,976
Amount due to a joint venture	**1,229**	1,472
	107,359	38,682

The carrying amounts of financial instruments of the Group and of the Company with a maturity of less than one year at the reporting date are assumed to approximate their fair values.

43 ADOPTION OF MFRS 16

During the financial year ended 31 December 2019, the Group and the Company changed its accounting policies on leases upon adoption of MFRS 16. The Group has elected to use the simplified retrospective transition method and to apply a number of practical expedients as provided in MFRS 16.

Under the simplified retrospective transition method, the 2018 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group is a lessee were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019 (date of initial application ("DIA")). The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 "Leases" and IC Interpretations 4 "Determining whether an Arrangement Contains a Lease".

As a lessor, the Group is not required to make any adjustment on transition, except for the reassessment of existing operating subleases at DIA.

In addition, the Group has elected not to reassess whether a contract is, or contains a lease at the DIA. Instead, for contracts entered into before the transition date the Group relied on its assessment made by applying MFRS 117 and IC Interpretations 4.

(a) The Group as a lessee

Leases classified as operating leases under MFRS 117

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019, being the Group's weighted average borrowing rate.

The associated ROU assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018.

In applying MFRS 16 for the first time, the Group has applied the following practical expedients permitted by the standard to leases previously classified as operating leases under MFRS 117:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the ROU asset as at 1 January 2019; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Leases classified as finance leases under MFRS 117

As a lessee, the Group does not have leases classified as finance leases under MFRS 117.

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43 ADOPTION OF MFRS 16 (CONTINUED)

(b) The Group as a lessor

There is no impact to the Group as a lessor as the Group does not act as a sub-lessor.

(c) Adjustment as at 1 January 2019

As at 1 January 2019, the adoption of MFRS 16 has affected the following items:

	Group RM'000	Company RM'000
Increase/(decrease)		
Property, plant and equipment	11,709	7,052
(Increase)/decrease		
Lease liabilities	(11,709)	(7,052)

There is no impact to the Group and Company's retained earnings on 1 January 2019.

(d) Measurement of lease liabilities on 1 January 2019

The weighted average Group's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.0% per annum.

The reconciliation between the operating lease commitments disclosed applying MFRS 117 at 31 December 2018 to the lease liabilities recognised at 1 January 2019 is as follows:

	Group RM'000	Company RM'000
Operating lease commitments disclosed as at 31 December 2018	15,811	7,295
Less:		
Short-term leases recognised on a straight-line basis as expense	(1,088)	-
Discounted using the Group's incremental borrowing rate on 1 January 2019	(3,014)	(243)
Lease liabilities on adoption of MFRS 16 as at 1 January 2019	11,709	7,052
Of which:		
Current lease liabilities	5,766	4,876
Non-current lease liabilities	5,943	2,176
	11,709	7,052

44 MATERIAL EVENTS DURING THE FINANCIAL YEAR

The COVID-19 pandemic is a fluid and challenging situation facing all economies globally. The Group has continuously assessed the impact of the COVID-19 pandemic on the Group's operations and financial performance during the financial year ended 31 December 2020 through a review of the likelihood of increase in expected credit losses of financial assets, the decline in recoverable amount of the vessels, the impact on earnings, and increased liquidity risks.

(a) Financial impact

Other than the impairment of property, plant and equipment and revision of useful life and residual value as disclosed in Note 11 to the financial statements, the Group is not aware of any other material impact to the financial statements. The Group is monitoring the situation closely and will take appropriate and timely actions to minimise the financial impact arising from this situation.

(b) Operational impact

The Group holds interests in associates involved in the construction of the FPSO for the 98/2 Project. The construction of the FPSO has commenced but is delayed, inter-alia, due to regulatory constraints imposed by the government of various countries following the COVID-19 pandemic.

The charterer has granted an extension of timeline on project completion in view of the Indian government guidelines in respect of the COVID-19 pandemic.

The associates remain committed to fulfil their obligations under the charter contract and are finalising various components of the funding structure.

45 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No material events have arisen subsequent to the end of the financial year except as follows:

(a) In February 2021, the Group signed an amendment and restatement agreement ("Amendment Agreement") to defer the final repayment date of the Tranche 1 facility (under the Group's unsecured term loan facilities) to 23 November 2022, the details of which are disclosed in the Preface to the Financial Statements Section E – Liquidity risk.

46 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 March 2021.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Gary Neal Christenson and Uthaya Kumar K Vivekananda, two of the Directors of Bumi Armada Berhad, state that, in our opinion, the financial statements set out on pages 85 to 207 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and financial performance of the Group and of the Company for the financial year ended 31 December 2020 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 25 March 2021.

GARY NEAL CHRISTENSON
DIRECTOR

UTHAYA KUMAR K VIVEKANANDA
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Luke Christopher Targett, being the officer primarily responsible for the financial management of Bumi Armada Berhad, do solemnly and sincerely declare that the financial statements set out on pages 85 to 207 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LUKE CHRISTOPHER TARGETT

Subscribed and solemnly declared by the abovenamed Luke Christopher Targett in Kuala Lumpur on 25 March 2021, before me:

