BUMIARMADA

BUMI ARMADA BERHAD
(370398-X)
(Incorporated in Malaysia)

Quarterly Report for the Financial Period
Ended 30 June 2011

BUMI ARMADA BERHAD (Company No. 370398-X)
Level 21, Menara Perak, 24, Jalan Perak, 50450 Kuala Lumpur, Malaysia.
Tel: +603 2171 5799 Fax: +603 2163 5799 www.bumiarmada.com

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

The Board of Directors of Bumi Armada Berhad ("Bumi Armada" or "the Company" or "the Group") is pleased to announce the following unaudited condensed consolidated financial statements for the second quarter ended 30 June 2011 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Note	**Individual Quarter Ended**		**Cumulative Quarter Period Ended**	
		30.06.2011 RM'000	**30.06.2010 RM'000**	**30.06.2011 RM'000**	**30.06.2010 RM'000**
Revenue		**392,962**	278,854	**769,121**	541,315
Cost of sales		**(249,997)**	(148,747)	**(473,055)**	(290,637)
Gross profit		**142,965**	130,107	**296,066**	250,678
Other operating income		**8,309**	13,248	**12,929**	20,396
Selling and distribution costs		**(21,885)**	(19,211)	**(48,624)**	(40,752)
Administrative expenses		**(20,237)**	(17,061)	**(37,772)**	(30,308)
Operating profit		**109,152**	107,083	**222,599**	200,014
Finance cost		**(33,179)**	(25,955)	**(50,320)**	(45,706)
Share of results of an associate		**-**	(357)	**-**	(714)
Share of results of jointly controlled entities		**(310)**	(4)	**(1,143)**	(8)
Profit before taxation		**75,663**	80,767	**171,136**	153,586
Taxation	18	**(14,625)**	(7,109)	**(28,024)**	(13,286)
Profit for the financial period		**61,038**	73,658	**143,112**	140,300
Attributable to:					
- Owners of the Company		**60,259**	73,658	**142,333**	140,300
- Non-controlling interests		**779**	-	**779**	-
		61,038	73,658	**143,112**	140,300
Earnings per share (sen)	27				
- basic		**2.64**	3.69	**6.23**	7.04
- diluted		**2.64**	3.67	**6.23**	7.01

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarter Period Ended	
		30.06.2011 RM'000	**30.06.2010 RM'000**	**30.06.2011 RM'000**	**30.06.2010 RM'000**
Profit for the financial period		**61,038**	73,658	**143,112**	140,300
Other comprehensive income/(expense):					
Foreign currency translation differences		**10,200**	4,933	**(22,484)**	(52,605)
Other comprehensive income/(expense) for the financial period, net of tax		**10,200**	4,933	**(22,484)**	(52,605)
Total comprehensive income for the financial period		**71,238**	78,591	**120,628**	87,695
Total comprehensive income attributable to:					
- Owners of the Company		**70,459**	78,591	**119,849**	87,695
- Non-controlling interests		**779**	-	**779**	-
		71,238	78,591	**120,628**	87,695

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**Unaudited As at 30.06.2011 RM'000**	**Audited As at 31.12.2010 RM'000**
NON-CURRENT ASSETS			
Property, plant and equipment	11	**4,075,685**	3,714,989
Goodwill		**1,411**	1,411
Jointly controlled entities		**10,418**	9,799
Other investments		**5,585**	3,778
Accrued lease rentals		**300,953**	292,256
Deferred tax assets		**2,995**	4,190
		4,397,047	4,026,423
CURRENT ASSETS			
Inventories		**4,348**	1,123
Non-current assets held for sale		**3,065**	-
Trade receivables		**208,016**	189,643
Accrued lease rentals		**337,582**	218,017
Other receivables, deposits and prepayments		**55,171**	36,193
Tax recoverable		**7,502**	9,135
Amounts due from jointly controlled entities		**30,916**	25,123
Derivative financial instruments	23	**14,290**	12,126
Deposits, cash and bank balances		**318,774**	277,684
TOTAL CURRENT ASSETS		**979,664**	769,044

