



BUMIARMADA

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 third quarter ended 30 September 2015 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 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 Ended	
		30.9.2015 RM'000	30.9.2014 RM'000 Restated	30.9.2015 RM'000	30.9.2014 RM'000 Restated
Revenue		559,464	636,509	1,590,692	1,695,507
Cost of sales		(461,719)	(452,930)	(1,207,548)	(1,203,519)
Gross profit		97,745	183,579	383,144	491,988
Other operating income		19,394	10,476	75,694	27,040
Selling and distribution costs		(1,965)	(6,435)	(21,433)	(32,697)
Administrative expenses		(1,329)	(30,188)	(69,269)	(106,168)
Operating profit before impairment		113,845	157,432	368,136	380,163
Impairment		(12,221)	(7,700)	(377,538)	(7,700)
Operating profit		101,624	149,732	(9,402)	372,463
Finance costs		(25,788)	(24,343)	(101,167)	(66,717)
Share of results of joint ventures		25,902	2,323	43,188	35,987
Profit/(loss) before taxation		101,738	127,712	(67,381)	341,733
Taxation	18	(30,763)	(16,627)	(87,532)	(62,400)
Profit/(loss) for the financial period		70,975	111,085	(154,913)	279,333
Attributable to:					
- Owners of the Company		69,998	108,093	(149,486)	271,250
- Non-controlling interests		977	2,992	(5,427)	8,083
		70,975	111,085	(154,913)	279,333
Earnings per share (sen)	28				
- Basic		1.19	2.29	(2.55)	5.74
- Diluted		1.19	2.29	(2.55)	5.74

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual Quarter Ended		Cumulative Quarters Ended	
		30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Profit/(loss) for the financial period		70,975	111,085	(154,913)	279,333
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit or loss					
- Available-for-sale financial assets:					
- Gain on fair value change		-	2,775	-	772
- Reclassification to profit or loss		-	7,851	-	7,851
- Fair value (loss)/gain on cash flow hedges		(158,912)	3,879	(197,163)	5,013
- Foreign currency translation differences		845,428	94,967	1,218,280	7,943
- Share of other comprehensive (loss)/gain of joint ventures		(1,064)	516	(1,233)	411
Other comprehensive income for the financial period, net of tax		685,452	109,988	1,019,884	21,990
Total comprehensive income for the financial period		756,427	221,073	864,971	301,323
Total comprehensive income attributable to:					
- Owners of the Company		747,058	217,130	858,220	293,170
- Non-controlling interests		9,369	3,943	6,751	8,153
		756,427	221,073	864,971	301,323

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30.9.2015 RM'000	As at 31.12.2014 RM'000 Restated
NON-CURRENT ASSETS			
Property, plant and equipment	11	13,456,795	8,459,781
Investments in joint ventures		566,901	405,178
Available-for-sale financial assets		25,012	38,103
Accrued lease rentals		160,772	187,502
Deferred tax assets		22,091	13,743
Amount due from a joint venture		62,152	47,426
		14,293,723	9,151,733
CURRENT ASSETS			
Inventories		6,048	4,830
Amounts due from customers on contract		162,303	136,605
Trade receivables		716,693	704,439
Accrued lease rentals		575,690	786,069
Other receivables, deposits and prepayments		149,323	139,837
Tax recoverable		5,771	9,211
Amounts due from joint ventures		306,201	149,438
Deposits, cash and bank balances		2,058,045	3,303,247
		3,980,074	5,233,676
Non-current assets classified as held-for-sale		85,832	66,481
TOTAL ASSETS		18,359,629	14,451,890

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	As at 30.9.2015 RM'000	As at 31.12.2014 RM'000 Restated
LESS: CURRENT LIABILITIES			
Trade payables and accruals		768,570	699,416
Other payables and accruals		513,008	207,511
Amounts due to joint ventures		29,982	18,598
Hire purchase creditors		19	68
Borrowings	21	3,924,169	1,018,123
Derivative financial instruments	22	32,376	7,523
Taxation		59,240	25,541
		5,327,364	1,976,780
NET CURRENT (LIABILITIES)/ASSETS		(1,261,458)	3,323,377
LESS: NON-CURRENT LIABILITIES			
Advances from customers		455,432	349,730
Hire purchase creditors		9	56
Borrowings	21	4,261,556	5,174,702
Derivative financial instruments	22	760,027	174,227
Deferred tax liabilities		65,181	58,870
		5,542,205	5,757,585
NET ASSETS		7,490,060	6,717,525
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		1,173,253	1,173,253
Reserves		6,277,730	5,511,946
		7,450,983	6,685,199
NON-CONTROLLING INTERESTS		39,077	32,326
TOTAL EQUITY		7,490,060	6,717,525
NET ASSETS PER SHARE (RM)		1.28*	1.15

* Based on 5,866,269,344 ordinary shares in issue at RM0.20 par value as at 30 September 2015.