TAN SEOK KETT
COMMISSIONER FOR OATHS

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BUMI ARMADA BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NO. 199501041194 (370398-X))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Bumi Armada Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 85 to 207.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BUMI ARMADA BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NO. 199501041194 (370398-X))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Assessment for the recoverable amounts of vessels *Refer to the Preface to the financial statements section C – Summary of significant accounting policies, Preface to the financial statements section D – Critical accounting estimates and judgements and Note 11 – Property, plant and equipment.*	
As at 31 December 2020, the carrying values of vessels and vessel equipments are RM4,918.8 million, representing 39% of the Group's total assets. The prolonged periods of certain vessels being idle, low vessel utilisation and delay in securing new projects arising from the COVID-19 pandemic and the decline in global oil prices were impairment indicators assessed by management. Accordingly, an assessment was performed in accordance with the requirements of MFRS 136 "Impairment of Assets" ("MFRS 136"). The recoverable amounts for the vessels that are laid up is determined based on fair values less costs to sell ("FVLCTS"), and for vessels identified for continuing use these are determined based on value-in-use ("VIU"). Impairment losses of RM163.5 million for Subsea Construction ("SC") assets and RM193.9 million for Offshore Support Vessels was recognised during the financial year.	Evaluated and validated management's assessment for impairment indicators for the vessels. • For vessels with impairment indicators, we have performed the following procedures: In relation to the FVLCTS: • We discussed with management on the sale prospects considered in the fair valuation by external valuer and corroborated the information with available correspondences and market information; • We engaged our valuation expert to assess the reasonableness methodology used by the management's expert in deriving the fair value of the vessel; • Verified the vessel valuation with secured offers, broker prices and recent sale transactions of similar vessels; and • Verified that appropriate disclosure is made in the financial statements of the key judgements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Assessment for the recoverable amounts of vessels (continued) We focused on this area since significant judgements are involved in determining key assumptions underlying cash flow projections used in determining recoverable amounts based on VIU. The key assumptions include probability of securing contracts/extensions, increase in lease rates, expected margins, and discount rates. In the case of FVLCTS, significant judgement is around the sale prospects considered.	In relation to the VIU for vessels identified for continuing use: • We held discussions with management on future prospects of the business; • With regard to key assumptions used by management in developing the cash flow projections used in VIU computations: o Understood the probability of securing contacts/ extensions and checked the information with bidding documents, correspondences with potential customers and scope of work of similar projects performed by the Group; o Corroborated margins and lease rates with historical trend and available market information; o Compared management's discount rates against the industry's weighted average cost of capital with the assistance from our internal experts; and o Verified that appropriate disclosure is made in the financial statements of the key judgements. Based on the procedures performed above, we did not find any material exceptions.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BUMI ARMADA BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NO. 199501041194 (370398-X))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Liquidity position of the Group *Refer Preface to the financial statements section B – Basis of Preparation, Preface to the financial statements section D – Critical accounting estimates and judgements, Preface to the financial statements section E – Financial and capital risk management objectives and policies, Note 32 – Borrowings*	
As at 31 December 2020, the Group's current liabilities exceeded its current assets by RM214.4 million, primarily due to the expected repayment of the remaining Corporate Loan Tranche 1 of RM537.1 million falling due by 31 May 2021. Subsequent to the year end, an Amendment Agreement dated 23 February 2021 to defer the repayment was executed. In assessing the liquidity position of the Group, management has considered the below for the next 12 months from the date of approval of the financial statements: • Availability of cash flows from operations to meet the investing and financing obligations of the Group; and • Ability of the Group to meet the covenants of various financing obligations. We focused on this area as significant judgement and estimates are made in arriving at the cashflow forecast for the next 12 months from the date of approval of the financial statements in assessing the ability of the Group to meet its obligations as and when they arise. *The details of the Group's Liquidity Risk has been disclosed in Preface to the financial statements section E – Financial and capital risk management objectives and policies.*	We read the terms of the agreements and correspondences with the Lenders for the outstanding borrowings, including the amendment and restatement agreement ("Amendment Agreement") dated 23 February 2021 to defer the repayment of Tranche 1 facility and: • Understood the obligations and undertakings of the Group; and • Reviewed the subsequent event related disclosures in the financial statements. We have tested the key assumptions underlying the Group's cash flow forecast for the next 12 months from the date of approval of the financial statement and assessed the reasonableness of management's assessment that the Group has the ability to fund its obligations, while taking into consideration sources of funding available to the Group as and when they arise. In assessing the source of funding, we have checked to available correspondences and documents. We independently performed sensitivity analysis of the Group's key assumptions underlying its cash flow position over the next 12 months and discussed the outcome of the sensitivity analysis with management. We assessed the adequacy of disclosures made in the financial statements and checked consistency with terms and conditions of the borrowings. Based on the procedures performed above, we did not find any material exceptions.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Bumi Armada Berhad - Recoverability of investment in subsidiaries *Refer to Preface to the financial statements section C – Summary of significant accounting policies, Preface to the financial statements section D – Critical accounting estimates and judgements, and Note 12 - Investments in subsidiaries and Note 25 - amounts due from subsidiaries.*	
As at 31 December 2020, the Company's investment in subsidiaries amounted to RM2.0 billion. The Company recognised an impairment loss on these balances amounting to RM0.88 billion as at the year end resulting from a decline in future cash flows. We focused on this area considering the material amounts involved and significant judgement required in determining the future cash flow from the subsidiaries. The details of the significant estimates and judgement used by the management of the Group have been disclosed in *Preface to the financial statements section D - Critical accounting estimates and judgements.*	We held discussions with management to understand the underlying assumptions of the respective future cash flows used to determine the recoverability of the investment in subsidiaries. We evaluated the reasonableness of the key assumptions that affected the amount and timing of cash flows available to the subsidiaries for repayment of the amounts due. These key assumptions include the achievability of the underlying operating cash flows, discount rate and the ability to monetise the Offshore Marine Services ("OMS") assets for satisfactory repayment of contractual loans. These key assumptions were checked against historical trends, contracts with customers and the expected fair value less costs of disposal of vessels. We have used our internal valuation specialists to independently assess the reasonableness of the discount rate to comparable peers and industry benchmarks. We have also considered other contractual obligations of the subsidiaries to pay cash that have priority for repayment over the amounts due. Based on the above, our evaluation of the recoverability of the cost of investments in subsidiaries is consistent with management's assessment.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BUMI ARMADA BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NO. 199501041194 (370398-X))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement of Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and other sections of the 2020 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BUMI ARMADA BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NO. 199501041194 (370398-X))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

SUBATHRA A/P GANESAN
03020/08/2022 J
Chartered Accountant

Kuala Lumpur
25 March 2021

ANALYSIS OF SHAREHOLDINGS

AS AT 18 MARCH 2021

Issued Shares : 5,885,895,644
Voting Right : One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS BASED ON THE RECORD OF DEPOSITORS

	No. of Shareholders		No. of Issued Shares		% of Issued Shares	
Size of Shareholdings	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
Less than 100	546	8	8,476	240	0.00	0.00
100 - 1,000	2,272	26	1,338,317	16,050	0.02	0.00
1,001 - 10,000	11,620	80	66,697,030	478,400	1.13	0.01
10,001 - 100,000	9,117	122	327,944,847	4,866,483	5.57	0.08
100,001 - 294,294,781 *	1,803	158	2,189,358,457	744,584,344	37.20	12.65
294,294,782 and above **	2	-	2,550,593,000	-	43.33	-
Total	25,360	394	5,135,940,127	749,955,517	87.26	12.74

* Less than 5% of Issued Shares.
** 5% and above of Issued Shares.

ANALYSIS BY CATEGORY OF SHAREHOLDERS BASED ON THE RECORD OF DEPOSITORS

	No. of Shareholders		No. of Issued Shares		% of Issued Shares	
Category of Shareholders	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
Individual	18,975	187	734,812,688	44,835,953	12.48	0.76
Banks/Finance Companies	26	-	788,746,350	-	13.40	-
Investment Trusts/Foundation/ Charities	1	-	270,000	-	0.00	-
Other Types of Companies	179	5	2,466,197,706	19,077,300	41.90	0.32
Government Agencies/ Institutions	1	-	750,000	-	0.01	-
Nominees	6,178	202	1,145,163,383	686,042,264	19.46	11.66
Total	25,360	394	5,135,940,127	749,955,517	87.26	12.74

DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS

Direct and deemed interests in the issued shares and options over unissued shares in the Company and in its related corporations as at 18 March 2021 are set out below:

1 Directors

	Direct		Deemed	
	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Tunku Ali	20,000 [1]	Negligible		
Alexandra Schaapveld	900,000 [2]	0.015		
Chan Chee Beng	2,511,200 [3]	0.043		
VU Kumar			200,000 [4]	0.003
Gary Neal Christenson	5,437,000	0.092		

(1) Held through a nominee, namely Maybank Securities Nominees (Tempatan) Sdn Bhd.
(2) Held through a nominee, namely CIMSEC Nominees (Asing) Sdn Bhd.
(3) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn Bhd.
(4) Held through a connected person.

