



BUMIARMADA

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

Quarterly Report for the Financial Period
Ended 31 December 2011

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 fourth quarter ended 31 December 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 Quarters Year Ended	
		31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Revenue		370,854	371,167	1,543,896	1,241,383
Cost of sales		(185,599)	(202,423)	(883,095)	(636,272)
Gross profit		185,255	168,744	660,801	605,111
Other operating income		18,946	16,579	37,593	40,167
Selling and distribution costs		(14,129)	(8,893)	(88,209)	(81,839)
Administrative expenses		(22,748)	(44,101)	(91,929)	(96,303)
Operating profit		167,324	132,329	518,256	467,136
Finance cost		(25,606)	(11,642)	(109,186)	(82,425)
Share of results of an associate		-	(357)	-	(1,428)
Share of results of jointly controlled entities		11,787	(5)	26,820	(17)
Profit before taxation		153,505	120,325	435,890	383,266
Taxation	18	(26,549)	(9,949)	(70,559)	(32,511)
Profit for the financial period		126,956	110,376	365,331	350,755
Attributable to:					
- Owners of the Company		124,761	110,376	359,672	350,755
- Non-controlling interests		2,195	-	5,659	-
		126,956	110,376	365,331	350,755
Earnings per share (sen)	27				
- basic		4.26	5.55	14.63	17.62
- diluted		4.26	5.03	14.63	16.02

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarters Year Ended	
		31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Profit for the financial period		126,956	110,376	365,331	350,755
Other comprehensive income/(expense):					
Cash flow hedges		(3,569)	-	(13,558)	-
Foreign currency translation differences		(9,325)	37,163	72,139	(143,536)
Other comprehensive income/(expense) for the financial period, net of tax		(12,894)	37,163	58,581	(143,536)
Total comprehensive income for the financial period		114,062	147,539	423,912	207,219
Total comprehensive income attributable to:					
- Owners of the Company		112,573	147,539	418,959	207,219
- Non-controlling interests		1,489	-	4,953	-
		114,062	147,539	423,912	207,219

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited As at 31.12.2011 RM'000	Audited As at 31.12.2010 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,201,167	3,714,989
Goodwill		1,411	1,411
Jointly controlled entities		151,258	9,799
Other investments		7,427	3,778
Accrued lease rentals		409,458	292,256
Derivative financial instruments	22	1,240	-
Deferred tax assets		3,811	4,190
		4,775,772	4,026,423
CURRENT ASSETS			
Inventories		1,550	1,123
Non-current assets held for sale		1,640	-
Trade receivables		320,637	189,643
Accrued lease rentals		415,898	218,017
Amounts due from customers on contracts		53,205	-
Other receivables, deposits and prepayments		82,392	36,193
Tax recoverable		8,948	9,135
Amounts due from jointly controlled entities		27,682	25,123
Derivative financial instruments	22	1,102	12,126
Deposits, cash and bank balances		1,247,416	277,684
TOTAL CURRENT ASSETS		2,160,470	769,044

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	Unaudited As at 31.12.2011 RM'000	Audited As at 31.12.2010 RM'000
LESS: CURRENT LIABILITIES			
Amounts due to customers on contracts		-	30,377
Trade payables		120,068	227,376
Other payables and accruals		193,843	222,445
Hire purchase creditors		804	402
Borrowings	21	447,404	1,397,746
Derivative financial instruments	22	10,749	8,699
Taxation		27,644	10,825
		800,512	1,897,870
NET CURRENT ASSETS / (LIABILITIES)		1,359,958	(1,128,826)
LESS: NON-CURRENT LIABILITIES			
Hire purchase creditors		-	819
Borrowings	21	2,559,826	2,019,890
Derivative financial instruments	22	15,774	-
Deferred tax liabilities		17,415	1,786
		2,593,015	2,022,495
NET ASSETS		3,542,715	875,102
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		585,692	63,000
Reserves		2,942,326	811,535
		3,528,018	874,535
NON-CONTROLLING INTERESTS		14,697	567
TOTAL EQUITY		3,542,715	875,102
NET ASSETS PER SHARE (RM)*		1.21	0.30

* Based on 2,928,461,600 ordinary shares in issue at RM0.20 par value as at 31 December 2011.

