



BUMIARMADA

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 third quarter ended 30 September 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	
		30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
Revenue	18	<b>636,509</b>	546,305	<b>1,695,507</b>	1,516,290
Cost of sales		<b>(425,716)</b>	(329,349)	<b>(1,117,630)</b>	(932,572)
Gross profit		<b>210,793</b>	216,956	<b>577,877</b>	583,718
Other operating income		<b>10,476</b>	3,379	<b>27,040</b>	23,166
Selling and distribution costs		<b>(33,373)</b>	(36,011)	<b>(116,013)</b>	(97,236)
Administrative expenses		<b>(38,164)</b>	(38,387)	<b>(116,441)</b>	(89,506)
Operating profit		<b>149,732</b>	145,937	<b>372,463</b>	420,142
Finance costs		<b>(24,343)</b>	(25,614)	<b>(66,717)</b>	(73,791)
Share of results of joint ventures		<b>2,323</b>	18,485	<b>35,987</b>	46,221
Profit before taxation		<b>127,712</b>	138,808	<b>341,733</b>	392,572
Taxation		<b>(16,627)</b>	(17,287)	<b>(62,400)</b>	(46,528)
Profit for the financial period		<b>111,085</b>	121,521	<b>279,333</b>	346,044
Attributable to:					
- Owners of the Company		<b>108,093</b>	121,238	<b>271,250</b>	342,873
- Non-controlling interests		<b>2,992</b>	283	<b>8,083</b>	3,171
		<b>111,085</b>	121,521	<b>279,333</b>	346,044
Earnings per share (sen)	27				
- Basic (as restated)		<b>2.29</b>	2.57	<b>5.74</b>	7.26
- Diluted (as restated)		<b>2.29</b>	2.57	<b>5.74</b>	7.26

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	Individual Quarter Ended		Cumulative Quarters Period Ended	
		30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
Profit for the financial period		<b>111,085</b>	121,521	<b>279,333</b>	346,044
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
- Available-for-sale financial assets:					
- Gain/(loss) on fair value change		<b>2,775</b>	425	<b>772</b>	(9,983)
- Reclassification to profit or loss		<b>7,851</b>	-	<b>7,851</b>	-
- Fair value gain/(loss) on cash flow hedges		<b>3,879</b>	(3,524)	<b>5,013</b>	5,128
- Foreign currency translation differences		<b>94,967</b>	125,517	<b>7,943</b>	231,423
- Share of other comprehensive gain of joint ventures		<b>516</b>	-	<b>411</b>	-
Other comprehensive income for the financial period, net of tax		<b>109,988</b>	122,418	<b>21,990</b>	226,568
Total comprehensive income for the financial period		<b>221,073</b>	243,939	<b>301,323</b>	572,612
Total comprehensive income attributable to:					
- Owners of the Company		<b>217,130</b>	242,366	<b>293,170</b>	567,177
- Non-controlling interests		<b>3,943</b>	1,573	<b>8,153</b>	5,435
		<b>221,073</b>	243,939	<b>301,323</b>	572,612

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	As at 30.9.2014 RM'000	As at 31.12.2013 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	<b>7,361,391</b>	5,871,084
Goodwill		<b>1,411</b>	1,411
Investments in joint ventures		<b>327,779</b>	271,787
Available-for-sale financial assets		<b>49,503</b>	48,642
Accrued lease rentals		<b>185,901</b>	433,104
Deferred tax assets		<b>27,412</b>	40,993
		<b>7,953,397</b>	6,667,021
<b>CURRENT ASSETS</b>			
Inventories		<b>17,597</b>	5,559
Amounts due from customers on contract		<b>167,948</b>	36,421
Trade receivables		<b>581,559</b>	447,632
Accrued lease rentals		<b>754,433</b>	652,292
Other receivables, deposits and prepayments		<b>162,154</b>	254,091
Tax recoverable		<b>3,978</b>	3,063
Amounts due from joint ventures		<b>146,793</b>	109,048
Deposits, cash and bank balances		<b>2,137,842</b>	634,538
		<b>3,972,304</b>	2,142,644
Non-current assets classified as held-for-sale		<b>85,824</b>	-
<b>TOTAL ASSETS</b>		<b>12,011,525</b>	8,809,665