2 Senior Management

	Direct		Deemed	
	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Luke Christopher Targett	263,100	0.004		
Megat Zariman Bin Abdul Rahim	158,700	0.003		
Sasha Vijayananthan	456,500	0.008		
Mark Andrew Newby	377,600	0.006		
Stephen Matthew Williamson	160,300	0.003		

The Senior Management have indirect interest in the securities of the Company by virtue of their shares under the Management Incentive Plan ("MIP")

	2017 Annual Grant [1]	Grant over 2-year [2]	Annual Grant [3]	2019 Annual Grant [4]
Gary Neal Christenson [5]	-	Up to 19,952,300	Up to 5,437,000	-
Luke Christopher Targett	-	-	-	Up to 614,000
Megat Zariman Bin Abdul Rahim	66,700	-	-	-
Gary Leong Wei Kit	-	-	-	-
Sasha Vijayananthan	220,000	-	-	Up to 342,100
Mark Andrew Newby	66,700	-	-	Up to 510,800
Stephen Matthew Williamson	-	-	-	Up to 374,300

(1) The 2017 Annual Grant has been awarded upon fulfillment of vesting conditions and individual performance target. One-third (1/3) of the awarded MIP shares has been vested in April 2020. The remaining unvested shares have been parked under a "Bonus Bank" and one-third (1/3) of the unvested shares will become vested annually. The next vesting will be occurring on or after 10 May 2021.
(2) For the Grant over a 2-year period, the MIP Shares shall be vested entirely at the end of the 2-year period, with vesting occurring on or before 10 May 2021.
(3) For Annual Grant, 50% of the AIP has been vested in May 2020. The next 50% vesting will be occurring on or after 10 May 2021.
(4) For the 2019 Annual Grant, the first 30% of shares has been vested in April 2020. The remaining unvested shares will be vested according to plan of 30% in 2021 and 40% in 2022.
(5) Shareholders' approval for the allocation of offer and grant of shares under MIP to the Executive Director has been obtained at the Twenty-Third Annual General Meeting held on 28 May 2019.

ANALYSIS OF SHAREHOLDINGS
AS AT 18 MARCH 2021

SUBSTANTIAL SHAREHOLDERS' INTERESTS

The direct and deemed interests of the Substantial Shareholders in the issued shares of the Company as at 18 March 2021, based on the Register of Substantial Shareholders of the Company are set out below:

	Direct		Deemed	
	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Objektif Bersatu Sdn Bhd	2,048,288,000	34.80		
AmanahRaya Trustees Berhad Amanah Saham Bumiputera	502,305,000	8.53		
Saluran Abadi Sdn Bhd			360,002,600 (1)	6.12
Farah Suhanah Binti Ahmad Sarji			360,002,600 (2)	6.12
Mutu Saluran Sdn Bhd			2,048,288,000 (3)	34.80
Usaha Tegas Sdn Bhd			2,048,288,000 (4)	34.80
Pacific States Investment Limited			2,048,288,000 (5)	34.80
Excorp Holdings N.V.			2,048,288,000 (6)	34.80
PanOcean Management Limited			2,048,288,000 (6)	34.80
Ananda Krishnan Tatparanandam			2,048,288,000 (7)	34.80

(1) Deemed interest by virtue of its shareholdings in the Saluran Abadi Sdn. Bhd. ("SASB") subsidiaries, Karisma Mesra Sdn. Bhd., Wijaya Baiduri Sdn. Bhd. and Wijaya Sinar Sdn. Bhd. (collectively, "SASB Subsidiaries") pursuant to Section 8 of the CA 2016. The Shares held via the SASB subsidiaries are held under discretionary trusts for Bumiputera objects. As such, SASB does not have any economic interest in the Shares held by the SASB subsidiaries, as such interest is held subject to the terms of discretionary trusts.

(2) Deemed interest by virtue of her shareholding in SASB pursuant to Section 8 of the CA 2016. However, she does not have any economic interests in the Shares held via the SASB Subsidiaries as such interest is held subject to the terms of discretionary trusts for Bumiputera objects. See Note (1) above for SASB deemed interest in the Shares.

(3) Deemed interest by virtue of its shareholding in Objektif Bersatu Sdn. Bhd. pursuant to Section 8 of the CA 2016.

(4) Usaha Tegas Sdn. Bhd. ("UTSB") is deemed to have an interest in all of the Shares in which Mutu Saluran Sdn. Bhd. ("MSSB") has an interest, by virtue of UTSB being entitled to exercise 100% of the votes attached to the voting shares of MSSB. See Note (3) above for MSSB's deemed interest in the Shares.

(5) Pacific States Investment Limited ("PSIL") is deemed to have an interest in all of the Shares in which UTSB has an interest, by virtue of PSIL being entitled to exercise 99.999% of the votes attached to the voting shares of UTSB. See Note (4) above for UTSB's deemed interest in the Shares.

(6) The shares in PSIL are held by Excorp Holdings N.V. which is in turn held 100% by PanOcean Management Limited ("PanOcean"). See Note (5) above for PSIL's deemed interest in the Shares. 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 is deemed to have an interest in the Shares, it does not have any economic or beneficial interest over such Shares, as such interest is held subject to the terms of the discretionary trust.

(7) TAK is deemed to have an interest in the Shares, by virtue of his deemed interest in PanOcean. See Note (6) above for PanOcean's deemed interest in the Shares. Although TAK is deemed to have an interest in the Shares, he does not have any economic or beneficial interest over such Shares, as such interest is held subject to the terms of the discretionary trust referred to in Note (6) above.

TOP 30 SECURITIES ACCOUNTHOLDERS BASED ON THE RECORD OF DEPOSITORS

No.	Name	No. of Issued Shares	% of Issued Shares
1	Objektif Bersatu Sdn Bhd	2,048,288,000	34.80
2	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	502,305,000	8.53
3	Karisma Mesra Sdn Bhd	236,278,650	4.01
4	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Hong Leong Value Fund	170,500,000	2.90
5	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Nogres Bank 14)	131,422,155	2.23
6	AmanahRaya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	109,928,100	1.87
7	AmanahRaya Trustees Berhad Amanah Saham Malaysia	81,321,600	1.38
8	Wijaya Baiduri Sdn Bhd	78,759,550	1.34
9	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	71,100,000	1.21
10	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Nogres Bank 19)	70,254,900	1.19
11	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong Siling (CEB)	65,000,000	1.10
12	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ombak Damai Sdn Bhd (PB)	52,000,000	0.88
13	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Hong Leong Balanced Fund	52,000,000	0.88
14	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (1)	51,962,800	0.88
15	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Total International Stock Index Fund	45,818,705	0.78

