



BUMIARMADA

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 MARCH 2017

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

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 first quarter ended 31 March 2017 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	Note	Individual Quarter Ended		Cumulative Quarter Period Ended	
		31.03.2017 RM'000	31.03.2016 RM'000 Restated	31.03.2017 RM'000	31.03.2016 RM'000 Restated
Revenue		<b>404,173</b>	430,768	<b>404,173</b>	430,768
Cost of sales		<b>(278,260)</b>	(369,316)	<b>(278,260)</b>	(369,316)
Gross profit		<b>125,913</b>	61,452	<b>125,913</b>	61,452
Other operating income		<b>28,917</b>	26,617	<b>28,917</b>	26,617
Selling and distribution costs		<b>(10,709)</b>	(9,691)	<b>(10,709)</b>	(9,691)
Administrative expenses		<b>(56,023)</b>	(20,291)	<b>(56,023)</b>	(20,291)
Operating profit before impairment		<b>88,098</b>	58,087	<b>88,098</b>	58,087
Impairment		-	(17,898)	-	(17,898)
Operating profit		<b>88,098</b>	40,189	<b>88,098</b>	40,189
Finance costs		<b>(63,542)</b>	(22,326)	<b>(63,542)</b>	(22,326)
Share of results of joint ventures		<b>49,061</b>	38,074	<b>49,061</b>	38,074
Profit before taxation		<b>73,617</b>	55,937	<b>73,617</b>	55,937
Taxation	18	<b>(17,199)</b>	(34,772)	<b>(17,199)</b>	(34,772)
Profit for the financial period		<b>56,418</b>	21,165	<b>56,418</b>	21,165
Attributable to:					
- Owners of the Company		<b>48,108</b>	23,430	<b>48,108</b>	23,430
- Non-controlling interests		<b>8,310</b>	(2,265)	<b>8,310</b>	(2,265)
		<b>56,418</b>	21,165	<b>56,418</b>	21,165
Earnings per share (sen)	27				
- Basic		<b>0.82</b>	0.40	<b>0.82</b>	0.40
- Diluted		<b>0.82</b>	0.40	<b>0.82</b>	0.40

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	Individual Quarter Ended		Cumulative Quarter Period Ended	
		31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
Profit for the financial period		<b>56,418</b>	21,165	<b>56,418</b>	21,165
Other comprehensive income/(expense)					
Items that may be reclassified subsequently to profit or loss					
- Available-for-sale financial assets:					
- Gain on fair value change		<b>3,247</b>	390	<b>3,247</b>	390
- Fair value gain on cash flow hedges		<b>21,811</b>	3,656	<b>21,811</b>	3,656
- Foreign currency translation differences		<b>(24,437)</b>	(646,047)	<b>(24,437)</b>	(646,047)
- Share of other comprehensive income/(expense) of joint ventures		<b>762</b>	(1,062)	<b>762</b>	(1,062)
Other comprehensive income/(expense) for the financial period, net of tax		<b>1,383</b>	(643,063)	<b>1,383</b>	(643,063)
Total comprehensive income/(expense) for the financial period		<b>57,801</b>	(621,898)	<b>57,801</b>	(621,898)
Total comprehensive income/(expense) attributable to:					
- Owners of the Company		<b>49,396</b>	(611,928)	<b>49,396</b>	(611,928)
- Non-controlling interests		<b>8,405</b>	(9,970)	<b>8,405</b>	(9,970)
		<b>57,801</b>	(621,898)	<b>57,801</b>	(621,898)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	<b>10,334,299</b>	16,602,637
Investments in joint ventures		<b>716,210</b>	651,332
Available-for-sale financial assets		<b>25,921</b>	22,884
Deferred tax assets		<b>3,827</b>	6,467
Amounts due from joint ventures		<b>19,404</b>	19,470
Derivative financial instruments	21	<b>115,007</b>	116,108
Finance lease receivables		<b>5,192,158</b>	-
Other receivables		<b>49,630</b>	49,075
		<b>16,456,456</b>	17,467,973
<b>CURRENT ASSETS</b>			
Inventories		<b>6,133</b>	6,356
Trade receivables		<b>499,364</b>	632,956
Accrued lease rentals		<b>480,985</b>	510,345
Other receivables, deposits and prepayments		<b>81,877</b>	85,904
Tax recoverable		<b>1,830</b>	2,312
Amounts due from joint ventures		<b>299,471</b>	335,032
Finance lease receivables		<b>554,439</b>	-
Derivative financial instruments	21	<b>473</b>	-
Deposits, cash and bank balances		<b>2,425,678</b>	3,015,854
		<b>4,350,250</b>	4,588,759
Non-current assets classified as held-for-sale		<b>2,018</b>	33,397
<b>TOTAL ASSETS</b>		<b>20,808,724</b>	22,090,129