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	**Unaudited As at 30.06.2011 RM'000**	**Audited As at 31.12.2010 RM'000**
LESS: CURRENT LIABILITIES			
Amounts due to customers on contracts		**27,231**	30,377
Trade payables		**105,071**	227,376
Other payables and accruals		**262,224**	222,445
Amounts due to jointly controlled entities		**5,290**	-
Hire purchase creditors		**989**	402
Borrowings	22	**1,780,424**	1,397,746
Derivative financial instruments	23	**9,511**	8,699
Taxation		**12,001**	10,825
		2,202,741	1,897,870
NET CURRENT LIABILITIES		**(1,223,077)**	(1,128,826)
LESS: NON-CURRENT LIABILITIES			
Hire purchase creditors		**11**	819
Borrowings	22	**1,819,248**	2,019,890
Deferred tax liabilities		**3,253**	1,786
		1,822,512	2,022,495
NET ASSETS		**1,351,458**	875,102
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		**456,840**	63,000
Reserves		**884,095**	811,535
		1,340,935	874,535
NON-CONTROLLING INTERESTS		**10,523**	567
TOTAL EQUITY		**1,351,458**	875,102
NET ASSETS PER SHARE (RM)*		**0.59**	0.38

* Based on 2,284,200,000 ordinary shares in issue at RM0.20 par value.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Company										
	Number of shares ’000	**Nominal value RM’000**	**Share premium RM’000**	**Revaluation reserve RM’000**	**Foreign exchange reserve RM’000**	**Capital redemption reserve RM’000**	**Capital contribution reserve RM’000**	**Retained earnings RM’000**	**Total RM’000**	**Non-controlling interest RM’000**	**Total equity RM’000**
2011											
At 1 January 2011	63,000	63,000	10,898	390	(171,254)	311	-	971,190	874,535	567	875,102
Profit for the financial period	-	-	-	-	-	-	-	142,333	142,333	779	143,112
Other comprehensive income for the financial period, net of tax	-	-	-	-	(22,484)	-	-	-	(22,484)	-	(22,484)
Total comprehensive income for the financial period	-	-	-	-	(22,484)	-	-	142,333	119,849	779	120,628
Transactions with owners:											
Issue of ordinary shares from call option	7,500	7,500	142,500	-	-	-	-	-	150,000	-	150,000
Rights issue	5,640	5,640	194,360	-	-	-	-	-	200,000	-	200,000
Bonus issue	380,700	380,700	(347,758)	-	-	-	-	(32,942)	-	-	-
Share split	1,827,360	-	-	-	-	-	-	-	-	-	-
Additional shares in a subsidiary subscribed by non-controlling interests	-	-	-	-	-	-	-	-	-	5,220	5,220
Dilution of interest in a subsidiary	-	-	-	-	-	-	-	(9,699)	(9,699)	9,699	-
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	(5,742)	(5,742)
Capital contribution by shareholder	-	-	-	-	-	-	6,250	-	6,250	-	6,250
At 30 June 2011	**2,284,200**	**456,840**	**0**	**390**	**(193,738)**	**311**	**6,250**	**1,070,882**	**1,340,935**	**10,523**	**1,351,458**

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to Owners of the Company									
	Number of shares ’000	**Nominal value RM’000**	**Share premium RM’000**	**Revaluation reserve RM’000**	**Foreign exchange reserve RM’000**	**Capital redemption reserve RM’000**	**Retained earnings RM’000**	**Total RM’000**	**Non-controlling interest RM’000**	**Total equity RM’000**
2010 (Unaudited)										
At 1 January 2010										
- As previously stated	63,000	63,000	10,898	390	(27,718)	311	623,898	670,779	567	671,346
- Adjustment on application of FRS 139	-	-	-	-	-	-	(3,463)	(3,463)	-	(3,463)
At 1 January 2010, as restated	63,000	63,000	10,898	390	(27,718)	311	620,435	667,316	567	667,883
Profit for the financial period	-	-	-	-	-	-	140,300	140,300	-	140,300
Other comprehensive income for the financial period, net of tax	-	-	-	-	(52,605)	-	-	(52,605)	-	(52,605)
Total comprehensive income for the financial period	-	-	-	-	(52,605)	-	140,300	87,695	-	87,695
At 30 June 2010	63,000	63,000	10,898	390	(80,323)	311	760,735	755,011	567	755,578