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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 reserve RM'000	Share option reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total 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 year	-	-	-	-	-	-	-	-	359,672	359,672	5,659	365,331
Other comprehensive income for the financial year, net of tax	-	-	-	-	72,139	-	-	(12,852)	-	59,287	(706)	58,581
Total comprehensive income for the financial year	-	-	-	-	72,139	-	-	(12,852)	359,672	418,959	4,953	423,912
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	1,753,586	-	-	-	-	-	-	1,882,438	-	1,882,438
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 a shareholder	-	-	-	-	-	6,250	-	-	-	6,250	-	6,250
Employees share options granted	-	-	-	-	-	-	5,535	-	-	5,535	-	5,535
At 31 December 2011	2,928,462	585,692	1,753,586	390	(99,115)	6,561	5,535	(12,852)	1,288,221	3,528,018	14,697	3,542,715

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AUDITED 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 reserve RM'000	Retained earnings RM'000	Total RM'000		
<u>2010</u> (Audited)										
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 year	-	-	-	-	-	-	350,755	350,755	-	350,755
Other comprehensive income for the financial year, net of tax	-	-	-	-	(143,536)	-	-	(143,536)	-	(143,536)
Total comprehensive income for the financial year	-	-	-	-	(143,536)	-	350,755	207,219	-	207,219
At 31 December 2010	63,000	63,000	10,898	390	(171,254)	311	971,190	874,535	567	875,102

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended 31.12.2011 RM'000	Year Ended 31.12.2010 RM'000
OPERATING ACTIVITIES		
Profit for the financial year	365,331	350,755
Adjustments for non cash items:		
Share of results of an associate and jointly controlled entity	(26,820)	1,445
Depreciation of property, plant and equipment	326,835	248,418
Impairment of investment in an associate	-	13,300
Gain on deemed disposal of a subsidiary	-	(4,093)
Fair value through profit or loss on financial instruments	14,051	(7,144)
Loss/(Gain) on disposal of property, plant and equipment	(8,888)	(7,478)
Allowance for doubtful debts	3,538	6,984
Allowance for doubtful debts written back	(22)	(766)
Unrealised foreign exchange loss/(gain)	1,458	(1,463)
Interest income	(11,170)	(253)
Interest expense	105,413	89,569
Taxation	70,559	32,511
	840,285	721,785
Inventories	(418)	(298)
Trade and other receivables	(584,351)	(237,964)
Trade and other payables	264,048	(92,529)
Cash from operations	519,564	390,994
Interest paid	(140,846)	(106,414)
Tax paid	(48,472)	(29,213)
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES	330,246	255,367

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year Ended 31.12.2011 RM'000	Year Ended 31.12.2010 RM'000
INVESTING ACTIVITIES		
Additional investments in jointly controlled entities	(116,173)	(157)
Purchase of property, plant and equipment	(1,061,621)	(1,008,239)
Proceeds from disposal of property, plant and equipment	2,881	8,010
Interest received	10,947	253
Dividend received	-	15,527
Investment in unquoted preference shares	(3,649)	(3,778)
NET CASH FLOW USED IN INVESTING ACTIVITIES	(1,167,615)	(988,384)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	1,601,949	1,688,238
Increase in deposits pledged as security	-	396
Repayment of bank borrowings	(2,001,285)	(954,242)
(Repayment)/drawdown of hire purchase creditors	(417)	442
Exercise of rights issue	200,000	-
Net proceeds from issuance of new shares	1,882,438	-
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	1,832,163	734,834
NET INCREASE IN CASH AND CASH EQUIVALENTS	994,794	1,817
CURRENCY TRANSLATION DIFFERENCES	3,359	(23,970)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	244,898	267,051
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	1,243,051	244,898
Cash and cash equivalents consist of:		
Deposits with licensed banks	1,174,111	24,384
Cash and bank balances	73,305	253,300
Bank overdrafts	-	(28,421)
Deposits pledged with licensed banks	(4,365)	(4,365)
	1,243,051	244,898

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 revised FRS 3 “Business Combinations” and revised FRS 127 “Consolidated and Separate Financial Statements” set out below 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 financial year ended 31 December 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.

