



BUMI ARMADA

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2014

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2014

The Board of Directors of Bumi Armada Berhad (“Bumi Armada” or “the Company” or “the Group”) would like to announce the following unaudited condensed consolidated financial statements for the fourth quarter ended 31 December 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 Year Ended	
		31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Revenue	18	701,832	556,714	2,397,339	2,073,004
Cost of sales		(595,630)	(390,148)	(1,713,260)	(1,322,720)
Gross profit		106,202	166,566	684,079	750,284
Other operating income		37,334	2,338	64,374	25,504
Selling and distribution costs		(39,220)	(12,388)	(155,233)	(109,624)
Administrative expenses		(104,345)	(32,703)	(220,786)	(122,209)
Operating (loss)/profit		(29)	123,813	372,434	543,955
Finance costs		(32,436)	(23,664)	(99,153)	(97,455)
Share of results of joint ventures		(86)	(12,748)	35,901	33,473
(Loss)/profit before taxation		(32,551)	87,401	309,182	479,973
Taxation		(22,417)	1,653	(84,817)	(44,875)
(Loss)/profit for the financial period/year		(54,968)	89,054	224,365	435,098
Attributable to:					
- Owners of the Company		(52,560)	88,318	218,690	431,191
- Non-controlling interests		(2,408)	736	5,675	3,907
		(54,968)	89,054	224,365	435,098
(Loss)/earnings per share (sen)	27				
- Basic (as restated)		(0.87)	1.87	4.32	9.13
- Diluted (as restated)		(0.87)	1.87	4.32	9.13

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarters Year Ended	
		31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
(Loss)/profit for the financial period/year		(54,968)	89,054	224,365	435,098
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
- Available-for-sale financial assets:					
- (Loss)/gain on fair value change		-	(1,573)	772	(11,556)
- Reclassification to profit or loss		5,725	-	13,576	-
- Fair value (loss)/gain on cash flow hedges		(89,471)	1,991	(84,458)	7,119
- Foreign currency translation differences		295,813	18,399	303,756	249,822
- Share of other comprehensive (loss)/gain of joint ventures		(351)	-	60	-
Other comprehensive income for the financial period/year, net of tax		211,716	18,817	233,706	245,385
Total comprehensive income for the financial period/year		156,748	107,871	458,071	680,483
Total comprehensive income attributable to:					
- Owners of the Company		156,151	106,875	449,321	674,052
- Non-controlling interests		597	996	8,750	6,431
		156,748	107,871	458,071	680,483

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	8,459,781	5,871,084
Goodwill		-	1,411
Investments in joint ventures		405,178	271,787
Available-for-sale financial assets		38,103	48,642
Accrued lease rentals		187,502	433,104
Deferred tax assets		13,743	40,993
Amount due from joint ventures		47,426	-
		9,151,733	6,667,021
CURRENT ASSETS			
Inventories		4,830	5,559
Amounts due from customers on contract		136,605	36,421
Trade receivables		704,439	447,632
Accrued lease rentals		786,069	652,292
Other receivables, deposits and prepayments		139,837	254,091
Tax recoverable		9,211	3,063
Amounts due from joint ventures		149,438	109,048
Deposits, cash and bank balances		3,303,247	634,538
		5,233,676	2,142,644
Non-current assets classified as held-for-sale		66,481	-
TOTAL ASSETS		14,451,890	8,809,665

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
LESS: CURRENT LIABILITIES			
Amounts due to customers on contract		-	592
Trade payables		605,627	243,979
Other payables and accruals		651,030	306,123
Amounts due to joint ventures		18,598	15,379
Hire purchase creditors		68	184
Borrowings	20	1,018,123	1,185,655
Derivative financial instruments	21	7,523	12,672
Taxation		25,541	28,925
		2,326,510	1,793,509
NET CURRENT ASSETS		2,973,647	349,135
LESS: NON-CURRENT LIABILITIES			
Hire purchase creditors		56	128
Borrowings	20	5,174,702	2,591,347
Derivative financial instruments	21	174,227	5,823
Deferred tax liabilities		58,870	38,623
		5,407,855	2,635,921
NET ASSETS		6,717,525	4,380,235
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		1,173,253	586,318
Reserves		5,511,946	3,770,341
		6,685,199	4,356,659
NON-CONTROLLING INTERESTS		32,326	23,576
TOTAL EQUITY		6,717,525	4,380,235
NET ASSETS PER SHARE (RM)		1.15	1.49