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period Ended 30.06.2011 RM'000	Period Ended 30.06.2010 RM'000
OPERATING ACTIVITIES		
Profit for the financial period	143,112	140,300
Adjustments for non cash items:		
Share of results of an associate and jointly controlled entity	1,143	722
Depreciation of property, plant and equipment	147,692	122,393
Gain on disposal of property, plant and equipment	93	125
Allowance for doubtful debts	3,525	22,311
Allowance for doubtful debts written back	(20)	-
Unrealised foreign exchange (gain)/loss	(1,141)	4,348
Interest income	(157)	(48)
Finance cost	50,320	45,706
Taxation	28,024	13,286
	372,591	349,143
Inventories	(3,226)	(181)
Trade and other receivables	(179,051)	(214,183)
Trade and other payables	103,093	49,442
Cash from operations	293,407	184,221
Interest paid	(69,997)	(50,501)
Tax paid	(35,428)	(18,026)
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES	187,982	115,694

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (CONTINUED)

	Period Ended 30.06.2011 RM'000	Period Ended 30.06.2010 RM'000
INVESTING ACTIVITIES		
Additional investments in jointly controlled entities	(1,764)	-
Purchase of property, plant and equipment	(697,741)	(553,267)
Interest received	157	48
Dividend received	-	11,344
Additional investment in unquoted preference shares	(1,808)	-
NET CASH FLOW USED IN INVESTING ACTIVITIES	(701,156)	(541,875)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	584,985	418,061
(Decrease)/increase in deposits pledged as security	(3,000)	4,446
Repayment of bank borrowings	(348,005)	(122,838)
Repayment of hire purchase creditors	(222)	(146)
Drawdown of hire purchase creditors	-	764
Exercise of rights issue	200,000	-
Exercise of call option by a related company	150,000	-
Issuance of subsidiary shares to minority shareholders	5,220	-
Dividend paid to minority shareholders	(5,742)	-
NET CASH FLOW GENERATED FROM FINANCING ACTIVITIES	583,236	300,287
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	70,062	(125,894)
CURRENCY TRANSLATION DIFFERENCES	(3,551)	(10,769)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	244,898	267,051
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**311,409**	**130,388**
Cash and cash equivalents consist of:		
Deposits with licensed banks	68,567	5,445
Cash and bank balances	254,901	141,194
Bank overdrafts	(4,694)	(10,806)
Deposits pledged with licensed banks	(7,365)	(5,445)
	311,409	**130,388**

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The unaudited interim financial report is prepared in accordance with Financial Reporting Standard ("FRS") 134 on "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The significant accounting policies and methods adopted for the unaudited condensed consolidated financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2010 except for the following:

(a) Changes arising from the adoption of the revised FRSs which are applicable to the Group effective 1 January 2011 and have an impact on the accounting policies of the Group:

The adoption of the below revised FRS 3 "Business Combinations" and revised FRS 127 "Consolidated and Separate Financial Statements" have resulted in changes in the accounting policies of the Group in relation to business combinations and preparation of consolidated financial statements on transactions with non-controlling interests. As these revised FRSs are effective prospectively, the Group has applied the changes prospectively from 1 January 2011.

Revised FRS 3 "Business Combinations"

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. There is no impact on the unaudited condensed consolidated financial statements for the period ended 30 June 2011, as there is no business combination undertaken by the Group during the quarter.

1. BASIS OF PREPARATION (CONTINUED)

(a) Changes arising from the adoption of the revised FRSs which are applicable to the Group effective 1 January 2011 and have an impact on the accounting policies of the Group (continued):

Revised FRS 127 "Consolidated and Separate Financial Statements"

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

Issues Committee ("IC") Interpretation and Amendments to FRSs and IC Interpretations that are applicable to the Group effective 1 January 2011 but have no significant impact on the unaudited condensed financial statements

The adoption of the following IC Interpretation and amendments to FRSs and IC Interpretations that came into effect on 1 January 2011, as disclosed in the audited consolidated financial statements for the financial year ended 31 December 2010, did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Amendments to FRS 2 Share-based Payment
- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 7 Improving Disclosure about Financial Instruments
- Amendments to FRS 138 Intangible Assets
- Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
- Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions
- IC Interpretation 4 Determining whether an Arrangement contains a Lease
- Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"

FRS that is applicable to the Group but not yet effective

The Group has not early adopted the following standard, Revised FRS 124 Related Party Disclosures, that has been issued by the MASB as this is effective for financial period beginning on or after 1 January 2012.