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

	Note	As at 30.9.2014 RM'000	As at 31.12.2013 RM'000
<b>LESS: CURRENT LIABILITIES</b>			
Amounts due to customers on contract		-	592
Trade payables		285,279	243,979
Other payables and accruals		512,982	306,123
Amounts due to joint ventures		12,361	15,379
Hire purchase creditors		111	184
Borrowings	20	1,410,150	1,185,655
Derivative financial instruments	21	8,900	12,672
Taxation		22,310	28,925
		<b>2,252,093</b>	<b>1,793,509</b>
<b>NET CURRENT ASSETS</b>			
		<b>1,806,035</b>	<b>349,135</b>
<b>LESS: NON-CURRENT LIABILITIES</b>			
Hire purchase creditors		61	128
Borrowings	20	5,098,384	2,591,347
Derivative financial instruments	21	541	5,823
Deferred tax liabilities		54,986	38,623
		<b>5,153,972</b>	<b>2,635,921</b>
<b>NET ASSETS</b>			
		<b>4,605,460</b>	<b>4,380,235</b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		586,627	586,318
Reserves		3,987,104	3,770,341
		<b>4,573,731</b>	<b>4,356,659</b>
<b>NON-CONTROLLING INTERESTS</b>			
		<b>31,729</b>	<b>23,576</b>
<b>TOTAL EQUITY</b>			
		<b>4,605,460</b>	<b>4,380,235</b>
<b>NET ASSETS PER SHARE (RM)</b>			
		<b>1.57</b>	<b>1.49</b>

\* Based on 2,933,134,700 ordinary shares in issue at RM0.20 par value as at 30 September 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	-	-	-	-	-	-	-	271,250	271,250	8,083	279,333
Other comprehensive income for the financial period, net of tax	-	-	-	8,735	8,623	-	4,562	-	21,920	70	21,990
Total comprehensive income for the financial period, net of tax	-	-	-	8,735	8,623	-	4,562	271,250	293,170	8,153	301,323
Transactions with owners:											
- Employee share options exercised	1,544	309	5,620	-	-	(1,206)	-	-	4,723	-	4,723
- Employee share options granted	-	-	-	-	-	14,490	-	-	14,490	-	14,490
- Employee share options forfeited/lapsed	-	-	-	-	-	(174)	-	174	-	-	-
Dividend paid	-	-	-	-	-	-	-	(95,311)	(95,311)	-	(95,311)
<b>At 30 September 2014</b>	<b>2,933,135</b>	<b>586,627</b>	<b>1,770,234</b>	<b>60,448</b>	<b>837</b>	<b>43,743</b>	<b>(5,793)</b>	<b>2,117,635</b>	<b>4,573,731</b>	<b>31,729</b>	<b>4,605,460</b>

**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	-	-	-	-	-	-	-	342,873	342,873	3,171	346,044
Other comprehensive (expense)/income for the financial period, net of tax	-	-	-	229,365	(9,983)	-	4,922	-	224,304	2,264	226,568
Total comprehensive (expense)/income for the financial period, net of tax	-	-	-	229,365	(9,983)	-	4,922	342,873	567,177	5,435	572,612
Transactions with owners:											
- Employee share options exercised	2,073	414	7,267	-	-	(1,400)	-	-	6,281	-	6,281
- Employee share options granted	-	-	-	-	-	13,766	-	-	13,766	-	13,766
- Employee share options forfeited/lapsed	-	-	-	-	-	(62)	-	62	-	-	-
Dividend paid	-	-	-	-	-	-	-	(90,980)	(90,980)	-	(90,980)
<b>At 30 September 2013</b>	<b>2,931,241</b>	<b>586,248</b>	<b>1,763,312</b>	<b>33,536</b>	<b>(6,213)</b>	<b>28,353</b>	<b>(12,308)</b>	<b>1,853,182</b>	<b>4,246,110</b>	<b>22,580</b>	<b>4,268,690</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Period Ended 30.9.2014 RM'000</b>	<b>Period Ended 30.9.2013 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the financial period	279,333	346,044
Adjustments for non-cash items:		
Share of results of joint ventures	(35,987)	(46,221)
Depreciation of property, plant and equipment	344,840	305,995
Fair value through profit and loss on derivative financial instruments	(3,987)	3,947
Gain on disposal of property, plant and equipment	(5,293)	(204)
Gain on disposal of a subsidiary	-	(9,358)
Allowance for doubtful debts	25,353	9,554
Allowance for doubtful debts written back	-	(1,976)
Unrealised foreign exchange loss/(gain)	4,041	(20,194)
Share-based payment	14,490	13,766
Impairment for available-for-sale financial assets	7,700	-
Interest income	(5,966)	(3,677)
Interest expense	68,753	78,751
Dividend income	(2,321)	(2,221)
Taxation	62,400	46,528
Operating profit before changes in working capital	753,356	720,734
Changes in working capital:		
Inventories	(12,031)	5,344
Trade and other receivables	(111,052)	(295,903)
Trade and other payables	253,671	(102,991)
Cash from operations	883,944	327,184
Interest paid	(104,433)	(78,697)
Tax paid	(45,219)	(81,534)
Tax refund	1,969	5
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>	<b>736,261</b>	<b>166,958</b>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