* Based on 5,866,269,344 ordinary shares in issue at RM0.20 par value as at 31 December 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 year	-	-	-	-	-	-	-	218,690	218,690	5,675	224,365
Other comprehensive income for the financial year, net of tax	-	-	-	300,867	14,348	-	(84,584)	-	230,631	3,075	233,706
Total comprehensive income for the financial year, net of tax	-	-	-	300,867	14,348	-	(84,584)	218,690	449,321	8,750	458,071
Transactions with owners:											
- Employee share options exercised	1,544	309	5,620	-	-	(1,129)	-	-	4,800	-	4,800
- Employee share options granted	-	-	-	-	-	15,608	-	-	15,608	-	15,608
- Employee share options forfeited/lapsed	-	-	-	-	(6,250)	(250)	-	6,500	-	-	-
Rights issue	1,466,567	293,313	1,660,809	-	-	-	-	-	1,954,122	-	1,954,122
Bonus issue	1,466,567	293,313	(293,313)	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(95,311)	(95,311)	-	(95,311)
At 31 December 2014	5,866,269	1,173,253	3,137,730	352,580	312	44,862	(94,939)	2,071,401	6,685,199	32,326	6,717,525

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 year	-	-	-	-	-	-	-	431,191	431,191	3,907	435,098
Other comprehensive income/(expense) for the financial year, net of tax	-	-	-	247,542	(11,556)	-	6,875	-	242,861	2,524	245,385
Total comprehensive income/(expense) for the financial year, net of tax	-	-	-	247,542	(11,556)	-	6,875	431,191	674,052	6,431	680,483
Transactions with owners:											
- Employee share options exercised	2,423	484	8,569	-	-	(1,635)	-	-	7,418	-	7,418
- Employee share options granted	-	-	-	-	-	16,303	-	-	16,303	-	16,303
- Employee share options forfeited/lapsed	-	-	-	-	-	(84)	-	84	-	-	-
Dividend paid	-	-	-	-	-	-	-	(90,980)	(90,980)	-	(90,980)
At 31 December 2013	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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended 31.12.2014 RM'000	Year Ended 31.12.2013 RM'000
OPERATING ACTIVITIES		
Profit for the financial year	224,365	435,098
Adjustments for non-cash items:		
Share of results of joint ventures	(35,901)	(33,473)
Depreciation of property, plant and equipment	476,050	416,756
Fair value through profit and loss on derivative financial instruments	78,307	536
Gain on disposal of property, plant and equipment	(11,463)	(204)
Gain on disposal of a subsidiary	-	(9,358)
Allowance for doubtful debts	65,956	28,485
Allowance for doubtful debts written back	-	(1,976)
Unrealised foreign exchange gain	(59,005)	(18,013)
Share-based payment	15,608	16,303
Impairment for available-for-sale financial assets	31,112	-
Impairment for goodwill	1,411	-
Interest income	(28,558)	(4,168)
Interest expense	101,606	106,592
Dividend income	(2,321)	(2,221)
Taxation	84,817	44,875
Operating profit before changes in working capital	941,984	979,232
Changes in working capital:		
Inventories	1,032	5,878
Trade and other receivables	(373,446)	(252,339)
Trade and other payables	308,800	(68,822)
Cash from operations	878,370	663,949
Interest paid	(130,349)	(97,455)
Tax paid	(69,963)	(92,186)
Tax refund	1,978	118
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	680,036	474,426