ANALYSIS OF SHAREHOLDINGS
AS AT 18 MARCH 2021

No.	Name	No. of Issued Shares	% of Issued Shares
16	HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Emerging Markets Stock Fund	44,964,400	0.77
17	Wijaya Baiduri Sdn Bhd	44,964,400	0.76
18	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley & Co. LLC (Client)	37,413,300	0.64
19	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Hong Leong Growth Fund	35,000,000	0.59
20	CIMB Group Nominees (Tempatan) Sdn Bhd Hong Leong Asset Management Bhd for Hong Leong Assurance Berhad (LP Fund ED102)	27,000,000	0.46
21	HSBC Nominees (Asing) Sdn Bhd JPMBL SA for Stichting Depositary APG Emerging Markets Equity Pool	26,212,200	0.45
22	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for Barclays Capital Securities Ltd (SBL/PB)	22,804,725	0.44
23	Ooi Chin Hock	25,005,200	0.42
24	Citigroup Nominees (Asing) Sdn Bhd UBS AG	22,254,857	0.38
25	RHB Nominees (Asing) Sdn Bhd Robert Lichota	22,119,000	0.38
26	Chehan Prasanna Richard Perera	20,000,000	0.34
27	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Kok Choy (8092812)	19,800,000	0.34
28	RHB Capital Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chai Beng (CEB)	18,146,500	0.31
29	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Hong Leong Dividend Fund	18,000,000	0.31
30	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Chai Beng	17,250,000	0.29

GLOSSARY OF TECHNICAL AND OTHER TERMS

Term	Description
AC	Audit Committee
AIMP	Actionable Improvement Programme
Board/BOD	Board of Directors
BAB	Bumi Armada Berhad
BSC	British Safety Council
BU	Business Unit
Bursa Securities	Bursa Malaysia Securities Berhad
CA 2016	Companies Act 2016
CEO	Chief Executive Officer
CG Guide	Corporate Governance Guide 3rd Edition
Code	Code of Business Conduct and Ethics
COVID-19	Coronavirus
EES	Economic, Environmental and Social
ERM	Enterprise Risk Management
ED	Executive Director
ESG	Environment, Society and Governance
ESOS	Employee Share Option Scheme
EA	External Auditor
FPO	Floating Production & Operations
FPSO	Floating Production Storage Offloading
FSU	Floating Storage Unit
FVLCTS	Fair Value Less Cost To Sell
GHG	Green House Gas
HSE	Heath, Safety and Environment
HSSEQ	Health, Safety, Security, Environment and Quality
IAD	Internal Audit Department
IMCA	International Marine Contractors Association
IMO	International Marine Organisation
IMS	Integrated Management System ALARP - As Low As Reasonably Practicable
Index	FBM KLCI
JV	Joint Venture
LOA	Limits of Authority
LNG	Liquified Natural Gas
LTI	Lost Time Injury
MACC	Malaysian Anti-Corruption Commission Act
MARPOL	Prevention of Pollution from Ships
MASB	Malaysian Accounting Standard Board
MCCG	Malaysian Code on Corporate Governance
MFRS	Malaysian Financial Reporting Standards
MIP	Management Incentive Plan
MOGSC	Malaysia Oil & Gas Services Council
MMLR	Main Market Listing Requirements of Bursa Malaysia Securities Berhad
NC	Nomination & Corporate Governance Committee
NED	Non-Executive Director
OMS	Offshore Marine Services
OSV	Offshore Support Vessel
PSE	Process Safety Event
PwC	PricewaterhouseCoopers PLT
RC	Remuneration Committee
RMC	Risk Management Committee
RMD	Risk Management Department
SC	Subsea Construction
TOR	Terms of Reference
VIU	Value-In-Use

NOTICE OF ANNUAL GENERAL MEETING

Day/Date/Time : Tuesday, 25 May 2021 at 3.30 p.m.
Broadcast Venue : Kuala Lumpur room, Level 21, Menara Perak, 24 Jalan Perak, 50450 Kuala Lumpur, Malaysia.

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting ("25th AGM") of Bumi Armada Berhad ("Bumi Armada" or the "Company") will be conducted entirely via remote participation and electronic voting on Tuesday, 25 May 2021 at 3.30 p.m. The live streaming will be broadcast from Kuala Lumpur room, Level 21, Menara Perak, 24 Jalan Perak, 50450 Kuala Lumpur, Malaysia for the following purposes:

AS ORDINARY BUSINESS

1. To consider the audited Financial Statements of the Company for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors therein.
(Please see Explanatory Note 1)

2. To approve the payment of fees and benefits to the Non-Executive Directors up to an amount of RM3.0 million from 25 May 2021 until the conclusion of the next Annual General Meeting ("**AGM**") of the Company to be held in 2022. **Ordinary Resolution 1**
(Please see Explanatory Note 2)

3. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration for that year. **Ordinary Resolution 2**
(Please see Explanatory Note 3)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

4. To re-elect Tunku Ali Redhauddin ibni Tuanku Muhriz who retires by rotation in accordance with Rule 131.1 of the Company's Constitution, and who being eligible, offers himself for re-election as a Director of the Company. **Ordinary Resolution 3**
(Please see Explanatory Note 4)

5. That subject to the passing of Ordinary Resolution 3, Tunku Ali Redhauddin ibni Tuanku Muhriz, who would, on 16 January 2022, have served as an Independent Non-Executive Director ("**INED**") of the Company for a cumulative term of 9 years, be retained to continue to serve as an INED of the Company until the conclusion of the next AGM of the Company. **Ordinary Resolution 4**
(Please see Explanatory Note 5)

6. To re-elect Mr Gary Neal Christenson who retires by rotation in accordance with Rule 131.1 of the Company's Constitution, and who being eligible, offers himself for re-election as a Director of the Company. **Ordinary Resolution 5**
(Please see Explanatory Note 4)

7. To re-elect Mr Donald Allan Chudanov who retires in accordance with Rule 116 of the Company's Constitution, and who being eligible, offers himself for re-election as a Director of the Company. **Ordinary Resolution 6**
(Please see Explanatory Note 4)

8 . To retain Ms Alexandra Elisabeth Johanna Maria Schaapveld, who would, on 7 June 2021 have served as an INED of the Company for a cumulative term of 10 years, to continue to serve as an INED of the Company until the conclusion of the next AGM of the Company. **Ordinary Resolution 7**
(Please see Explanatory Note 5)

9. Authority to issue new ordinary shares pursuant to Section 75 and Section 76 of the Companies Act 2016 ("**CA 2016**"), the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the letter on Additional Temporary Relief Measures to Listed Issuers issued by Bursa Securities on 16 April 2020 ("**Bursa Letter**").

Ordinary Resolution 8

"THAT, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the CA 2016 and the Bursa Letter, to issue and allot shares in the Company, at any time, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit including in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force and that the Directors be and are hereby further authorised to make or grant offers, agreements or options in respect of shares in the Company including those which would or might require shares in the Company to be issued after the expiration of the approval hereof provided that the aggregate number of shares to be issued pursuant to this approval does not exceed 20% of the total number of issued shares of the Company for the time being ("**20% General Mandate**") and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities, subject always to the CA 2016, the Constitution of the Company, the MMLR and the approvals of all relevant regulatory bodies being obtained (if required).

AND THAT such approval on the 20% General Mandate shall continue to be in force until 31 December 2021, unless revoked or varied by an ordinary resolution of the Company at a general meeting.

