



BUMIARMADA

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2014

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

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 2014 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2013 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	
		31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
Revenue	18	468,917	488,755	468,917	488,755
Cost of sales		(311,577)	(311,878)	(311,577)	(311,878)
Gross profit		157,340	176,877	157,340	176,877
Other operating income		9,056	15,730	9,056	15,730
Selling and distribution costs		(36,542)	(26,588)	(36,542)	(26,588)
Administrative expenses		(36,859)	(26,249)	(36,859)	(26,249)
Operating profit		92,995	139,770	92,995	139,770
Finance costs		(21,579)	(26,344)	(21,579)	(26,344)
Share of results of joint ventures		14,974	17,475	14,974	17,475
Profit before taxation		86,390	130,901	86,390	130,901
Taxation		(19,660)	(20,490)	(19,660)	(20,490)
Profit for the financial period		66,730	110,411	66,730	110,411
Attributable to:					
- Owners of the Company		64,778	109,670	64,778	109,670
- Non-controlling interests		1,952	741	1,952	741
		66,730	110,411	66,730	110,411
Earnings per share (sen)	27				
- Basic		2.21	3.74	2.21	3.74
- Diluted		2.21	3.74	2.21	3.74

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarters Period Ended	
		31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
Profit for the financial period		66,730	110,411	66,730	110,411
Other comprehensive income:					
Items that maybe reclassified subsequently to profit or loss					
- Loss on fair value change on available-for-sale financial assets		(1,506)	(1,994)	(1,506)	(1,994)
- Fair value gain on cash flow hedges		1,371	1,827	1,371	1,827
- Foreign currency translation differences		(17,939)	27,815	(17,939)	27,815
Other comprehensive (expense)/income for the financial period, net of tax		(18,074)	27,648	(18,074)	27,648
Total comprehensive income for the financial period		48,656	138,059	48,656	138,059
Total comprehensive income attributable to:					
- Owners of the Company		46,936	137,287	46,936	137,287
- Non-controlling interests		1,720	772	1,720	772
		48,656	138,059	48,656	138,059

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited As at 31.3.2014 RM'000	Audited As at 31.12.2013 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	6,538,416	5,871,084
Goodwill		1,411	1,411
Investments in joint ventures		285,985	271,787
Available-for-sale financial assets		46,928	48,642
Accrued lease rentals		453,268	433,104
Deferred tax assets		35,143	40,993
		7,361,151	6,667,021
CURRENT ASSETS			
Inventories		12,216	5,559
Amounts due from customers on contract		-	36,421
Trade receivables		569,227	447,632
Accrued lease rentals		631,308	652,292
Other receivables, deposits and prepayments		169,787	254,091
Tax recoverable		4,227	3,063
Amounts due from joint ventures		121,678	109,048
Deposits, cash and bank balances		744,215	634,538
		2,252,658	2,142,644
TOTAL ASSETS		9,613,809	8,809,665

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	Unaudited As at 31.3.2014 RM'000	Audited As at 31.12.2013 RM'000
LESS: CURRENT LIABILITIES			
Amounts due to customers on contract		74,591	592
Trade payables		214,763	243,979
Other payables and accruals		242,396	306,123
Amounts due to joint ventures		17,632	15,379
Hire purchase creditors		180	184
Borrowings	20	1,336,566	1,185,655
Derivative financial instruments	21	11,739	12,672
Taxation		18,124	28,925
		1,915,991	1,793,509
NET CURRENT ASSETS			
		336,667	349,135
LESS: NON-CURRENT LIABILITIES			
Hire purchase creditors		85	128
Borrowings	20	3,214,407	2,591,347
Derivative financial instruments	21	3,328	5,823
Deferred tax liabilities		45,609	38,623
		3,263,429	2,635,921
NET ASSETS			
		4,434,389	4,380,235
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		586,426	586,318
Reserves		3,822,667	3,770,341
		4,409,093	4,356,659
NON-CONTROLLING INTERESTS			
		25,296	23,576
TOTAL EQUITY			
		4,434,389	4,380,235
NET ASSETS PER SHARE (RM)			
		1.51*	1.49