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

	Note	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables and accruals		774,663	1,227,072
Other payables and accruals		579,717	1,129,761
Amounts due to joint ventures		34,109	36,562
Amounts due to customers on contract		37,484	69,645
Hire purchase creditors		66	88
Borrowings	20	2,647,815	2,517,059
Derivative financial instruments	21	37,557	42,250
Taxation		28,167	46,661
		<b>4,139,578</b>	<b>5,069,098</b>
<b>NET CURRENT ASSETS/ (CURRENT LIABILITIES)</b>			
		<b>212,690</b>	<b>(446,942)</b>
<b>LESS: NON-CURRENT LIABILITIES</b>			
Other payables and accruals		95,701	97,014
Hire purchase creditors		287	287
Borrowings	20	10,166,325	10,529,054
Derivative financial instruments	21	658,410	705,741
Deferred tax liabilities		1,018	709
Provisions		99,261	98,149
		<b>11,021,002</b>	<b>11,430,954</b>
<b>NET ASSETS</b>			
		<b>5,648,144</b>	<b>5,590,077</b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital		1,173,253	1,173,253
Reserves		4,463,370	4,413,708
		<b>5,636,623</b>	<b>5,586,961</b>
<b>NON-CONTROLLING INTERESTS</b>			
		<b>11,521</b>	<b>3,116</b>
<b>TOTAL EQUITY</b>			
		<b>5,648,144</b>	<b>5,590,077</b>
<b>NET ASSETS PER SHARE (RM)</b>			
		<b>0.96*</b>	<b>0.95</b>

\* Based on 5,866,269,344 ordinary shares in issue per new Companies Act 2016 as at 31 March 2017.

**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	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Other reserves RM'000	Share option reserve RM'000	Hedging reserve RM'000	Accumulated losses RM'000	Total RM'000		
<u>2017</u>											
At 1 January 2017	5,866,269	1,173,253	3,137,730	1,593,424	13,947	19,928	(101,474)	(249,847)	5,586,961	3,116	5,590,077
Transfer to share capital <sup>(1)</sup>	-	3,138,041	(3,137,730)	-	(311)	-	-	-	-	-	-
Profit for the financial period	-	-	-	-	-	-	-	48,108	48,108	8,310	56,418
Other comprehensive (expense)/income for the financial period, net of tax	-	-	-	(24,532)	3,247	-	22,573	-	1,288	95	1,383
Total comprehensive (expense)/income for the financial period, net of tax	-	-	-	(24,532)	3,247	-	22,573	48,108	49,396	8,405	57,801
Transactions with owners:											
- Employee share options granted	-	-	-	-	-	266	-	-	266	-	266
- Employee share options forfeited	-	-	-	-	-	(1,058)	-	1,058	-	-	-
<b>At 31 March 2017</b>	<b>5,866,269</b>	<b>4,311,294</b>	<b>-</b>	<b>1,568,892</b>	<b>16,883</b>	<b>19,136</b>	<b>(78,901)</b>	<b>(200,681)</b>	<b>5,636,623</b>	<b>11,521</b>	<b>5,648,144</b>

Note:

- <sup>(1)</sup> Effective from 31 January 2017, the new Companies Act 2016 (“the Act”) abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium and preference share redemption reserve becomes part of the Company’s share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. The Board of Directors will make a decision thereon by 31 January 2019. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

**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>2016</u>											
At 1 January 2016	5,866,269	1,173,253	3,137,730	1,383,557	6,562	44,817	(227,314)	1,738,853	7,257,458	38,314	7,295,772
Profit/(Loss) for the financial period	-	-	-	-	-	-	-	23,430	23,430	(2,265)	21,165
Other comprehensive (expense)/income for the financial period, net of tax	-	-	-	(639,599)	390	-	3,851	-	(635,358)	(7,705)	(643,063)
Total comprehensive (expense)/income for the financial period, net of tax	-	-	-	(639,599)	390	-	3,851	23,430	(611,928)	(9,970)	(621,898)
Transactions with owners:											
- Employee share options granted	-	-	-	-	-	(50)	-	-	(50)	-	(50)
- Employee share options forfeited	-	-	-	-	-	(85)	-	85	-	-	-
<b>At 31 March 2016</b>	<b>5,866,269</b>	<b>1,173,253</b>	<b>3,137,730</b>	<b>743,958</b>	<b>6,952</b>	<b>44,682</b>	<b>(223,463)</b>	<b>1,762,368</b>	<b>6,645,480</b>	<b>28,344</b>	<b>6,673,824</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Period Ended 31.03.2017 RM'000</b>	<b>Period Ended 31.03.2016 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the financial period	<b>56,418</b>	21,165
Adjustments for non-cash items:		
Share of results of joint ventures	<b>(49,061)</b>	(38,074)
Depreciation of property, plant and equipment	<b>111,229</b>	155,291
Fair value through profit and loss on derivative financial instruments	<b>(1,251)</b>	(6,563)
Net allowance for doubtful debts written back	<b>(8,725)</b>	(3,837)
Unrealised foreign exchange loss	<b>39,817</b>	6,080
Share-based payment	<b>266</b>	(50)
Impairment of property, plant and equipment and non-current assets held for sale	<b>-</b>	17,898
Interest income	<b>(8,056)</b>	(3,354)
Interest expense	<b>63,927</b>	21,363
Taxation	<b>17,199</b>	34,772
Operating profit before changes in working capital	<b>221,763</b>	204,691
Changes in working capital:		
Inventories	<b>223</b>	(1,022)
Trade and other receivables	<b>157,003</b>	282,729
Trade and other payables	<b>(34,477)</b>	175,439
Cash from operations	<b>344,512</b>	661,837
Interest paid	<b>(142,159)</b>	(96,213)
Tax paid	<b>(18,555)</b>	(42,590)
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>	<b>183,798</b>	523,034