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>2015</u>											
At 1 January	5,866,269	1,173,253	3,137,730	352,580	6,562	44,862	(94,939)	2,065,151	6,685,199	32,326	6,717,525
Loss for the financial period	-	-	-	-	-	-	-	(149,486)	(149,486)	(5,427)	(154,913)
Other comprehensive income/(expense) for the financial period, net of tax	-	-	-	1,204,890	-	-	(197,184)	-	1,007,706	12,178	1,019,884
Total comprehensive income/(expense) for the financial period, net of tax	-	-	-	1,204,890	-	-	(197,184)	(149,486)	858,220	6,751	864,971
Transactions with owners:											
- Employee share options granted	-	-	-	-	-	3,184	-	-	3,184	-	3,184
- Employee share options forfeited	-	-	-	-	-	(3,888)	-	3,888	-	-	-
- Dividend paid	-	-	-	-	-	-	-	(95,620)	(95,620)	-	(95,620)
At 30 September	5,866,269	1,173,253	3,137,730	1,557,470	6,562	44,158	(292,123)	1,823,933	7,450,983	39,077	7,490,060

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>2014</u>											
At 1 January	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	-	-	-	-	-	(174)	-	174	-	-	-
- Dividend paid	-	-	-	-	-	-	-	(95,311)	(95,311)	-	(95,311)
At 30 September	2,933,135	586,627	1,770,234	60,448	837	43,743	(5,793)	2,117,635	4,573,731	31,729	4,605,460

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period Ended 30.9.2015 RM'000	Period Ended 30.9.2014 RM'000
OPERATING ACTIVITIES		
(Loss)/profit for the financial period	(154,913)	279,333
Adjustments for non-cash items:		
Share of results of joint ventures	(43,188)	(35,987)
Depreciation of property, plant and equipment	443,796	344,840
Fair value through profit and loss on derivative financial instruments	15,489	(3,987)
Gain on disposal of property, plant and equipment	(90)	(5,293)
Gain on disposal of a subsidiary	(17,645)	-
Allowance for doubtful debts	-	25,353
Allowance for doubtful debts written back	(15,306)	-
Bad debts written off	18	-
Unrealised foreign exchange (gain)/loss	(60,740)	4,041
Share-based payment	3,184	14,490
Write off of property, plant and equipment	1,928	-
Impairment for property, plant and equipment and non-current assets held for sale	353,809	-
Impairment for available-for-sale financial assets	21,038	7,700
Impairment for investment in a joint venture	2,691	-
Interest income	(44,128)	(5,966)
Interest expense	101,941	68,753
Dividend income	(1,841)	(2,321)
Taxation	87,532	62,400
Operating profit before changes in working capital	693,575	753,356
Changes in working capital:		
Inventories	(139)	(12,031)
Trade and other receivables	(176,715)	(111,052)
Trade and other payables	169,270	253,671
Cash from operations	685,991	883,944
Interest paid	(188,455)	(104,433)
Tax paid	(90,733)	(45,219)
Tax refund	4,461	1,969
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	411,264	736,261

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Period Ended 30.9.2015 RM'000	Period Ended 30.9.2014 RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,981,714)	(1,909,272)
Proceeds from disposal of property, plant and equipment	9	42,232
Investments in joint ventures	(40,504)	(328)
Dividend income	-	2,321
Interest received	47,888	5,966
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(2,974,321)	(1,859,081)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	2,004,120	3,133,735
Repayment of bank borrowings	(958,711)	(416,965)
Repayment of hire purchase creditors	(96)	(141)
Proceeds from issuance of shares	-	4,723
Decrease/(increase) in deposit pledged as security	600	(600)
Dividend paid	(95,620)	(95,311)
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	950,293	2,625,441
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,612,764)	1,502,621
CURRENCY TRANSLATION DIFFERENCES	368,162	83
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	3,301,747	633,638
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	2,057,145	2,136,342
Cash and cash equivalents consist of:		
Deposits with licensed banks	1,566,363	1,897,801
Cash and bank balances	491,682	240,041
Less: Designated deposits placed with licensed banks	(900)	(1,500)
	2,057,145	2,136,342

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 2014 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 2014. 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 2014, other than those disclosed below:

(a) 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 adoption of the above amendment and annual improvements to MFRS did not have any significant impact on the financial statements of the Group.

