



BUMIARMADA

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

Quarterly Report for the Financial Period
Ended 30 September 2012

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 third quarter ended 30 September 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 Quarters Period Ended	
		30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Revenue		461,703	403,921	1,181,416	1,173,042
Cost of sales		(289,162)	(224,441)	(690,562)	(697,496)
Gross profit		172,541	179,480	490,854	475,546
Other operating income		8,543	5,718	32,806	18,647
Selling and distribution costs		(20,064)	(25,456)	(63,977)	(74,080)
Administrative expenses		(26,123)	(31,409)	(65,241)	(69,181)
Operating profit		134,897	128,333	394,442	350,932
Finance costs		(30,532)	(33,260)	(94,961)	(83,580)
Share of results of jointly controlled entities		9,044	16,176	33,382	15,033
Profit before taxation		113,409	111,249	332,863	282,385
Taxation	18	(17,944)	(15,986)	(54,751)	(44,010)
Profit for the financial period		95,465	95,263	278,112	238,375
Attributable to:					
- Owners of the Company		95,048	92,578	276,683	234,911
- Non-controlling interests		417	2,685	1,429	3,464
		95,465	95,263	278,112	238,375
Earnings per share (sen)	27				
- Basic		3.25	3.32	9.45	10.26
- Diluted		3.25	3.32	9.44	10.26

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarters Period Ended	
		30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Profit for the financial period		95,465	95,263	278,112	238,375
Other comprehensive (expense)/income:					
- Fair value loss on cash flow hedges		(885)	(9,989)	(7,325)	(9,989)
- Foreign currency translation differences		(99,102)	103,948	(95,067)	81,464
Other comprehensive (expense)/income for the financial period, net of tax		(99,987)	93,959	(102,392)	71,475
Total comprehensive (expense)/income for the financial period		(4,522)	189,222	175,720	309,850
Total comprehensive (expense)/ income attributable to:					
- Owners of the Company		(5,059)	186,537	174,140	306,386
- Non-controlling interests		537	2,685	1,580	3,464
		(4,522)	189,222	175,720	309,850

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited As at 30.09.2012 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	4,488,078	4,201,167	3,714,989
Goodwill		1,411	1,411	1,411
Jointly controlled entities		173,432	151,258	9,799
Other investments		7,427	7,427	3,778
Accrued lease rentals		478,652	409,458	292,256
Derivative financial instruments	22	1,958	1,240	10,312
Deferred tax assets		4,251	3,811	4,190
		5,155,209	4,775,772	4,036,735
CURRENT ASSETS				
Inventories		3,507	1,550	1,123
Non-current assets held for sale		1,640	1,640	-
Amounts due from customers on contract		9,422	53,205	-
Trade receivables		327,999	320,637	189,643
Accrued lease rentals		399,247	415,898	218,017
Other receivables, deposits and prepayments		108,965	82,392	36,193
Tax recoverable		5,552	8,948	9,135
Amounts due from jointly controlled entities		96,953	27,682	25,123
Derivative financial instruments	22	2,041	1,102	1,814
Deposits, cash and bank balances		707,913	1,247,416	277,684
TOTAL CURRENT ASSETS		1,663,239	2,160,470	758,732
TOTAL ASSETS		6,818,448	6,936,242	4,795,467

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	Unaudited As at 30.09.2012 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		93,062	-	30,377
Trade payables		124,884	120,068	227,376
Other payables and accruals		153,183	183,627	222,445
Hire purchase creditors		175	382	402
Borrowings	21	510,643	457,620	1,397,746
Derivative financial instruments	22	12,375	10,749	6,035
Taxation		21,425	27,644	10,825
		915,747	800,090	1,895,206
NET CURRENT ASSETS/(LIABILITIES)		747,492	1,360,380	(1,136,474)
LESS: NON-CURRENT LIABILITIES				
Hire purchase creditors		324	422	819
Borrowings	21	2,194,777	2,559,826	2,019,890
Derivative financial instruments	22	21,538	15,774	2,664
Deferred tax liabilities		31,797	17,415	1,786
		2,248,436	2,593,437	2,025,159
NET ASSETS		3,654,265	3,542,715	875,102
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital		585,808	585,692	63,000
Reserves		3,052,180	2,942,326	811,535
		3,637,988	3,528,018	874,535
NON-CONTROLLING INTERESTS		16,277	14,697	567
TOTAL EQUITY		3,654,265	3,542,715	875,102
NET ASSETS PER SHARE (RM)		1.25*	1.21	0.30