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year Ended 31.12.2014 RM'000	Year Ended 31.12.2013 RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,128,524)	(1,277,546)
Proceeds from disposal of a subsidiary	-	12,446
Proceeds from disposal of property, plant and equipment	72,606	204
Investment in joint ventures	(77,159)	(23,350)
Dividend income	2,321	2,221
Interest received	23,612	4,183
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(2,107,144)	(1,281,842)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	3,298,372	1,857,496
Repayment of bank borrowings	(1,099,802)	(863,067)
Proceeds from hire purchase creditors	-	95
Repayment of hire purchase creditors	(188)	(162)
Proceeds from issuance of shares	4,800	7,418
Proceeds from exercise of rights issue	1,954,122	-
Increase in deposit pledged as security	(600)	-
Dividend paid	(95,311)	(90,980)
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	4,061,393	910,800
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,634,285	103,384
CURRENCY TRANSLATION DIFFERENCES	33,824	30,654
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	633,638	499,600
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	3,301,747	633,638
Cash and cash equivalents consist of:		
Deposits with licensed banks	2,940,679	621,313
Cash and bank balances	362,568	13,225
Less: Designated deposits placed with licensed banks	(1,500)	(900)
	3,301,747	633,638

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 and Annual Improvements to MFRS which are applicable to the Group effective 1 January 2016:

- Annual improvements to MFRSs 2012 - 2014 cycle
- Amendment to MFRS 10 and MFRS 128 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendment to MFRS 10, 12 and 128 “Investment Entities: Applying the Consolidation Exception”
- Amendments to MFRS 101 “Disclosure Initiative”
- Amendments to MFRS 127 “Equity Method in Separate Financial Statements”
- Amendments to MFRS 116 and MFRS 138 “Clarification of Acceptable Methods of Depreciation and Amortisation”

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.

1. BASIS OF PREPARATION (CONTINUED)

(d) 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.

(e) Amendment to MFRS which are applicable to the Group effective 1 January 2018:

- MFRS 9 “Financial Instruments”

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 results as compared with the previous year

Financial Indicators	FY	FY	Change
	31.12.2014	31.12.2013	
	RM'000	RM'000	RM'000
FPSO ⁽¹⁾	949,066	787,629	161,437
OSV ⁽¹⁾	654,626	636,804	17,822
T&I ⁽¹⁾	793,647	648,571	145,076
Revenue	2,397,339	2,073,004	324,335
EBITDA ⁽²⁾	884,385	994,184	(109,799)
EBITDA margin	37%	48%	(11%)
Profit for the financial year	224,365	435,098	(210,733)
Total depreciation	476,050	416,756	59,294

The Group posted revenue of RM2,397.3 million for the current year or 15.6% higher compared with the previous year, as a result of increase in activities across the main business units;

- (a) FPSO revenue was higher by RM161.4 million year-on-year mainly as a result of contributions from the Kraken and ENI 1506 FPSO projects;
- (b) OSV segment revenue was higher by RM17.8 million year-on-year mainly as a result of contributions from new vessels; while
- (c) T&I segment revenue increased mainly due to the ramp up of pipe laying and post trenching activities on the LukOil project, higher utilisation of the Armada Installer and contribution from Armada Condor during the year.

The Group posted EBITDA of RM884.4 million and profit of RM224.4 million for the current year. The current year benefited from strong contribution from new and ongoing FPSO conversion projects, but was adversely affected by weaker demand for OSV vessels particularly of Class B vessels, and lower margins from Armada Condor and Armada Hawk, mainly due to an increased scope of work required to complete the installation of Armada Sterling II in India during the current quarter. OSV fleet renewal programme is on-going with 6 Class B vessels disposed during the current year and 5 vessels remained as held for sale.

The current year results also included charges related to impairment of available-for-sale financial assets, goodwill and allowance for trade receivables. The Group performed an impairment test of the carrying value of goodwill and available-for-sale financial assets and determined that the carrying value of these assets exceeded their respective recoverable amount. As a result, impairment charge for available-for-sale financial assets and goodwill were recorded during the current year amounting to RM32.5 million in aggregate.