- Revised FRS 1 “First-time Adoption of Financial Reporting Standards”
 - Revised FRS 3 “Business Combinations”
 - Amendments to FRS 2 “Share-based Payment - Group Cash-settled Share-based Payment Transactions”
 - Amendments to FRS 7 “Financial Instruments: Disclosures - Improving Disclosure about Financial Instruments”
 - Amendments to FRS 1 “First-time Adoption of Financial Reporting Standards”
 - Amendments to FRS 132 “Financial Instruments” Presentation - Classification of rights issues”
 - IC Interpretation 4 Determining whether an Arrangement contains a Lease
 - Improvements to FRSs (2010)
- (c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective:

The Group will apply the new standards, amendments to standards and interpretations in the following period:

Effective for financial periods on or after 1 January 2012:

In the next financial year, the Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (MFRS). MFRS 1 “First-time adoption of MFRS” provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters.

- The revised MFRS 124 “Related party disclosures”
- Amendment to MFRS 1 “First time adoption on fixed dates and hyperinflation”
- Amendment to MFRS 7 “Financial instruments: Disclosures on transfers of financial assets”

Effective for financial periods on or after 1 January 2013:

- MFRS 9 “Financial instruments - classification and measurement of financial assets and financial liabilities”
- MFRS 10 “Consolidated financial statements”
- MFRS 11 “Joint arrangements
- MFRS 12 “Disclosures of interests in other entities
- MFRS 13 “Fair value measurement”
- The revised MFRS 127 “Separate financial statements”
- The revised MFRS 128 “Investments in associates and joint ventures”
- Amendment to MFRS 101 “Presentation of items of other comprehensive income”

The Group has started a preliminary assessment of the differences between FRS and accounting standards under the MFRS Framework and is in the process of assessing the financial effects of the differences. Accordingly, the financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

1. BASIS OF PREPARATION (CONTINUED)

(d) Change in accounting policy:

Derivatives financial instruments and hedging activities:

Effective third 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.

2. MANAGEMENT COMMENTARY

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

Financial Indicators	Year 2011 RM'000	Year 2010 RM'000	Change RM'000
FPSO ⁽¹⁾	609,203	553,411	55,792
OSV ⁽¹⁾	481,909	419,709	62,200
T&I ⁽¹⁾	242,317	268,263	(25,946)
OFS ⁽¹⁾	210,467	-	210,467
Revenue	1,543,896	1,241,383	302,513
Operating EBITDA ⁽²⁾	899,637	714,109	185,528
Fair value changes of call option	6,250	-	6,250
Listing expenses	21,476	-	21,476
EBITDA ⁽³⁾	871,911	714,109	157,802
EBITDA margin	56%	58%	-2%
Profit for the year	365,331	350,755	14,576
Total depreciation	326,835	248,418	78,417

Note:

⁽¹⁾ FPSO - Floating Production Storage Offloading system, OSV - Offshore Support Vessel, T & I - Transport and Installation and OFS - Oilfield Services. These acronyms are also used hereinafter.

⁽²⁾ Defined as profit before finance cost, tax, depreciation, amortisation, fair value changes of call option and listing expenses

⁽³⁾ Defined as profit before finance cost, tax, depreciation and amortisation

The Group posted a full year increase in revenue of 24.4% or RM302.5 million, driven by higher activity across its business segments.

- a) The FPSO segment secured two new FPSO contracts towards the end of the second quarter- 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 mainly to the increase in revenue whereas the ONGC contract is equity accounted in our share of results from jointly controlled entities. This was partially offset by the weakening US dollar versus the Malaysian Ringgit, which is our reporting currency.
- b) The OSV segment revenue increased as a result of improved average fleet utilisation and full year operations of new vessel additions in the second half of 2010.
- c) The T&I segment revenue comprises higher days of billing in the current year on the Group's Armada Installer in Turkmenistan as compared with the previous year. This includes billing for guarantee days under its contract. This increase in revenue was offset by lower FPSO installation revenue in the current year.
- d) The OFS segment currently comprises the conversion and sale of a floating storage and offloading vessel ("FSO") to Petrofac.