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

	<b>Period Ended 31.03.2017 RM'000</b>	<b>Period Ended 31.03.2016 RM'000</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(718,111)	(1,146,076)
Proceeds from disposal of property, plant and equipment	43,812	-
Dividend received from a joint venture	-	21,380
Interest received	8,638	4,020
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(665,661)</b>	<b>(1,120,676)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	-	625,773
Repayment of bank borrowings	(70,191)	(600,313)
Decrease in deposits pledged as security	900	-
Proceeds from hire purchase creditors	-	441
Repayment of hire purchase creditors	(22)	-
<b>NET CASH FLOWS (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>	<b>(69,313)</b>	<b>25,901</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(551,176)</b>	<b>(571,741)</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>(38,100)</b>	<b>(94,159)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>3,014,954</b>	<b>1,524,818</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>2,425,678</b>	<b>858,918</b>
Cash and cash equivalents consist of:		
Deposits with licensed banks	1,930,327	439,165
Cash and bank balances	495,351	420,653
Less: Designated deposits placed with licensed banks	-	(900)
	<b>2,425,678</b>	<b>858,918</b>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

**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 2016 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 2016. The results of the joint ventures are based on unaudited management accounts.

The Armada Kraken FPSO project is progressing well but as first production was not achieved by 1 April 2017 (“backstop date”), the charterers have a contractual right to terminate the charter. In order to mitigate this risk, the Group is negotiating a new backstop date with the charterers. The charterers and the Group are fully aligned with regards to the project delivery and achieving first production.

The consequence of a termination by the charterers is the repayment of the term loan to the lenders if lenders call an event of default. The Directors have taken into account the Group’s forecast cash requirements and the funding sources available to the Group to meet its debt service obligation over the next 12 months from the end of this reporting period, and are of the view that there is sufficient cash flow to support the obligations of the Group.

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 2016, other than those disclosed below:

- (a) Compliance with the requirements of the Companies Act 2016 in Malaysia
- (b) Amendments to MFRS which are applicable to the Group effective on or after 1 January 2017:
  - Amendments to MFRS 107 “Statement of Cash Flows” – Disclosure Initiative
  - Amendments to MFRS 112 “Income Taxes” – Recognition of Deferred Tax Assets for Unrealised Losses
  - Annual improvements to MFRS 12 “Disclosures of Interests in Other Entities”

The adoption of the above amendments and annual improvement to MFRS did not have any significant impact on the financial statements of the Group.

- (c) New MFRS which are applicable to the Group effective on or after 1 January 2018:
  - MFRS 9 “Financial Instruments”
  - MFRS 15 “Revenue from Contracts with Customers”
  - Amendments to MFRS 2 “Share-based Payment” - Classification and Measurement of Share-based Payment Transactions
  - Annual Improvements to MFRS 1 “First-time Adoption of Malaysian Financial Reporting Standards”
  - Annual Improvements to MFRS 128 “Investments in Associates and Joint Ventures”
  - IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”

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

- (d) New MFRS which is applicable to the Group effective on or after 1 January 2019:
  - MFRS 16 “Leases”

The adoption of this MFRS may result in a change in accounting policy. The Group will quantify the effect of adopting this MFRS 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**

<b>Financial Indicators</b>	<b>YTD 31.03.2017 RM'000</b>	<b>YTD 31.03.2016 RM'000</b>	<b>Change RM'000</b>
Segment revenue			
FPO <sup>(1)</sup>	<b>239,703</b>	216,570	23,133
OMS <sup>(1)</sup>	<b>164,470</b>	214,198	(49,728)
Total revenue	<b>404,173</b>	430,768	(26,595)
EBITDA <sup>(2)</sup>	<b>248,388</b>	251,452	(3,064)
EBITDA margin	<b>61%</b>	58%	3%
Profit for the financial period	<b>56,418</b>	21,165	35,253
Depreciation	<b>111,229</b>	155,291	(44,062)
Impairment	-	17,898	(17,898)

The Group posted revenue of RM404.2 million for the financial period up to 31 March 2017 (“YTD 2017”), a decrease from the financial period up to 31 March 2016 (“YTD 2016”). This was mainly attributed to recognition of supplementary payments for the Kraken FPSO project in YTD 2017, lower OSV<sup>(4)</sup> vessel utilisation and lower contribution from the LukOil project in the Caspian Sea which was offset by higher contribution from the Armada Olombendo<sup>(3)</sup> FPSO and Armada LNG Mediterranean Floating Storage Unit.