Additionally, an assessment was performed on trade receivables. Given the impact of lower commodity prices on customer cash flows, an allowance for trade receivables was recorded during the year of RM66.0 million. The Group did not incur significant cash expenditure as a result of these charges, and we intend to enforce our contractual position and pursue collection of outstanding receivables.

Notes:

- ⁽¹⁾ FPSO - Floating Production Storage Offloading system, OSV - Offshore Support Vessel and T&I - Transport and Installation. These acronyms are also used hereinafter.
- ⁽²⁾ 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

Financial Indicators	4th Quarter 2014 RM'000	3rd Quarter 2014 RM'000	Change RM'000
FPSO	285,498	236,486	49,012
OSV	182,295	163,072	19,223
T&I	234,039	236,951	(2,912)
Revenue	701,832	636,509	65,323
EBITDA	131,095	267,525	(136,430)
EBITDA margin	19%	42%	(23%)
(Loss)/profit for the financial period	(54,968)	111,085	(166,053)
Total depreciation	131,210	115,470	15,740

The Group posted revenue of RM701.8 million for the current quarter, an increase of RM65.3 million or 10.3%, as a result of higher contribution from FPSO and OSV segments, as detailed below:

- (a) FPSO revenue in the current quarter reflected contributions from the progress of the Kraken and ENI 1506 FPSO projects progress and higher activity for MT Ulysses tanker;
- (b) OSV revenue in the current quarter reflected an improvement in vessel utilisation. The fleet utilisation rates are as shown below:

OSV vessel average utilisation rates for the quarter ended	4th Quarter 2014 %	3rd Quarter 2014 %	Change in %
Group's vessels	79	74	5
- Class A ⁽³⁾	84	78	6
- Class B ⁽⁴⁾	71	69	2
Group's vessels including those held by joint ventures	79	74	5

The OSV fleet renewal programme is on-going with 3 Class B vessels disposed in the current quarter while 5 vessels remained as held for sale.

- (c) T&I revenue in the current quarter reflected a significant decline in activity from the LukOil project in Russia due to weather seasonality, partly offset by higher O&M⁽⁵⁾ activity for the Armada Installer and use of Armada Hawk for the installation of Armada Sterling II, a joint venture FPSO vessel in India.

The Group posted an EBITDA of RM131.1 million and loss of RM55.0 million for the current quarter. The quarter benefited from positive contributions by FPSO conversion projects offset by additional cost associated with an increased scope of work required to complete the installation of Armada Sterling II in India, and charge out of bidding expenses for certain FPSO projects.

The current quarter results also included charges related to impairment of available-for-sale financial assets, goodwill and allowance for trade receivables. The Group performed an impairment test of the carrying value of goodwill and available-for-sale financial assets and determined that the carrying value of these assets exceeded their respective recoverable amount. As a result, impairment charge for available-for-sale financial assets and goodwill were recorded during the current quarter amounting to RM24.8 million in aggregate.

2. MANAGEMENT COMMENTARY (CONTINUED)

Additionally, an assessment was performed on trade receivables. Given the impact of lower commodity prices on customer cash flows, an allowance for trade receivables was recorded during the quarter of RM40.6 million. The Group did not incur significant cash expenditure as a result of these charges, and we intend to enforce its contractual position and pursue collection of outstanding receivables.

Notes:

⁽³⁾ 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.

⁽⁴⁾ 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.

⁽⁵⁾ Defined as operations and maintenance.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2015

Weaker oil and gas commodity prices have resulted in the current bear market sentiment in the energy sector. The duration of this bearish sentiment will depend on the timing and extent of the weakness in oil prices and the underlying global outlook for energy demand and supply. Whilst the curtailment of capital expenditure in the industry was expected, the scale of the reduction is significantly greater than previously expected. The impact of this downturn will be negative for the industry in the short- to medium-term, with E&P companies focusing on capital and cost management, which in turn, will lead to new projects being deferred. The postponement of new projects is likely to have a negative impact on the demand for the assets and services of the Group. Notwithstanding the above, we remain positive on the long term outlook of the offshore oil and gas services industry and are confident of the long term underlying fundamentals of the Group. In the meantime, the Group has initiated cost reduction (which would include headcount rationalization) and capital budgeting measures to enhance efficiency and productivity.