The Group posted a full year increase in operating EBITDA of RM185.5 million or 26.0%. This was reduced by expenses incurred amounting to RM21.5 million in relation to its recent listing on Bursa Malaysia and a fair value charge amounting to RM6.2 million in relation to a call option granted to an Executive Director.

Profit for the financial year increased by RM14.6 million as the increase in EBITDA of RM157.8 million was offset by:

- a) higher depreciation cost of RM78.4 million from vessel additions in our FPSO, OSV and T&I segments;
- b) higher interest charge of RM26.8 million to the profit and loss upon completion of vessels under construction; and
- c) higher tax expense of RM38.0 million mainly arising from increase in OFS and Armada Installer operations.

2. MANAGEMENT COMMENTARY (CONTINUED)

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

Financial Indicators	4th Quarter 2011 RM'000	3rd Quarter 2011 RM'000	Change RM'000
FPSO	176,219	177,529	(1,310)
OSV	134,402	133,566	836
T&I	53,107	47,517	5,590
OFS	7,126	45,309	(38,183)
Revenue	370,854	403,921	(33,067)
Operating EBITDA ⁽¹⁾	273,637	250,602	23,035
Listing expenses	1,150	20,326	(19,176)
EBITDA ⁽²⁾	272,487	230,276	42,211
EBITDA margin	73%	57%	16%
Profit for the period	126,956	95,263	31,693
Total depreciation	93,376	85,767	7,609

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 decrease in revenue of 8.2% or RM33.1 million primarily driven by:

- a) lower FPSO revenue mainly due to revenue in relation to engineering services recognised from Apache in the previous quarter.
- b) OSV revenue increased marginally as the Group's average fleet utilisation further improved from the previous quarter as shown below:

OSV vessel average utilisation rates for the quarter ended	4th Quarter 2011 %	3rd Quarter 2011 %	Change %
Group's vessels	96	93	3
Group's vessels including those held by jointly controlled entities	87	86	1

- c) higher T&I revenue mainly due to recognition of guarantee days on its Armada Installer. This was offset by lower revenue from the installation works carried out in relation to the Sepat and HLJOC projects during the previous quarter.
- d) significant completion in the scope of work and handover of the FSO for the Sepat project in the previous quarter.

The Group posted a quarter on quarter increase in operating EBITDA of 9.2% or RM23.0 million. The operating EBITDA margin benefited from the recognition of Installer revenue in relation to its guarantee days in the current quarter compared to the lower margin revenue earned on FPSO installation revenue and the OFS segment in the previous quarter.

Profit increased by 33.3% or RM31.7 million to RM126.9 million in the current quarter as the increase in EBITDA of RM42.2 million included lower listing expenses of RM1.2 million charged to the profit and loss this quarter as compared to RM20.3 million in the previous quarter.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2012

The outlook for the offshore oil and gas services sector remains positive with oil price expected to remain well above US\$70/barrel and capital expenditure in the industry forecasted to increase year-on-year by more than 10%.

Notwithstanding the geopolitical upheavals in the Middle East and the sovereign debt crisis in Europe, Bumi Armada anticipates another year of high activity across all its sectors of FPSO, OSV, T&I and OFS. Bumi Armada expects to consolidate its presence in Asia, Africa and Latin America and increase its market penetration and share across its business sectors.

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 year ended 31 December 2011.

6. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENCE

There were no items of an unusual nature, size or incidence affecting the assets, liabilities, equity, net income or cash flow of the Group during the current quarter.

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 were no issuance and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

9. DIVIDENDS PAID

There were no dividends paid in the financial year ended 31 December 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. The information of each of the Group's business segments for the quarters ended 31 December 2011 and 31 December 2010 are as follows:

Quarter ended 31.12.2011	OSV RM'000	FPSO RM'000	T&I RM'000	OFS RM'000	Group RM'000
Revenue	134,402	176,219	53,107	7,126	370,854
Results					
Segment results	45,166	65,042	33,156	5,014	148,378
Other operating income					18,946
Share of results of jointly controlled entities					11,787
Finance cost					(25,606)
Taxation					(26,549)
Profit for the financial period					126,956

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(370398-X)
(Incorporated in Malaysia)

