



BUMIARMADA

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

Quarterly Report for the Financial Period
Ended 31 March 2012

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

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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 first quarter ended 31 March 2012 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2011 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	
		31.03.2012 RM'000	31.03.2011 RM'000	31.03.2012 RM'000	31.03.2011 RM'000
Revenue		335,112	376,159	335,112	376,159
Cost of sales		(170,451)	(223,058)	(170,451)	(223,058)
Gross profit		164,661	153,101	164,661	153,101
Other operating income		16,060	4,620	16,060	4,620
Selling and distribution costs		(26,492)	(26,739)	(26,492)	(26,739)
Administrative expenses		(26,356)	(17,535)	(26,356)	(17,535)
Operating profit		127,873	113,447	127,873	113,447
Finance costs		(31,665)	(17,141)	(31,665)	(17,141)
Share of results of jointly controlled entities		11,770	(833)	11,770	(833)
Profit before taxation		107,978	95,473	107,978	95,473
Taxation	18	(17,941)	(13,399)	(17,941)	(13,399)
Profit for the financial period		90,037	82,074	90,037	82,074
Attributable to:					
- Owners of the Company		89,709	82,074	89,709	82,074
- Non-controlling interests		328	-	328	-
		90,037	82,074	90,037	82,074
Earnings per share (sen)	27				
- basic		3.06	3.64	3.06	3.64
- diluted		3.06	3.64	3.06	3.64

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarter Period Ended	
		31.03.2012 RM'000	31.03.2011 RM'000	31.03.2012 RM'000	31.03.2011 RM'000
Profit for the financial period		90,037	82,074	90,037	82,074
Other comprehensive income/(expense):					
- Fair value gain on cash flow hedges		4,679	-	4,679	-
- Foreign currency translation differences		(90,985)	(32,684)	(90,985)	(32,684)
Other comprehensive expense for the financial period, net of tax		(86,306)	(32,684)	(86,306)	(32,684)
Total comprehensive income for the financial period		3,731	49,390	3,731	49,390
Total comprehensive income attributable to:					
- Owners of the Company		3,067	49,390	3,067	49,390
- Non-controlling interests		664	-	664	-
		3,731	49,390	3,731	49,390

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited As at 31.03.2012 RM'000	Audited As at 31.12.2011 RM'000	Date of Transition As at 01.01.2011 RM'000 (MFRS)
NON-CURRENT ASSETS				
Property, plant and equipment	11	4,253,382	4,201,167	3,714,989
Goodwill		1,411	1,411	1,411
Jointly controlled entities		157,210	151,258	9,799
Other investments		7,427	7,427	3,778
Accrued lease rentals		427,909	409,458	292,256
Derivative financial instruments	22	5,592	1,240	10,312
Deferred tax assets		4,251	3,811	4,190
		4,857,182	4,775,772	4,036,735
CURRENT ASSETS				
Inventories		1,914	1,550	1,123
Non-current assets held for sale		1,640	1,640	-
Amounts due from customers on contract		52,793	53,205	-
Trade receivables		262,810	320,637	189,643
Accrued lease rentals		398,505	415,898	218,017
Other receivables, deposits and prepayments		79,374	82,392	36,193
Tax recoverable		7,468	8,948	9,135
Amounts due from jointly controlled entities		46,697	27,682	25,123
Derivative financial instruments	22	2,266	1,102	1,814
Deposits, cash and bank balances		1,087,950	1,247,416	277,684
TOTAL CURRENT ASSETS		1,941,417	2,160,470	758,732
TOTAL ASSETS		6,798,599	6,936,242	4,795,467

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	Unaudited As at 31.03.2012 RM'000	Audited As at 31.12.2011 RM'000	Date of Transition As at 01.01.2011 RM'000 (MFRS)
LESS: CURRENT LIABILITIES				
Amounts due to customers on contract		-	-	30,377
Trade payables		133,314	120,068	227,376
Other payables and accruals		153,246	183,627	222,445
Hire purchase creditors		372	382	402
Borrowings	21	476,983	457,620	1,397,746
Derivative financial instruments	22	12,318	10,749	6,035
Taxation		7,377	27,644	10,825
		783,610	800,090	1,895,206
NET CURRENT ASSETS/(LIABILITIES)		1,157,807	1,360,380	(1,136,474)
LESS: NON-CURRENT LIABILITIES				
Hire purchase creditors		333	422	819
Borrowings	21	2,434,994	2,559,826	2,019,890
Derivative financial instruments	22	8,441	15,774	2,664
Deferred tax liabilities		22,324	17,415	1,786
		2,466,092	2,593,437	2,025,159
NET ASSETS		3,548,897	3,542,715	875,102
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital		585,692	585,692	63,000
Reserves		2,947,844	2,942,326	811,535
		3,533,536	3,528,018	874,535
NON-CONTROLLING INTERESTS		15,361	14,697	567
TOTAL EQUITY		3,548,897	3,542,715	875,102
NET ASSETS PER SHARE (RM)*		1.21	1.21	0.30