2. MANAGEMENT COMMENTARY

(A) Review of performance for the current year to date results as compared with the previous year to date

Financial Indicators	YTD June 2011 RM'000	YTD June 2010 RM'000	Change RM'000
FPSO	255,455	290,494	(35,039)
OSV	213,940	213,251	689
T&I	141,693	37,570	104,123
OFS	158,033	0	158,033
Revenue	769,121	541,315	227,806
EBITDA [1]	369,086	321,685	47,401
EBITDA margin	48%	59%	(11%)
Profit for the period	143,112	140,300	2,812
Total depreciation	147,692	122,393	25,299

Note:
[1] Defined as profit before interest income, finance cost, tax, depreciation and amortisation

The Group posted a year to date increase in revenue of 42% or RM227.8 million primarily driven by its:

a) new OFS segment currently comprising the ongoing conversion and sale of an FSO to Petrofac of RM158.0 million, and
b) higher utilisation from its DLB, Armada Installer in Turkmenistan of RM104 million which commenced operation in May 2010.

These were offset by the reduction in FPSO operating fee amounting to RM35.0 million due to:

a) renegotiation of Armada Perdana's contract effective June 2010, and
b) higher revenue recorded in 2010 as a result of reimbursement of additional costs related to operations on Armada Perkasa which were previously expensed in 2008 and 2009.

The Group also posted a year to date increase in EBITDA of RM47.4 million or 15% on the back of its higher revenue. The EBITDA margin decreased from 59% to 48% in the current year to date mainly due to the ongoing conversion and sale of an FSO for the Sepat project recognised in the new OFS segment and fair value charge of a call option granted to an Executive Director amounting to RM6.2 million, which was expensed off.

Profit for the period increased by RM2.8 million as the increase in EBITDA was offset by:

a) higher finance cost of RM4.6 million mainly arising from interest charge to the profit and loss upon completion of vessels under construction, namely FPSO Armada Perdana in June 2010, DLB Armada Installer in May 2010 and 3 new OSVs in August 2010;
b) higher tax expense of RM14.7 million mainly arising from realisation of deferred tax asset, tax on the OFS segment operations and the Armada Installer operations in Turkmenistan;
c) higher depreciation cost of RM25.3 million mainly due to depreciation of DLB Armada Installer, whose contract commenced in May 2010, 3 new OSVs in the second half of 2010 and Griffin Venture.

2. MANAGEMENT COMMENTARY (CONTINUED)

(B) Changes in profits for the current quarter as compared with the immediate preceding quarter

Financial Indicators	2nd Quarter 2011 RM'000	1st Quarter 2011 RM'000	Change RM'000
FPSO	129,084	126,371	2,713
OSV	117,138	96,802	20,336
T&I	67,844	73,849	(6,005)
OFS	78,896	79,137	(241)
Revenue	392,962	376,159	16,803
EBITDA[1]	184,330	184,756	(426)
EBITDA margin	47%	49%	(2%)
Profit for the period	61,038	82,071	(21,033)
Total depreciation	75,548	72,144	3,404

Note:
[1] Defined as profit before interest income, finance cost, tax, depreciation and amortisation

The Group posted a current quarter increase in revenue of 4% or RM16.8 million primarily driven by the increase in our OSV fleet utilisation shown below, as a result of new charter hire and renewal of existing charter hire contracts on some of our vessels.

OSV vessel average utilisation rates for the quarter ended	2nd Quarter 2011 %	1st Quarter 2011 %	Change %
Group's vessels	83	71	12
Group's vessels including those held by jointly controlled entities	78	64	14

Profit for the period was lower by RM21.0 million from RM82.1 million in the first quarter to RM61.0 million in the current quarter mainly due to:

a) higher vessel operating cost in line with higher OSV segment which includes the relocation cost of vessels deployed to Nigeria of RM6.0 million;
b) fair value charge of a call option granted to an Executive Director amounting to RM6.2 million, which was expensed off;
c) higher finance cost of RM6.0 million mainly arising from a charge due to fair value changes on derivative financial instruments compared to a fair value gain of RM7.5 million in the first quarter; and
d) additional depreciation charges mainly for Griffin Venture.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2011

The market for the Group's products and services remains buoyant with continuing high level of bidding activity. The Group has already secured two Letter of Awards ("LOAs") for the Balnaves project for Apache Energy in Australia and for ONGC's first FPSO, which will be for the D1 Field in India in June 2011. On 10 August 2011, the contract was signed with ONGC for a value approximating USD620.0 million. These represent a significant portfolio value, and the Group remains optimistic for further order intake in 2011.