AND THAT with effect from 1 January 2022, and provided that the total number of shares which have been issued under the 20% General Mandate has not exceeded 10% of the total number of issued shares of the Company for the time being, the authority shall be reinstated from a 20% limit to a 10% limit pursuant to paragraph 6.03 of the MMLR whereby aggregate number of shares to be issued pursuant to this approval (when aggregated with the total number of shares which have been issued under the 20% General Mandate) does not exceed 10% of the total number of issued shares of the Company for the time being ("**10% General Mandate**") and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and that such approval on the 10% General Mandate shall continue in force until the conclusion of the next AGM of the Company, subject always to the CA 2016, the Constitution of the Company, the MMLR and the approvals of all relevant regulatory bodies being obtained (if required)."
(Please see Explanatory Note 6)

10. Proposed offer, grant and/or allotment in respect of ordinary shares in the Company ("**Bumi Armada Shares**") to Mr Gary Neal Christenson, Executive Director/Chief Executive Officer pursuant to the Company's Management Incentive Plan ("**MIP**") – Annual Incentive.

Ordinary Resolution 9

"THAT authority be and is hereby given to the Directors of the Company to:

(i) make and/or award, offer and grant to Mr Gary Neal Christenson, Executive Director/Chief Executive Officer of the Company, at any time and from time to time, commencing from the date of the shareholders' approval ("**Approval Date**") and expiring at the conclusion of the AGM of the Company commencing next after the Approval Date or at the expiry of the period within which the next AGM of the Company is required to be held after the Approval Date, whichever is the earlier ("**AI Mandate Period**") pursuant to the MIP, such number of Bumi Armada Shares with a value of up to USD1,500,000 or its equivalent amount in Ringgit Malaysia (converted using the middle rate of Bank Negara Malaysia foreign exchange) based on the 5-day volume weighted average market price of the Bumi Armada Shares preceding the date of the offer as traded on Bursa Securities (rounded up to the nearest 100 Bumi Armada Shares), subject always to the terms and conditions of, and/or any adjustments which may be made pursuant to the provisions of the By-Laws of the MIP;

(ii) issue and allot to him, such number of Bumi Armada Shares (whether during or after the AI Mandate Period) in respect of such Bumi Armada Shares comprised in the offers and grants made and/or awarded to him during the AI Mandate Period; and

(iii) take all such actions that may be necessary and/or desirable to give effect to this resolution and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate, with full powers to assent to any condition, modification, variation and/or amendment thereto as the Directors of the Company may deem fit and in the best interest of the Company."
(Please see Explanatory Note 7 and 7.1)

11. Proposed offer, grant and/or allotment in respect of Bumi Armada Shares to Mr Gary Neal Christenson, Executive Director/Chief Executive Officer pursuant to the Company's MIP – Completion Incentive. **Ordinary Resolution 10**

"THAT authority be and is hereby given to the Directors of the Company to:

(i) make and/or award, offer and grant to Mr Gary Neal Christenson, Executive Director/ Chief Executive Officer of the Company, on the expiry of his employment contract and during the duration of the MIP ("**CI Mandate Period**") pursuant to the MIP, such number of Bumi Armada Shares with a value of up to USD1,500,000 or its equivalent amount in Ringgit Malaysia (converted using the middle rate of Bank Negara Malaysia foreign exchange) based on the 5-day volume weighted average market price of the Bumi Armada Shares preceding the date of the offer as traded on Bursa Securities (rounded up to the nearest 100 Bumi Armada Shares), subject always to the terms and conditions of, and/or any adjustments which may be made pursuant to the provisions of the By-Laws of the MIP;

(ii) issue and allot to him, such number of Bumi Armada Shares (whether during or after the CI Mandate Period) in respect of such Bumi Armada Shares comprised in the offers and grants made and/or awarded to him during the CI Mandate Period; and

(iii) take all such actions that may be necessary and/or desirable to give effect to this resolution and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate, with full powers to assent to any condition, modification, variation and/or amendment thereto as the Directors of the Company may deem fit and in the best interest of the Company."
(Please see Explanatory Note 7 and 7.2)

By Order of the Board
Noreen Melini binti Muzamli
SSM PC No: 201908002218
LS0008290

Noor Hamiza binti Abd Hamid
SSM PC No: 201908002960
MAICSA 7051227
Joint Company Secretaries

Kuala Lumpur
28 April 2021

Instructions for Appointment of Proxy

1. A member is encouraged to go online, participate and vote at the 25th AGM using remote participation and electronic voting facilities. If a member is not able to participate via the online meeting, a member can appoint the Chairman of the meeting as proxy and indicate the voting instructions in the proxy form. The appointment of proxy may be done in the manner as detailed in item 5 below. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, participate, speak and vote for him/her subject to the following provisions:

   (i) save as provided for in Note 2, the CA 2016 and any applicable law, each member shall not be permitted to appoint more than two (2) proxies; and
   (ii) where a member appoints more than one proxy, the appointment shall be invalid unless it/he/she specifies the proportion of the member's shareholdings to be represented by each proxy.

2. For the avoidance of doubt and subject always to Note 1, the CA 2016 and any applicable law:

   (i) Where a member of the Company is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee shall be made separately or in one instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting;
   (ii) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

4. The instrument appointing a proxy shall:

   (i) in the case of an individual, be signed by the appointor or by his/her attorney; and
   (ii) in the case of a corporation, be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.

5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrars, Boardroom Share Registrars Sdn. Bhd. and may either be in the following manner:

   (i) either by hand or post, to the extent that is permissible to do so pursuant to the movement control order issued under the Prevention and Control of Infectious Diseases Act 1988 at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or
   (ii) electronically via email at BSR.Helpdesk@boardroomlimited.com; or
   (iii) by facsimile at +603 7890 4670; or
   (iv) electronic means via the Share Registrars website, Boardroom Smart Investor Online Portal. Kindly follow the link at https://www.boardroomlimited.my/ to log in and deposit your proxy form electronically, not less than 24 hours before the time appointed for the taking of the poll at the 25th AGM or adjourned meeting (i.e. the proxy form needs to be deposited no later than 24 May 2021 at 3.30 p.m. or adjourned meeting). Otherwise, the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof.

6. The resolutions put to the votes at the 25th AGM shall be determined by poll. A proxy may vote on a poll. If the form of proxy is returned without an indication as to how the proxy shall vote on any particular matter, the proxy may exercise his discretion as to whether to vote on such matter and if so, how. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting and the instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

7. The lodging of a form of proxy does not preclude a member from attending and voting at the meeting should the member subsequently decide to do so.

Members Entitled to Attend

8. For the purpose of determining members who shall be entitled to attend the 25th AGM, only the Company's members whose names appear in the Record of Depositors of the Company maintained by Bursa Malaysia Depository Sdn Bhd on 17 May 2021 shall be entitled to attend the said meeting or appoint proxies to attend on their behalf.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES

1) Audited Financial Statements and the Reports of the Directors and Auditors thereon

The audited Financial Statements and the Reports of the Directors and Auditors therein for the financial year ended 31 December 2020, will be laid before the Company at the 25th AGM for consideration of the members pursuant to the CA 2016. There is no requirement for the members to approve them and hence, the matter will not be put forward for voting.

2) Directors' Remuneration

Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. As such, the Board of Directors of the Company ("**Board**") shall seek shareholders' approval at the 25th AGM for the fees and benefits payable to the Directors.

At the Company's AGM in June 2020, the shareholders had approved the payment of fees and benefits to the Non-Executive Directors ("**NEDs**") up to an amount of RM3.0 million from 9 June 2020 until the conclusion of the next AGM. The payment of remuneration to the NEDs for the said period did not exceed RM3.0 million. The details of the remuneration of Directors for FYE 31 December 2020 are disclosed on pages 145 to 147 of the Annual Report 2020.