10. SEGMENTAL INFORMATION (CONTINUED)

Quarter ended 31.12.2010	OSV RM'000	FPSO RM'000	T&I RM'000	Group RM'000
Revenue	104,812	120,328	146,027	371,167
Results				
Segment results	10,016	39,332	66,402	115,750
Other operating income				16,579
Share of results of jointly controlled entities and an associate				(362)
Finance cost				(11,642)
Taxation				(9,949)
Profit for the financial period				110,376

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment for the period under review. As at 31 December 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 report, 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 4 October 2011, the Company incorporated a wholly-owned subsidiary in the Republic of the Marshall Islands by the name of Bumi Armada Russia Holdings Limited with an issued and paid-up share capital of USD10,000.00 comprising 10,000 shares of USD1.00 each.
- b. On 1 November 2011, the Company subscribed for 2,501 ordinary shares, fully paid, representing 50.02% of the issued and paid-up share capital of Armada C7 Pte Ltd.
- c. On 5 December 2011, Bumi Armada Offshore Holdings Limited (“BAOHL”), a wholly-owned subsidiary of the Company, subscribed for 1,225 shares, fully paid, representing 49% of the issued and paid-up share capital of PT Armada Gema Nusantara (formerly known as PT Panca Surya Tunas Jaya) (“Armada Gema”). Arising therefrom, Armada Gema has become an associate company of the Company.
- d. On 12 December 2011, BAOHL registered a wholly-owned subsidiary in Australia by the name of Bumi Armada Australia Pty Ltd (“BAAPL”) with an issued and paid-up share capital of AUD10.00 comprising 10 ordinary shares of AUD1.00 each. Arising therefrom, BAAPL became an indirect 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 31 December 2011 are as follows:

	RM'000
- authorised and contracted	200,551
- authorised but not contracted	1,026,118
	<hr/>
	1,226,669
	<hr/> <hr/>

16. SIGNIFICANT RELATED PARTY DISCLOSURES

The significant related party transactions undertaken during the year are described below:

	Year ended 31.12.2011 RM'000
<u>Related party transactions</u>	
(a) Transactions 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	9,861 7,465 15,900
(b) Term loan from Pilihan Tegas Sdn Bhd ⁽¹⁾ - Interest expense	701
(c) Transactions with Maxis Berhad ⁽²⁾ - Telecommunication expenses	2,319
(d) Rental expense paid to Malaysian Landed Property Sdn Bhd("MLP") ⁽³⁾	4,689
(e) Transactions with jointly controlled entities: - Ship management fees from Offshore Marine Ventures Sdn Bhd ⁽⁴⁾ - Ship management fees to Century Bumi JV Limited - Vessel hiring fee from Century Bumi JV Limited	197 11,966 3,861
(f) Transactions with key management: Key management personnel compensation: - salaries, bonus and allowances - defined contribution plan	10,265 413

Usaha Tegas Sdn Bhd ("UTSB") is a party related to the Company by virtue of its controlling interest in Objektif Bersatu Sdn Bhd ("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 certain Directors have an equity interest

17. PROFIT FORECAST OR PROFIT GUARANTEE

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

18. TAXATION

Taxation comprises the following:

	Individual Quarter 3 Months Ended		Cumulative Quarters Year Ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Income tax:				
- Current tax	15,990	11,628	52,151	37,608
- Prior year	2,652	(169)	2,659	(169)
Deferred tax	7,907	(1,510)	15,749	(4,928)
Total	26,549	9,949	70,559	32,511

The Group's effective tax rate for the current quarter and financial year ended 31 December 2011 was 17.2% and 16.2% respectively, lower than the statutory tax rate of 25% as the income arising from Malaysian sea-going ships of the Group are tax exempt under Section 54A of the Income Tax Act, 1967 whilst foreign sourced income are taxed based on their individual tax jurisdiction and the rates vary between 17% to 30%.

19. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed as at the date of this report.

20. UTILISATION OF PROCEEDS

The status of utilisation of listing proceeds raised from the Public Issue as at the 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	355,974	within 24 months	236,026
Working capital	562,000	399,417	within 24 months	162,583
Estimated listing expenses	100,000	91,010	within 3 months	8,990
Total	<u>2,029,000</u>	<u>1,621,401</u>		<u>407,599</u>

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.