* Based on 2,932,128,700 ordinary shares in issue at RM0.20 par value as at 31 March 2014.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT 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 reserves RM'000	Share option reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000		
<u>2014</u>											
At 1 January 2014	2,931,591	586,318	1,764,614	51,713	(7,786)	30,633	(10,355)	1,941,522	4,356,659	23,576	4,380,235
Profit for the financial period	-	-	-	-	-	-	-	64,778	64,778	1,952	66,730
Other comprehensive (expense)/income for the financial period, net of tax	-	-	-	(17,687)	(1,506)	-	1,351	-	(17,842)	(232)	(18,074)
Total comprehensive (expense)/income for the financial period, net of tax	-	-	-	(17,687)	(1,506)	-	1,351	64,778	46,936	1,720	48,656
Transactions with owners:											
- Employee share options exercised	538	108	1,895	-	-	(371)	-	-	1,632	-	1,632
- Employee share options granted	-	-	-	-	-	3,866	-	-	3,866	-	3,866
- Employee share options forfeited/lapsed	-	-	-	-	-	(228)	-	228	-	-	-
At 31 March 2014	2,932,129	586,426	1,766,509	34,026	(9,292)	33,900	(9,004)	2,006,528	4,409,093	25,296	4,434,389

UNAUDITED CONDENSED CONSOLIDATED STATEMENT 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 reserves RM'000	Share option reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000		
<u>2013</u>											
At 1 January 2013	2,929,168	585,834	1,756,045	(195,829)	3,770	16,049	(17,230)	1,601,227	3,749,866	17,145	3,767,011
Profit for the financial period	-	-	-	-	-	-	-	109,670	109,670	741	110,411
Other comprehensive income/(expense) for the financial period, net of tax	-	-	-	27,815	(1,994)	-	1,796	-	27,617	31	27,648
Total comprehensive income/(expense) for the financial period, net of tax	-	-	-	27,815	(1,994)	-	1,796	109,670	137,287	772	138,059
Transactions with owners:											
- Employee share options exercised	436	87	1,232	-	-	-	-	-	1,319	-	1,319
- Employee share options granted	-	-	-	-	-	5,815	-	-	5,815	-	5,815
- Employee share options forfeited/lapsed	-	-	-	-	-	(29)	-	29	-	-	-
At 31 March 2013	2,929,604	585,921	1,757,277	(168,014)	1,776	21,835	(15,434)	1,710,926	3,894,287	17,917	3,912,204

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period Ended 31.3.2014 RM'000	Period Ended 31.3.2013 RM'000
OPERATING ACTIVITIES		
Profit for the financial period	66,730	110,411
Adjustments for non-cash items:		
Share of results of joint ventures	(14,974)	(17,475)
Depreciation of property, plant and equipment	115,169	96,581
Fair value through profit and loss on derivative financial instruments	(2,041)	(58)
Gain on disposal of property, plant and equipment	(25)	-
Allowance for doubtful debts	-	3,094
Allowance for doubtful debts written back	-	(1,976)
Unrealised foreign exchange loss/(gain)	970	(2,557)
Share-based payment	3,866	5,815
Gain on disposal of a subsidiary	-	(9,358)
Interest income	(1,284)	(1,473)
Interest expense	22,291	27,893
Taxation	19,660	20,490
Operating profit before changes in working capital	210,362	231,387
Changes in working capital:		
Inventories	(6,672)	1,744
Trade and other receivables	(49,267)	(141,216)
Trade and other payables	(35,797)	(7,865)
Cash from operations	118,626	84,050
Interest paid	(24,421)	(26,344)
Tax paid	(22,463)	(24,586)
Tax refund	1,710	5
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	73,452	33,125

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Period Ended 31.3.2014 RM'000	Period Ended 31.3.2013 RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(736,464)	(332,895)
Proceeds from disposal of a subsidiary	-	12,446
Proceeds from disposal of property, plant and equipment	25	-
Interest received	1,284	1,472
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(735,155)	(318,977)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	817,699	274,915
Repayment of bank borrowings	(46,376)	(75,527)
Repayment of hire purchase creditors	(47)	(43)
Proceeds from issuance of shares	1,632	1,319
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	772,908	200,664
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	111,205	(85,188)
CURRENCY TRANSLATION DIFFERENCES	(1,528)	5,124
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	633,638	499,600
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	743,315	419,536
Cash and cash equivalents consist of:		
Deposits with licensed banks	702,305	339,274
Cash and bank balances	41,910	81,162
Less: Designated deposits placed with licensed banks	(900)	(900)
	743,315	419,536