The Directors' fees and benefits comprise fees, meeting allowances and other emoluments payable to the Chairman and members of the Board and Board Committees. The NEDs' current remuneration framework is as set out below which came into effect on 1 July 2014 and updated in 2018:

Description	Chairman	NEDs
(i) Director Fee		
• Monthly fixed allowance	RM40,667	RM15,000
• Board Committees (Audit and Risk Management Committees)	RM10,000	RM6,000
• Board Committees (Remuneration and Nomination & Corporate Governance Committees)	RM4,000	RM2,500

	Board Chairman	Member (based in Malaysia)	Member (based outside Malaysia)
(ii) Meeting allowance (per meeting day) *			
• For meetings in Malaysia	RM3,500	RM2,000	USD1,000
• For meetings outside Malaysia	USD1,500	USD1,000	USD1,000
(iii) Other Benefits			
• Monthly car allowance	RM12,000	-	-

* The meeting allowance includes the allowance for travel days to attend meeting.

The proposed amount of RM3.0 million for the payment of fees and benefits to the NEDs for the period from 25 May 2021 to the next AGM comprise the estimated total fees of RM2.35 million and estimated total benefits of RM650,000.

3) Re-appointment of Auditors

Messrs. PricewaterhouseCoopers PLT ("**PwC**"), the auditors of the Company have expressed their willingness to continue in office as auditors of the Company for the financial year ending 31 December 2021. The Board has approved the Audit Committee's recommendation that they be retained after taking into account relevant feedback on their experience, performance and independence following a formal assessment.

4) Re-election/Election of Directors

Pursuant to Rule 131.1 of the Company's Constitution, at least 1/3 of Directors should retire by rotation or if that number is not a multiple of three, then the number nearest to 1/3 should retire. Further, any Director of the Company appointed by the Board pursuant to Rule 116 shall not be taken into account in determining the Directors who are to retire by rotation. Presently, we have seven Directors on the Board. Accordingly, Tunku Ali Redhauddin ibni Tuanku Muhriz and Mr Gary Neal Christenson, who are Independent NED and Executive Director respectively, are due for retirement at the 25th AGM, and being eligible, they have offered themselves for re-election as Directors of the Company. Proposed Ordinary Resolutions 3, 5 and 6, if passed, would re-elect them as Directors of the Company.

Mr Donald Allan Chudanov who was appointed as an Independent NED of the Company by the Board on 1 January 2021, is required to submit himself for election at the 25th AGM pursuant to Rule 116. On being eligible, he has offered himself for election pursuant to Rule 116. His recent appointment was based on the Nomination & Corporate Governance Committee's ("**NC**") recommendation after considering relevant criteria in respect of his appointment including his experience, qualifications, potential contribution and time commitment. The Board is also satisfied that his appointment will further strengthen the composition of the Board.

The performance of Tunku Ali Redhauddin ibni Tuanku Muhriz and Mr Gary Neal Christenson was assessed based on the Board Annual Evaluation exercise for 2020. Additionally, both of the Directors were also assessed following a one-on-one session with the Senior Independent Director and Board Chairman respectively. Further to such assessment exercise, the Board is satisfied that the Directors standing for re-election have performed their duties as per the Board Charter and they will continue to bring to bear their knowledge, experience and skills and contribute effectively to the Board's discussions, deliberations and decisions.

All the Directors offering themselves for re-election have consented to the same.

For details of the Directors who are standing for re-election under proposed Ordinary Resolution 3 and proposed Ordinary Resolution 5, Tunku Ali Redhauddin ibni Tuanku Muhriz and Mr Gary Neal Christenson, please refer to the Directors' Profiles on pages 36 and 39 respectively of the Annual Report 2020.

For details of the Director who is standing for re-election under proposed Ordinary Resolution 6, Mr Donald Allan Chudanov's profile is stated on page 37 of the Annual Report 2020 and the Statement Accompanying this Notice on page 230 of the Annual Report 2020.

5) Retention of Independent Director

Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017, the tenure of an independent director should not exceed a cumulative term limit of 9 years. Upon completion of the 9 years' tenure, an independent director may continue to serve on the board as a non-independent director. Alternatively, if the Board intends to retain an independent director beyond 9 years, it should justify and seek annual shareholders' approval.

Proposed Ordinary Resolutions 4 and 7, if passed, will allow Tunku Ali Redhauddin ibni Tuanku Muhriz and Ms Alexandra Elisabeth Johanna Maria Schaapveld to continue to serve as independent directors of the Company until the conclusion of the next AGM of the Company.

The performance of Tunku Ali Redhauddin ibni Tuanku Muhriz was based on the Board Annual Evaluation exercise for 2020. Further to such assessment exercise, the Board is satisfied that he will continue to play his independent role effectively based on the following justifications:

(i) satisfied the criteria under the definition of Independent Director as per MMLR;
(ii) extensive knowledge on the Group's business and operations whilst demonstrating his objectivity in discussions which ensures effective checks and balances at the meetings' proceedings;
(iii) as chairperson of the NC, he effectively leads the NC meetings in deliberating on matters under the NC's terms of reference including making the relevant recommendations to the Board;
(iv) as the Independent Chairman of the Board, he sets the tone for the Board discussions with a view to promoting robust and balance discussions resulting in the Board making informed and timely decisions;
(v) devoted sufficient time and attention to his responsibility as an Independent Director of the Company with exemplary attendance record at Board and Board Committee meetings and actively participates in the respective meetings (there was more Board meetings in 2020 than in 2019 in view of managing the impact of COVID-19 pandemic); and
(vi) he has signed the annual declaration and confirmation on his independence in February 2021.

NOTICE OF ANNUAL GENERAL MEETING

The performance of Ms Alexandra Elisabeth Johanna Maria Schaapveld was assessed based on the Board Annual Evaluation exercise for 2020. Additionally, she was also assessed following a one-on-one session with the Board Chairman. Further to such assessment exercise, the Board is satisfied that she will continue to play her independent role effectively based on the following justifications:

(i) satisfied the criteria under the definition of Independent Director as per MMLR;
(ii) extensive knowledge on the Group's business and operations whilst demonstrating her objectivity in discussions which ensures effective checks and balances at the meetings' proceedings;
(iii) as chairperson of the Remuneration Committee ("RC"), she effectively leads the RC meetings in deliberating on matters under the RC's terms of reference including making the relevant recommendations to the Board;
(iv) as the Senior Independent Director, her role includes acting as a sounding board to the Chairman and serves as principal conduit between independent directors and the Chairman on sensitive issues;
(v) devoted sufficient time and attention to her responsibility as an Independent Director of the Company with exemplary attendance record at Board and Board Committee meetings and actively participates in the respective meetings (there was more Board meetings in 2020 than in 2019 in view of managing the impact of COVID-19 pandemic); and
(vi) she has signed the annual declaration and confirmation on her independence in February 2021.

For details of Tunku Ali Redhauddin ibni Tuanku Muhriz and Ms Alexandra Elisabeth Johanna Maria Schaapveld, please refer to the Directors' Profiles on pages 36 of the Annual Report 2020.