* Based on 2,929,040,100 ordinary shares in issue at RM0.20 par value as at 30 September 2012.

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	-	-	-	-	-	-	-	276,683	276,683	1,429	278,112
Other comprehensive (expense)/income for the financial period, net of tax	-	-	-	(95,067)	-	-	(7,476)	-	(102,543)	151	(102,392)
Total comprehensive (expense)/income for the financial period, net of tax	-	-	-	(95,067)	-	-	(7,476)	276,683	174,140	1,580	175,720
Issue of shares	578	116	1,637	-	-	-	-	-	1,753	-	1,753
Transfer between reserves	-	-	376	-	-	(376)	-	-	-	-	-
Employees share options granted	-	-	-	-	-	7,289	-	-	7,289	-	7,289
Dividend paid	-	-	-	-	-	-	-	(73,212)	(73,212)	-	(73,212)
At 30 September 2012	2,929,040	585,808	1,755,599	(194,182)	6,561	12,448	(20,328)	1,492,082	3,637,988	16,277	3,654,265

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	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>2011</u>											
At 1 January 2011(date of transition)	63,000	63,000	10,898	(171,254)	311	-	-	971,580	874,535	567	875,102
Profit for the financial period	-	-	-	-	-	-	-	234,911	234,911	3,464	238,375
Other comprehensive income/(expense) for the financial period, net of tax	-	-	-	81,464	-	-	(9,989)	-	71,475	-	71,475
Total comprehensive income/(expense) for the financial period, net of tax	-	-	-	81,464	-	-	(9,989)	234,911	306,386	3,464	309,850
- Capital contribution by shareholders	-	-	-	-	6,250	2,792	-	-	9,042	-	9,042
- Issuance 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
Issuance of 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 30 September 2011	2,928,462	585,692	1,754,728	(89,790)	6,561	2,792	(9,989)	1,163,850	3,413,844	13,208	3,427,052

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period Ended 30.09.2012 RM'000	Period Ended 30.09.2011 RM'000
OPERATING ACTIVITIES		
Profit for the financial period	278,112	238,375
Adjustments for non-cash items:		
Share of results of jointly controlled entities	(33,382)	(15,033)
Depreciation of property, plant and equipment	280,580	233,459
Fair value through profit or loss on derivative financial instruments	(1,299)	15,150
(Gain)/loss on disposal of property, plant and equipment	(39)	172
Allowance for doubtful debts	-	3,525
Allowance for doubtful debts written back	-	(20)
Unrealised foreign exchange loss	11,254	12,842
Share-based payment	6,913	2,792
Interest income	(8,884)	(5,558)
Interest expense	94,431	79,011
Dividend income	(2,864)	-
Taxation	54,751	44,010
	679,573	608,725
Changes in working capital:		
Inventories	(1,964)	(1,834)
Trade and other receivables	(161,074)	(444,259)
Trade and other payables	22,383	161,080
Cash from operations	538,918	323,712
Interest paid	(94,961)	(100,583)
Tax paid	(45,746)	(42,128)
Tax refund	2,520	-
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	400,731	181,001

