



BUMIARMADA

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

Quarterly Report for the Financial Period
Ended 30 September 2011

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 third quarter ended 30 September 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	
		30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Revenue		403,921	328,901	1,173,042	870,216
Cost of sales		(224,441)	(143,212)	(697,496)	(433,849)
Gross profit		179,480	185,689	475,546	436,367
Other operating income		5,718	3,192	18,647	23,588
Selling and distribution costs		(25,456)	(32,194)	(74,080)	(72,946)
Administrative expenses		(31,409)	(21,894)	(69,181)	(52,202)
Operating profit		128,333	134,793	350,932	334,807
Finance cost		(33,260)	(25,077)	(83,580)	(70,783)
Share of results of an associate		-	(357)	-	(1,071)
Share of results of jointly controlled entities		16,176	(4)	15,033	(12)
Profit before taxation		111,249	109,355	282,385	262,941
Taxation	18	(15,986)	(9,276)	(44,010)	(22,562)
Profit for the financial period		<u>95,263</u>	<u>100,079</u>	<u>238,375</u>	<u>240,379</u>
Attributable to:					
- Owners of the Company		92,578	100,079	234,911	240,379
- Non-controlling interests		<u>2,685</u>	<u>-</u>	<u>3,464</u>	<u>-</u>
		<u>95,263</u>	<u>100,079</u>	<u>238,375</u>	<u>240,379</u>
Earnings per share (sen)	28				
- basic		3.32	5.02	10.26	12.06
- diluted		<u>3.32</u>	<u>4.98</u>	<u>10.26</u>	<u>11.99</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarter Period Ended	
		30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Profit for the financial period		95,263	100,079	238,375	240,379
Other comprehensive income/(expense):					
Cash flow hedges		(9,989)	-	(9,989)	-
Foreign currency translation differences		103,948	(128,094)	81,464	(180,699)
Other comprehensive income/(expense) for the financial period, net of tax		93,959	(128,094)	71,475	(180,699)
Total comprehensive income for the financial period		189,222	(28,015)	309,850	59,680
Total comprehensive income attributable to:					
- Owners of the Company		186,537	(28,015)	306,386	59,680
- Non-controlling interests		2,685	-	3,464	-
		189,222	(28,015)	309,850	59,680

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited As at 30.09.2011 RM'000	Audited As at 31.12.2010 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,213,436	3,714,989
Goodwill		1,411	1,411
Jointly controlled entities		92,749	9,799
Other investments		5,586	3,778
Accrued lease rentals		345,185	292,256
Deferred tax assets		5,725	4,190
		4,664,092	4,026,423
CURRENT ASSETS			
Inventories		2,957	1,123
Non-current assets held for sale		3,065	-
Trade receivables		261,628	189,643
Accrued lease rentals		432,624	218,017
Amounts due from customers on contracts		63,097	-
Other receivables, deposits and prepayments		57,119	36,193
Tax recoverable		7,502	9,135
Amounts due from jointly controlled entities		94,202	25,123
Derivative financial instruments	24	2,875	12,126
Deposits, cash and bank balances		992,827	277,684
TOTAL CURRENT ASSETS		1,917,896	769,044

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	Unaudited As at 30.09.2011 RM'000	Audited As at 31.12.2010 RM'000
LESS: CURRENT LIABILITIES			
Amounts due to customers on contracts		-	30,377
Trade payables		136,495	227,376
Other payables and accruals		263,905	222,445
Amounts due to jointly controlled entities		17,789	-
Hire purchase creditors		898	402
Borrowings	23	846,263	1,397,746
Derivative financial instruments	24	25,042	8,699
Taxation		16,596	10,825
		1,306,988	1,897,870
NET CURRENT ASSETS / (LIABILITIES)		610,908	(1,128,826)
LESS: NON-CURRENT LIABILITIES			
Hire purchase creditors		4	819
Borrowings	23	1,836,544	2,019,890
Deferred tax liabilities		11,400	1,786
		1,847,948	2,022,495
NET ASSETS		3,427,052	875,102
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		585,692	63,000
Reserves		2,828,152	811,535
		3,413,844	874,535
NON-CONTROLLING INTERESTS		13,208	567
TOTAL EQUITY		3,427,052	875,102
NET ASSETS PER SHARE (RM)*		1.17	0.30