The OSV sector has seen vessel utilisation rates recovering as newer vessels find work at the expense of the older and less efficient vessels. At end of June 2011, the utilisation of the Group's vessels reached 83%.

The Armada Installer has entered into dry dock in Baku to retrofit its 800MT pedestal-crane in June 2011 and is expected to return to service in the fourth quarter of 2011. The Armada Hawk which enters into our service in August 2011 will proceed to install the Sepat FSO for Petronas.

Capital expenditure plans rely on the availability of financing and are subject to inflationary pressures. The Group continues to monitor the recent turmoil in the markets and assess its impact to the business going forward.

The Group's main area of focus remains in the deepwater developments in Latin America, West Africa, and Asia, with several FPSOs and large projects under tender.

4. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2010.

5. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial period ended 30 June 2011.

6. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

There was no item of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows.

7. CHANGES IN ESTIMATES

There was no change in estimates of amounts reported in prior financial years that have a material effect in the interim financial report.

8. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There was no issuance and repayment of debt securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 30 June 2011.

9. DIVIDENDS PAID

There are no dividends paid for the current quarter ended 30 June 2011.

10. SEGMENTAL INFORMATION

Additional reportable operating segment, Oilfield Services ("OFS") which is a new operating line of business has been reported as a separate reportable operating segment in line with the internal reporting provided to the chief operating decision-makers. As a result, there is an additional reportable segment for the current quarter as compared to the segment results presented in the comparative segment information for the quarter ended 30 June 2010.

The Group is organised into 4 main business segments based on the type of operations carried out by its vessels and barges:

- Offshore Support Vessels (OSV)
- Floating Production Storage Offloading system (FPSO)
- Transport and Installation (T&I)
- Oilfield Services (OFS)

The information of each of the Group's business segments for the quarter ended 30 June 2011 are as follows:

Quarter ended 30.06.2011	**OSV RM'000**	**FPSO RM'000**	**T&I RM'000**	**OFS RM'000**	**Group RM'000**
Revenue	117,138	129,084	67,844	78,896	392,962
Results					
Segment results	20,213	33,820	41,409	5,401	100,843
Other operating income					8,309
Finance cost					(33,179)
Share of results of jointly controlled entities					(310)
Taxation					(14,625)
Profit for the financial period					61,038

10. SEGMENTAL INFORMATION (CONTINUED)

Quarter ended 30.06.2010	**OSV RM'000**	**FPSO RM'000**	**T&I RM'000**	**Group RM'000**
Revenue	110,170	131,112	37,572	278,854
Results				
Segment results	22,557	46,307	24,971	93,835
Other operating income				13,248
Finance cost				(25,955)
Share of results of jointly controlled entities and an associate				(361)
Taxation				(7,109)
Profit for the financial period				73,658

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment for the period under review. As at 30 June 2011, all property, plant and equipment were stated at cost less accumulated depreciation.

12. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

a. On 18 June 2011, the Board of Directors of the Company approved an Employees Share Options Scheme ("ESOS") up to 33,000,000 shares to eligible employees of the Group and Executive Directors of the Company at the price of RM3.03 per share. The final allocations to the eligible employees of the Group and Executive Directors of the Company were granted on 19 July 2011 and 20 July 2011 respectively.

b. On 21 July 2011, the Company was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") after Securities Commission approved, on 20 June 2011, the application for the initial public offering of up to 878,538,600 ordinary shares of RM0.20 each of the Company ("IPO") and listing of the Company on Bursa Malaysia. .

c. On 10 August 2011, Forbes Bumi Armada Offshore Limited ("FBAOL"), a jointly controlled entity of the company, signed a Floating Production, Storage and Offloading ("FPSO") contract with Oil and Natural Gas Corporation Limited ("ONGC") following the letter of award secured on 25 June 2011 from ONGC referred to in the Prospectus of Bumi Armada dated 30 June 2011.

