BUMIARMADA

Knots ahead of the rest ANNUAL REPORT 2011

Bumi Armada Berhad

ANNUAL REPORT 2011

www.bumiarmada.com

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Knots ahead of the rest

The corporate tagline 'Knots Ahead of the Rest', is more than a rallying call. It reflects the commitment, passion and proven track record of Bumi Armada Berhad ("Bumi Armada") in delivering real results to our customers, stakeholders and shareholders.

This 2011 annual report features children playing with paper boats as children are our future and hope. They represent the Company's aspirations for tomorrow. Bumi Armada is building a sustainable business for all stakeholders, wherever the Company operates. The water ripples that spread gently out across the pond reflect our growing reach beyond Malaysia's shores.


BUMI ARMADA
ARMADA TGT 1

OUR

VISION

To be the trusted premier offshore and marine services provider in every corner of the world.

MISSION

Total customer satisfaction. Our business is to own, lease and operate quality offshore and marine assets.

CORPORATE PROFILE

We are a Malaysia-based international offshore oil field services provider to the O&G industry in Malaysia and over 10 other countries in Asia, Africa and Latin America. We provide our services through owning and operating marine assets across the O&G value chain from exploration through field development and construction, production and operations and eventually, decommissioning.

Having worked extensively in shallow water, we are increasing our focus on deepwater and harsh environments and working with customers ranging from NOCs and IOCs to Independents. We are the largest owner and operator of OSVs in Malaysia and among the top three in South East Asia.

We have more than 40 OSVs, three FPSOs in operation (two more under conversion) and under the T&I business, we have a DLB in the Caspian Sea and Armada Hawk, a DP2 subsea installation vessel.

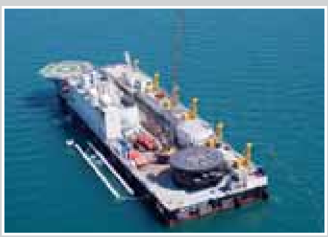
BUSINESS UNITS

FPSO › FLOATING PRODUCTION, STORAGE AND OFFLOADING

We own, lease and operate FPSOs. We have three FPSOs in operation, the Armada Perkasa and Armada Perdana in Nigeria, and the Armada TGT 1 started operation in Vietnam in the third quarter of 2011. Two FPSOs under conversion are for the Balnaves field in Australia and the D1 field in India.

OSV › OFFSHORE SUPPORT VESSELS

We own, operate and charter a modern fleet of over 40 vessels comprising AHTS/AHT, PSV and utility vessels, and accommodation workboats/ workbarges to support the offshore O&G industry.



T&I › TRANSPORT AND INSTALLATION SERVICES

We provide pipelay, heavy lift, subsea installation, floater and mooring installation and marine spread support services. We own and operate a DLB under contract to Petronas Carigali in the Caspian Sea, off Turkmenistan. Our latest addition, the Armada Hawk, a DP2 subsea installation vessel, has completed the installation of two 6” risers from the Floating Storage Offloading Sepat to the Mobile Offshore Production Unit at the Sepat field, offshore Terengganu.

OFS › OIL FIELD SERVICES

We provide a range of services required to cover all aspects of an oil field life cycle, from development through to production and abandonment. This division successfully converted the FSO Sepat from a tanker in Keppel Shipyard in 2011. The project included refurbishment and life extension works, fabrication and installation of the cargo offloading balcony and helideck, installation and integration of a 12-point spread mooring system, and upgrading of accommodation facilities.