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

1. BASIS OF PREPARATION

The unaudited financial statements have been prepared in accordance with the reporting requirement as set out in Malaysian Financial Reporting Standards (“MFRS”) 134 on “Interim Financial Reporting”, Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2013. The results of the joint ventures are based on unaudited management accounts.

The significant accounting policies and methods of computation applied in the unaudited condensed consolidated financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2013, other than those disclosed below:

(a) Amendments to MFRS which are applicable to the Group effective 1 January 2014:

- Amendment to MFRS 10 “Consolidated Financial Statements: Investment Entities”
- Amendment to MFRS 12 “Disclosure of Interest in Other Entities: Investment Entities”
- Amendment to MFRS 127 “Consolidated and Separate Financial Statements: Investment Entities”
- Amendment to MFRS 132 “Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities”
- Amendment to MFRS 136 “Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets”
- Amendment to MFRS 139 “Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting”

The adoption of the above Amendments to MFRS that came into effect on 1 January 2014, did not have any significant impact on the unaudited condensed financial statements upon the initial application on 1 January 2014.

(b) Annual Improvements to MFRS which are applicable to the Group effective 1 July 2014:

- Annual Improvements to MFRSs 2010 - 2012 cycle
- Annual Improvements to MFRSs 2011 - 2013 cycle

The above annual improvements to MFRS are not anticipated to have any significant impact on the financial statements of the Group upon their initial application.

(c) MFRS and Amendments to MFRS that are applicable to the Group which the effective date have yet to be determined by Malaysian Accounting Standards Board:

- MFRS 9 “Financial Instruments”
- Amendment to MFRS 7 “Financial Instruments: Disclosure - Mandatory Effective Date of MFRS 9 and Transition Disclosures”

The adoption of MFRS 9 may result in a change in accounting policy. The Group will quantify the effect of adopting this standard when the full standard is issued.

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 31.3.2014 RM'000	YTD 31.3.2013 RM'000	Change RM'000
FPSO ⁽¹⁾	195,667	192,282	3,385
OSV ⁽¹⁾	156,222	142,379	13,843
T&I ⁽¹⁾	117,028	154,094	(37,066)
OFS ⁽¹⁾	-	-	-
Revenue	468,917	488,755	(19,838)
EBITDA ⁽²⁾	223,138	253,826	(30,688)
EBITDA margin	48%	52%	(4%)
Profit for the financial period	66,730	110,411	(43,681)
Total depreciation	115,169	96,581	18,588

The Group recorded RM468.9 million of revenue for the current year to date, 4% lower as compared with the previous year to date mainly as a result of lower activities in its T&I segment;

- (a) FPSO revenue of RM195.7 million is higher due to the additional contribution from the Kraken FPSO contract was offset by lower tanker revenue mainly attributed to Armada Ali which was laid up and prepared for conversion;
- (b) The OSV segment revenue increased mainly due to additional vessels and improved uptime on larger vessels;
- (c) The T&I segment revenue decreased mainly due to lower activity as a result of winter conditions in the Caspian Sea, where the LukOil project is located and the completion of the Armada Hawk charter in the previous quarter; and
- (d) The OFS segment contribution is reflected in the share of joint ventures.

The Group's EBITDA is in line with revenue, and the EBITDA margin reflects the percentage of revenue contribution from the LukOil EPIC ⁽³⁾ contract and lower utilisation of the OSV vessels.

Profit of RM66.7 million is in line with the EBITDA reduction after accounting for the following:

- (a) higher depreciation of RM18.6 million mainly due to additional depreciation charge from vessel additions in the FPSO, OSV and T&I segments;
- (b) lower finance costs of RM4.8 million as a result of project debt repayment; and
- (c) lower taxation costs of RM0.8 million mainly due to lower T&I activities in the current year to date.

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 costs, taxation, depreciation and amortisation.