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Period Ended 30.09.2012 RM'000	Period Ended 30.09.2011 RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(608,899)	(898,147)
Proceeds from disposal of property, plant and equipment	39	-
Interest received	9,081	5,557
Investments in jointly controlled entities	-	(59,157)
Investment in unquoted preference shares	-	(1,808)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(599,779)	(953,555)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	33,052	584,985
Decrease/(increase) in deposits pledged as security	3,465	(10)
Repayment of bank borrowings	(293,465)	(1,333,466)
Repayment of hire purchase creditors	(305)	(320)
Issuance of shares	1,753	-
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	-	1,907,025
Issuance of subsidiary shares to minority shareholders	-	5,220
Dividend paid	(73,212)	-
Dividend paid to non-controlling interests	-	(5,742)
NET CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(328,712)	1,507,692
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(527,760)	735,138
CURRENCY TRANSLATION DIFFERENCES	(8,278)	5,503
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	707,013	985,539
Cash and cash equivalents consist of:		
Deposits with licensed banks	459,241	930,455
Cash and bank balances	248,672	62,372
Designated deposits placed with licensed banks	(900)	(2,913)
Bank overdraft	-	(4,375)
	707,013	985,539

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 is no material 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 the current financial year, the Group adopts the new IFRS-compliant framework, MFRS by applying MFRS 1. MFRS 1 provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters which the Group has utilised as disclosed below:

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

Previously, the Group revalued a leasehold building of a subsidiary and the surplus on revaluation was credited to the 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 was not 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 cost. Accordingly, the revaluation surplus of RM 390,414 (30 September 2011: RM 390,414; 31 December 2011: RM 390,414) was transferred to retained earnings on the 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 30 September 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>1,163,460</u>	<u>390</u>	<u>1,163,850</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 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 on 1 January 2012.

(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 September 2012 RM'000	YTD September 2011 RM'000	Change RM'000
FPSO ⁽¹⁾	528,768	432,984	95,784
OSV ⁽¹⁾	388,320	347,507	40,813
T&I ⁽¹⁾	260,650	189,210	71,440
OFD ⁽¹⁾	3,678	203,341	(199,663)
Revenue	1,181,416	1,173,042	8,374
EBITDA ⁽²⁾	708,404	599,362	109,042
EBITDA margin	60%	51%	9%
Profit for the period	278,112	238,375	39,737
Total depreciation	280,580	233,459	47,121

Note:

⁽¹⁾ FPSO - Floating Production Storage Offloading system, OSV - Offshore Support Vessel, T&I - Transport and Installation and OFD - Oil Field Development (previously known as Oil Field Services and there has been no change in the segment composition). These acronyms are also used hereinafter.

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

Despite lower OFD revenue contribution compared to the previous corresponding period resulting from the completion of the FSO Sepat project during that period, the Group posted higher current year to date revenue on the back of higher business activities across remaining business segments, mainly due to the following:

- (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 was secured through a jointly controlled entity and accounted for as part of the share of results from jointly controlled entities.
- (b) The OSV segment revenue increased as a result of sustained improvement and recovery in the average fleet utilisation and new vessels acquired.
- (c) The T&I segment revenue increased as a result of contribution from the LukOil project secured end of April 2012, recognised on a percentage of completion basis and charter hire with Momentum Engineering secured by the Armada Installer in addition to its guaranteed charter days in the current year to date from Petronas Carigali (Turkmenistan) Sdn Bhd.

The EBITDA margin increased as a result of higher margins from its new FPSOs, new OSV vessels and additional T&I contracts. The higher EBITDA has led to profit increase of RM39.7 million after accounting for:

- (a) higher depreciation of RM47.1 million mainly due to vessel additions in our FPSO, OSV and T&I segments; and
- (b) higher finance costs of RM11.4 million mainly due to interest charged to the profit or loss upon completion of Armada TGT in August 2011.