The Group posted EBITDA of RM248.4 million in YTD 2017, a decrease of RM3.1 million compared to YTD 2016. The lower EBITDA was mainly due to reduced contribution from the OMS segment and lower share of results of joint ventures from Karapan Armada Sterling III which was partly offset by increased contribution from the FPO segment and higher share of results of joint ventures from Armada Sterling.

With reference to Note 10 Segmental Information, segment results from the FPO segment increased to RM69.4 million for YTD 2017 as compared to RM21.0 million for YTD 2016 mainly due to higher contribution from Armada Olombendo FPSO and Armada LNG Mediterranean Floating Storage Unit which was offset by recognition of supplementary payments for the Kraken FPSO project in YTD 2017. Segment results from the OMS segment increased to a profit of RM8.0 million for YTD 2017 as compared to a loss of RM0.4 million for YTD 2016 mainly due to reduced OSV operating cost and depreciation expense, which was partly offset by lower OSV vessel utilisation.

The Group posted a profit of RM56.4 million for YTD 2017 and a profit attributable to the Owners of the Company of RM48.1 million, an increase of more than 100% compared to YTD 2016. The increase was attributed to a non-cash impairment charge of RM17.9 million during YTD 2016 for a multipurpose construction vessel within the OMS segment and higher share of results of joint ventures, which was offset by higher finance costs due to the cessation of capitalisation of borrowing costs following the completion of a FPSO vessel and a Floating Storage Unit.

Notes:

- <sup>(1)</sup> FPO - Floating Production and Operation (previously known as FPSO & FGS - Floating Production Storage Offloading system and Floating Gas Solution), and OMS - Offshore Marine Services. These acronyms are also used hereinafter.
- <sup>(2)</sup> Defined as profit before finance costs, taxation, depreciation, amortisation and impairment.
- <sup>(3)</sup> Armada Olombendo was previously known as Eni 1506.
- <sup>(4)</sup> OSV – Offshore Support Vessels

**2. MANAGEMENT COMMENTARY (CONTINUED)**

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

<b>Financial Indicators</b>	<b>1st Quarter 2017 RM'000</b>	<b>4th Quarter 2016 RM'000</b>	<b>Change RM'000</b>
Segment revenue			
FPO	<b>239,703</b>	(94,030)	333,733
OMS	<b>164,470</b>	200,276	(35,806)
Total revenue	<b>404,173</b>	106,246	297,927
EBITDA	<b>248,388</b>	(70,738)	319,126
EBITDA margin	<b>61%</b>	(67%)	128%
Profit/(loss) for the financial period	<b>56,418</b>	(1,406,468)	1,462,886
Depreciation	<b>111,229</b>	140,804	(29,575)
Impairment	-	1,145,593	(1,145,593)

The Group posted revenue of RM404.2 million for the quarter ended 31 March 2017 (“Q1 2017”), an increase of more than 100% compared to the quarter ended 31 December 2016 (“Q4 2016”). The increase was attributed mainly to the following factors:

- Increase in FPO revenue mainly due to higher contribution from the Armada Olombendo FPSO and Armada LNG Mediterrana Floating Storage Unit which was partly offset by additional supplementary payments for the Kraken FPSO project in Q1 2017. Revenue in Q4 2016 was negative due to recognition of supplementary payments for the Kraken FPSO project.
- OMS revenue was lower due to lower contribution from the LukOil project in the Caspian Sea. The OSV vessel utilisation continued to be adversely affected by the challenging oil and gas market environment with a utilisation of 42% for the Group’s vessels in Q1 2017 as compared to 48% in Q4 2016.

<b>OSV vessel average utilisation rates for the quarter ended</b>	<b>1st Quarter 2017 %</b>	<b>4th Quarter 2016 %</b>	<b>Change in %</b>
Group’s vessels	<b>42</b>	48	(6)
- Class A <sup>(5)</sup>	<b>39</b>	47	(8)
- Class B <sup>(6)</sup>	<b>46</b>	49	(3)
Group’s vessels including those held by joint ventures	<b>43</b>	49	(6)

The Group posted an EBITDA of RM248.4 million in Q1 2017, an increase of RM319.1 million compared to Q4 2016. The increase in EBITDA was driven mainly by higher contribution from the FPO segment with increased contribution from the Armada Olombendo FPSO and recognition of higher supplementary payments for the Kraken FPSO project in Q4 2016 compared to Q1 2017. Also contributing to the increased EBITDA is a higher share of results of joint ventures from the Armada Sterling and Karapan Armada Sterling III.