⁽³⁾ Defined as Engineering, Procurement, Installation and Commissioning.

2. MANAGEMENT COMMENTARY (CONTINUED)

(B) Performance of the current quarter as compared with the immediate preceding quarter

Financial Indicators	1st Quarter 2014 RM'000	4th Quarter 2013 RM'000	Change RM'000
FPSO	195,667	206,619	(10,952)
OSV	156,222	170,691	(14,469)
T&I	117,028	179,404	(62,376)
OFS	-	-	-
Revenue	468,917	556,714	(87,797)
EBITDA	223,138	221,826	1,312
EBITDA margin	48%	40%	8%
Profit for the financial period	66,730	89,054	(22,324)
Total depreciation	115,169	110,761	4,408

The Group posted a quarter on quarter decrease in revenue of RM87.8 million (16%) as a result of lower activity level across all segments, as detailed below:

- (a) FPSO revenue in the current quarter reflected lower tanker revenue as Armada Ali was laid up and prepared for conversion and lower contribution due to recognition of pre-FEED⁽⁴⁾ activities in the previous quarter from the Kraken FPSO;
- (b) OSV revenue in the current quarter was impacted by continued lower utilisation of the older vessels, planned dry dock activities and weather downtime on selected workboats offset by contribution from new vessel, Armada Tuah 306 which started operations in the current quarter. The fleet utilisation rates are as shown below:

OSV vessel average utilisation rates for the quarter ended	1st Quarter 2014 %	4th Quarter 2013 %	Change in %
Group's vessels	70	81	(11)
- Class A ⁽⁵⁾	79	82	(3)
- Class B ⁽⁶⁾	61	79	(18)
Group's vessels including those held by joint ventures	70	81	(11)

- (c) T&I revenue in the current quarter reflected lower level of activity for the LukOil EPIC contract due to winter conditions in the Caspian Sea, which is recognised on percentage of completion basis and the completion of the Armada Hawk charter in the previous quarter; and
- (d) The OFS segment contribution is reflected in the share of joint ventures.

The Group posted an EBITDA of RM223.1 million and profit of RM66.7 million reflecting the level of activities in the current quarter. The EBITDA margin was higher as a result of reduction in the revenue contribution from the LukOil EPIC contract in the current quarter and the C7 finance lease adjustment impact recognised in the previous quarter.

The Group's profit in the current quarter was further impacted by:

- (a) higher depreciation of RM4.4 million due to vessel additions in the OSV segments;
- (b) lower finance costs of RM2.1 million as a result of project debt repayment; and
- (c) higher taxation costs of RM21.3 million mainly due to a change in estimate for deferred taxes on our FPSO projects in the previous quarter.

Note:

⁽⁴⁾ Defined as Front End Engineering and Design.

⁽⁵⁾ Class A represents vessels which are less than 12 years or more than 8000 brake horse power and accommodation work barges which are more than 200 pax capacity.

⁽⁶⁾ Class B represents vessels which are more than 12 years or less than 8000 brake horse power and accommodation work barges which are less than 200 pax capacity.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2014

The long term outlook for the offshore oil and gas services sector remains positive with long term oil price expected to remain stable and capital expenditure in the offshore oil and gas industry likely to remain robust over the long term, as the search for oil and gas in deeper waters continues and the costs of exploration and production and offshore project development are expected to rise. However, global economics and geopolitical tensions over the short to medium term remain relatively delicate and this could have an impact on some of the current forecast assumptions in the O&G sector.

Notwithstanding the above, Bumi Armada remains confident on the underlying fundamentals of the activities across its business units over the long term. Bumi Armada continues to consolidate its presence in the regions in which it operates and diversify its operations and pursues its strategy for long term growth.

4. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the audited financial statements for the preceding financial year ended 31 December 2013.

5. SEASONALITY OR CYCLICALITY OF OPERATIONS

As we increase our services offering in offshore O&G, selective parts of our businesses will be subject to short term seasonal conditions with regards to certain operating geographies.

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 on the unaudited condensed financial statements of the Group.

8. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances or repayments 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 533,000 and 4,800 ordinary shares of RM0.20 each arising from the exercise of options pursuant to the Company's Employee Share Option Scheme ("ESOS") at the exercise prices of RM3.03 and RM3.75 per share respectively.