* Based on 2,928,461,600 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										Non-controlling interest RM'000	Total equity RM'000
	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	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000		
<u>2011</u>												
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	-	-	-	-	-	-	-	-	234,911	234,911	3,464	238,375
Other comprehensive income for the financial period, net of tax	-	-	-	-	81,464	-	-	(9,989)	-	71,475	-	71,475
Total comprehensive income for the financial period	-	-	-	-	81,464	-	-	(9,989)	234,911	306,386	3,464	309,850
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	-	-	-	-	-	-	-	-	-	-	-
Issuance of new shares from initial public offer	644,262	128,852	1,754,728	-	-	-	-	-	-	1,883,580	-	1,883,580
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	-	-	-	-	-	-	9,042	-	-	9,042	-	9,042
At 30 September 2011	2,928,462	585,692	1,754,728	390	(89,790)	311	9,042	(9,989)	1,163,460	3,413,844	13,208	3,427,052

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to Owners of the Company								Non-controlling interest RM'000	Total equity RM'000
	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		
<u>2010</u> (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	-	-	-	-	-	-	240,379	240,379	-	240,379
Other comprehensive income for the financial period, net of tax	-	-	-	-	(180,699)	-	-	(180,699)	-	(180,699)
Total comprehensive income for the financial period	-	-	-	-	(180,699)	-	240,379	59,680	-	59,680
At 30 September 2010	63,000	63,000	10,898	390	(208,417)	311	860,814	726,996	567	727,563

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period Ended 30.09.2011 RM'000	Period Ended 30.09.2010 RM'000
OPERATING ACTIVITIES		
Profit for the financial period	238,375	240,379
Adjustments for non cash items:		
Share of results of an associate and jointly controlled entity	(15,033)	1,083
Depreciation of property, plant and equipment	233,459	190,480
Gain on disposal of property, plant and equipment	172	125
Allowance for doubtful debts	3,525	22,810
Allowance for doubtful debts written back	(20)	-
Unrealised foreign exchange (gain)/loss	23,423	1,565
Interest income	(5,558)	(218)
Finance cost	83,580	70,783
Taxation	44,010	22,562
	605,933	549,569
Inventories	(1,834)	(552)
Trade and other receivables	(444,259)	(299,813)
Trade and other payables	163,872	16,261
Cash from operations	323,712	265,465
Interest paid	(100,583)	(95,949)
Tax paid	(42,128)	(22,648)
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES	181,001	146,868

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Period Ended 30.09.2011 RM'000	Period Ended 30.09.2010 RM'000
INVESTING ACTIVITIES		
Additional investments in jointly controlled entities	(59,157)	-
Purchase of property, plant and equipment	(898,147)	(782,083)
Interest received	5,557	218
Dividend received	-	11,344
Additional investment in unquoted preference shares	(1,808)	-
NET CASH FLOW USED IN INVESTING ACTIVITIES	(953,555)	(770,521)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	584,985	1,254,196
(Decrease)/increase in deposits pledged as security	(10)	3,366
Repayment of bank borrowings	(1,333,466)	(748,874)
(Repayment)/drawdown of hire purchase creditors	(320)	379
Exercise of rights issue	200,000	-
Proceeds from issuance of new shares	1,907,025	-
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	1,507,692	509,067
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	735,138	(114,586)
CURRENCY TRANSLATION DIFFERENCES	5,503	(4,199)
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	985,539	148,266
Cash and cash equivalents consist of:		
Deposits with licensed banks	930,455	4,365
Cash and bank balances	62,372	148,266
Bank overdrafts	(2,913)	-
Deposits pledged with licensed banks	(4,375)	(4,365)
	985,539	148,266

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 September 2011, as there is no business combination undertaken by the Group during the quarter.

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.

1. BASIS OF PREPARATION (CONTINUED)

- (b) 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)”

- (c) Change in accounting policy:

Derivatives financial instruments and hedging activities:

Effective this quarter, the Group applies hedge accounting on hedge transactions that meets the effectiveness test. The Group designates and documents at the inception of the transaction the relationship between the hedging instruments and the underlying hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The Group assesses both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values cash flows of hedged items. The Group applies hedge accounting only when effectiveness tests on both a prospective and retrospective basis are met.

The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings.

Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains and losses on remeasuring the fair value of the hedging instrument is recognised directly in the cash flow hedging reserve until such time as the hedged items affect profit or loss, then the gains or losses are transferred to the income statement.

Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately to profit or loss. The application of the above hedge accounting will create volatility to reserves.