SUPPORT UNITS

EPC › ENGINEERING PROCUREMENT AND CONSTRUCTION

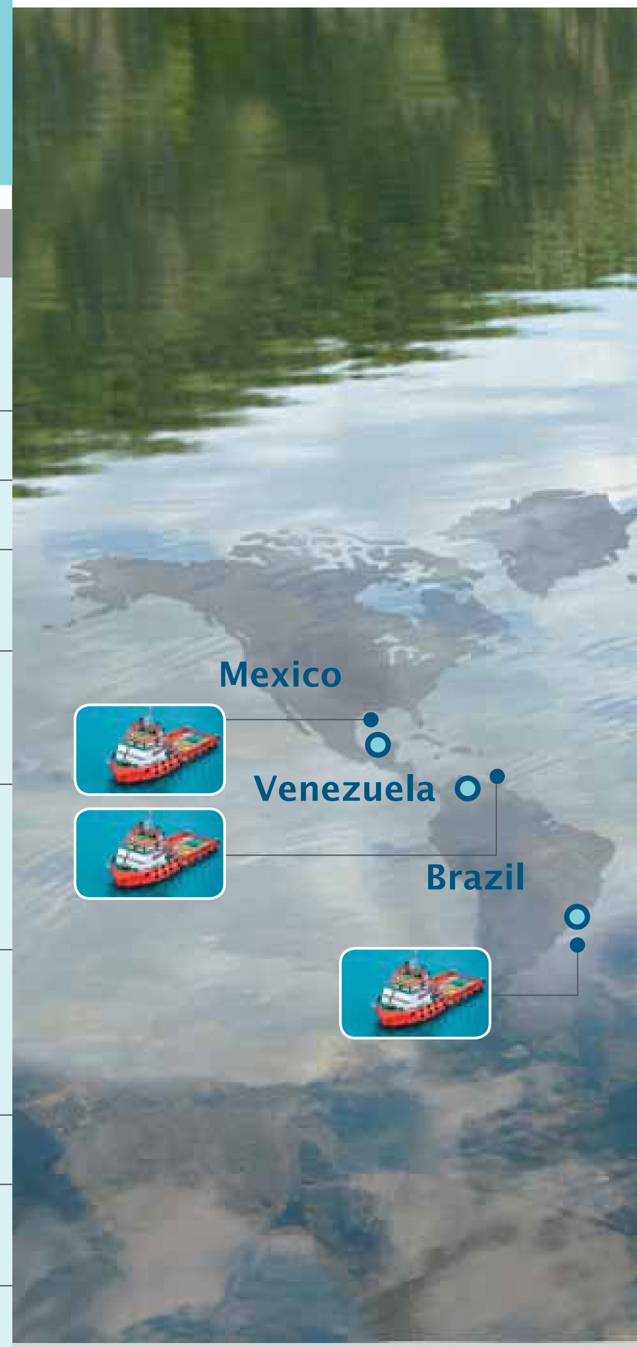
We provide in-house EPICC services which entail engineering, design, procurement, and project management services for our FPSOs, FSOs, modules, turret mooring systems, riser systems and pipelay and crane vessels. We have extensive experience in EPICC services from conceptual design through to commissioning and start-up.

FMS › FLEET MANAGEMENT SERVICES

We conduct in-house management and operations of our vessel fleet in all aspects of O&M. We have access to over 1,300 crew members, and have offices and shore bases in Malaysia, Singapore, Brunei, Vietnam, Indonesia, Australia, India, UAE, Turkmenistan, Africa, Brazil, Venezuela and Mexico.

We are a Malaysia-based international offshore services provider with an expanding reach.

Location	Functions
MALAYSIA	Headquarters in Kuala Lumpur and three shore bases located in Miri, Labuan and Kemaman to provide support and FMS for customers in South East Asia.
SINGAPORE	Office to support the EPC unit.
BRUNEI	Representative office to support our operations in Brunei.
VIETNAM	Representative office in Vung Tau to support our operations in Te Giac Trang field.
INDONESIA	Shore base/office in Jakarta for our joint-venture with Indonesia's PT Gema Group for expansion and market development in Indonesia.
AUSTRALIA	Australian office supports Balnaves field operations. In addition, over medium term, technology resources to support our international sales and operations will also be developed in this office.
INDIA	An office in Mumbai. We have individual joint-ventures with Forbes Campbell Finance Ltd, Forbes & Company Ltd, and Shapoorji Pallonji & Company Limited, offering services for the Indian offshore O&G market.
UAE	Marketing office in Dubai for our activities in this region.
TURKMENISTAN	Shore base in Turkmenbashy and an office in Ashgabat to support our operations in the Caspian Sea.
AFRICA	Shore bases/offices in Angola, Congo and Nigeria to support our operations in West Africa and an office in Lagos, Nigeria for our joint-venture with Nigeria-based Century Energy Services Limited (CESL) for projects in Africa.
BRAZIL	Representative office in Rio de Janeiro to support our expansion into this market.
VENEZUELA	Representative office in Puerto la Cruz to support our operations in Venezuela.
MEXICO	Representative office to support operations in Mexico.