9. DIVIDENDS PAID

No dividend was paid in the current financial period ended 31 March 2014.

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 quarters ended 31 March 2014 and 31 March 2013 are as follows:

Individual Quarter Ended 31.3.2014	FPSO RM'000	OSV RM'000	T&I RM'000	OFS RM'000	Others RM'000	Corporate and elimination RM'000	Group RM'000
Revenue	195,667	156,222	117,028	-	-	-	468,917
Inter-segment revenue	-	-	-	-	43,529	(43,529)	-
Results							
Segment results	57,017	20,031	6,891	-	704	(704)	83,939
Other operating income							9,056
Share of results of joint ventures							14,974
Finance costs							(21,579)
Taxation							(19,660)
Profit for the financial period							66,730

Individual Quarter Ended 31.3.2013	FPSO RM'000	OSV RM'000	T&I RM'000	OFS RM'000	Others RM'000	Corporate and elimination RM'000	Group RM'000
Revenue	192,282	142,379	154,094	-	-	-	488,755
Inter-segment revenue	-	-	-	-	31,522	(31,522)	-
Results							
Segment results	58,291	40,458	25,291	-	4,596	(4,596)	124,040
Other operating income							15,730
Share of results of joint ventures							17,475
Finance costs							(26,344)
Taxation							(20,490)
Profit for the financial period							110,411

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 2014, all property, plant and equipment were stated at cost less accumulated depreciation and accumulated impairment losses.

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

Save as disclosed below, there were no items, transactions or events of a material and unusual nature likely to affect substantially the results of the operations of the Group as at the date of this report:

- (i) Proposed bonus issue of up to 1,479,238,150 new ordinary shares of RM0.20 each in Bumi Armada (“Shares”) (“Bonus Shares”) on the basis of one (1) Bonus Share for every two (2) existing Shares held by the entitled shareholders of Bumi Armada, on an entitlement date to be determined and announced later (“Entitlement Date”) (“Proposed Bonus Issue”); and
- (ii) Proposed renounceable rights issue of up to 1,479,238,150 new Shares (“Rights Shares”) on the basis of one (1) Rights Share for every two (2) existing Shares held by the entitled shareholders of Bumi Armada, on the Entitlement Date (“Proposed Rights Issue”).

13. CHANGES IN THE COMPOSITION OF THE GROUP

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

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 2014 are as follows:

	RM'000
- authorised and contracted	587,838
- authorised but not contracted	3,064,089
	<hr/>
	3,651,927
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16. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Quarter Ended 31.3.2014 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	3,371 1,384
(b) Telecommunication expenses to Maxis Berhad ⁽²⁾	743
(c) Rental to Malaysian Landed Property Sdn Bhd (“MLP”) ⁽³⁾	1,594
(d) Transactions with joint ventures: - ship management fees to Century Bumi Limited	3,693
(e) Key management personnel compensation: - non-executive directors fees - salaries, bonus and allowances and other staff related costs - defined contribution plan - share-based payment	897 11,001 1,672 2,743
(f) Payment on behalf: - joint ventures	30,837

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 substantial shareholder of the Company. The ultimate holding company of UTSB is PanOcean Management Limited (“PanOcean”). 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, a substantial shareholder of the Company.

⁽²⁾ Subsidiary of a joint venture, in which UTSB has a significant equity interest.

⁽³⁾ Subsidiary of a company in which TAK has 100% 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	
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
Income tax:				
- Current tax	14,646	11,458	14,646	11,458
- Prior year	55	-	55	-
Deferred tax	4,959	9,032	4,959	9,032
Total	19,660	20,490	19,660	20,490

The Group's effective tax rate for the quarter ended 31 March 2014 was 23%, lower than the statutory tax rate of 25% mainly due to certain non-taxable income, whilst other foreign source income are taxed based on their individual tax jurisdiction rates ranging between 0% to 30% and the income arising from Malaysian sea-going ships of the Group are tax exempt under Section 54A of the Income Tax Act, 1967.