Segment results from the FPO segment increased to a profit of RM69.4 million for Q1 2017 as compared to a loss of RM234.2 million for Q4 2016 due to higher contribution from the Armada Olombendo FPSO and Armada LNG Mediterrana Floating Storage Unit and lower supplementary payments recognised for Kraken FPSO project in Q1 2017 compared to Q4 2016. Segment results from OMS segment increased to a profit of RM8.0 million for Q1 2017 as compared to a loss of RM66.0 million in Q4 2016 mainly due to lower OSV operating cost and depreciation expense.

The Group posted a profit of RM56.4 million in Q1 2017 and a profit attributable to Owners of the Company of RM48.1 million, an increase of more than 100% compared to Q4 2016. The increase is attributed to a non-cash impairment charge of RM1,146 million during Q4 2016 for certain FPSO and OMS vessels, which was offset by higher finance costs in Q1 2017 due to cessation of capitalisation of borrowing costs following the completion of a FPSO vessel and a Floating Storage Unit.

Notes:

<sup>5)</sup> 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.

<sup>6)</sup> 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.

**3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017**

Oil prices continued to be low over the first quarter of 2017, which could continue to dampen sentiment in the market, and oil companies are likely to remain cautious over the short-term. We have seen some positive signs in the FPO market as oil companies consider bringing new projects on stream. The outlook for exploration activities however remains more unclear, which will likely delay any recovery in the OSV market. Despite this uncertainty, the Group will continue to pursue new opportunities that would meet the internal criteria for balanced risk and returns, and it remains focused on improving efficiency and productivity in our business 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 2016.

**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 31 March 2017.

**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 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**

There were no dividends paid in the current financial period ended 31 March 2017.

**10. SEGMENTAL INFORMATION**

The Group is organised into 2 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 quarter ended 31 March 2017 and 31 March 2016 are as follows:

<b>Individual Quarter Ended 31.03.2017</b>	<b>FPO RM'000</b>	<b>OMS RM'000</b>	<b>Corporate and others RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
Revenue	<b>239,703</b>	<b>164,470</b>	-	-	<b>404,173</b>
Inter-segment revenue	-	-	<b>34,700</b>	<b>(34,700)</b>	-
Results					
Segment results	<b>69,405</b>	<b>8,000</b>	<b>(18,224)</b>	-	<b>59,181</b>
Share of results of joint ventures	<b>48,773</b>	<b>288</b>	-	-	<b>49,061</b>
Other operating income					<b>28,917</b>
Finance costs					<b>(63,542)</b>
Taxation					<b>(17,199)</b>
Profit for the financial period					<b>56,418</b>

<b>Individual Quarter Ended 31.03.2016</b>	<b>FPO RM'000 Restated</b>	<b>OMS RM'000 Restated</b>	<b>Corporate and others RM'000 Restated</b>	<b>Elimination RM'000 Restated</b>	<b>Group RM'000 Restated</b>
Revenue	216,570	214,198	-	-	430,768
Inter-segment revenue	-	-	45,785	(45,785)	-
Results					
Segment results	20,979	(431)	10,922	-	31,470
Impairment	-	(17,898)	-	-	(17,898)
Share of results of joint ventures	37,909	165	-	-	38,074
Other operating income					26,617
Finance costs					(22,326)
Taxation					(34,772)
Profit for the financial period					21,165

**11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There was no revaluation of property, plant and equipment for the period under review. As at 31 March 2017, 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**

No material event has arisen in the interval between the end of this reporting period and the date of this report.

**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 except for the following:

- (a) On 9 January 2017, Bumi Armada Americas Corporation (“BAAC”) was incorporated as a wholly owned subsidiary of Bumi Armada Offshore Holdings Limited (“BAOHL”) with an authorised capital of USD100 comprising 10,000 shares of USD0.01 each, of which 1,000 shares have been issued upon incorporation. BAOHL is a wholly-owned subsidiary of the Company in the Republic of Marshall Islands.
- (b) On 2 February 2017, Armada Blue, LLC (“Armada Blue”), a wholly-owned subsidiary of BAOHL that was incorporated in the United States of America on 2 April 2012, had received the Certificate of Termination dated 23 January 2017 from the Secretary of State of Texas. Armada Blue has been dormant since incorporation, and its termination is not expected to have any material impact on the earnings or net assets of the Group.
- (c) On 15 March 2017, BAOHL, together with S.P. Engineering Services Pte. Ltd. (“SPES”), an indirect subsidiary of Shapoorji Pallonji And Company Private Limited (“SPCL”), established a joint venture (“JV”) company known as Armada 98/2 Pte. Ltd. (“Armada 98/2”) in Singapore. Armada 98/2 is 49% less 1 share held by BAOHL and 51% plus 1 share held by SPES.