(b) Amendments and Annual Improvements to MFRS which are applicable to the Group effective 1 January 2016:

- Annual Improvements to MFRSs 2012 - 2014 cycle
- Amendments to MFRS 10 “Consolidated Financial Statements” and MFRS 128 “Investment in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 127 “Separate Financial Statements” - Equity Method in Separate Financial Statements
- Amendments to MFRS 116 “Property, Plant and Equipment” and MFRS 138 “Intangibles Assets” - Clarification of Acceptable Methods of Depreciation and Amortisation

The above amendments 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) New MFRSs which are applicable to the Group effective 1 January 2018:

- MFRS 9 “Financial Instruments”
- MFRS 15 “Revenue from Contracts with Customers”

The adoption of these MFRSs may result in a change in accounting policy. The Group will quantify the effect of adopting these standards when the full standard is effective.

2. MANAGEMENT COMMENTARY

(A) Review of performance for the current year to date (“YTD”) results as compared with the previous YTD

Financial Indicators	YTD 30.9.2015 RM'000	YTD 30.9.2014 RM'000	Change RM'000
Segment revenue			
FPSO & FGS ⁽¹⁾	927,378	663,568	263,810
OSV ⁽¹⁾	427,806	472,331	(44,525)
T&I ⁽¹⁾	235,508	559,608	(324,100)
Total revenue	1,590,692	1,695,507	(104,815)
EBITDA ⁽²⁾	855,120	760,990	94,130
EBITDA margin	54%	45%	9%
(Loss)/profit for the financial period	(154,913)	279,333	(434,246)
Depreciation	443,796	344,840	98,956
Impairment	* 377,538	7,700	369,838

* Total impairment inclusive of share of impairment for property, plant and equipment at a joint venture of RM20.5 million is RM398.0 million.

The Group posted revenue of RM1,590.7 million for the financial period ended 30 September 2015 (“YTD 2015”), a decrease of 6% compared to the financial period ended 30 September 2014 (“YTD 2014”). The decrease was mainly attributed to the following factors:

- (a) OSV vessel utilisation continued to be adversely affected by the challenging oil and gas market environment;
- (b) Lower T&I activity as a result of reduced activity from the LukOil project in the Caspian Sea, and lower utilisation of the Armada Hawk and Armada Condor; and
- (c) Partly offsetting the above decreases was an increase in FPSO and FGS revenue due mainly to higher conversion activity from the Kraken and Eni 1506 FPSO projects and the Armada LNG Mediterrana FGS project.

The Group posted an EBITDA of RM855.1 million for YTD 2015, an increase of RM94.1 million compared to YTD 2014. The increase in EBITDA was mainly as a result of higher contributions from FPSO and FGS conversion activities and higher share of results of joint ventures arising from conversion activity of the Madura FPSO project. The EBITDA was impacted by lower contributions from the OSV and T&I segments and a charge related to staff retrenchment exercise of RM26.2 million.

The Group posted a loss of RM154.9 million for YTD 2015, after taking into account the following:

- (a) Impairment loss of RM398.0 million comprising impairment for property, plant and equipment and non-current assets held for sale of RM353.8 million, impairment for available-for-sale financial assets of RM21.0 million, impairment for investment in a joint venture of RM2.7 million and share of impairment of a non-core asset at a joint venture of RM20.5 million;
- (b) Higher depreciation of RM99.0 million due to additional operating vessels across all business segments;
- (c) Higher finance costs of RM34.5 million due to higher corporate debts and cessation of interest capitalisation of a completed FPSO conversion project; and
- (d) Higher taxation of RM25.1 million due to activities in countries with higher statutory tax rates.

Notes:

⁽¹⁾ FPSO - Floating Production Storage Offloading system, FGS - Floating Gas Solutions, 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, amortisation and impairment.