- (d) 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 September 2011 RM'000	YTD September 2010 RM'000	Change RM'000
FPSO	432,984	433,081	(97)
OSV	347,507	314,899	32,608
T&I	189,210	122,236	66,974
OFS	203,341	-	203,341
Revenue	1,173,042	870,216	302,826
Operating EBITDA ⁽¹⁾	625,938	523,204	102,734
Fair value changes of call option	6,250	-	6,250
Listing expenses	20,326	-	20,326
EBITDA ⁽²⁾	599,362	523,204	76,158
EBITDA margin	51 %	60 %	(9 %)
Profit for the period	238,375	240,379	(2,004)
Total depreciation	233,459	190,480	42,979

Note:

⁽¹⁾ Defined as profit before finance cost, tax, depreciation, amortisation, fair value changes of call option and listing expenses

⁽²⁾ Defined as profit before finance cost, tax, depreciation and amortisation

The Group posted a year to date increase in revenue of 34.8% or RM302.8 million, driven by higher activity across all its business segments.

- a) The FPSO segment secured two new FPSO contracts - Apache in Australia for the Balnaves field and ONGC in India for the D1 field. The ONGC contract was secured through a jointly controlled entity. The Apache contract contributed a significant portion of the current quarter's revenue whereas the ONGC contract is equity accounted in our share of results from jointly controlled entities.

This is offset by:

- one off settlement in 2010 of RM18.1 million related to operational costs on Armada Perkasa, which were previously expensed in 2008 and 2009; and
- the weakening US dollar versus the Malaysian Ringgit, which is our reporting currency.

- b) The OSV segment revenue increased as a result of improved fleet utilisation and new vessels additions in the second half of 2010.

- c) The T&I segment revenue increased mainly due to higher utilisation of its DLB, Armada Installer in Turkmenistan which commenced operation in May 2010.

- d) The OFS segment currently comprises the conversion and sale of an FSO to Petrofac.

The Group posted a year to date increase in operating EBITDA of RM102.7 million or 19.6 % on the back of its higher revenue. This is before expenses incurred amounting to RM20.3 million in relation to its recent listing on Bursa Malaysia and fair value charge of a call option granted to an Executive Director amounting to RM6.2 million. The EBITDA margin decreased from 60.0 % to 51.0 % in the current year to date mainly due to the conversion and sale of an FSO for the Sepat project and other operating expenses incurred as described above.

Profit for the period decreased by RM2.0 million as the increase in EBITDA was offset by:

- a) higher depreciation cost of RM42.9 million as a result of vessel additions in our FPSO, OSV and T&I segments;
- b) higher interest charge of RM12.8 million to the profit and loss upon completion of vessels under construction; and
- c) higher tax expense of RM21.5 million mainly arising from increase in OFS and DLB operations.

2. MANAGEMENT COMMENTARY (CONTINUED)

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

Financial Indicators	3rd Quarter 2011 RM'000	2nd Quarter 2011 RM'000	Change RM'000
FPSO	177,529	129,084	48,445
OSV	133,566	117,138	16,428
T&I	47,517	67,844	(20,327)
OFS	45,309	78,896	(33,587)
Revenue	403,921	392,962	10,959
Operating EBITDA ⁽¹⁾	250,602	190,580	60,022
Fair value changes of call option	-	6,250	(6,250)
Listing expenses	20,326	-	20,326
EBITDA ⁽²⁾	230,276	184,330	45,946
EBITDA margin	57%	47%	10%
Profit for the period	95,263	61,038	34,225
Total depreciation	85,767	75,548	10,219

Note:

⁽¹⁾ Defined as profit before finance cost, tax, depreciation and amortisation, fair value changes of call option and listing expenses

⁽²⁾ Defined as profit before finance cost, tax, depreciation and amortisation

The Group posted a quarter on quarter increase in revenue of 2.8% or RM10.9 million primarily driven by:

- a) higher FPSO revenue contribution due to the contract recently secured with Apache. As noted earlier, the ONGC contract is equity accounted for as part of our jointly controlled entity results;
- b) continued improvement from our OSV fleet utilisation, as a result of new charter hire and renewal of existing charter hire contracts on some of our vessels as shown below:

OSV vessel average utilisation rates for the quarter ended	3rd Quarter 2011 %	2nd Quarter 2011 %	Change %
Group's vessels	93	83	10
Group's vessels including those held by jointly controlled entities	86	78	8

- c) RM20.3 million reduction in revenue from the T&I segment as Armada Installer entered into dry dock at Baku in Turkmenistan in the current quarter. This was offset by additional revenue from the installation works carried out in relation to the Sepat and HLJOC projects.
- d) significant completion in the scope of work and handover of the FSO for the Sepat project.