	<b>Period Ended 30.9.2014 RM'000</b>	<b>Period Ended 30.9.2013 RM'000</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,909,272)	(843,372)
Proceeds from disposal of a subsidiary	-	12,446
Proceeds from disposal of property, plant and equipment	42,232	-
Investment in a joint venture	(328)	(6,972)
Dividend income	2,321	2,221
Interest received	5,966	3,692
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(1,859,081)</b>	<b>(831,985)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	3,133,735	1,179,330
Repayment of bank borrowings	(416,965)	(563,446)
Repayment of hire purchase creditors	(141)	(117)
Proceeds from issuance of shares	4,723	6,058
Increase in deposit pledged as security	(600)	-
Dividend paid	(95,311)	(90,980)
<b>NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>	<b>2,625,441</b>	<b>530,845</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,502,621</b>	<b>(134,182)</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>83</b>	<b>28,469</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>633,638</b>	<b>499,600</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>2,136,342</b>	<b>393,887</b>
Cash and cash equivalents consist of:		
Deposits with licensed banks	1,897,801	325,338
Cash and bank balances	240,041	69,449
Less: Designated deposits placed with licensed banks	(1,500)	(900)
	<b>2,136,342</b>	<b>393,887</b>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**

**1. BASIS OF PREPARATION**

The unaudited condensed consolidated 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 condensed consolidated 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) Amendment and Annual Improvements to MFRS which are applicable to the Group effective 1 July 2014:

- Amendment to MFRS 119 “Defined Benefits Plans: Employee Contributions”
- Annual Improvements to MFRSs 2010 - 2012 cycle
- Annual Improvements to MFRSs 2011 - 2013 cycle

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

(c) Amendment to MFRS which are applicable to the Group effective 1 January 2017:

- MFRS 15 Revenue from contracts with customers

The adoption of MFRS 15 may result in a change in accounting policy. The Group will quantify the effect of adopting this standard when the full standard is issued.

(d) 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**

<b>Financial Indicators</b>	<b>YTD 30.9.2014 RM'000</b>	<b>YTD 30.9.2013 RM'000</b>	<b>Change RM'000</b>
FPSO <sup>(1)</sup>	<b>663,568</b>	581,010	82,588
OSV <sup>(1)</sup>	<b>472,331</b>	466,113	6,218
T&I <sup>(1)</sup>	<b>559,608</b>	469,167	90,441
Revenue	<b>1,695,507</b>	1,516,290	179,217
EBITDA <sup>(2)</sup>	<b>753,290</b>	772,358	(19,068)
EBITDA margin	<b>44%</b>	51%	(7%)
Profit for the financial period	<b>279,333</b>	346,044	(66,711)
Total depreciation	<b>344,840</b>	305,995	38,845

The Group posted revenue of RM1,695.5 million for the current year to date or 12% higher year on year, as a result of an increase in activity across main business units;

- (a) FPSO revenue of RM663.6 million was higher due to the additional contributions from the Kraken and Angola 1506 FPSO contracts as well as contribution from MT Ulysses, our additional tanker on board, offset by reduction in tanker revenue from Armada Ali, which was laid up and prepared for conversion in the previous quarter;
- (b) OSV segment revenue was higher due mainly to contributions from additional vessels offset by lower contribution by the Class B vessels;
- (c) T&I segment revenue increased due mainly to the ramp up of pipe laying and post trenching activities on the LukOil project;