* Based on 2,928,461,600 ordinary shares in issue at RM0.20 par value as at 31 March 2012.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Company									Non-controlling interests RM'000	Total equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Other capital reserve RM'000	Share option reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000		
<u>2012</u>											
At 1 January 2012	2,928,462	585,692	1,753,586	(99,115)	6,561	5,535	(12,852)	1,288,611	3,528,018	14,697	3,542,715
Profit for the financial period	-	-	-	-	-	-	-	89,709	89,709	328	90,037
Other comprehensive income/(expense) for the financial period, net of tax	-	-	-	(90,985)	-	-	4,343	-	(86,642)	336	(86,306)
Total comprehensive income/(expense) for the financial period, net of tax	-	-	-	(90,985)	-	-	4,343	89,709	3,067	664	3,731
Employees share options granted	-	-	-	-	-	2,451	-	-	2,451	-	2,451
At 31 March 2012	2,928,462	585,692	1,753,586	(190,100)	6,561	7,986	(8,509)	1,378,320	3,533,536	15,361	3,548,897

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AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Company							Non-controlling interests RM'000	Total equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Other capital reserve RM'000	Retained earnings RM'000	Total RM'000		
<u>2011</u>									
At 1 January 2011	63,000	63,000	10,898	(171,254)	311	971,580	874,535	567	875,102
Profit for the financial period	-	-	-	-	-	82,074	82,074	-	82,074
Other comprehensive expense for the financial period, net of tax	-	-	-	(32,684)	-	-	(32,684)	-	(32,684)
Total comprehensive income/(expense) for the financial period, net of tax	-	-	-	(32,684)	-	82,074	49,390	-	49,390
Transaction with owners:									
- Issue of ordinary shares from call option	7,500	7,500	142,500	-	-	-	150,000	-	150,000
- Right 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 a subsidiary shares to 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)
At 31 March 2011	2,284,200	456,840	-	(203,938)	311	1,011,013	1,264,226	9,744	1,273,970

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period Ended 31.03.2012 RM'000	Period Ended 31.03.2011 RM'000
OPERATING ACTIVITIES		
Profit for the financial period	90,037	82,074
Adjustments for non-cash items:		
Share of results of jointly controlled entities	(11,770)	833
Depreciation of property, plant and equipment	87,608	72,144
Fair value through profit or loss on derivative financial instruments	(6,398)	(7,582)
Gain on disposal of property, plant and equipment	(10)	(2)
Allowance for doubtful debts	-	3,513
Allowance for doubtful debts written back	-	(10)
Unrealised foreign exchange loss/(gain)	13,028	(201)
Share-based payment	2,451	-
Interest income	(3,536)	(77)
Interest expense	32,333	24,723
Dividend income	(2,864)	-
Taxation	17,941	13,399
	218,820	188,814
Changes in working capital:		
Inventories	(376)	(243)
Trade and other receivables	12,184	(152,598)
Trade and other payables	(66,028)	111,078
Cash from operations	164,600	147,051
Interest paid	(25,474)	(39,146)
Tax paid	(31,379)	(4,482)
Tax refund	604	-
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	108,351	103,423

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Period Ended 31.03.2012 RM'000	Period Ended 31.03.2011 RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(213,708)	(359,290)
Proceeds from disposal of property, plant and equipment	10	4
Interest received	3,732	77
Investments in jointly controlled entities	-	(358)
Investment in unquoted preference shares	-	(1,728)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(209,966)	(361,295)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	-	349,398
Decrease/(increase) in deposits pledged as security	3,465	(3,000)
Repayment of bank borrowings	(49,675)	(235,074)
Repayment of hire purchase creditors	(99)	(125)
Exercise of rights issue	-	200,000
Exercise of call option by a related company	-	150,000
Proceeds from issuance of subsidiary shares to non-controlling interests	-	5,220
Dividend paid to non-controlling interests	-	(5,742)
NET CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(46,309)	460,677
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(147,924)	202,805
CURRENCY TRANSLATION DIFFERENCES	(8,077)	(3,846)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	1,243,051	244,898
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	1,087,050	443,857
Cash and cash equivalents consist of:		
Deposits with licensed banks	939,110	7,384
Cash and bank balances	148,840	443,838
Designated deposits placed with licensed banks	(900)	(7,365)
	1,087,050	443,857