The Group posted a quarter on quarter increase in EBITDA of 24.9% or RM45.9 million on the back of its higher revenue. The quarter on quarter EBITDA margin also increased from 47% to 57% mainly from its new FPSO contracts for Apache and ONGC, and improved fleet utilisation in its OSV segment.

Profit increased by 56.1% or RM34.2 million to RM95.3 million in the current quarter despite RM20.3 million in expenses recorded to the profit and loss in relation to our recent listing on Bursa Malaysia.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2011

The outlook for the offshore Oil and Gas business remains positively buoyed by crude oil prices sustaining above USD70 per barrel and continued investment by oil companies.

The Group continues its strong performance in the FPSO segment with the three operating FPSO units (two in Nigeria and one in Vietnam) and the additional two new contracts for ONGC and Apache Corporation in India and Australia respectively.

The Group's OSV fleet achieves higher utilisation across its three main operating areas - Asia, Africa and Latin America.

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 September 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

Save as disclosed below, 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 September 2011 :

On 19 July 2011, 644,261,600 ordinary shares of RM0.20 each at the final retail price of RM3.03 each were issued pursuant to the initial public offering.

9. DIVIDENDS PAID

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

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10. SEGMENTAL INFORMATION

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 September 2011 are as follows:

Quarter ended 30.09.2011	OSV RM'000	FPSO RM'000	T&I RM'000	OFS RM'000	Group RM'000
Revenue	133,566	177,529	47,517	45,309	403,921
Results					
Segment results	39,575	64,852	(8,164)	26,352	122,615
Other operating income					5,718
Share of results of jointly controlled entities					16,176
Finance cost					(33,260)
Taxation					(15,986)
Profit for the financial period					95,263

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10. SEGMENTAL INFORMATION (CONTINUED)

Quarter ended 30.09.2010	OSV RM'000	FPSO RM'000	T&I RM'000	Group RM'000
Revenue	101,648	142,587	84,666	328,901
Results				
Segment results	35,079	39,423	57,099	131,601
Other operating income				3,192
Share of results of jointly controlled entities and an associate				(361)
Finance cost				(25,077)
Taxation				(9,276)
Profit for the financial period				100,079

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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

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 followings:

- a. On 6 July 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 Armada TLDD Limited (“ATLDD”) with an issued and paid-up share capital of USD10,000 comprising 10,000 shares of USD1.00 each. Arising therefrom, ATLDD became an indirect subsidiary of the Company.
- b. On 24 September 2011, the Company transferred 2,000 ordinary shares, representing 2% equity interest in Armada Century Ltd to Century Energy Services Limited for a consideration of USD66,000. Following therefrom, the Company's equity interest in the jointly-controlled entity has reduced to 49%.

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 September 2011 are as follows:

	RM'000
- authorised and contracted	253,662
- authorised but not contracted	1,046,196
	<hr/>
	1,299,858
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16. SIGNIFICANT RELATED PARTY DISCLOSURES

The significant related party transactions described below:

	Year to date ended 30.09.2011 RM'000
<u>Related party transactions</u>	
(a) Transaction with UTSB Management Sdn Bhd (UTSBM) ⁽¹⁾ , - Reimbursable costs incurred in respect of an executive director - Management fees - Provision of corporate and project-related advisory services	9,326 3,587 15,000
(b) Term loan from Pilihan Tegas Sdn Bhd ⁽¹⁾ - Interest expense	701
(c) Transaction with Maxis Berhad ⁽²⁾ - Telecommunication expenses	1,594
(d) Rental expense paid to Malaysian Landed Property Sdn Bhd("MLP") ⁽³⁾	3,382
(e) Transactions with jointly controlled entities: - Ship management fees payable to Offshore Marine Ventures Sdn Bhd ⁽⁴⁾ - Vessel hiring fee receivable from Century Bumi JV Limited	148 19,753
(f) Transactions with key management: Key management personnel compensation: - salaries, bonus and allowances - defined contribution plan	8,045 337

Usaha Tegas Sdn Bhd ("UTSB") is a party related to the Company by virtue of its controlling interest in OBSB, a major 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	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Income tax:				
- Current tax	10,806	10,681	36,161	25,980
- Prior year	-	-	7	-
Deferred tax	5,180	(1,405)	7,842	(3,418)
Total	15,986	9,276	44,010	22,562

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

On 30 June 2011, the Company issued a Prospectus for the initial public offering of up to 878,538,600 ordinary shares of RM0.20 each in the Company, comprising up to 234,277,000 existing shares (“Offer Shares”) and up to 644,261,600 new shares (“Issue Shares”) to be issued to retail and institutional investors (“the Listing”).