The Group posted EBITDA of RM753.3 million for the current year to date. Increased FPSO contribution driven by new contract awards was offset by lower year-on-year contribution from T&I on the Lukoil project in Russia and lower utilisation for Armada Hawk before their activity picked up this quarter. OSV's contribution reflected lower utilisation of older vessels. OSV fleet renewal programme is on-going with 3 Class B vessels disposed in the current year to date and 7 vessels continues to be identified as held for sale.

Profit of RM279.3 million was in line with EBITDA after accounting for depreciation and taxes for the current year to date.

Note:

<sup>(1)</sup> 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.

<sup>(2)</sup> Defined as profit before finance costs, taxation, depreciation and amortisation.

**2. MANAGEMENT COMMENTARY (CONTINUED)**

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

<b>Financial Indicators</b>	<b>3rd Quarter 2014 RM'000</b>	<b>2nd Quarter 2014 RM'000</b>	<b>Change RM'000</b>
FPSO	<b>236,486</b>	231,415	5,071
OSV	<b>163,072</b>	153,037	10,035
T&I	<b>236,951</b>	205,629	31,322
Revenue	<b>636,509</b>	590,081	46,428
EBITDA	<b>267,525</b>	262,627	4,898
EBITDA margin	<b>42%</b>	45%	(3%)
Profit for the financial period	<b>111,085</b>	101,518	9,567
Total depreciation	<b>115,470</b>	114,201	1,269

The Group posted revenue of RM636.5 million for the current quarter, an increase of RM46.4 million or 7.9% sequentially, as a result of an increase in activity from main segments as detailed below:

- (a) FPSO revenue in the current quarter reflected contributions from the ENI 1506 FPSO project progress and the MT Ulysses tanker;
- (b) OSV revenue in the current quarter reflected an improvement in charter activities. The overall vessel utilisation benefited from the disposal of Class B vessels whilst certain Class A vessels being in transit to new charters, softened its utilisation. The fleet utilisation rates are as shown below:

<b>OSV vessel average utilisation rates for the quarter ended</b>	<b>3rd Quarter 2014 %</b>	<b>2nd Quarter 2014 %</b>	<b>Change in %</b>
Group's vessels	<b>74</b>	72	2
- Class A <sup>(3)</sup>	<b>78</b>	80	(2)
- Class B <sup>(4)</sup>	<b>69</b>	64	5
Group's vessels including those held by joint ventures	<b>74</b>	72	2

OSV fleet renewal programme is on-going with 3 Class B vessels disposed in the current quarter and 7 vessels continues to be identified as held for sale.

- (c) T&I revenue growth in the current quarter reflected the ramp up of pipe laying and post trenching activities on the LukOil project as work progresses well in the Caspian Sea with additional O&M<sup>(5)</sup> activity for the Armada Installer offset by lower utilisation of the Armada Hawk and Armada Condor;

The Group posted EBITDA of RM267.5 million and profit of RM111.1 million for the current quarter driven by strong contribution on the back of higher level of activities in all segment.

The Group's profit increased by RM9.6 million, which was higher compared to the previous quarter.

Note:

- <sup>(3)</sup> 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.
- <sup>(4)</sup> 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.
- <sup>(5)</sup> Defined as operations and maintenance.

**3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2014**

Whilst the long term outlook for the offshore oil and gas services industry remains positive, there are emerging signs of a slowdown in E&P company capital expenditures and a softening in oil prices due to the downward pressures exerted by shale oil and gas as well as short term supply and demand imbalances. Industry wide year on year expenditure is expected to remain subdued and short term fluctuations are likely on the downside. However, some national oil companies are increasing their expenditures. Global economic recovery remains tentative with geopolitical tensions adding a dose of volatility. Notwithstanding the above, we remain confident of the long term underlying fundamentals of the Company.

**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, the T&I business specifically in the Caspian will be subject to short term seasonal conditions.