**14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Group’s contingent liabilities comprising bank guarantees extended to third parties amounted to RM709.8 million as at 31 March 2017 as compared to RM708.8 million as at 31 December 2016. 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 March 2017 are as follows:

	<b>RM'000</b>
- authorised and contracted	1,091,719
- authorised but not contracted	852,532
	<hr/>
	<b>1,944,251</b>
	<hr/> <hr/>

**16. SIGNIFICANT RELATED PARTY DISCLOSURES**

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

	<b>Quarter Ended</b>
	<b>31.03.2017</b>
	<b>RM'000</b>
(a) Transactions with UTSB Management Sdn Bhd <sup>(1)</sup> :	
- management fees	1,738
(b) Telecommunication expenses to Maxis Berhad <sup>(2)</sup>	421
(c) Rental to Malaysian Landed Property Sdn Bhd <sup>(3)</sup>	1,975
(d) Management services charged to joint ventures	16,641
(e) Key management personnel compensation:	
- non-executive directors fees	548
- salaries, bonus and allowances and other staff related costs	4,955
- defined contribution plan	176
- share-based payment	35
(f) Payment on behalf:	
- joint ventures	125
	<hr/> <hr/>

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:

- <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 Quarter Period Ended	
	31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
Income tax:				
- Current year	<b>14,282</b>	34,643	<b>14,282</b>	34,643
Deferred tax	<b>2,917</b>	129	<b>2,917</b>	129
Total	<b>17,199</b>	34,772	<b>17,199</b>	34,772

The Group's effective tax rates for the quarter ended 31 March 2017 was 23.4%. The difference in the effective tax rate and the Malaysian statutory tax rate is due to income of foreign subsidiaries which are subject to different statutory tax rates, expenses not deductible for tax purposes, exempt income which are not taxable and withholding taxes deducted at source.

**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. BORROWINGS**

The borrowings of the Group as at 31 March 2017 are as set out below:

	<b>As at 31.03.2017 RM'000</b>
<b>SHORT TERM DEBT</b>	
<b>Secured:</b>	
Term loans	<b>892,091</b>
<b>Unsecured:</b>	
Sukuk Murabahah	<b>6,385</b>
Revolving credit	<b>1,561,139</b>
Term loans	<b>188,200</b>
<b>Total short term debt</b>	<b>2,647,815</b>
<b>LONG TERM DEBT</b>	
<b>Secured:</b>	
Term loans	<b>6,361,966</b>
<b>Unsecured:</b>	
Sukuk Murabahah	<b>1,499,109</b>
Term loans	<b>2,305,250</b>
<b>Total long term debt</b>	<b>10,166,325</b>
<b>Total borrowings</b>	<b>12,814,140</b>
<b>CURRENCY PROFILE</b>	
United States Dollar	<b>10,986,125</b>
Ringgit Malaysia	<b>1,828,015</b>
	<b>12,814,140</b>

**21. DERIVATIVE FINANCIAL INSTRUMENTS**

**Disclosure of derivatives**

Details of derivative financial instruments outstanding as at 31 March 2017 are as set out below:

<b>Types of Derivative</b>	<b>Contract/ Notional amount RM'000</b>	<b>Fair value assets/ (liabilities) RM'000</b>
Derivatives used for hedging:		
Interest rate swaps		
- Less than 1 year	766,169	(11,399)
- 1 to 3 years	1,166,168	28,213
- More than 3 years	3,436,201	85,604
	<u>5,368,538</u>	<u>102,418</u>
Cross currency interest rate swaps		
- Less than 1 year	27,696	(25,685)
- 1 to 3 years	21,304	(43,995)
- More than 3 years	1,500,000	(613,225)
	<u>1,549,000</u>	<u>(682,905)</u>

There have been no changes since the end of the previous financial year ended 31 December 2016 in respect of the following:

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

As at 31 March 2017, the net derivative financial liabilities of the Group amounted to RM580.5 million (2016: RM631.9 million) on re-measuring the fair values of the derivative financial instruments. Of the decrease of RM51.4 million from the previous financial year ended 31 December 2016, a net amount of RM49.9 million was included in the cash flow hedging reserve attributable to the Group and non-controlling interests and RM1.5 million was recycled to the profit or loss which was included in administrative expenses for cross currency interest rate swaps and finance cost for interest rate swaps.

RM27.3 million was reclassified to the statements of profit or loss to offset the foreign exchange gain which arose from the strengthening RM against USD. This has resulted in a decrease in the debit balance of the cash flow hedging reserve as at 31 March 2017 by RM22.6 million.