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

The unaudited interim financial report is prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 on “Interim Financial Reporting”, paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

In accordance with MFRS 1 “First-time adoption of Malaysian Financial Reporting Standards”, an opening MFRS statement of financial position has been presented at the date of transition to MFRS on 1 January 2011. There are no differences between the opening MFRS statement of financial position and the statement of financial position presented under Financial Reporting Standards (“FRS”) as at 31 December 2010.

The unaudited interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2011 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 2011 except for the followings:

(a) Adoption of MFRS 1

In current financial year, the Group is adopting the new IFRS-compliant framework, MFRS. In adopting the new framework, the Group is applying MFRS 1. MFRS 1 provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters.

Exemption for fair value as deemed cost - property, plant and equipment

Previously, the Group revalued a leasehold building under short lease of a subsidiary and the surplus on revaluation was credited to revaluation reserve. In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board (MASB) on adoption of FRS 116: Property, Plant and Equipment, the valuation of leasehold building under short lease has not been updated and it continues to be stated at its existing carrying amount less depreciation as its deemed cost.

Upon transition to MFRS, the Group elected to apply the optional exemption to use the previous revaluation as deemed costs. Accordingly, the revaluation surplus of RM 390,414 (31 March 2011: RM 390,414; 31 December 2011: RM 390,414) was transferred to retained earnings on date of transition to MFRS on 1 January 2011.

(i) Reconciliation of equity as at 1 January 2011

	Under the FRS Framework RM’000	Effect of the Transition to MFRS RM’000	Under the MFRS Framework RM’000
Revaluation reserve	390	(390)	-
Retained earnings	971,190	390	971,580

1. BASIS OF PREPARATION (CONTINUED)

(a) Adoption of MFRS 1 (continued)

(ii) Reconciliation of equity as at 31 March 2011

	Under the FRS Framework RM'000	Effect of the Transition to MFRS RM'000	Under the MFRS Framework RM'000
Revaluation reserve	390	(390)	-
Retained earnings	<u>1,010,623</u>	<u>390</u>	<u>1,011,013</u>

(iii) Reconciliation of equity as at 31 December 2011

	Under the FRS Framework RM'000	Effect of the Transition to MFRS RM'000	Under the MFRS Framework RM'000
Revaluation reserve	390	(390)	-
Retained earnings	<u>1,288,221</u>	<u>390</u>	<u>1,288,611</u>

Other than the above, the transition from FRS to MFRS has no significant impact on the Group's statement of financial position, financial performance, statement of comprehensive income and statement of cash flows.

(b) MFRS and amendments to MFRS which are applicable to the Group effective 1 January 2012 and have an impact on the accounting policies of the Group:

- MFRS 124 "Related party disclosures"
- Amendment to MFRS 1 "Severe hyperinflation and removal of fixed dates for first-time adopters"
- Amendment to MFRS 7 "Financial instruments: Disclosures on transfers of financial assets"

The adoption of the above MFRS and amendments to MFRS that came into effect on 1 January 2012, as disclosed in the audited consolidated financial statements for the financial year ended 31 December 2011, did not have any significant impact on the unaudited condensed financial statements upon the initial application.

(c) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective:

- 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"
- Amendment to MFRS 127 "Separate financial statements"
- Amendment to MFRS 128 "Investments in associates and joint ventures"
- Amendment to MFRS 101 "Presentation of items of other comprehensive income"

The Group has not early adopted the above standards and amendments to MFRS that have been issued by the MASB as these are effective for financial period on or after 1 January 2013.