**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, or equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter except for:

- (i) The issuance of 492,000 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.
- (ii) On 4 September 2014, we announced that Bumi Armada Capital Malaysia Sdn Bhd has successfully made its issuance of Sukuk Murabahah under the Sukuk Programme. The Sukuk Murabahah issued under the Sukuk Programme is for the full aggregate nominal value of RM1.5 billion for a tenure of 10 years, at a profit rate of 6.35% per annum.

**9. DIVIDENDS PAID**

The following dividend payment was made during the period ended 30 September 2014:

In respect of the financial year ended 31 December 2013:

- Final cash dividend comprising a single tier tax-exempt dividend of 3.25 sen per ordinary share paid on 3 July 2014.

**RM'000**

95,311

**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 2014 and 30 September 2013 are as follows:

<b>Individual Quarter Ended 30.9.2014</b>	<b>FPSO RM'000</b>	<b>OSV RM'000</b>	<b>T&amp;I RM'000</b>	<b>Others RM'000</b>	<b>Corporate and elimination RM'000</b>	<b>Group RM'000</b>
Revenue	<b>236,486</b>	<b>163,072</b>	<b>236,951</b>	-	-	<b>636,509</b>
Inter-segment revenue	-	-	-	<b>40,172</b>	<b>(40,172)</b>	-
Results						
Segment results	<b>79,127</b>	<b>28,428</b>	<b>31,701</b>	<b>3,663</b>	<b>(3,663)</b>	<b>139,256</b>
Other operating income						<b>10,476</b>
Share of results of joint ventures						<b>2,323</b>
Finance costs						<b>(24,343)</b>
Taxation						<b>(16,627)</b>
Profit for the financial period						<b>111,085</b>

<b>Individual Quarter Ended 30.9.2013</b>	<b>FPSO RM'000</b>	<b>OSV RM'000</b>	<b>T&amp;I RM'000</b>	<b>Others RM'000</b>	<b>Corporate and elimination RM'000</b>	<b>Group RM'000</b>
Revenue	194,970	172,884	178,451	-	-	546,305
Inter-segment revenue	-	-	-	29,369	(29,369)	-
Results						
Segment results	66,914	40,233	35,411	3,049	(3,049)	142,558
Other operating income						3,379
Share of results of joint ventures						18,485
Finance costs						(25,614)
Taxation						(17,287)
Profit for the financial period						121,521

**10. SEGMENTAL INFORMATION (CONTINUED)**

<b>Cumulative Quarters Period Ended 30.9.2014</b>	<b>FPSO RM'000</b>	<b>OSV RM'000</b>	<b>T&amp;I RM'000</b>	<b>Others RM'000</b>	<b>Corporate and elimination RM'000</b>	<b>Group RM'000</b>
Revenue	663,568	472,331	559,608	-	-	1,695,507
Inter-segment revenue	-	-	-	119,026	(119,026)	-
Results						
Segment results	213,227	67,464	64,732	5,181	(5,181)	345,423
Other operating income						27,040
Share of results of joint ventures						35,987
Finance costs						(66,717)
Taxation						(62,400)
Profit for the financial period						279,333

<b>Cumulative Quarters Period Ended 30.9.2013</b>	<b>FPSO RM'000</b>	<b>OSV RM'000</b>	<b>T&amp;I RM'000</b>	<b>Others RM'000</b>	<b>Corporate and elimination RM'000</b>	<b>Group RM'000</b>
Revenue	581,010	466,113	469,167	-	-	1,516,290
Inter-segment revenue	-	-	-	82,895	(82,895)	-
Results						
Segment results	180,352	114,269	102,355	9,019	(9,019)	396,976
Other operating income						23,166
Share of results of joint ventures						46,221
Finance costs						(73,791)
Taxation						(46,528)
Profit for the financial period						346,044

## **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 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, no material event has arisen in the interval between the end of this reporting period and the date of this report:

- (i) On 23 May 2014, we announced our intention to undertake the following corporate exercises:
- (a) a bonus issue of up to 1,479,238,150 new ordinary shares of RM0.20 each in Bumi Armada Berhad (“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”) (“Bonus Issue”);
  - (b) a 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 (“Rights Issue”);
  - (c) an increase in our authorised share capital from RM800,000,000 comprising 4,000,000,000 Shares to RM2,000,000,000 comprising 10,000,000,000 Shares (“Increase in Authorised Share Capital”); and
  - (d) an amendment to our Memorandum of Association as a consequence of the Increase in Authorised Share Capital,

(collectively referred to as “Corporate Exercises”).