The Group's cash flow hedging reserve as at 31 March 2017 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 or loss within finance cost over the period of the underlying borrowings.

**22. FAIR VALUE HIERARCHY**

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

- Level 1 - Quoted prices (unadjusted in active markets for identical assets or liabilities)
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

**(a) Financial instruments carried at amortised cost**

The carrying amounts of financial assets and liabilities of the Group approximated their fair values as at 31 March 2017 except as set out below, measured using Level 3 valuation technique:

	<b>Carrying amount RM'000</b>	<b>Fair value RM'000</b>
Sukuk Murabahah	<u>1,505,494</u>	<u>1,448,108</u>

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

The table below analyses financial instruments carried at fair value as at 31 March 2017, 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	25,921	-	25,921
Derivatives used for hedging			
- Interest rate swaps	-	115,322	115,322
- Cross currency interest rate swaps	-	158	158
Financial liabilities:			
Derivatives used for hedging			
- Interest rate swaps	-	(12,904)	(12,904)
- Cross currency interest rate swaps	-	(683,063)	(683,063)

The fair value of financial instruments traded in an active market is based on quoted market price at the statement of financial position 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 year and the comparative year. 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/(accumulated losses) 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 Securities, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by Bursa Securities.

The breakdown of realised and unrealised retained earnings/(accumulated losses) of the Group is as follows:

	<b>As at 31.03.2017 RM'000</b>
Total retained earnings/(accumulated losses) of the Company and its subsidiaries	<b>(541,186)</b>
- realised	
- unrealised	<b>(37,008)</b>
	<b>(578,194)</b>
Total share of retained earnings/(accumulated losses) from joint ventures	
- realised	<b>409,842</b>
- unrealised	<b>(32,329)</b>
	<b>377,513</b>
Total accumulated losses of the Group	<b>(200,681)</b>

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

	<b>Individual Quarter Ended 31.03.2017 RM'000</b>	<b>Individual Quarter Ended 31.03.2016 RM'000 Restated</b>
Profit before taxation is arrived at after charging/(crediting):		
(a) Other operating income		
- Interest income	<b>(8,056)</b>	(3,354)
- Insurance claims	<b>(1,155)</b>	(100)
- Management services charged to joint ventures	<b>(16,641)</b>	(20,341)
- Others	<b>(3,065)</b>	(2,822)
(b) Interest expense	<b>63,927</b>	21,363
(c) Depreciation and amortisation	<b>111,229</b>	155,291
(d) Net allowance for doubtful debts written back	<b>(8,725)</b>	(3,837)
(e) Impairment of property, plant and equipment and non-current asset held from sale	-	17,898
(f) Net foreign exchange loss/(gain)		
- realised	<b>(12,281)</b>	135
- unrealised	<b>39,817</b>	6,080
(g) Fair value through profit and loss on derivative financial instruments	<b>(1,251)</b>	(6,563)
(h) Retrenchment expenses	<b>139</b>	-

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 ended 31 March 2017.

## **25. MATERIAL LITIGATION**

Save for the following, as at 31 March 2017, neither our Company nor any of our subsidiaries was involved in any material litigation, claims or arbitration, and our Company and our subsidiaries are not aware of any material litigation, claims or arbitration pending or threatened against our Company and our subsidiaries:

**(a) In the Supreme Court of Western Australia between Armada Balnaves Pte Ltd and Woodside Energy Julimar Pty Ltd**

The matter arose out of a dispute between Armada Balnaves Pte Ltd (“ABPL”), our wholly-owned subsidiary, and Woodside Energy Julimar Pty Ltd (“WEJ”) in relation to a contract for the provision of floating production storage and offloading services dated 30 September 2011 (“Contract”). On 4 March 2016, WEJ purported to terminate the Contract by issuing a notice of termination to ABPL. ABPL considered that this purported termination by WEJ was tantamount to a cancellation for convenience, or a repudiation of the Contract, either of which entitles ABPL to claim damages.

On 14 March 2016, ABPL filed a Writ of Summons in the Supreme Court of Western Australia (“Supreme Court”) against WEJ for, inter alia, (i) a declaration that WEJ was in repudiatory breach of the Contract and (ii) damages for WEJ’s breach of the Contract.

Subsequently, on 20 April 2016, ABPL filed its Statement of Claim in the Supreme Court against WEJ claiming for damages in general for WEJ’s repudiation of the Contract, and the amount of such damages has been quantified by ABPL to include the sum of USD275,813,698.63 (being the amount of the termination payment to which ABPL is entitled had the Contract been terminated without breach) plus any additional damages for loss of bargain caused to ABPL as a consequence of WEJ’s repudiation of the Contract. ABPL is also claiming for the additional sum of USD7,700,000.00 for work done and materials supplied pursuant to the Contract. WEJ had, on 2 June 2016, filed its defence to ABPL’s Statement of Claim. The matter is currently progressing towards trial. No date for trial has been fixed yet.