21. BORROWINGS

The borrowings as at 31 December 2011 are as follows:

	As at 31.12.2011 RM'000
SHORT TERM DEBT	
Secured:	
Term loans	352,404
Unsecured:	
Term loans	95,000
Total short-term debt	447,404
LONG TERM DEBT	
Secured:	
Term loans	1,604,826
Unsecured:	
Term loans	955,000
Total long-term debt	2,559,826
Total borrowings	3,007,230
CURRENCY PROFILE	
United States Dollar	1,762,813
Ringgit Malaysia	1,244,417
	3,007,230

22. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 31 December 2011 are set out below:

Types of Derivative	Contract/ Notional Amount RM '000	Fair Value Asset/ (Liabilities) RM '000
Interest rate swaps ("IRS")		
- Less than 1 year	447,982	(10,749)
- 1 to 3 years	579,082	(14,327)
- More than 3 years	40,859	(1,447)
	1,067,923	(26,523)
Cross currency interest rate swaps ("CC")		
- Less than 1 year	33,039	1,102
- 1 to 3 years	59,656	597
- More than 3 years	104,369	643
	197,064	2,342

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(d).

(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 31 December 2011, the Group recognised net derivative financial liabilities of RM24.2 million, a reduction of RM27.6 million from previous financial year ended 31 December 2010, on remeasuring the fair values of the derivative financial instruments. The decrease of RM13.6 million was included in the cash flow hedging reserve attributable to the Group and the non-controlling interest and RM14.0 million as net fair value losses from derivatives financial instruments through the profit or loss.

The Group's cash flow hedging reserve of RM12.8 million as at 31 December 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.

23. 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 31.12.2011 RM'000
Total retained profits of the Company and its subsidiaries	
- realised	1,296,553
- unrealised	(39,243)
	<u>1,257,310</u>
Total share of retained profits from jointly controlled entities	
- realised	32,549
- unrealised	(1,638)
	<u>30,911</u>
Less: consolidation adjustments	-
Total retained profits of the Group	<u><u>1,288,221</u></u>

24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Individual Quarter Ended 31.12.2011	Cumulative Quarters Year Ended 31.12.2011
Profit before taxation is arrived at after charging/(crediting):		
(a) Other operating income		
- Interest income	(5,612)	(11,170)
- Gain on disposal of property, plant and equipment	(9,060)	(8,888)
- (Gain)/loss on disposal of quoted or unquoted investments or properties	-	-
- Others	(4,274)	(17,535)
(b) Interest expense	26,402	105,413
(c) Depreciation and amortisation	93,376	326,835
(d) Allowance for and write off of doubtful debts	13	3,538
(e) Allowance for and write off of inventories	-	-
(f) Impairment of assets	-	-
(g) Net foreign exchange gain	(3,159)	(29,685)
(h) Loss on derivatives	1,554	14,051
	<u>1,554</u>	<u>14,051</u>

25. MATERIAL LITIGATION

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

26. DIVIDEND

The Board of Directors proposes to recommend for shareholders' approval at the forthcoming Annual General Meeting a tax exempt final cash dividend of 2.5 sen per share in respect of the financial year ended 31 December 2011 which is not taxable in the hands of the shareholders pursuant to Section 54A(3)(e) of the Income Tax Act 1967, to be paid on a date to be determined.

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 year.

The diluted earnings per share is calculated by dividing the profit for the financial year attributable to the Owners of the Company (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 year or the date of the grant, if later.

	Individual Quarter Ended		Cumulative Quarters Year Ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Basic:				
Profit attributable to Owners of the Company (RM'000)	124,761	110,376	359,672	350,755
Weighted average number of shares in issue ('000)	2,928,462	1,990,230	2,457,973	1,990,230
Basic earnings per share (sen)	4.26	5.55	14.63	17.62
Diluted:				
Adjusted profit attributable to Owners of the Company (RM'000)	124,761	111,428	359,672	354,963
Weighted average number of shares in issue ('000)	2,928,462	2,215,230	2,457,973	2,215,230
Diluted earnings per share* (sen)	4.26	5.03	14.63	16.02

* The options granted and exercised pursuant to the ESOS were anti-dilutive for the current individual quarter and cumulative quarter. Hence, the calculation of diluted earnings per share for the financial year ended 31 December 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
27 February 2012