19. STATUS OF CORPORATE PROPOSALS ANNOUNCED

Saved as disclosed below, there were no corporate proposals announced but not completed as at the date of this report:

- (i) On 13 August 2013, we announced that our wholly-owned subsidiary, Bumi Armada Capital Offshore Ltd had on 6 August 2013 entered into documentation for the establishment of a Multi Currency Euro Medium Term Note Programme ("EMTN") with a programme size of USD1.5 billion (or its equivalent in other currencies).

An application has been made to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to deal in, and for quotation of any medium term notes ("Notes") that may be issued pursuant to the EMTN and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. An application may also be submitted to Bursa Securities for listing of the Notes under the Exempt Regime. The Notes to be issued under the EMTN may be listed on Bursa Securities and if so listed, will not be quoted for trading. No Notes have been issued yet under the EMTN.

- (ii) On 26 March 2014, we announced that our wholly-owned subsidiary, Bumi Armada Capital Malaysia Sdn Bhd received authorisation of the Securities Commission Malaysia for the establishment of an unrated Sukuk issuance programme of up to RM1.5 billion in nominal value under the Shariah principle of Murabahah (via a Tawarruq arrangement) ("Sukuk") and the issuance of Sukuk Murabahah thereunder. No Sukuk Murabahah have been issued yet under the Sukuk.

20. BORROWINGS

The borrowings of the Group as at 31 March 2014 are as follows:

	As at 31.3.2014 RM'000
SHORT TERM DEBT	
Secured:	
Term loans	361,996
Unsecured:	
Revolving credit	490,645
Term loans	483,925
Total short term debt	1,336,566
LONG TERM DEBT	
Secured:	
Term loans	1,364,371
Unsecured:	
Term loans	1,850,036
Total long term debt	3,214,407
Total borrowings	4,550,973
CURRENCY PROFILE	
United States Dollar	3,473,977
Ringgit Malaysia	1,076,996
	4,550,973

21. DERIVATIVE FINANCIAL INSTRUMENTS

Disclosure of derivatives

Details of derivative financial instruments outstanding as at 31 March 2014 are set out below:

Types of Derivative	Contract/ Notional Amount RM'000	Fair Value (Liabilities)/ Assets RM'000
Derivatives used for hedging:		
Interest rate swaps		
- Less than 1 year	294,414	(11,719)
- 1 to 3 years	739,431	(2,639)
- More than 3 years	508,840	3,375
	<u>1,542,685</u>	<u>(10,983)</u>
Cross currency interest rate swaps		
- Less than 1 year	27,696	(20)
- 1 to 3 years	55,391	(1,330)
- More than 3 years	49,000	(2,734)
	<u>132,087</u>	<u>(4,084)</u>

21. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

There have been no changes since the end of the previous financial year ended 31 December 2013 in respect of the following:

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

As at 31 March 2014, the Group recognised net derivative financial liabilities of RM15.1 million, a reduction of RM3.4 million from the previous financial year ended 31 December 2013, on remeasuring the fair values of the derivative financial instruments. The reduction of RM1.4 million was included in the cash flow hedging reserve attributable to the Group and the non-controlling interest while RM2.0 million was recorded as fair value gain from derivative financial instruments through the profit or loss.

The Group's cash flow hedging reserve of RM9.0 million as at 31 March 2014 represents the effective portion of the deferred fair value losses relating to the derivative financial instruments which qualified for hedge accounting. The gains and losses recognised in the cash flow hedging reserve will be released to the profit and loss within finance cost over the period of the underlying borrowings.

22. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value and amortised cost, the different levels have been identified as follows:

Level 1 - Quoted prices (unadjusted in active markets for identical assets or liabilities)

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

(a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group approximated their fair values as at 31 March 2014 except as set out below, measured using Level 3 valuation technique:

	Carrying amount RM'000	Fair value RM'000
Fixed rate term loans	<u>55,600</u>	<u>56,412</u>

(b) Financial instruments carried at fair value

The table below analyses financial instruments carried at fair value as at 31 March 2014, by valuation method.