2. MANAGEMENT COMMENTARY (CONTINUED)

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

Financial Indicators	3rd Quarter 2012 RM'000	2nd Quarter 2012 RM'000	Change RM'000
FPSO	191,164	171,694	19,470
OSV	152,508	121,583	30,925
T&I	118,031	91,324	26,707
OFD	-	-	-
Revenue	461,703	384,601	77,102
EBITDA	240,252	240,901	(649)
EBITDA margin	52%	63%	(11%)
Profit for the period	95,465	92,610	2,855
Total depreciation	96,311	96,661	(350)

The Group posted a quarter on quarter increase in revenue of RM77.1 million (20.0%), driven by higher activity across all its established business segments:

- (a) Higher FPSO revenue as a result of sustained high uptime across the fleet and an increase in operations and maintenance day rate on Armada Perkasa.
- (b) Higher OSV revenue as a result of improved fleet uptime and additional new tonnage (Armada Tuah 107, Armada Tuah 108, Armada Tuah 301 and Armada Tuah 302) in our fleet as shown below:

OSV vessel average utilisation rates for the quarter ended	3rd Quarter 2012 %	2nd Quarter 2012 %	Change %
Group's vessels	87	82	5
Group's vessels including those held by jointly controlled entities	79	77	2

- (c) T&I revenue in the current quarter continued to improve as a result of contribution from its LukOil contract, recognised on a percentage of completion basis and charter hire with Momentum Engineering secured by the Armada Installer in addition to its guaranteed charter days from Petronas.

Despite higher revenue, the Group posted similar EBITDA as the immediate preceding quarter mainly due to foreign exchange losses on translation and derivatives of RM5.6m in the current quarter compared to a gain of RM9.6m in the preceding quarter. The profit increase was mainly due to lower finance costs as a result of project debt repayments.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2012

The long term outlook for the offshore oil and gas services sector remains positive with the long-term oil price expected to remain above US\$70/barrel and capital expenditure in the offshore O&G industry expected to remain robust as the search for oil in deep water continues and the cost of E&P and offshore project development are expected to rise. However, concerns regarding the uncertainty over European sovereign debt, geopolitical risks and a continued slowdown in the global economy remain.

Notwithstanding the above, Bumi Armada anticipates robust activities across all its sectors of FPSO, OSV, T&I and OFD over the long term. Bumi Armada expects to consolidate its presence in Asia, Africa and Latin America and increase its penetration and market share across its business sectors in these regions.

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 30 September 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 were no changes 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 except for the issuance of 578,500 ordinary shares of RM0.20 each arising from the exercise of options pursuant to the Company's ESOS at the exercise price of RM3.03.

9. DIVIDENDS PAID

The following dividend payment was made during the period ended 30 September 2012:

RM'000

In respect of the financial year ended 31 December 2011:

- final single-tier tax-exempt dividend of 2.5 sen per ordinary share,
paid on 17 July 2012

73,212

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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 individual and cumulative quarters ended 30 September 2012 and 30 September 2011 are as follows:

Quarter ended 30.09.2012	FPSO RM'000	OSV RM'000	T&I RM'000	OFD RM'000	Group RM'000
Revenue	191,164	152,508	118,031	-	461,703
Results					
Segment results	61,895	34,295	30,164	-	126,354
Other operating income					8,543
Share of results of jointly controlled entities					9,044
Finance costs					(30,532)
Taxation					(17,944)
Profit for the financial period					95,465

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10. SEGMENTAL INFORMATION (CONTINUED)

Cumulative Quarter ended 30.09.2012	FPSO RM'000	OSV RM'000	T&I RM'000	OFD RM'000	Group RM'000
Revenue	528,768	388,320	260,650	3,678	1,181,416
Results					
Segment results	176,996	85,577	94,649	4,414	361,636
Other operating income					32,806
Share of results of jointly controlled entities					33,382
Finance costs					(94,961)
Taxation					(54,751)
Profit for the financial period					278,112

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10. SEGMENTAL INFORMATION (CONTINUED)

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

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

10. SEGMENTAL INFORMATION (CONTINUED)

Cumulative Quarter ended 30.09.2011	FPSO RM'000	OSV RM'000	T&I RM'000	OFD RM'000	Group RM'000
Revenue	432,984	347,507	189,210	203,341	1,173,042
Results					
Segment results	136,808	71,951	86,389	37,137	332,285
Other operating income					18,647
Share of results of jointly controlled entities					15,033
Finance costs					(83,580)
Taxation					(44,010)
Profit for the financial period					238,375

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 2012, all property, plant and equipment were stated at cost less accumulated depreciation.