2. MANAGEMENT COMMENTARY (CONTINUED)

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

Financial Indicators	3rd Quarter 2015 RM'000	2nd Quarter 2015 RM'000	Change RM'000
Segment revenue			
FPSO & FGS	365,168	271,130	94,038
OSV	137,392	125,894	11,498
T&I	56,904	62,053	(5,149)
Total revenue	559,464	459,077	100,387
EBITDA	298,629	269,519	29,110
EBITDA margin	53%	59%	(6%)
Profit/(loss) for the financial period	70,975	(298,933)	369,908
Depreciation	158,882	143,528	15,354
Impairment	12,221	* 363,177	(350,956)

* Total impairment inclusive of share of impairment for property, plant and equipment at a joint venture of RM20.5 million is RM383.6 million.

The Group posted revenue of RM559.5 million for the quarter ended 30 September 2015 ("Q3 2015"), an increase of 22% compared to the quarter ended 30 June 2015 ("Q2 2015"). The increase was attributed mainly to the following factors:

- (a) Higher FPSO conversion activity arising from the Kraken and the Eni 1506 FPSO projects;
- (b) Higher OSV utilisation of Class A vessels. Overall OSV utilisation continues to be affected by the challenging oil and gas market environment; and

OSV vessel average utilisation rates for the quarter ended	3rd Quarter 2015 %	2nd Quarter 2015 %	Change in %
Group's vessels	54	53	1
- Class A ⁽³⁾	52	50	2
- Class B ⁽⁴⁾	56	57	(1)
Group's vessels including those held by joint ventures	54	54	-

- (c) Partly offset by lower T&I activity as a result of reduce activity from the LukOil project in the Caspian Sea.

The Group posted an EBITDA of RM298.6 million for Q3 2015, an increase of RM29.1 million compared to Q2 2015. This was due mainly to higher contributions from the FPSO conversion activity, higher share of results of joint ventures, partly offset by a charge related to the Lukoil project in the T&I segment, a charge related to staff retrenchment exercise of RM4.4 million and non-repeat of a gain on disposal of a subsidiary of RM17.6 million in Q2 2015.

Profit for Q3 2015 normalised upwards on non-repeat charges incurred in Q2 2015. The charges incurred in Q2 2015 included impairment charge of RM383.6 million comprising an impairment for property, plant and equipment and non-current assets held for sale of RM353.8 million, an impairment for available-for-sale financial assets of RM6.6 million, an impairment for investment of a joint venture of RM2.7 million and share of impairment of a non-core asset at a joint venture of RM20.5 million. Included in the profit for Q3 2015 was an impairment for available-for-sale financial assets of RM12.2 million.

Notes:

⁽³⁾ Class A represents vessels which are less than 12 years old or more than 8000 brake horse power and accommodation work barges which are more than 200 pax in capacity.

⁽⁴⁾ Class B represents vessels which are more than 12 years old or less than 8000 brake horse power and accommodation work barges which are less than 200 pax in capacity.

2. MANAGEMENT COMMENTARY (CONTINUED)

(C) Critical accounting estimates and judgements

As a result of the decline in vessel utilisation and day rates, the Group performed an assessment in the prior quarter of the recoverable amount of its vessels to determine whether the carrying value of these vessels are recoverable. The review was carried out in accordance with MFRS 136 “Impairment of Assets”. In such evaluation, the estimated recoverable amount is determined based on the higher of an asset’s value-in-use (“VIU”) or fair value less costs to sell (“FV”). The recoverable amount was compared to the carrying value of each asset with identified impairment triggers. If the recoverable amount is lower, the carrying value of the asset is reduced to its estimated recoverable amount and the difference is regarded as an impairment loss. The Group considered each vessel within a segment as a cash-generating unit (“CGU”), however, they are grouped together for disclosure purposes.

VIU is the present value of the future cash flows expected to be derived from the CGU. The VIU is calculated based on estimates and judgement with respect to key assumptions such as utilisation rates, daily charter rates and the discount rate amongst others. A discount rate of 10% was applied in the VIU calculation. These key assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The FV represents an estimate of the amount received in the event the vessel is sold on a willing buyer and willing seller basis (considered as Level 3 in the fair value hierarchy as defined in Note 23).

The recoverable amount of OSV vessels for which an impairment charge was made in the prior quarter was RM948.0 million, while the impairment charge was RM249.1 million. The recoverable amount of the T&I vessels for which an impairment charge was made in the prior quarter was RM39.9 million, while the impairment charge was RM104.7 million.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2015

The offshore oil and gas sector remains challenged by the continuing uncertainty on the short-term to medium-term outlook for global energy supply and demand. Oil companies continue to focus on capital and cost management, and this will in turn result in continued deferment of decision making and awards on new projects. The deferment of new projects is likely to have a negative impact on the demand for the assets and services of the Group. In the meantime, the Group will continue to pursue new opportunities that would meet the internal criteria for balanced risk and returns, while it remains focused on improving efficiency and productivity in our current structure.

4. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the audited financial statements for the preceding financial year ended 31 December 2014.

5. SEASONALITY OR CYCLICALITY OF OPERATIONS

The businesses of the Group were not materially affected by any seasonal or cyclical fluctuations during the financial period ended 30 September 2015.

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 other than those disclosed in Note 25.

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, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

9. DIVIDENDS PAID

The following dividend payment was made during the period ended 30 September 2015:

	RM'000
In respect of the financial year ended 31 December 2014:	
- Final cash dividend comprising a single tier tax-exempt dividend of 1.63 sen per ordinary share paid on 3 July 2015	95,620
	<u>95,620</u>

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 and cumulative quarters ended 30 September 2015 and 30 September 2014 are as follows:

Individual Quarter Ended 30.9.2015	FPSO & FGS RM'000	OSV RM'000	T&I RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	365,168	137,392	56,904	-	-	559,464
Inter-segment revenue	-	-	-	45,205	(45,205)	-
Results Segment results	146,335	(18,837)	(30,356)	801	(3,492)	94,451
Impairment	-	-	-	(12,221)	-	(12,221)
Other operating income						19,394
Share of results of joint ventures						25,902
Finance costs						(25,788)
Taxation						(30,763)
Profit for the financial period						70,975

Individual Quarter Ended 30.9.2014	FPSO RM'000	OSV RM'000	T&I RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	236,486	163,072	236,951	-	-	636,509
Inter-segment revenue	-	-	-	40,172	(40,172)	-
Results Segment results (restated)	83,936	28,805	34,215	3,663	(3,663)	146,956
Impairment	-	-	-	(7,700)	-	(7,700)
Other operating income						10,476
Share of results of joint ventures						2,323
Finance costs						(24,343)
Taxation						(16,627)
Profit for the financial period						111,085

10. SEGMENTAL INFORMATION (CONTINUED)

Cumulative Quarters Period Ended 30.9.2015	FPSO & FGS RM'000	OSV RM'000	T&I RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	927,378	427,806	235,508	-	-	1,590,692
Inter-segment revenue	-	-	-	129,073	(129,073)	-
Results						
Segment results	330,052	(41,174)	3,564	8,597	(8,597)	292,442
Impairment	-	(249,092)	(104,717)	(23,729)	-	(377,538)
Other operating income						75,694
Share of results of joint ventures						43,188
Finance costs						(101,167)
Taxation						(87,532)
Loss for the financial period						(154,913)

Cumulative Quarters Period Ended 30.9.2014	FPSO RM'000	OSV RM'000	T&I RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
Revenue	663,568	472,331	559,608	-	-	1,695,507
Inter-segment revenue	-	-	-	119,026	(119,026)	-
Results						
Segment results (restated)	221,472	63,899	67,752	5,181	(5,181)	353,123
Impairment	-	-	-	(7,700)	-	(7,700)
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

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 2015, 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

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

Save as disclosed below, 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:

Establishment of new companies

- (a) On 28 August 2015, Bumi Armada Singapore Holdings Pte. Ltd. (“BASH”) was incorporated as a wholly-owned subsidiary of the Company in Singapore with an issued share capital of USD2.00 comprising 2 shares of USD1.00 each.
- (b) On 29 September 2015, BASH incorporated a wholly-owned subsidiary in Singapore under the name of Armada Constructor Pte. Ltd. with an issued share capital of USD2.00 comprising 2 shares of USD1.00 each.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group’s contingent liabilities comprising bank guarantees extended to third parties amounted to RM1,180.9 million as at 30 September 2015 as compared to RM679.8 million as at 31 December 2014. 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 2015 are as follows:

	RM’000
- authorised and contracted	1,353,454
- authorised but not contracted	4,899,159
	<hr/>
	6,252,613
	<hr/> <hr/>

16. SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Cumulative Quarters Period Ended 30.9.2015 RM'000
<u>Related party transactions</u>	
(a) Transactions with UTSB Management Sdn Bhd ⁽¹⁾ :	
- reimbursable costs incurred in respect of management services agreement	4,990
- management fees	4,194
(b) Telecommunication expenses to Maxis Berhad ⁽²⁾	1,518
(c) Rental to Malaysian Landed Property Sdn Bhd ⁽³⁾	5,642
(d) Transaction with a joint venture:	
- ship management fees to Century Bumi Limited	6,860
(e) Key management personnel compensation:	
- non-executive directors fees	2,516
- salaries, bonus and allowances and other staff related costs ⁽⁴⁾	10,943
- defined contribution plan	1,457
- share-based payment	2,050
(f) Payment on behalf:	
- joint ventures	<u>10,438</u>

Usaha Tegas Sdn Bhd (“UTSB”) is a party related to the Company by virtue of its substantial equity 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.