6) Authority to issue ordinary shares pursuant to Section 75 and Section 76 of the CA 2016, the MMLR and the Bursa Letter

Proposed Ordinary Resolution 8 is to seek a renewal of the general authority pursuant to Section 75 and Section 76 of the CA 2016, the MMLR and the Bursa Letter for the issue and allotment of new ordinary shares in the Company.

As at 18 March 2021, the Company has not issued any new shares pursuant to the previous year mandate.

Bursa Securities had, via the Bursa Letter, granted several additional temporary relief measures to listed issuers, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares. The increase in general mandate limit may be utilised by a listed issuer to issue new securities until 31 December 2021 ("**Utilisation Period**") and thereafter, the 10% limit on the general mandate will be reinstated.

Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure pursuant to Section 76(4) of the CA 2016, approvals for the 20% General Mandate, and the 10% General Mandate respectively from the Company's shareholders at the 25th AGM of the Company.

Proposed Ordinary Resolution 8, if passed, would enable Directors to issue and allot such number of new ordinary shares not exceeding 20% of the total number of issued shares of the Company from time to time until 31 December 2021; and provided that the total number of shares which have been issued under the 20% General Mandate has not exceeded 10% of the total number of issued shares of the Company for the time being, to issue and allot such number of new ordinary shares (when aggregated with the total number of shares which have been issued under the 20% General Mandate) not exceeding 10% of the total number of issued shares of the Company from time to time, with effect from 1 January 2022.

This will, among others, provide the Company the flexibility to raise funds, including but not limited to further placement of shares for purposes of funding strategic opportunities, future investment project(s), working capital and/or acquisitions without convening a general meeting which will be both time and cost consuming. The 20% General Mandate, unless revoked or varied at a general meeting, will expire at the end of the Utilisation Period, i.e. by 31 December 2021. Whereas, the 10% General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Board of the Company, after due consideration, is of the opinion that in the face of various challenges to the Company due to the COVID-19 pandemic, the 20% General Mandate is in the best interest of the Company and its shareholders on the basis that:

(i) it will enable the Company further flexibility to raise funds expeditiously in a manner that preserves its cash flow and achieve a more optimal capital structure;
(ii) other financing alternatives such as bank borrowings will result in the Company incurring additional interest costs; and
(iii) it provides the Company with the capability to immediately fund any prospective investment opportunities and/or new projects as and when they are identified.

Should there be a decision to issue and allot ordinary shares after the said authority has been given, the Company will make the appropriate announcement on the purpose and/or utilisation of proceeds arising from such issuance and allotment.

7) Proposed offer, grant and/or allotment in respect of ordinary shares in the Company to Mr Gary Neal Christenson, Executive Director/Chief Executive Officer pursuant to the Company's Management Incentive Plan ("MIP")

Proposed Ordinary Resolutions 9 and 10 are to seek authority in respect of the proposed offer, grant and/or allotment in respect of ordinary shares in the Company under the MIP to Mr Gary Neal Christenson ("**Mr Christenson**"), Executive Director/Chief Executive Officer.

On 23 May 2016, we had obtained your approval for the establishment of the MIP including the authority to offer, grant and/or allot shares to employees and executive directors who fulfil the criteria of eligibility for participation in the MIP.

The proposal is intended to, amongst others, serve as an incentive plan that aligns the Executive Director's interests with the long-term objectives and business strategies of our Group.

7.1 Proposed Ordinary Resolution 9, if passed, would enable the Company to grant to Mr Christenson, during the AI Mandate Period, Bumi Armada Shares with a value of up to USD1,500,000, where such shares are to be vested over a 3-year period from the date of grant.

The details on the MIP are set out in the Directors' Report and Note 35 to the financial statements.

Mr Christenson will abstain from voting on the proposed Ordinary Resolution 9 and will ensure that persons connected to him will also abstain from voting.

7.2 Proposed Ordinary Resolution 10, if passed, would enable the Company to award/grant to Mr Christenson, during the CI Mandate Period, Bumi Armada Shares with a value of up to USD1,500,000 on the expiry of his employment contract.

Mr Christenson will abstain from voting on the proposed Ordinary Resolution 10 and will ensure that persons connected to him will also abstain from voting.

Additional Notes:

Please refer to the Administrative Guide for the remote participation access and electronic voting at the 25th AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF 25TH AGM

Pursuant to Paragraph 8.27(2) of the Main Market of Listing Requirements of Bursa Malaysia Securities Berhad, further details of individual standing for election as Director is stated in this Statement Accompanying the Notice of the 25th AGM.

Name	Donald Allan Chudanov
Age	62
Gender	Male
Date of Appointment	1 January 2021
Nationality	American
Qualification	Bachelor of Science, Chemical Engineering, The Ohio State University, USA
Position in the Company	Independent Non-Executive Director Member of Risk Management Committee
Working experience and occupation	2015–2017: General Manager, Exploration & DW NOJV/ New Ventures at Chevron Nigeria Mid-Africa SBU (Houston, Texas) 2012–2015: General Manager, Assets at Chevron Thailand Exploration and Production, Ltd (Bangkok, Thailand) 2006-2012: General Manager, Asset Development at Chevron Upstream Europe (Aberdeen, United Kingdom) 2005-2006: General Manager, West Seno Asset at Chevron IndoAsia SBU (Jakarta, Indonesia) 2001-2005: Deepwater North Asset Vice President – Unocal (Jakarta, Indonesia) 1996-2001: Deepwater Development Manager – Unocal (Balipapan, Indonesia) 1995-1996: Corporate Staff Operations Engineer – Unocal (Sugar Land, Texas) 1992-1995: Production Field Superintendent – Unocal (Ventura, California) 1989-1992: Drilling Engineering Advisor – Unocal (Anchorage, Alaska) 1986-1989: Production Operations Engineer – Unocal (Coalinga, California) 1982-1986: Production Operations Engineer – Unocal (Ventura, California) 1981-1982: Engineer Training Program – Unocal (Ventura, California)
Other directorship in public companies and listed issuers	Nil
Interest in the securities of the Company and its subsidiaries	None
Details of family relationship with any director and/ or major shareholder of the Company	None
Conflict of interests that he has with the Company	None
List of convictions for offences within past five years (other than traffic offences) and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	None

BUMIARMADA

FORM OF PROXY

BUMI ARMADA BERHAD
(Company No. 199501041194 (370398-X))
(Incorporated in Malaysia)

*I/*We, ____________________ *NRIC No. (new and old)/*Passport No./*Company No. ____________________
[FULL NAME IN BLOCK LETTERS] [COMPULSORY] [COMPULSORY]

of ____________________ and telephone no. ____________________
[ADDRESS]

being a member of Bumi Armada Berhad (the "Company"), hereby appoint ____________________
[FULL NAME IN BLOCK LETTERS] [COMPULSORY]

*NRIC No./*Passport No. ____________________ of ____________________
[COMPULSORY] [ADDRESS]

and/or ____________________ *NRIC No./*Passport No. ____________________
[FULL NAME IN BLOCK LETTERS] [COMPULSORY]

of ____________________
[ADDRESS]

or failing *him/*her, THE CHAIRMAN OF THE MEETING as *my/*our *proxy/*proxies to vote for *me/*us and on *my/*our behalf at the fully virtual **Twenty-Fifth Annual General Meeting of the Company to be conducted entirely via remote participation and electronic voting on Tuesday, 25 May 2021 at 3.30 p.m., with the live streaming to be broadcast from Kuala Lumpur room, Level 21, Menara Perak, 24 Jalan Perak, 50450 Kuala Lumpur, Malaysia** and at any adjournment thereof.