   The contract is for an FPSO to be operated by FBAOL on the ONGC D1 field located 200km off the west coast of Mumbai, India and it is for a seven (7) year fixed term Time Charter with a further six (6) year annual extension period at ONGC's discretion. The value of the contract is approximately USD620.0 million for a duration of 7 years.

Save as disclosed above, there has not arisen in the interval between the end of this reporting period and the date of this announcement, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group.

13. CHANGES IN THE COMPOSITION OF THE GROUP

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

a. On 25 April 2011, Bumi Armada Offshore Holdings Limited (formerly known as Armada D1 India Limited) ("BAOHL"), a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary in Marshall Islands by the name of Bumi Armada Angola Servicos Limited ("BAASL") with an issued and paid-up share capital of USD10,000 comprising 10,000 ordinary shares at USD1.00 each. Arising therefrom, BAASL became an indirect subsidiary of the Company.

b. On 10 May 2011, BAOHL incorporated a wholly-owned subsidiary in Marshall Islands by the name of Bumi Armada Offshore Contractor Limited ("BAOCL") with an issued and paid-up share capital of USD10,000 comprising 10,000 ordinary shares of USD1.00 each. Arising therefrom, BAOCL became an indirect subsidiary of the Company.

c. On 25 August 2011, the Company acquired the entire issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each in Armada UOTE Sdn Bhd ("AUSB") for a cash consideration of RM2.00. Arising therefrom, AUSB has become a wholly-owned subsidiary of the Company.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no material change in contingent liabilities or contingent assets since the last annual financial statements.

15. CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment approved by the Directors and not provided for in the unaudited condensed consolidated financial statements as at 30 June 2011 are as follows:

	RM'000
- authorised and contracted	259,733
- authorised but not contracted	237,557
	497,290

16. SIGNIFICANT RELATED PARTY DISCLOSURES

The significant related party transactions and balances described below:

		Year to date ended 30.06.2011 RM'000
Related party transactions		
(a)	Transaction with UTSB Management Sdn Bhd (UTSBM)[1],	
	- Reimbursable costs incurred in respect of an executive director	2,979
	- Management fees	2,393
(b)	Term loan from Pilihan Tegas Sdn Bhd[1]	
	- Interest expense	701
(c)	Transaction with Maxis Berhad[2]	
	- Telecommunication expenses	978
(d)	Rental expense paid to Malaysian Landed Property Sdn Bhd("MLP")[3]	2,040
(e)	Transactions with jointly controlled entities:	
	- Ship management fees payable to Offshore Marine Ventures Sdn Bhd[4]	98
	- Vessel hiring fee receivable from Century Bumi Joint Venture	13,405
(f)	Transactions with key management:	
	Key management personnel compensation:	
	- salaries, bonus and allowances	5,268
	- defined contribution plan	190
Related party balances		
(g)	Significant balances with related parties:	
	- MLP[3]	404
	- UTSBM[1]	6,391
(h)	Significant balances with key management:	
	- accruals of bonus and allowances	6,166

16. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Usaha Tegas Sdn Bhd ("UTSB") is a substantial shareholder of BAB via its controlling interest in OBSB as a shareholder of BAB. UTSB is ultimately controlled by PanOcean Management Limited ("PanOcean"), via Excorp Holdings N.V. and Pacific States Investment Limited, the intermediate and immediate holding companies of UTSB respectively. 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 interest in the shares of the Company through UTSB's deemed interest in OBSB, they do not have any economic or beneficial interest in the shares as such interest is held subject to the terms of the discretionary trust.

Note:
(1) Subsidiary of UTSB
(2) Associate of UTSB
(3) Subsidiary of PanOcean, the ultimate holding company of UTSB
(4) Jointly controlled entity, where Directors have an equity interest

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as the Group did not publish any profit forecast.