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 oil and gas, 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 financial year ended 31 December 2014.

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 consolidated 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 the issuance of the following shares which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 13 October 2014:

- (i) the issuance of 1,466,567,350 new ordinary shares of RM0.20 each in Bumi Armada (“Rights Shares”), on the basis of one (1) Rights Share for every two (2) existing ordinary shares of RM0.20 each in Bumi Armada (“Shares”) held by the entitled shareholders (“Entitled Shareholders”) as at 5.00 p.m. on 12 September 2014 (“Entitlement Date”), at an issue price of RM1.35 per Rights Share.
- (ii) the issuance of 1,466,567,294 new ordinary shares of RM0.20 each in Bumi Armada (“Bonus Shares”), on the basis of one (1) Bonus Share for every two (2) existing shares held by the Entitled Shareholders on the Entitlement Date.

9. DIVIDENDS PAID

The following dividend payment was made during the year ended 31 December 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 3 core business segments based on the type of activities carried out by its vessels and barges. The information of each of the Group's business segments for the individual quarters and years ended 31 December 2014 and 31 December 2013 are as follows:

Individual Quarter Ended 31.12.2014	FPSO RM'000	OSV RM'000	T&I RM'000	Others RM'000	Corporate and elimination RM'000	Group RM'000
Revenue	285,498	182,295	234,039	-	-	701,832
Inter-segment revenue	-	-	-	42,419	(42,419)	-
Results						
Segment results	68,977	(20,106)	(61,411)	(18,340)	(6,483)	(37,363)
Other operating income						37,334
Share of results of joint ventures						(86)
Finance costs						(32,436)
Taxation						(22,417)
Loss for the financial period						(54,968)

Individual Quarter Ended 31.12.2013	FPSO RM'000	OSV RM'000	T&I RM'000	Others RM'000	Corporate and elimination RM'000	Group RM'000
Revenue	206,619	170,691	179,404	-	-	556,714
Inter-segment revenue	-	-	-	28,327	(28,327)	-
Results						
Segment results	86,374	12,062	23,039	2,882	(2,882)	121,475
Other operating income						2,338
Share of results of joint ventures						(12,748)
Finance costs						(23,664)
Taxation						1,653
Profit for the financial period						89,054

10. SEGMENTAL INFORMATION (CONTINUED)

Cumulative Quarters Year Ended 31.12.2014	FPSO RM'000	OSV RM'000	T&I RM'000	Others RM'000	Corporate and elimination RM'000	Group RM'000
Revenue	949,066	654,626	793,647	-	-	2,397,339
Inter-segment revenue	-	-	-	161,445	(161,445)	-
Results						
Segment results	282,204	47,358	3,321	(13,159)	(11,664)	308,060
Other operating income						64,374
Share of results of joint ventures						35,901
Finance costs						(99,153)
Taxation						(84,817)
Profit for the financial year						224,365

Cumulative Quarters Year Ended 31.12.2013	FPSO RM'000	OSV RM'000	T&I RM'000	Others RM'000	Corporate and elimination RM'000	Group RM'000
Revenue	787,629	636,804	648,571	-	-	2,073,004
Inter-segment revenue	-	-	-	111,222	(111,222)	-
Results						
Segment results	266,726	126,331	125,394	11,901	(11,901)	518,451
Other operating income						25,504
Share of results of joint ventures						33,473
Finance costs						(97,455)
Taxation						(44,875)
Profit for the financial year						435,098

11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment for the period under review. As at 31 December 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 YEAR