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Financial asset:			
Available-for-sale financial asset	<u>44,901</u>	<u>-</u>	<u>44,901</u>
Financial liabilities:			
Derivatives used for hedging			
- Cross currency interest rate swaps	-	(4,084)	(4,084)
- Interest rate swaps	-	(10,983)	(10,983)

22. FAIR VALUE HIERARCHY (CONTINUED)

(b) Financial instruments carried at fair value (continued)

The fair value of financial instrument traded in active market is based on quoted market price at the balance sheet date. This instrument is included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, such as estimated discounted cash flows are used to determine fair value for the derivative financial instruments. The fair value of cross currency interest rate swaps and interest rate swaps are calculated as the present value of the estimated future cash flows based on forward interest rates and exchange rate from observable yield curves.

No transfers between any levels of the fair value estimation took place during the current period and the comparative periods. There were also no changes in the purpose of any financial instruments that subsequently caused a change in classification of those instruments.

It was not practical to estimate the fair value of the Group's investment in unquoted preference shares included in the remaining available-for-sale financial assets due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured. Therefore, the investment is recorded at cost.

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 the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia 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 31.3.2014 RM'000
Total retained profits of the Company and its subsidiaries	
- realised	1,914,457
- unrealised	<u>(11,436)</u>
	1,903,021
Total share of retained profits from joint ventures	
- realised	122,415
- unrealised	<u>(18,908)</u>
	103,507
Total retained profits of the Group	<u>2,006,528</u>

24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Individual Quarter Ended 31.3.2014 RM'000	Individual Quarter Ended 31.3.2013 RM'000
Profit before taxation is arrived at after charging/(crediting):		
(a) Other operating income		
- Interest income	(1,284)	(1,473)
- Gain on disposal of property, plant and equipment	(25)	-
- Gain on disposal of a subsidiary	-	(9,358)
- Insurance claims	(6,182)	(1,157)
- Dividend income	-	-
- Allowance for doubtful debts written back	-	(1,976)
- Others	(1,565)	(1,766)
(b) Interest expense	22,291	27,893
(c) Depreciation and amortisation	115,169	96,581
(d) Allowance for and write off of doubtful debts	-	3,094
(e) Allowance for and write off of inventories	-	-
(f) (Gain)/loss on disposal of investments or properties	-	-
(g) Net foreign exchange loss/(gain)	1,075	(2,975)
(h) Fair value gain on derivatives	(2,041)	(58)

25. MATERIAL LITIGATION

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

26. DIVIDENDS

The Company had announced that the Directors had recommended a tax exempt final cash dividend of 3.25 sen per share (2013: final cash dividend comprised a single tier tax exempt dividend of 3.0 sen per share and a dividend of 0.14 sen per share less 25% income tax) in respect of the financial year ended 31 December 2013 for shareholders' approval at the forthcoming Eighteenth Annual General Meeting of the Company to be held on 10 June 2014. Subject to shareholders' approval, the proposed dividend will be payable on 3 July 2014 to the Company's members whose names appear in the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd on **13 June 2014**.

- a) Depositors shall qualify for entitlement to the dividend in respect of:
- i) shares transferred to the Depositors' securities accounts **before 4.00 pm on 13 June 2014** 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 dividend is declared for the current financial period ended 31 March 2014.

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 ESOS options) by the weighted average number of ordinary shares as adjusted for the basic earnings per share and includes all potential dilutive shares arising from the ESOS options granted by the reporting date, as if the options had been exercised on the first day of the financial period or the date of the grant, if later.

	Individual Quarter Ended		Cumulative Quarters Period Ended	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
Profit attributable to Owners of the Company (RM'000)	64,778	109,670	64,778	109,670
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,931,959	2,929,449	2,931,959	2,929,449
Adjusted for potential ordinary shares on conversion of options under ESOS ('000)	188	120	188	120
Adjusted weighted average number of ordinary shares for diluted EPS ('000)	2,932,147	2,929,569	2,932,147	2,929,569
Basic earnings per share (sen)	2.21	3.74	2.21	3.74
Diluted earnings per share (sen)	2.21	3.74	2.21	3.74

BY ORDER OF THE BOARD

NOOR HAMIZA BINTI ABD HAMID
(MAICSA 7051227)
Company Secretary

CHEW ANN NEE
(MAICSA 7030413)
Joint Company Secretary

Kuala Lumpur
23 May 2014