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 March 2012 RM'000	YTD March 2011 RM'000	Change RM'000
FPSO ⁽¹⁾	165,910	125,296	40,614
OSV ⁽¹⁾	114,229	97,876	16,353
T&I ⁽¹⁾	51,295	73,850	(22,555)
OFS ⁽¹⁾	3,678	79,137	(75,459)
Revenue	335,112	376,159	(41,047)
EBITDA ⁽²⁾	227,251	184,758	42,493
EBITDA margin	68%	49%	19%
Profit for the period	90,037	82,074	7,963
Total depreciation	87,608	72,144	15,464

Note:

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

⁽²⁾ Defined as profit before finance costs, taxation, depreciation and amortisation

While the Group registered a lower revenue of RM335.1 million, the EBITDA was up by 23% to RM227.3 million and profit for the period increased by 10% to RM90.0 million. The Group made significant business progress to date in the following segments:

- a) The FPSO segment secured two new FPSO contracts towards the end of the second quarter 2011 - Apache in Australia for the Balnaves field and ONGC in India for the D1 field. The ONGC contract is accounted under share of results of a jointly controlled entity.
- b) The OSV segment revenue increased as a result of improved average fleet utilisation.
- c) The T&I segment revenue mainly comprises guaranteed days only in the current year to date from the Group's Armada Installer in Turkmenistan.
- d) The OFS segment revenue relates to variation orders from the completed Sepat FSO project as compared with the previous year to date revenue which comprised conversion and sale of an FSO to Petrofac on a percentage of completion basis.

The Group posted an increase in EBITDA of RM42.5 million or 23% mainly as a result of change in project mix (higher margins from its FPSO projects, lower margin related to its OFS project in previous year to date). As compared to the previous year to date, profit for the current year to date was further impacted by:

- a) higher depreciation of RM15.5 million mainly due to vessel additions in our FPSO, OSV and T&I segments;
- b) higher finance costs of RM7.6 million mainly due to interest charged to the profit or loss upon completion of Armada TGT in September 2011;
- c) effect of fair value gain of RM7.6 million on interest rate swaps recorded in the previous year to date; and
- d) higher taxation expense of RM4.5 million mainly due to deferred tax estimated on our Apache FPSO project.

2. MANAGEMENT COMMENTARY (CONTINUED)

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

Financial Indicators	1st Quarter 2012 RM'000	4th Quarter 2011 RM'000	Change RM'000
FPSO	165,910	176,219	(10,309)
OSV	114,229	134,402	(20,173)
T&I	51,295	53,107	(1,812)
OFS	3,678	7,126	(3,448)
Revenue	335,112	370,854	(35,742)
Operating EBITDA ⁽¹⁾	227,251	273,637	(46,386)
Listing expenses	-	1,150	(1,150)
EBITDA ⁽²⁾	227,251	272,487	(45,236)
EBITDA margin	68%	73%	(5%)
Profit for the period	90,037	126,956	(36,919)
Total depreciation	87,608	93,376	(5,768)

Note:

⁽¹⁾ Defined as profit before finance costs, taxation, depreciation and amortisation, and listing expenses

⁽²⁾ Defined as profit before finance costs, taxation, depreciation and amortisation

As compared with the preceding quarter, the Group's current quarter revenue was mainly impacted by:

- a) Annual performance bonus in respect of the Afren FPSO contract recorded in the previous quarter.
- b) Unplanned maintenance activities for 2 of its workboats (Armada Firman 2 and Armada Firman 3), resulting in fleet utilisation in the current quarter as shown below:

OSV vessel average utilisation rates for the quarter ended	1st Quarter 2012 %	4th Quarter 2011 %	Change %
Group's vessels	86	96	(10)
Group's vessels including those held by jointly controlled entities	80	87	(7)

- c) T&I revenue in the previous quarter included recognition of the additional days on Armada Installer.
- d) OFS revenue for completion in the scope of work and handover of the FSO of the Sepat project.
- e) Weakening of the US Dollar on our US Dollar denominated contracts versus the Ringgit Malaysia, which is our reporting currency.

Accordingly, the Group posted an EBITDA of RM227.3 million and profit of RM90.0 million reflecting the level of operations in the current quarter. As compared to the preceding quarter, the Group's profit was further impacted by:

- a) lower depreciation costs of RM5.8 million mainly due to the forex impact from weakening US Dollar;
- b) higher finance costs of RM6.1 million mainly arising from interest charge to the profit and loss upon completion of Armada TGT; and
- c) lower tax expense of RM8.6 million due to the completion of the Sepat Installation and higher guaranteed days from Armada Installer operations in the preceding 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 segments 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 2011.

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 31 March 2012.