18. TAXATION

Taxation comprises the following:

	Individual Quarter 3 Months Ended		Cumulative Quarter Period Ended	
	30.06.2011 RM'000	**30.06.2010 RM'000**	**30.06.2011 RM'000**	**30.06.2010 RM'000**
Income tax:				
- Current tax	11,008	8,186	22,553	15,299
- Prior year	3,633	-	2,809	-
Deferred tax	(16)	(1,077)	2,662	(2,013)
Total	14,625	7,109	28,024	13,286

The income arising from Malaysian sea-going ships of the Group are tax exempt under Section 54A of the Income Tax Act, 1967, whilst business income from Non-Malaysian sea-going ships are taxed at the statutory tax rate of 25%. Foreign sourced income are taxed based on their individual tax jurisdiction and rate vary between 17% to 30%.

19. PROFIT/(LOSS) ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments or properties during the current quarter.

20. QUOTED SECURITIES

There were no quoted securities acquired or disposed during the current quarter.

21. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

22. BORROWINGS

The borrowings as at 30 June 2011 are as follows:

	As at 30.06.2011 RM'000
SHORT TERM DEBT	
Secured:	
Term loans	241,940
Unsecured:	
Term loans	130,000
Revolving credits	194,137
Bridging loans	1,214,347
Total short-term debt	1,780,424
LONG TERM DEBT	
Secured:	
Term loans	809,248
Unsecured:	
Term loans	1,010,000
Total long-term debt	1,819,248
Total borrowings	3,599,672

23. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 30 June 2011 are set out below:

	Contract/ Notional amount RM'000	**Fair Value Assets RM'000**	**Fair Value Liabilities RM'000**
- Interest rate swaps ("IRS")	1,162,980	1,161	9,511
- Cross currency interest rate swaps	204,522	13,129	-
		14,290	9,511

23. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Disclosure of derivatives (continued)

There have been no changes since the end of the previous financial year ended 31 December 2010 in respect of the following:

(i) the market risk and credit risk associated with the derivatives;
(ii) the cash requirements of the derivatives;
(iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
(iv) the related accounting policies

(b) Disclosure of gains/losses arising from fair value

The Group determines the fair values of the derivative financial instruments relating to the IRSs using a valuation technique which utilises data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair values are calculated at the present value of the estimated future cash flow using an appropriate market based yield curve.

As at 30 June 2011, the Group recognised a net fair value gain of RM1.4 million from derivative financial instruments from the previous financial year ended 31 December 2010.

24. REALISED AND UNREALISED RETAINED EARNINGS

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

The breakdown of realised and unrealised retained profits of the Group is as follows:

	As at 30.06.2011 RM'000
Total retained profits of the Company and its subsidiaries	
- realised	1,085,107
- unrealised	(23,341)
	1,061,766
Total share of retained profits from jointly controlled entities	
- realised	10,418
- unrealised	(1,302)
	9,116
Less: consolidation adjustments	-
Total retained profits of the Group	1,070,882

25. MATERIAL LITIGATION

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

26. DIVIDEND

No dividend has been declared for the current quarter under review.

27. EARNINGS PER SHARE

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

The diluted earnings per share is calculated by dividing the profit for the financial period attributable to the owners of the Parent (adjusted for interest income, net of tax, earned on the proceeds arising from the conversion of the call option) by the weighted average number of ordinary shares as adjusted for the basic earnings per share and includes all potential dilutive shares on the call option granted by the reporting date as if the call option had been exercised on the first day of the financial period or the date of the grant, if later.

	Individual Quarter Ended		**Cumulative Quarter Ended**	
	30.06.2011	**30.06.2010**	**30.06.2011**	**30.06.2010**
Basic:				
Profit attributable to Owners of the Company (RM'000)	60,259	73,658	142,333	140,300
Weighted average number of shares in issue ('000)	2,284,200	1,996,664	2,284,200	1,993,223
Basic earnings per share (sen)	2.64	3.69	6.23	7.04
Diluted:				
Adjusted profit attributable to Owners of the Company (RM'000)	60,259	74,710	142,333	142,404
Weighted average number of shares in issue ('000)	2,284,200	2,034,164	2,284,200	2,030,723
Diluted earnings per share (sen)	2.64	3.67	6.23	7.01

BY ORDER OF THE BOARD

NOOR HAMIZA BINTI HAMID
(MAICSA 7051227)
Company Secretary

Kuala Lumpur
25 August 2011