12. MATERIAL EVENTS 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 12 July 2012, Bumi Armada Offshore Holdings Limited (“BAOHL”), a wholly owned subsidiary of the Company, incorporated a wholly-owned subsidiary by the name of Armada Offshore MPSV Limited (“Armada MPSV”) in the Republic of the Marshall Islands with an authorised capital of USD50,000 comprising 50,000 shares of USD1.00 each, of which 10,000 shares have been issued and paid up.
- (b) On 3 September 2012, the Company incorporated a wholly-owned subsidiary by the name of Bumi Armada Holdings Labuan Ltd (“BAHL”) in the Federal Territory of Labuan with an issued and paid up capital of USD1.00 consisting 1 ordinary share.
- (c) On 28 September 2012, Bumi Armada Navigation Sdn Bhd, a subsidiary of the Company, formed two wholly-owned subsidiaries in the Federal Territory of Labuan, Malaysia by the name of Bumi Armada Navigation Labuan Limited (“BANLL”) and Bumi Armada Navigation Labuan International Limited (“BANLI”). The issued and paid up capital each of BANLL and BANLI is USD1.00 consisting of one (1) ordinary share.

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 2012 are as follows:

	RM’000
- authorised and contracted	175,950
- authorised but not contracted	986,437
	1,162,387
	1,162,387

16. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Cumulative Quarters Period Ended 30.09.2012 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	3,967
- management fees	3,553
(b) Telecommunication expenses to Maxis Berhad ⁽²⁾	2,489
(c) Rental expenses to Malaysian Landed Property Sdn Bhd (“MLP”) ⁽³⁾	3,960
(d) Transactions with jointly controlled entities:	
- ship management fees from Offshore Marine Ventures Sdn Bhd ⁽⁴⁾	148
- ship management fees to Century Bumi Limited	8,265
- vessel hiring fee from Century Bumi Limited	4,250
- sale of a vessel to PT Armada Gema Nusantara	18,459
(e) Key management personnel compensation:	
- salaries, bonus and allowances and other staff related costs	13,893
- defined contribution plan	845
(f) Payment on behalf:	
- jointly controlled entities	<u>25,128</u>

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

This is 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 Quarters Period Ended	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Income tax:				
- Current tax	12,250	10,806	37,115	36,161
- Prior year	2,048	-	2,991	7
Deferred tax	3,646	5,180	14,645	7,842
Total	17,944	15,986	54,751	44,010

The Group's effective tax rates for both the current quarter and financial period ended 30 September 2012 were 16%, 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 expenditure	592,000	592,000	within 24 months	-
Working capital	562,000	539,933	within 24 months	22,067
Estimated listing expenses	100,000	91,015	within 3 months	8,985
Total	2,029,000	1,997,948		31,052

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 30 September 2012 are as follows:

	As at 30.09.2012 RM'000
SHORT TERM DEBT	
Secured:	
Term loans	390,643
Unsecured:	
Term loans	120,000
Total short term debt	510,643
LONG TERM DEBT	
Secured:	
Term loans	1,304,777
Unsecured:	
Term loans	890,000
Total long term debt	2,194,777
Total borrowings	2,705,420
CURRENCY PROFILE	
United States Dollar	1,508,327
Ringgit Malaysia	1,197,093
	2,705,420

22. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 30 September 2012 are set out below:

Types of Derivative	Contract/ Notional Amount RM'000	Fair Value Assets/ (Liabilities) RM'000
Interest rate swaps ("IRS")		
- Less than 1 year	284,764	(12,375)
- 1 to 3 years	566,394	(18,432)
- More than 3 years	716,942	(3,106)
	<u>1,568,100</u>	<u>(33,913)</u>
Cross currency interest rate swaps ("CC")		
- Less than 1 year	33,022	2,041
- 1 to 3 years	55,391	1,669
- More than 3 years	83,087	289
	<u>171,500</u>	<u>3,999</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 IRS and CC 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 2012, the Group recognised net derivative financial liabilities of RM29.9 million, an increase of RM5.7 million from previous financial year ended 31 December 2011, on remeasuring the fair values of the derivative financial instruments. The increase of RM7.3 million was included in the cash flow hedging reserve attributable to the Group and the non-controlling interests and RM1.6 million as fair value changes from derivatives financial instruments through the profit or loss.

The Group's cash flow hedging reserve of RM20.3 million as at 30 September 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.

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

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 30.09.2012 RM'000
Total retained profits of the Company and its subsidiaries	
- realised	1,471,828
- unrealised	(34,801)
	<u>1,437,027</u>
Total share of retained profits from jointly controlled entities	
- realised	65,689
- unrealised	(10,634)
	<u>55,055</u>
Less: consolidation adjustments	-
Total retained profits of the Group	<u><u>1,492,082</u></u>

24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Individual Quarter Ended 30.09.2012 RM'000	Individual Quarter Ended 30.09.2011 RM'000	Cumulative Quarters Period Ended 30.09.2012 RM'000	Cumulative Quarters Period Ended 30.09.2011 RM'000
Profit before taxation is arrived at after charging/(crediting):				
(a) Other operating income				
- Interest income	(2,720)	(5,401)	(8,884)	(5,558)
- (Gain)/loss on disposal of property, plant and equipment	(23)	79	(39)	172
- (Gain)/loss on disposal of quoted or unquoted investments or properties	-	-	-	-
- Insurance claims	(2,124)	(299)	(10,471)	(5,768)
- Dividend income	-	-	(2,864)	-
- Others	(3,676)	(97)	(10,548)	(7,493)
(b) Interest expense	30,539	27,210	94,431	79,011
(c) Depreciation and amortisation	96,311	85,767	280,580	233,459
(d) Allowance for and write off of doubtful debts	-	-	-	3,525
(e) Allowance for and write off of inventories	-	-	-	-
(f) Impairment of assets	-	-	-	-
(g) Net foreign exchange loss/(gain)	9,900	(27,549)	5,789	(26,526)
(h) (Gain)/loss on derivatives	(4,262)	16,631	(1,299)	15,150

25. MATERIAL LITIGATION

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

26. DIVIDENDS

No dividends were declared in the current financial period ended 30 September 2012.

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 arising from 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 Period Ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Profit attributable to Owners of the Company (RM'000)	95,048	92,578	276,683	234,911
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,928,721	2,788,404	2,928,549	2,288,694
Adjusted for potential ordinary shares on conversion of options under ESOS ('000)	-	-	953	-
Adjusted weighted average number of ordinary shares for diluted EPS ('000)	2,928,721	2,788,404	2,929,502	2,288,694
Basic earnings per share (sen)	3.25	3.32	9.45	10.26
Diluted earnings per share* (sen)	3.25	3.32	9.44	10.26

* The options granted pursuant to the ESOS were anti-dilutive for the individual quarter ended 30 September 2012 and 30 September 2011, and cumulative quarters ended 30 September 2011. Hence, the calculation of diluted earnings per share, for these periods does not assume the exercise of ESOS.

BY ORDER OF THE BOARD

NOOR HAMIZA BINTI ABD HAMID
(MAICSA 7051227)
Company Secretary

CHEW ANN NEE
(MAICSA 7030413)
Joint Company Secretary

Kuala Lumpur
21 November 2012