Subsequently, we announced that all the ordinary resolutions in relation to the Corporate Exercises, which were tabled at our extraordinary general meeting held on 8 July 2014, have been passed.

On 27 August 2014, we announced that the issue price for the Rights Shares has been fixed at RM1.35 per Rights Share. Further, on 28 August 2014, we announced that the entitlement date for the Bonus Issue and the Rights Issue is at 5.00 p.m. on 12 September 2014.

On 13 October 2014, we announced that the Bonus Issue and the Rights Issue have been completed following the listing of and quotation for 1,466,567,294 Bonus Shares and 1,466,567,350 Rights Shares on the Main Market of Bursa Malaysia Securities Berhad on even date.

- (ii) On 19 August 2014, we announced that Bumi Armada Offshore Holdings Limited (“BAOHL”), a wholly-owned subsidiary of the Company together with its joint venture company, PT Armada Gema Nusantara (collectively, the “Consortium”) have been appointed as the FPSO Lease Contractor for the Madura BD Field, Offshore Indonesia via a Letter of Intent issued by Husky-CNOOC Madura Limited (“HCML”).

Pursuant to the Letter of Intent (the “LOI”), the Consortium will supply a Floating Production, Storage and Offloading Vessel to HCML at a contract value of USD1.18 billion (equivalent to approximately RM3.76 billion) for a fixed period of ten (10) years with options of five (5) annual extensions worth an aggregate value of USD147 million (equivalent to approximately RM469 million), if the options are fully exercised by HCML, subject to terms and conditions of the FPSO Lease Contract (the “Contract”) to be finalised and signed within forty-five (45) days from the effective date of the LOI of 8 August 2014 subject to such extension to be mutually agreed between HCML and the Consortium. The Consortium is authorised to commence initial engineering work immediately on issuance of the LOI.



**12. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD (CONTINUED)**

On 14 October 2014, we announced that HCML and the Consortium have mutually agreed via an Amendment of Letter of Intent dated 9 October 2014, to extend the period for the execution of the Contract. Accordingly, the LOI shall terminate upon the earlier of 31 October 2014, subject to such extension as may be mutually agreed between HCML and the Consortium or upon signing of the Contract.

On 12 November 2014, we announced that HCML and the Consortium have mutually agreed via an Amendment of Letter of Intent dated November 2014, to extend the period for the execution of the Contract. Accordingly, the LOI shall terminate upon the earlier of 27 November 2014, subject to such extension as may be mutually agreed between HCML and the Consortium or upon signing of the Contract.

**13. CHANGES IN THE COMPOSITION OF THE GROUP**

Save for the following, 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:

- (a) On 21 August 2014, Bumi Armada Marine Limited Liability Company (“BAM”) was incorporated in Russia. The charter capital of BAM is RUB10,000 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. BAM is a 99% direct subsidiary of BAOCL and an indirect wholly-owned subsidiary of the Company.
- (b) On 3 September 2014, Armada Cabaca Ltd. was incorporated as a wholly-owned subsidiary of Bumi Armada Offshore Holdings Limited (“BAOHL”) 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 upon incorporation. BAOHL is a wholly-owned subsidiary of the Company.

**14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Group’s contingent liabilities comprising the bank guarantees extended to third parties amounted to RM631.2m as at 30 September 2014 as compared to RM377.6m as at 31 December 2013. There are no material contingent assets to be disclosed.

**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 2014 are as follows:

	<b>RM’000</b>
- authorised and contracted	<b>514,798</b>
- authorised but not contracted	<b>7,473,084</b>
	<hr/>
	<b>7,987,882</b>
	<hr/> <hr/>

**16. SIGNIFICANT RELATED PARTY DISCLOSURES**

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

	<b>Cumulative Quarters Period Ended 30.9.2014 RM'000</b>
<u>Related party transactions</u>	
(a) Transactions with UTSB Management Sdn Bhd <sup>(1)</sup> :	
- reimbursable costs incurred in respect of an executive director	6,991
- management fees	4,151
(b) Telecommunication expenses to Maxis Berhad <sup>(2)</sup>	2,183
(c) Rental to Malaysian Landed Property Sdn Bhd <sup>(3)</sup>	5,166
(d) Transactions with joint ventures:	
- ship management fees to Century Bumi Limited	11,086
(e) Key management personnel compensation:	
- non-executive directors fees	2,209
- salaries, bonus and allowances and other staff related costs	22,179
- defined contribution plan	3,349
- share-based payment	9,083
(f) Payment on behalf:	
- joint ventures	<u>109,972</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 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:

<sup>(1)</sup> Subsidiary of UTSB, a substantial shareholder of the Company.