Notes:

⁽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.

⁽⁴⁾ The amount is inclusive of the transaction with UTSB Management Sdn Bhd with regard to reimbursable costs incurred in respect of key management personnel as disclosed in (a).

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	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Income tax:				
- Current year	38,893	12,310	98,949	39,580
- Prior year	(215)	(1,190)	928	(6,839)
Deferred tax	(7,915)	5,507	(12,345)	29,659
Total	30,763	16,627	87,532	62,400

The Group's effective tax rates for the individual quarter and cumulative quarters ended 30 September 2015 were 30% and negative 130% respectively, as compared to the Malaysian statutory tax rate of 25%. The variance for the individual quarter ended 30 September 2015 was mainly due to changes in the proportion of income contributed by subsidiaries which are subject to different statutory tax rates at their jurisdictions and expenses not deductible for tax purposes. The variance for the cumulative quarters ended 30 September 2015 was mainly due to expenses not deductible for tax purpose and offset against income generated in foreign countries that have higher statutory tax rates than Malaysia.

19. STATUS OF CORPORATE PROPOSALS ANNOUNCED

Save as disclosed below, there were no corporate proposals 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. UTILISATION OF PROCEEDS FROM RIGHTS ISSUE

In October 2014, the Company completed the renounceable Rights Issue of 1,466,567,350 new ordinary shares of RM0.20 each at an issue price of RM1.35 per share, pursuant to the renounceable Rights Issue approved at the Company's extraordinary general meeting held on 8 July 2014 ("Rights Issue"). The Rights Issue raised proceeds amounting to RM1,979.9 million ("Proceeds").

The status of the utilisation of the Proceeds as at 30 September 2015 was as follows:

	Purpose	Proposed utilisation RM'million	Actual utilisation RM'million	Estimated timeframe for utilisation upon listing of Rights Shares	Remaining balance RM'million
(i)	Capital expenditure	1,760.0	1,377.8	Within 24 months	382.2
(ii)	General working capital	164.9	164.9	Within 24 months	-
(iii)	Estimated expenses for the Corporate Exercises ^{(1), (2)}	55.0	24.8	Within 3 months	30.2
		1,979.9	1,567.5		412.4

⁽¹⁾ *The Corporate Exercises included the Bonus Issue and the Rights Issue as defined and detailed in the Circular to our Shareholders dated 23 June 2014 ("Circular") with further information on the Rights Issue as disclosed in the Abridged Prospectus dated 12 September 2014 ("Abridged Prospectus").*

⁽²⁾ *From the previous allocation of RM55.0 million of the Proceeds to cover estimated expenses for the Corporate Exercise, RM24.8 million has been utilised for such expenses, while the balance of RM30.2 million has been reallocated to be used for general working capital requirements. The reallocation is not considered a deviation from the proposed utilisation because it is contemplated and detailed in the Circular and the Abridged Prospectus.*

21. BORROWINGS

The borrowings of the Group as at 30 September 2015 are as set out below:

	As at 30.9.2015 RM'000
SHORT TERM DEBT	
Secured:	
Term loans	1,006,666
Unsecured:	
Sukuk Murabahah	6,647
Bridging loan	2,039,820
Revolving credit	738,360
Term loans	132,676
Total short term debt	3,924,169
LONG TERM DEBT	
Secured:	
Term loans	603,506
Unsecured:	
Sukuk Murabahah	1,498,901
Term loans	2,159,149
Total long term debt	4,261,556
Total borrowings	8,185,725
CURRENCY PROFILE	
United States Dollar	6,063,681
Ringgit Malaysia	2,122,044
	8,185,725

On 7 July 2015, the Group secured a syndicated term loan facility and a standby letter of credit facility, of a maximum aggregate principal amount of USD755.0 million for the Kraken FPSO project (“the Kraken Facility”) to, inter alia, refinance the existing bridging loan to part-finance and reimburse all costs and expenses in relation to the acquisition, conversion, refurbishment, mobilisation, transportation, hook-up and mooring and installation related to the Kraken FPSO project, together with all ancillary and related works. The Kraken Facility is repayable over the term of the Kraken FPSO project.