ASIA • AFRICA LATIN AMERICA

GLOSSARY OF TECHNICAL AND OTHER TERMS

AGM	Annual General Meeting
AHTS	Anchor handling towing support, used to provide logistic support to offshore oil rigs, production platforms and other offshore installations, to tow rigs, barges and mobile structures from location to location, as well as making sure their anchors are well placed in suited positions
BAE	Bumi Armada Engineering Sdn Bhd
BAN	Bumi Armada Navigation Sdn Bhd
BASS	Barber Ship Management System, the information technology system used in fleet management
bbls/day	Barrels per day Barrel is a unit of measure for oil and petroleum products. One barrel is equivalent to about 158.987 litres
bhp	Brake horse power, a measure of an engine's horsepower before the loss in power caused by amongst others, gearbox and other auxiliary components
C-EOR	Chemical enhanced oil recovery
CAGR	Compounded annual growth rate
CMMS	Computer Maintenance Management System
CO2	Carbon dioxide
COPQ	Cost of poor quality
CSR	Corporate social responsibility
DLB	Derrick lay barge, a vessel (commonly a barge or ship) which has been installed with a crane for the lifting of heavy structures in the marine environment, as well as having flexible and/or rigid pipeline installation capabilities
DP	Dynamic positioning, a computer-controlled system to automatically maintain a vessel's position and heading by using its propellers and thrusters. The dynamic positioning level (e.g. DP2, DP3) indicates the degree and redundant systems built into the safety system to remove redundancy or failure of the system
E&P	Exploration and production
EBITDA	Profit before finance cost, taxation, depreciation and amortisation
EOR	Enhanced oil recovery is a generic term for techniques used for increasing the amount of crude oil that can be extracted from an oil field. It is sometimes referred to as "improved oil recovery" or "tertiary recovery"
EPC	Engineering, procurement and construction is a form of contracting arrangement whereby the contractor will design the product, procure the necessary materials and construct it, either in-house or by subcontracting part of the work
EPICC	Engineering, procurement, installation, construction and commissioning, where the contractor is also contracted to commission (involving preparatory activities to commence operations) the product
ESOS	Employee share option scheme established for the grant of options to eligible employees of our Group and our Executive Directors to subscribe for new Shares in the Company
FACF	First aid case frequency
FBMKLCI	FTSE Bursa Malaysia KL Composite Index
FPSO	Floating production, storage and offloading system, an offshore system comprising a large tanker or similar vessel equipped with a high-capacity production facility. FPSOs are normally moored at the bow to the seabed to maintain a geo-stationary position, and serve as a fixed point for risers to connect subsea wellheads to on-board processing/ production, storage and offloading systems. Produced oil is periodically offloaded to smaller shuttle tankers, which transports the oil to onshore facilities for further processing
FSO	Floating storage and offloading vessel, is similar to an FPSO, but the FSO is not designed and installed with the topsides to process hydrocarbons, but is only designed to store processed products in the offshore environment
FTSE	FTSE Group (FTSE) is a world-leader in the provision of global index and analytical solutions
GRI	Global Reporting Initiatives is a non-profit organisation that promotes economic, environmental and social sustainability. GRI provides all companies and organisations with a comprehensive sustainability reporting framework that is widely used around the world
HLJOC	Hoang Long Joint Operating Company
HSSE	Health, safety, security and environment
HSE	Health, safety, security In some cases, HSEQ where 'Q' stands for quality

IMCA	International Marine Contractors Association
IOC	International oil company, refers to large private or public oil companies that have upstream, midstream and downstream capabilities, such as Royal Dutch Shell plc and Exxonmobil Corporation
IPO	Initial public offering
IRM	Inspection, repair and maintenance
ISO	International Organisation for Standardisation
KPI	Key performance indicator
LNG	Liquefied Natural Gas; naturally occurring gas that has been cooled to a temperature of -160˚C at normal atmospheric pressure in order to condense the gas into liquid, which can be more easily stored, handled and transported. One metric tonne of LNG is equivalent to 1,400 cubic metres of natural gas at normal temperature and pressure
LTI	Lost time injury, a work-related injury or illness that renders the injured person unable to return to work on the next working day after the day of the injury or illness
MOPU	Mobile offshore production unit
MSCI	Morgan Stanley Composite Index
NOC	National oil company, O&G company owned or controlled by a national government, typically having special rights or access to its local market
O&G	Oil and gas
O&M	Operations and maintenance
OFS	Oil field services, refers to services required to maximise the extraction of hydrocarbons in the marginal field and EOR business
ONGC	Oil and Natural Gas Corporation in India
OPEC	Organisation of Petroleum Exporting Countries
Operating EBITDA	Profit before finance cost, tax, depreciation, amortisation, fair value changes of call option and listing expenses
OSV	Offshore support vessel, refers to any vessel, boat or ship whose main function is to support the offshore O&G operations, which includes movement of equipment or structures, as well as transportation of materials and personnel
PAP	Positive Attitude Programme
Petrobras	Petróleo Brasileiro S.A.
Petronas	Petroliam Nasional Berhad
PSV	Platform support vessel, designed to supply offshore oil platforms and used for transportation of goods and personnel to and from offshore oil platforms and other offshore structures
PTTEP	PTT Exploration and Production Public Company Limited
PVEP	Petrovietnam Exploration Production Corporation
Riser	A pipe or assembly of pipes used to transfer produce from the seabed to the surface facilities or to transfer injection fluids, control fluids or lift gas from the surface facilities to seabed
RFSU	Ready for start up
ROQ	Return on quality
SEA	South East Asia
SGD or Singapore Dollar	Singapore Dollar, the lawful currency of Singapore
SURF	Subsea umbilicals, risers and flowlines
TRIF	Total recordable injuries frequency
USD or US Dollar	United States Dollar, the lawful currency of the US