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

<sup>(3)</sup> 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	
	30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
Income tax:				
- Current tax	<b>12,310</b>	44,267	<b>39,580</b>	67,188
- Prior year	<b>(1,190)</b>	478	<b>(6,839)</b>	4,668
Deferred tax	<b>5,507</b>	(27,458)	<b>29,659</b>	(25,328)
Total	<b>16,627</b>	17,287	<b>62,400</b>	46,528

The Group's effective tax rates for the individual quarter and cumulative quarters period ended 30 September 2014 were 13% and 18% respectively, lower than the statutory tax rate of 25% mainly due to change in 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**

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

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

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 Programme 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 will be submitted to Bursa Securities for listing of the Notes under the Exempt Regime. The Notes to be issued under the EMTN Programme may be listed on Bursa Securities but will not be quoted for trading. No Notes have been issued yet under the EMTN Programme.

**20. BORROWINGS**

The borrowings of the Group as at 30 September 2014 are as follows:

	As at 30.9.2014 RM'000
<b>SHORT TERM DEBT</b>	
<b>Secured:</b>	
Term loans	367,260
<b>Unsecured:</b>	
Sukuk murabahah	6,785
Bridging loan	21
Revolving credit	492,288
Term loans	543,796
<b>Total short term debt</b>	<b>1,410,150</b>
<b>LONG TERM DEBT</b>	
<b>Secured:</b>	
Term loans	1,220,251
<b>Unsecured:</b>	
Sukuk murabahah	1,500,000
Bridging loan	509,056
Term loans	1,869,077
<b>Total long term debt</b>	<b>5,098,384</b>
<b>Total borrowings</b>	<b>6,508,534</b>
<b>CURRENCY PROFILE</b>	
United States Dollar	4,131,925
Ringgit Malaysia	2,376,609
	<b>6,508,534</b>

**21. DERIVATIVE FINANCIAL INSTRUMENTS**

**Disclosure of derivatives**

Details of derivative financial instruments outstanding as at 30 September 2014 are set out below:

<b>Types of Derivative</b>	<b>Contract/ Notional Amount RM'000</b>	<b>Fair Value (Liabilities)/ Assets RM'000</b>
Derivatives used for hedging:		
Interest rate swaps		
- Less than 1 year	361,200	(8,750)
- 1 to 3 years	753,921	1,551
- More than 3 years	317,229	1,095
	<u>1,432,350</u>	<u>(6,104)</u>
Cross currency interest rate swaps		
- Less than 1 year	27,696	(150)
- 1 to 3 years	55,391	(1,790)
- More than 3 years	27,696	(1,397)
	<u>110,783</u>	<u>(3,337)</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 30 September 2014, the Group recognised net derivative financial liabilities of RM9.4 million, a reduction of RM9.1 million from the previous financial year ended 31 December 2013, on remeasuring the fair values of the derivative financial instruments. The reduction of RM5.0 million was included in the cash flow hedging reserve attributable to the Group and the non-controlling interest while RM4.0 million was recorded as fair value gain from derivative financial instruments through the profit or loss.

The Group's cash flow hedging reserve of RM5.8 million as at 30 September 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 30 September 2014 except as set out below, measured using Level 3 valuation technique:

	<b>Carrying amount RM'000</b>	<b>Fair value RM'000</b>
Fixed rate term loans	<u>52,469</u>	<u>53,502</u>

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

The table below analyses financial instruments carried at fair value as at 30 September 2014, by valuation method.