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

No dividends were paid in the current financial period ended 31 March 2012.

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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 March 2012 and 31 March 2011 are as follows:

Quarter ended 31.03.2012	OSV RM'000	FPSO RM'000	T&I RM'000	OFS RM'000	Group RM'000
Revenue	114,229	165,910	51,295	3,678	335,112
Results					
Segment results	19,938	53,879	35,019	2,977	111,813
Other operating income					16,060
Share of results of jointly controlled entities					11,770
Finance costs					(31,665)
Taxation					(17,941)
Profit for the financial period					90,037

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10. SEGMENTAL INFORMATION (CONTINUED)

Quarter ended 31.03.2011	OSV RM'000	FPSO RM'000	T&I RM'000	OFS RM'000	Group RM'000
Revenue	97,876	125,296	73,850	79,137	376,159
Results					
Segment results	12,163	38,136	53,144	5,384	108,827
Other operating income					4,620
Share of results of jointly controlled entities					(833)
Finance costs					(17,141)
Taxation					(13,399)
Profit for the financial period					82,074

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment for the period under review. As at 31 March 2012, 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 3 January 2012, the Company acquired 24,999 shares, fully paid, representing 49.998% of the issued and paid-up share capital of SP Armada Oil Exploration Private Limited (“SP Armada”) in India. Arising therefrom, SP Armada has become a jointly controlled entity of Bumi Armada. SP Armada is a company limited by shares with an issued and paid-up share capital of Indian Rupee (“INR”) 500,000 comprising 50,000 ordinary shares of INR10.00 each.
- b. On 2 February 2012, the Company incorporated Bumi Armada Caspian LLC (“BAC”) in Russia. The charter capital of BAC is Russian Ruble (“RUB”) 10,000 of which the Company’s wholly-owned subsidiaries, Bumi Armada Offshore Contractor Limited (“BAOCL”) and Bumi Armada Russia Holdings Limited (“BARHL”) have contributed RUB9,900 and RUB100 respectively. BAC is a 99% direct subsidiary of BAOCL and an indirect 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 31 March 2012 are as follows:

	RM’000
- authorised and contracted	264,011
- authorised but not contracted	868,998
	<hr/>
	1,133,009
	<hr/> <hr/>

16. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Year to date 31.03.2012 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	490
- management fees	1,184
(b) Telecommunication expense to Maxis Berhad ⁽²⁾	1,005
(c) Rental expenses to Malaysian Landed Property Sdn Bhd (“MLP”) ⁽³⁾	1,304
(d) Transactions with jointly controlled entities:	
- ship management fees from Offshore Marine Ventures Sdn Bhd ⁽⁴⁾	49
- ship management fees to Century Bumi JV Limited	2,700
- vessel hiring fee from Century Bumi JV Limited	1,386
(e) Key management personnel compensation:	
- salaries, bonus and allowances and other staff related costs	5,304
- defined contribution plan	174
(f) Payment on behalf:	
- jointly controlled entities	5,820

Usaha Tegas Sdn Bhd (“UTSB”) is a party related to the Company by virtue of its substantial interest in Objektif Bersatu Sdn Bhd (“OBSB”), a major shareholder of the Company. 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 however 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⁾ Subsidiary of a jointly controlled entity, in which UTSB has a significant equity interest

⁽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 Ended		Cumulative Quarter Period Ended	
	31.03.2012 RM'000	31.03.2011 RM'000	31.03.2012 RM'000	31.03.2011 RM'000
Income tax:				
- Current tax	12,061	11,545	12,061	11,545
- Prior year	958	(824)	958	(824)
Deferred tax	4,922	2,678	4,922	2,678
Total	17,941	13,399	17,941	13,399

The Group's effective tax rate for the current quarter and financial period ended 31 March 2012 was 17%, 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	371,685	within 24 months	220,315
Working capital	562,000	420,319	within 24 months	141,681
Estimated listing expenses	100,000	91,015	within 3 months	8,985
Total	<u>2,029,000</u>	<u>1,658,019</u>		<u>370,981</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 March 2012 are as follows:

	As at 31.03.2012 RM'000
SHORT TERM DEBT	
Secured:	
Term loans	376,983
Unsecured:	
Term loans	100,000
Total short term debt	476,983
LONG TERM DEBT	
Secured:	
Term loans	1,484,994
Unsecured:	
Term loans	950,000
Total long term debt	2,434,994
Total borrowings	2,911,977
CURRENCY PROFILE	
United States Dollar	1,662,309
Ringgit Malaysia	1,249,668
	2,911,977

22. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 31 March 2012 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	227,113	(12,318)
- 1 to 3 years	822,930	(13,172)
- More than 3 years	<u>629,165</u>	<u>4,731</u>
	<u><u>1,679,208</u></u>	<u><u>(20,759)</u></u>
Cross currency interest rate swaps ("CC")		
- Less than 1 year	25,565	2,266
- 1 to 3 years	88,413	3,830
- More than 3 years	<u>83,087</u>	<u>1,762</u>
	<u><u>197,065</u></u>	<u><u>7,858</u></u>

There have been no changes since the end of the previous financial year ended 31 December 2011 in respect of the following:

- (i) the market risk and credit risk associated with the derivatives as these are used for hedging purposes;
- (ii) the cash requirements of the derivatives; and
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives.

(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 March 2012, the Group recognised net derivative financial liabilities of RM12.9 million, a reduction of RM11.3 million from previous financial year ended 31 December 2011, on remeasuring the fair values of the derivative financial instruments. The increase of RM4.7 million was included in the cash flow hedging reserve attributable to the Group and the non-controlling interest and RM6.6 million as net fair value gain and foreign exchange differences from derivatives financial instruments through the profit or loss.

The Group's cash flow hedging reserve of RM8.5 million as at 31 March 2012 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 costs 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 31.03.2012 RM'000
Total retained profits of the Company and its subsidiaries	
- realised	1,379,641
- unrealised	(44,002)
	1,335,639
Total share of retained profits from jointly controlled entities	
- realised	44,315
- unrealised	(1,634)
	42,681
Less: consolidation adjustments	-
Total retained profits of the Group	1,378,320

24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Individual Quarter Ended 31.03.2012 RM'000	Individual Quarter Ended 31.03.2011 RM'000
Profit before taxation is arrived at after charging/(crediting):		
(a) Other operating income		
- Interest income	(3,536)	(77)
- Gain on disposal of property, plant and equipment	(10)	(2)
- (Gain)/loss on disposal of quoted or unquoted investments or properties	-	-
- Insurance income	(8,025)	(216)
- Dividend income	(2,864)	-
- Others	(1,625)	(4,325)
(b) Interest expense	32,333	24,723
(c) Depreciation and amortisation	87,608	72,144
(d) Allowance for and write off of doubtful debts	-	3,513
(e) Allowance for and write off of inventories	-	-
(f) Impairment of assets	-	-
(g) Net foreign exchange loss	13,659	2,826
(h) Gain on derivatives	(6,398)	(7,582)

25. MATERIAL LITIGATION

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

26. DIVIDEND

The Board of Directors has proposed a tax exempt final cash dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2011 for shareholders' approval at the forthcoming Sixteenth Annual General Meeting of the Company to be held on 21 June 2012. Subject to shareholders' approval, the proposed dividend will be payable on 17 July 2012 to the Company's members whose names appear in the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd on 28 June 2012.

- a) Depositor shall qualify for entitlement to the dividend in respect of:
 - i) shares transferred to the Depositor's securities account before 4.00 pm on 28 June 2012 in respect of transfers; and
 - ii) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

- b) No dividends are declared for the current financial period ended 31 March 2012.

Going forward, the dividend will take into account its business prospects, working capital expenditure and planned future project financing requirements.

27. EARNINGS PER SHARE

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

The diluted earnings per share is calculated by dividing the profit for the financial period 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 Quarter Period Ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Profit attributable to Owner of the Company (RM’000)	89,709	82,074	89,709	82,074
Weighted average number of ordinary shares in issue for basic EPS (’000)	2,928,462	2,254,795	2,928,462	2,254,795
Adjusted for shares options granted (’000)	2,242	-	2,242	-
Adjusted weighted average number of ordinary shares for diluted EPS (’000)	2,930,704	2,254,795	2,930,704	2,254,795
Basic earnings per share (sen)	3.06	3.64	3.06	3.64
Diluted earnings per share (sen)	3.06	3.64	3.06	3.64

BY ORDER OF THE BOARD

NOOR HAMIZA BINTI ABD HAMID
(MAICSA 7051227)
Company Secretary

CHEW ANN NEE
(MAICSA 7030413)
Joint Company Secretary

Kuala Lumpur
28 May 2012