As at 30 September 2015, the existing bridging loan of RM2,039.8 million for the Kraken FPSO project is repayable within a year. This bridging loan will be refinanced upon draw down of the Kraken Facility.

22. DERIVATIVE FINANCIAL INSTRUMENTS

Disclosure of derivatives

Details of derivative financial instruments outstanding as at 30 September 2015 are as 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	458,421	(6,884)
- 1 to 3 years	874,451	(2,140)
- More than 3 years	21,563	15
	<u>1,354,435</u>	<u>(9,009)</u>
Cross currency interest rate swaps		
- Less than 1 year	27,696	(25,492)
- 1 to 3 years	55,391	(58,779)
- More than 3 years	1,500,000	(699,123)
	<u>1,583,087</u>	<u>(783,394)</u>

There have been no changes since the end of the previous financial year ended 31 December 2014 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;
- (c) the policies in place for mitigating or controlling the risks associated with the derivatives; and
- (d) the related accounting policies.

As at 30 September 2015, the Group recognised derivative financial liabilities of RM792.4 million (2014: RM181.8 million) on re-measuring the fair values of the derivative financial instruments. Of the increase of RM610.6 million from the previous financial year ended 31 December 2014, an amount of RM599.9 million was included in the cash flow hedging reserve attributable to the Group and non-controlling interests, of which RM402.7 million was recycled to profit or loss while the total loss on derivatives charged to profit or loss was RM15.5 million as disclosed in Note 25 (k).

The Group's cash flow hedging reserve of RM292.1 million as at 30 September 2015 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.

23. 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 2015 except as set out below, measured using Level 3 valuation technique:

	Carrying amount RM'000	Fair value RM'000
Sukuk Murabahah	<u>1,505,548</u>	<u>1,580,770</u>

(b) Financial instruments carried at fair value

The table below analyses financial instruments carried at fair value as at 30 September 2015, by valuation method.

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Financial asset:			
Available-for-sale financial asset	<u>25,012</u>	<u>-</u>	<u>25,012</u>
Financial liabilities:			
Derivatives used for hedging			
- Cross currency interest rate swaps	-	(783,394)	(783,394)
- Interest rate swaps	-	(9,009)	(9,009)

The fair value of financial instruments traded in an 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. These valuation techniques are used to determine the fair value of 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 rates 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.

24. 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 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Securities.

The breakdown of realised and unrealised retained profits of the Group is as follows:

	As at 30.9.2015 RM'000
Total retained profits of the Company and its subsidiaries	
- realised	1,676,469
- unrealised	17,650
	<hr/> 1,694,119
Total share of retained profits from joint ventures	
- realised	164,444
- unrealised	(34,630)
	<hr/> 129,814
	<hr/> <hr/> 1,823,933
Total retained profits of the Group	

25. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Individual Quarter Ended 30.9.2015 RM'000	Individual Quarter Ended 30.9.2014 RM'000	Cumulative Quarters Period Ended 30.9.2015 RM'000	Cumulative Quarters Period Ended 30.9.2014 RM'000
Profit before taxation is arrived at after charging/(crediting):				
(a) Other operating income				
- Interest income	(13,899)	(3,223)	(44,128)	(5,966)
- Gain on disposal of property, plant and equipment	(90)	(5,268)	(90)	(5,293)
- Gain on disposal of a subsidiary	-	-	(17,645)	-
- Insurance claims	(2,865)	(13)	(4,575)	(8,253)
- Dividend income	-	-	(1,841)	(2,321)
- Others	(2,540)	(1,972)	(7,415)	(5,207)
(b) Interest expense	27,214	25,201	101,941	68,753
(c) Depreciation and amortisation	158,882	115,470	443,796	344,840
(d) Allowance for doubtful debts /(allowance for doubtful debts written back)	-	25,353	(15,306)	25,353
(e) Bad debts written off	18	-	18	-
(f) Impairment for property, plant and equipment and non-current assets held for sale	-	-	353,809	-
(g) Impairment for available-for-sale financial assets	12,221	7,700	21,038	7,700
(h) Impairment for investment in a joint venture	-	-	2,691	-
(i) Write off of property, plant and equipment	-	-	1,928	-
(j) Net foreign exchange loss/(gain):				
- realised	1,345	3,370	57	1,716
- unrealised	(42,047)	(725)	(60,740)	4,041
(k) Fair value through profit and loss on derivative financial instruments	10,928	324	15,489	(3,987)
(l) Retrenchment expenses	4,357	-	26,248	-

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 2015.