	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Total RM'000</b>
Financial asset:			
Available-for-sale financial asset	<u>47,476</u>	<u>-</u>	<u>47,476</u>
Financial liabilities:			
Derivatives used for hedging			
- Cross currency interest rate swaps	-	(3,337)	(3,337)
- Interest rate swaps	-	(6,104)	(6,104)

**22. FAIR VALUE HIERARCHY (CONTINUED)**

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

The fair value of financial instruments 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:

	<b>As at 30.9.2014 RM'000</b>
Total retained profits of the Company and its subsidiaries	
- realised	2,024,629
- unrealised	<u>(31,615)</u>
	<b>1,993,014</b>
Total share of retained profits from joint ventures	
- realised	149,587
- unrealised	<u>(24,966)</u>
	<b>124,621</b>
Total retained profits of the Group	<u><b>2,117,635</b></u>

**24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	<b>Individual Quarter Ended 30.9.2014 RM'000</b>	<b>Individual Quarter Ended 30.9.2013 RM'000</b>	<b>Cumulative Quarters Period Ended 30.9.2014 RM'000</b>	<b>Cumulative Quarters Period Ended 30.9.2013 RM'000</b>
Profit before taxation is arrived at after charging/(crediting):				
(a) Other operating income				
- Interest income	<b>(3,223)</b>	(1,348)	<b>(5,966)</b>	(3,677)
- Gain on disposal of property, plant and equipment	<b>(5,268)</b>	(204)	<b>(5,293)</b>	(204)
- Gain on disposal of a subsidiary	-	-	-	(9,358)
- Insurance claims	<b>(13)</b>	-	<b>(8,253)</b>	(1,116)
- Dividend income	-	-	<b>(2,321)</b>	(2,221)
- Allowance for doubtful debts written back	-	-	-	(1,976)
- Others	<b>(1,972)</b>	(1,827)	<b>(5,207)</b>	(4,614)
(b) Interest expense	<b>25,201</b>	26,193	<b>68,753</b>	78,751
(c) Depreciation and amortisation	<b>115,470</b>	109,674	<b>344,840</b>	305,995
(d) Allowance for and write off of doubtful debts	<b>25,353</b>	3,301	<b>25,353</b>	9,554
(e) Impairment for available-for-sale financial assets	<b>7,700</b>	-	<b>7,700</b>	-
(f) Net foreign exchange loss/(gain)	<b>2,645</b>	(6,368)	<b>5,757</b>	(22,603)
(g) Loss/(gain) on derivatives	<b>324</b>	5,202	<b>(3,987)</b>	3,947

Other than as presented in the statements of income and as disclosed above, there was no allowance for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties and other exceptional items for the current quarter and cumulative quarters ended 30 September 2014.

**25. MATERIAL LITIGATION**

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

**26. DIVIDENDS**

No dividend is declared or recommended for the current financial period ended 30 September 2014.

**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.

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarters Period Ended</b>	
	<b>30.9.2014</b>	<b>30.9.2013</b>	<b>30.9.2014</b>	<b>30.9.2013</b>
Profit attributable to Owners of the Company (RM’000)	<b>108,093</b>	121,238	<b>271,250</b>	342,873
Weighted average number of ordinary shares in issue for basic EPS (’000)	<b>2,933,017</b>	2,930,730	<b>2,932,500</b>	2,930,039
Adjusted for bonus issue and bonus elements of right issues (’000) (Note 19 (iii))	<b>1,792,398</b>	1,791,002	<b>1,792,084</b>	1,790,579
Adjusted weighted average number of ordinary shares in issue for basic EPS (’000) (restated)	<b>4,725,415</b>	4,721,732	<b>4,724,584</b>	4,720,618
Adjusted for potential ordinary shares on conversion of options under ESOS (’000)	<b>551</b>	222	<b>551</b>	219
Adjusted weighted average number of ordinary shares for diluted EPS (’000) (restated)	<b>4,725,966</b>	4,721,954	<b>4,725,135</b>	4,720,837
Basic earnings per share (sen) (restated)	<b>2.29</b>	2.57	<b>5.74</b>	7.26
Diluted earnings per share (sen) (restated)	<b>2.29</b>	2.57	<b>5.74</b>	7.26

BY ORDER OF THE BOARD

NOOR HAMIZA BINTI ABD HAMID  
(MAICSA 7051227)  
Company Secretary

Kuala Lumpur  
20 November 2014