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 disposals of subsidiaries and long-term investments, restructurings, and discontinued operations for the current quarter under review.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group's contingent liabilities comprising the bank guarantees extended to third parties amounted to RM679.8 million as at 31 December 2014 as compared to RM377.6 million 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 31 December 2014 are as follows:

	RM'000
- authorised and contracted	892,420
- authorised but not contracted	7,673,842
	<hr/>
	8,566,262
	<hr/> <hr/>

16. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Cumulative Quarters Year Ended 31.12.2014 RM'000
<u>Related party transactions</u>	
(a) Transactions with UTSB Management Sdn Bhd ⁽¹⁾ : - reimbursable costs incurred in respect of an executive director - management fees	7,079 5,535
(b) Telecommunication expenses to Maxis Berhad ⁽²⁾	2,762
(c) Rental to Malaysian Landed Property Sdn Bhd ⁽³⁾	7,086
(d) Transactions with joint ventures: - ship management fees to Century Bumi Limited	15,077
(e) Key management personnel compensation: - non-executive directors fees - salaries, bonus and allowances and other staff related costs - defined contribution plan - share-based payment	2,719 31,067 4,154 11,228
(f) Payment on behalf: - joint ventures	<u>131,439</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:

- ⁽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 Year Ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Income tax:				
- Current year	12,422	27,307	52,002	94,495
- Prior year	(425)	255	(7,264)	4,923
Deferred tax	10,420	(29,215)	40,079	(54,543)
Total	22,417	(1,653)	84,817	44,875

The Group's effective tax rates for the individual quarter and cumulative quarters year ended 31 December 2014 were (69%) and 27% respectively, mainly due to the changes in the proportion of income contributed by subsidiaries which are subject to different statutory tax rate at their respective jurisdictions.

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 31 December 2014 are as follows:

	As at 31.12.2014 RM'000
SHORT TERM DEBT	
Secured:	
Term loans	433,176
Unsecured:	
Sukuk murabahah	30,655
Bridging loan	52
Revolving credit	-
Term loans	554,240
Total short term debt	1,018,123
LONG TERM DEBT	
Secured:	
Term loans	1,184,471
Unsecured:	
Sukuk murabahah	1,498,797
Bridging loan	610,792
Term loans	1,880,642
Total long term debt	5,174,702
Total borrowings	6,192,825
CURRENCY PROFILE	
United States Dollar	3,891,162
Ringgit Malaysia	2,301,663
	6,192,825

21. DERIVATIVE FINANCIAL INSTRUMENTS

Disclosure of derivatives

Details of derivative financial instruments outstanding as at 31 December 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	375,573	(7,974)
- 1 to 3 years	854,101	482
- More than 3 years	172,052	820
	<u>1,401,726</u>	<u>(6,672)</u>
Cross currency interest rate swaps		
- Less than 1 year	27,696	451
- 1 to 3 years	76,695	(2,765)
- More than 3 years	1,350,000	(172,764)
	<u>1,454,391</u>	<u>(175,078)</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 December 2014, the Group recognised net derivative financial liabilities of RM181.8 million, an increase of RM163.3 million from the previous financial year ended 31 December 2013, on remeasuring the fair values of the derivative financial instruments. The increase of RM160.3 million was included in the cash flow hedging reserve attributable to the Group and the non-controlling interest, of which RM75.9 million was recycled to profit or loss while RM2.4 million was recorded as fair value loss from derivative financial instruments through the profit or loss.

The Group's cash flow hedging reserve of RM94.9 million as at 31 December 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 December 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>1,580,313</u>	<u>1,531,621</u>

(b) Financial instruments carried at fair value

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

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Financial asset:			
Available-for-sale financial asset	<u>38,103</u>	<u>-</u>	<u>38,103</u>
Financial liabilities:			
Derivatives used for hedging			
- Cross currency interest rate swaps	-	(175,078)	(175,078)
- Interest rate swaps	-	(6,672)	(6,672)

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.