The institutional price and the final retail price were determined at RM3.03 per share.

The Listing was completed on 21 July 2011, following the listing of and quotation for the entire enlarged issued and paid-up ordinary share capital of RM585,692,320 comprising 2,928,461,600 ordinary shares of RM0.20 each on the Main Market of Bursa Malaysia Securities Berhad.

22. UTILISATION OF PROCEEDS

The status of utilisation of listing proceeds raised from the Public Issue as at date of this report are as follows:

Purpose	Proposed utilisation RM'000	Actual to date RM'000	Utilisation upon listing	Remaining balance RM'000
Repayment of bank borrowings	775,000	775,000	within 6 months	-
Capital expenditures	592,000	155,365	within 24 months	436,635
Working capital	562,000	342,516	within 24 months	219,484
Estimated listing expenses	100,000	88,794	within 3 months	11,206
Total	2,029,000	1,361,675		667,325

The actual utilisation amount for the listing expenses was lower than budgeted. Hence the unutilised balance will be used for general working capital requirements of our Group as disclosed in the Company's Prospectus dated 30 June 2011.

23. BORROWINGS

The borrowings as at 30 September 2011 are as follows:

	As at 30.09.2011 RM'000
SHORT TERM DEBT	
Secured:	
Bank overdraft	2,913
Term loans	234,500
Unsecured:	
Term loans	130,000
Revolving credits	10,000
Bridging loans	468,850
Total short-term debt	846,263
LONG TERM DEBT	
Secured:	
Term loans	826,544
Unsecured:	
Term loans	1,010,000
Total long-term debt	1,836,544
Total borrowings	2,682,807

24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

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

	Contract/ Notional amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000
- Interest rate swaps ("IRS")	1,171,859	-	25,042
- Cross currency interest rate swaps ("CC")	204,522	2,875	-
		<u>2,875</u>	<u>25,042</u>

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 other than the adoption of hedge accounting as disclosed in note 1(c).

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

The Group determines the fair values of the derivative financial instruments relating to the IRSs and CCs using valuation techniques which utilise 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 September 2011, the Group recognised derivative financial liabilities of RM22.2 million, an increase of RM25.6 million from previous financial year ended 31 December 2010, on remeasuring the fair values of the derivative financial instruments. The decrease of RM10.0 million was included in the cash flow hedging reserve and RM15.6 million as net fair value losses from derivatives financial instruments through the profit or loss.

The cash flow hedging reserve of RM10.0 million as at 30 September 2011 represents the effective portion of the deferred fair value losses relating to the derivative financial instruments which qualified for hedging accounting. This amount will be reclassified to profit or loss as finance cost over the period of the underlying borrowings.

25. 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 30.09.2011 RM'000
Total retained profits of the Company and its subsidiaries	
- realised	1,174,122
- unrealised	(24,393)
	<u>1,149,729</u>
Total share of retained profits from jointly controlled entities	
- realised	15,033
- unrealised	(1,302)
	<u>13,731</u>
Less: consolidation adjustments	-
Total retained profits of the Group	<u><u>1,163,460</u></u>

26. MATERIAL LITIGATION

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

27. DIVIDEND

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

28. 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 and employees share option scheme ("ESOS") options) by the weighted average number of ordinary shares as adjusted for the basic earnings per share and includes all potential dilutive shares on both the call option and ESOS options granted by the reporting date, as if the options 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	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
Basic:				
Profit attributable to Owners of the Company (RM'000)	92,578	100,079	234,911	240,379
Weighted average number of shares in issue ('000)	2,788,404	1,993,230	2,288,694	1,993,230
Basic earnings per share (sen)	3.32	5.02	10.26	12.06
Diluted:				
Adjusted profit attributable to Owners of the Company (RM'000)	92,578	101,131	234,911	243,535
Weighted average number of shares in issue ('000)	2,788,404	2,030,730	2,288,694	2,030,730
Diluted earnings per share* (sen)	3.32	4.98	10.26	11.99

*The ESOS options were anti-dilutive for the current individual quarter and cumulative quarter. Hence, the calculation of diluted earnings per share for the financial period ended 30 September 2011 does not assume the exercise of ESOS.

BY ORDER OF THE BOARD

NOOR HAMIZA BINTI HAMID
(MAICSA 7051227)
Company Secretary

CHEW ANN NEE
(MAICSA 7030413)
Joint Company Secretary

Kuala Lumpur
18 November 2011