The management is of the view that there are reasonable grounds to expect a favourable outcome in respect of ABPL’s claims with regards to the said repudiation by WEJ of the Contract. Notwithstanding the foregoing, the award of damages in the event of a favourable outcome is subject to final determination by the Supreme Court.

**(b) In the High Court of Malaya at Johor Bahru, Malaysia between Armada TGT Ltd v Gerbaru Jaya Sdn Bhd**

On 5 March 2015, Armada TGT Ltd (“Armada TGT”), our wholly-owned subsidiary, filed a Writ of Summon and Statement of Claim (“Suit”) against Gerbaru Jaya Sdn Bhd (“Gerbaru”) to recover damages resulting from counterfeit valves supplied by Gerbaru to Armada TGT with respect to its floating production, storage and offloading vessels.

In the Suit, Armada TGT is claiming for the sum of USD4,377,985.44 as specific damages, and the sum of USD2,715,551 for the purchase consideration paid and general damages to be assessed. This matter has been fixed for continued trial between May 2017 and July 2017.

The management is of the view that there is more than an even chance that the Suit will be decided in favour of Armada TGT.

**25. MATERIAL LITIGATION (CONTINUED)**

**(c) In the High Court of Bayelsa State, Nigeria between Century Energy Services Limited v Bumi Armada Berhad**

On 16 November 2016, Century Energy Services Limited (“CESL”) commenced a suit against our Company at the High Court of Bayelsa State (“High Court”) in Nigeria by way of a Writ of Summons and Statement of Claim (“Suit”) which was received by our Company on 16 December 2016. In the Suit, CESL alleged that our Company was in breach of one of the terms of a shareholders’ agreement dated 14 April 2010 between our Company and CESL (“Agreement”) and CESL has sought several declaratory reliefs, orders and damages in the sum of USD10,000,000.

In accordance with the terms of the Agreement which provided for the resolution of disputes by way of arbitration, on 19 January 2017, our Company issued a Notice of Arbitration to CESL stating our intention to arbitrate all claims and disputes between parties pursuant to the terms of the Agreement. On 25 January 2017, our Company filed an application in the High Court to stay the Suit. On 6 February 2017, the Court granted our Company’s application and stayed the Suit sine die pending the arbitration.

The management is of the view that as parties are in discussion, and until the parties’ respective claims have been filed in the arbitration, it is not possible at this stage to evaluate the probable outcome of the case.

**26. DIVIDENDS**

No dividend was declared or recommended for the current financial period ended 31 March 2017.

**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 EPS is calculated by dividing the Group’s profit 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 year or the date of the grant, if later.

	Individual Quarter Ended		Cumulative Quarter Period Ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Profit attributable to Owners of the Company (RM’000)	<b>48,108</b>	23,430	<b>48,108</b>	23,430
Weighted average/adjusted weighted average number of ordinary shares in issue for basic EPS (’000)	<b>5,866,269</b>	5,866,269	<b>5,866,269</b>	5,866,269
Basic EPS (sen)	<b>0.82</b>	0.40	<b>0.82</b>	0.40
Diluted EPS (sen)	<b>0.82</b>	0.40	<b>0.82</b>	0.40

**28. COMPARATIVE FIGURES**

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

	<b>As previously reported 31.03.2016 RM'000</b>	<b>Effect of reclassification RM'000</b>	<b>As restated 31.03.2016 RM'000</b>
<b><u>Consolidated Statements of Income</u></b>			
<u>Individual Quarter Ended 31.03.2016</u>			
Cost of sales	(350,020)	(19,296)	(369,316)
Other income	6,276	20,341	26,617
Selling and distribution costs	(10,974)	1,283	(9,691)
Administrative expenses	(17,963)	(2,328)	(20,291)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>Segmental Information</u></b>			
<u>Individual Quarter Ended 31.03.2016</u>			
<u>Segment revenue</u>			
Inter-segment revenue	65,274	(19,489)	45,785
<u>Segment results</u>			
FPO (previously known as FPSO & FGS)	35,344	(14,365)	20,979
OMS	16,467	(16,898)	(431)
Corporate and others	11,009	(87)	10,922
Elimination	(11,009)	11,009	-
Other operating income	6,276	20,341	26,617
	<u>                    </u>	<u>                    </u>	<u>                    </u>

Management fees charged to joint ventures and reversal of certain expenses, previously classified as administrative expenses has been reclassified to other income and to cost of sales and selling and distribution costs respectively to better reflect the nature of the transactions.

Comparatives on segmental information is updated to reflect the changes affected in the current quarter on internal reporting provided to the Chief Executive Officer.

BY ORDER OF THE BOARD

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

Kuala Lumpur  
 31 May 2017