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 31.12.2014 RM'000
Total retained profits of the Company and its subsidiaries	
- realised	1,916,716
- unrealised	13,879
	<hr/> 1,930,595 <hr/>
Total share of retained profits from joint ventures	
- realised	168,179
- unrealised	(27,373)
	<hr/> 140,806 <hr/>
 Total retained profits of the Group	 <hr/> 2,071,401 <hr/>

24. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Individual Quarter Ended 31.12.2014 RM'000	Individual Quarter Ended 31.12.2013 RM'000	Cumulative Quarters Year Ended 31.12.2014 RM'000	Cumulative Quarters Year Ended 31.12.2013 RM'000
Profit before taxation is arrived at after charging/(crediting):				
(a) Other operating income				
- Interest income	(22,592)	(491)	(28,558)	(4,168)
- Gain on disposal of property, plant and equipment	(6,170)	-	(11,463)	(204)
- Gain on disposal of a subsidiary	-	-	-	(9,358)
- Insurance claims	(6,025)	(102)	(14,278)	(1,218)
- Dividend income	-	-	(2,321)	(2,221)
- Allowance for doubtful debts written back	-	-	-	(1,976)
- Others	(2,547)	(1,745)	(7,754)	(6,359)
(b) Interest expense	32,853	27,841	101,606	106,592
(c) Depreciation and amortisation	131,210	110,761	476,050	416,756
(d) Allowance for and write off of doubtful debts	40,603	18,931	65,956	28,485
(e) Impairment for available-for-sale financial assets	23,412	-	31,112	-
(f) Impairment for goodwill	1,411	-	1,411	-
(g) Net foreign exchange (gain)/loss	(63,196)	7,106	(57,439)	(15,497)
(h) Loss/(gain) on derivatives	82,294	(3,411)	78,307	536

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 31 December 2014.

25. MATERIAL LITIGATION

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

26. DIVIDENDS

The Board of Directors proposes to recommend for shareholders' approval at the forthcoming Annual General Meeting of the Company, a tax exempt final cash dividend of 1.63 sen per share (2013: final cash dividend comprised a single tier tax exempt dividend of 3.25 sen per share) in respect of the financial year ended 31 December 2014 (applicable to the enlarged share base including the Rights Shares and Bonus Shares issued during the year). This dividend is not taxable in the hands of the shareholders pursuant to Section 54A(3)(d and e) of the Income Tax Act, 1967 the entitlement and payment dates for which will be announced at a later date to be determined.

If the above recommendation is approved, the total dividend for the financial year ended 31 December 2014 will be 1.63 sen per share.

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 year.

The diluted earnings per share is calculated by dividing the profit for the financial year attributable to the Owners of the Company (adjusted for interest income, net of tax, earned on the proceeds arising from the conversion of the 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 year or the date of the grant, if later.

	Individual Quarter Ended		Cumulative Quarters Year Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
(Loss)/Profit attributable to Owners of the Company (RM'000)	(52,560)	88,318	218,690	431,191
Weighted average number of ordinary shares in issue for basic EPS ('000)	4,224,352	2,931,517	3,266,154	2,930,411
Adjusted for bonus issue and bonus elements of right issues ('000)	1,792,458	1,792,291	1,792,400	1,792,168
Adjusted weighted average number of ordinary shares in issue for basic EPS ('000) (restated)	6,016,810	4,723,808	5,058,554	4,722,579
Adjusted for potential ordinary shares on conversion of options under ESOS ('000)	-	202	-	220
Adjusted weighted average number of ordinary shares for diluted EPS ('000) (restated)	6,016,810	4,724,010	5,058,554	4,722,799
Basic (loss)/earnings per share (sen) (restated)	(0.87)	1.87	4.32	9.13
Diluted (loss)/earnings per share (sen) (restated)	(0.87)	1.87	4.32	9.13

BY ORDER OF THE BOARD

NOOR HAMIZA BINTI ABD HAMID
(MAICSA 7051227)
Company Secretary

Kuala Lumpur
26 February 2015