*I/*We indicate with an "X" in the spaces below how *I/*we wish *my/*our vote to be cast:

No.	Resolutions	For	Against	Abstain
Ordinary Resolutions				
1	To approve the payment of fees and benefits to the Non-Executive Directors up to an amount of RM3.0 million from 25 May 2021 until the conclusion of the next Annual General Meeting of the Company to be held in 2022.			
2	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration for that year.			
3	To re-elect Tunku Ali Redhauddin ibni Tuanku Muhriz who retires by rotation in accordance with Rule 131.1 of the Company's Constitution, and who being eligible, offers himself for re-election as a Director of the Company.			
4	That subject to the passing of Ordinary Resolution 3, Tunku Ali Redhauddin ibni Tuanku Muhriz, who would, on 16 January 2022, have served as an Independent Non-Executive Director (**"INED"**) of the Company for a cumulative term of 9 years, be retained to continue to serve as an INED of the Company until the conclusion of the next Annual General Meeting of the Company.			
5	To re-elect Mr Gary Neal Christenson who retires by rotation in accordance with Rule 131.1 of the Company's Constitution, and who being eligible, offers himself for re-election as a Director of the Company.			
6	To re-elect Mr Donald Allan Chudanov who retires in accordance with Rule 116 of the Company's Constitution, and who being eligible, offers himself for re-election as a Director of the Company.			
7	To retain Ms Alexandra Elisabeth Johanna Maria Schaapveld, who would, on 7 June 2021 have served as an INED of the Company for a cumulative term of 10 years, to continue to serve as an INED of the Company until the conclusion of the next Annual General Meeting of the Company.			
8	To authorise the Directors to allot and issue new ordinary shares pursuant to Section 75 and Section 76 of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the letter on Additional Temporary Relief Measures to Listed Issuers issued by Bursa Malaysia Securities Berhad on 16 April 2020.			
9	To offer, grant and/or allot in respect of ordinary shares in the Company to Mr Gary Neal Christenson, Executive Director/Chief Executive Officer pursuant to the Company's Management Incentive Plan – Annual Incentive.			
10	To offer, grant and/or allot in respect of ordinary shares in the Company to Mr Gary Neal Christenson, Executive Director/Chief Executive Officer pursuant to the Company's Management Incentive Plan – Completion Incentive.			

Subject to the above stated voting instructions, *my/*our *proxy/*proxies may vote or abstain from voting on any resolutions as *he/*she/*they may think fit.

<table>
<tr>
<td>If appointment of proxy by an individual or a corporation is under hand

____
Signed by *individual member/*officer or attorney of member/*authorised nominee of

____
(beneficial owner)</td>
<td>No. of shares held: ______________
Securities Account No.: ____________
(CDS Account No.) (Compulsory)

Date:</td>
<td rowspan="2">The proportions of *my/*our holding to be represented by *my/*our *proxy/*proxies are as follows:

First Proxy
No. of shares: ______________
Percentage: ______________ %

Second Proxy
No. of shares: ______________
Percentage: ______________ %</td>
</tr>
<tr>
<td>If appointment of proxy by a corporation is under seal

The Common Seal of ______________

____
was hereto affixed in accordance with its Articles of Association/Constitution in the presence of :-

____
Director
*Director/*Secretary

in its capacity as *member/*attorney of member/*authorised nominee of

____
(beneficial owner)</td>
<td>Seal

No. of shares held: ______________
Securities Account No.: ____________
(CDS Account No.) (Compulsory)

Date:</td>
</tr>
</table>

* Delete if inapplicable.

NOTES:

1. A member is encouraged to go online, participate and vote at the 25th annual general meeting (**"AGM"**) using remote participation and electronic voting facilities. If a member is not able to participate via the online meeting, a member can appoint the Chairman of the meeting as proxy and indicate the voting instructions in the proxy form. The appointment of proxy may be done in the manner as detailed in item 5 below. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, participate, speak and vote for him/her subject to the following provisions:

   (i) save as provided for in Note 2, the Companies Act 2016 (**"CA 2016"**) and any applicable law, each member shall not be permitted to appoint more than two (2) proxies; and
   (ii) where a member appoints more than one proxy, the appointment shall be invalid unless it/he/she specifies the proportion of the member's shareholdings to be represented by each proxy.

2. For the avoidance of doubt and subject always to Note 1, the CA 2016 and any applicable law:

   (i) Where a member of the Company is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee shall be made separately or in one instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting;
   (ii) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (**"omnibus account"**), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

4. The instrument appointing a proxy shall:

   (i) in the case of an individual, be signed by the appointor or by his/her attorney; and
   (ii) in the case of a corporation, be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.

5. The instrument appointing a proxy must be deposited at the office of the **Company's Share Registrars, Boardroom Share Registrars Sdn Bhd** and may either be in the following manner:

   (i) either by hand or post, to the extent that is permissible to do so pursuant to the movement control order issued under the Prevention and Control of Infectious Diseases Act 1988 at **11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia**; or
   (ii) electronically via email at **BSR.Helpdesk@boardroomlimited.com;** or
   (iii) by facsimile at **+603 7890 4670;** or
   (iv) electronic means via the Share Registrars website, Boardroom Smart Investor Online Portal. Kindly follow the link at https://www.boardroomlimited.my/ to log in and deposit your proxy form electronically, not less than 24 hours before the time appointed for the taking of the poll at the 25th AGM (i.e. the proxy form needs to be deposited no later than 24 May 2021 at 3.30 p.m. or adjourned meeting). Otherwise, the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof.

6. The resolutions put to the votes at the 25th AGM shall be determined by poll. A proxy may vote on a poll. If the form of proxy is returned without an indication as to how the proxy shall vote on any particular matter, the proxy may exercise his discretion as to whether to vote on such matter and if so, how. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting and the instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

7. The lodging of a form of proxy does not preclude a member from attending and voting at the meeting should the member subsequently decide to do so.

8. Personal Data Privacy

   By submitting the duly executed form of proxy, a member of the Company (i) consents to the processing, including collection, use and disclosure of the member's personal data by the Company (or its agents) for all matters relating to or in connection with the AGM (including any adjournment thereof) and for the Company's (or its agents') compliance with any applicable laws, rules or regulations and guidelines (collectively the **"Purposes"**); and (ii) warrants that the member has obtained the prior consent of its proxy(ies) and/or representatives for the processing, including collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

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STAMP

THE SHARE REGISTRARS OF
BUMI ARMADA BERHAD
(Company No. 199501041194 (370398-X))

Boardroom Share Registrars Sdn. Bhd.
Registration number: 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13,
46200 Petaling Jaya,
Selangor, Malaysia

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www.bumiarmada.com

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