26. MATERIAL LITIGATION

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

27. DIVIDENDS

No dividend is declared or recommended for the current financial period ended 30 September 2015.

28. EARNINGS PER SHARE

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

The diluted EPS is calculated by dividing the Group’s profit/(loss) for the financial period attributable to Owners of the Company (adjusted for interest income, net of tax, earned on the proceeds arising from the conversion of the Employee Share Option Scheme (“ESOS”) options) by the weighted average number of ordinary shares as adjusted for the basic EPS 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.

The EPS took into consideration the number of shares issued pursuant to the Rights Issue and the Bonus Issue as disclosed in Note 20.

	Individual Quarter Ended		Cumulative Quarters Period Ended	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Profit/(loss) attributable to Owners of the Company (RM’000)	69,998	108,093	(149,486)	271,250
Weighted average number of ordinary shares in issue for basic EPS (’000)	5,866,269	2,933,017	5,866,269	2,932,500
Adjusted for bonus issue and bonus elements of right issues (’000)	-	1,792,398	-	1,792,084
Adjusted weighted average number of ordinary shares in issue for basic EPS (’000)	5,866,269	4,725,415	5,866,269	4,724,584
Adjusted for potential ordinary shares on conversion of options under ESOS (’000)	-	551	-	551
Adjusted weighted average number of ordinary shares for diluted EPS (’000)	5,866,269	4,726,966	5,866,269	4,725,135
Basic EPS (sen)	1.19	2.29	(2.55)	5.74
Diluted EPS (sen)	1.19	2.29	(2.55)	5.74

29. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with current quarter's presentation, which more appropriately reflects the nature of relevant transactions.

	As previously reported RM'000	Effect of reclassification RM'000	As restated RM'000
<u>Condensed Consolidated Statements of Income</u>			
<u>Cumulative Quarters Period Ended 30.9.2014</u>			
Cost of sales	(1,117,630)	(85,889)	(1,203,519)
Selling and distribution costs	(116,013)	83,316	(32,697)
Administrative expenses	(116,441)	10,273	(106,168)
Impairment	-	(7,700)	(7,700)
	<u>-</u>	<u>(7,700)</u>	<u>(7,700)</u>
<u>Individual Quarter Ended 30.9.2014</u>			
Cost of sales	(425,716)	(27,214)	(452,930)
Selling and distribution costs	(33,373)	26,938	(6,435)
Administrative expenses	(38,164)	7,976	(30,188)
Impairment	-	(7,700)	(7,700)
	<u>-</u>	<u>(7,700)</u>	<u>(7,700)</u>
<u>Segmental Information</u>			
<u>Cumulative Quarters Period Ended 30.9.2014</u>			
Segment Results (including impairment)			
FPSO	213,227	8,245	221,472
OSV	67,464	(3,565)	63,899
T&I	64,732	3,020	67,752
Corporate and others	5,181	(7,700)	(2,519)
	<u>5,181</u>	<u>(7,700)</u>	<u>(2,519)</u>
<u>Individual Quarter Ended 30.9.2014</u>			
Segment Results (including impairment)			
FPSO	79,127	4,809	83,936
OSV	28,428	377	28,805
T&I	31,701	2,514	34,215
Corporate and others	3,663	(7,700)	(4,037)
	<u>3,663</u>	<u>(7,700)</u>	<u>(4,037)</u>

Costs and expenses attributable to activities that directly support operations, previously classified in selling and distributions costs or administrative expenses, have been reclassified to cost of sales.

29. COMPARATIVE FIGURES (CONTINUED)

The following comparative figures have been reclassified to conform with current quarter's presentation, which more appropriately reflects the nature of relevant transactions.

	As previously reported RM'000	Effect of reclassification RM'000	As restated RM'000
<u>Condensed Statements of Financial Position</u>			
<u>As at 31.12.2014</u>			
<u>Current liabilities</u>			
Other payables and accruals	(557,241)	349,730	(207,511)
<u>Non-current liabilities</u>			
Advances from customers	-	(349,730)	(349,730)

BY ORDER OF THE BOARD

NOREEN MELINI BINTI MUZAMLI (LS 0008290)
 NOOR HAMIZA BINTI ABD HAMID (MAICSA 7051227)
 Joint Company Secretaries

Kuala Lumpur
 20 November 2015