CONTENTS

Malaysia-based international company with presence in Asia, Africa and Latin America

Sixth global owner and operator of FPSOs

The largest owner and operator of OSVs in Malaysia, and among the top 3 in SEA

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Mahamad Fathil bin Dato' Mahmood
CHAIRMAN
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Ahmad Fuad bin Md Ali
DEPUTY CHAIRMAN
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Saiful Aznir bin Shahabudin
INDEPENDENT NON-EXECUTIVE DIRECTOR

Alexandra Elisabeth Johanna Maria Schaapveld*
INDEPENDENT NON-EXECUTIVE DIRECTOR

Andrew Philip Whittle
INDEPENDENT NON-EXECUTIVE DIRECTOR

Chan Chee Beng
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Farah Suhanah binti Ahmad Sarji
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Lim Ghee Keong
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Hassan Assad Basma
CHIEF EXECUTIVE OFFICER
EXECUTIVE DIRECTOR

Shaharul Rezza bin Hassan
CHIEF FINANCIAL OFFICER
EXECUTIVE DIRECTOR

COMPANY SECRETARIES

Noor Hamiza binti Abd Hamid
MAICSA 7051227

Chew Ann Nee
MAICSA 7030413

REGISTERED OFFICE

Level 21, Menara Perak
24, Jalan Perak
50450 Kuala Lumpur, Malaysia
T : (03) 2171 5799
F : (03) 2163 5799

HEAD OFFICE

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50450 Kuala Lumpur, Malaysia
T : (03) 2171 5799
F : (03) 2163 5799
W : www.bumiarmada.com
E : bumiarmada@bumiarmada.com

SHARE REGISTRARS

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47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
T : (03) 7841 8000
F : (03) 7841 8151/8152
E : ask_us@symphony.com.my

AUDITORS

PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia
T : (03) 2173 1188
F : (03) 2171 1288

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Listed since 21 July 2011
Sector : Trading & Services
Stock Name : ARMADA
Stock Code : 5210

* *She is also referred to as Alexandra Schaapveld in the other sections of this Annual Report.*

DETAILS OF MEMBERSHIP OF BOARD COMMITTEES

DIRECTORS	BOARD COMMITTEES				
	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	Executive Committee
Dato' Sri Mahamad Fathil bin Dato' Mahmood	—	—	—	—	—
Dato' Ahmad Fuad bin Md Ali	—	—	—	Chairman	Chairman
Saiful Aznir bin Shahabudin	Chairman	—	—	—	—
Alexandra Schaapveld	Member	Chairman	Member	—	—
Andrew Philip Whittle	Member	Member	Chairman	Member	—
Chan Chee Beng	Member	—	Member	—	Deputy Chairman
Farah Suhanah binti Ahmad Sarji	—	—	—	—	—
Lim Ghee Keong	—	Member	—	Member	—
Hassan Assad Basma	—	—	—	—	Member
Shaharul Rezza bin Hassan	—	—	—	—	Member

GROUP CORPORATE STRUCTURE As at 16 April 2012

BUMIARMADA

95%	Bumi Armada Navigation Sdn Bhd
100%	Bumi Armada Automation International Sdn Bhd
100%	Bumi Armada Engineering Sdn Bhd
50%	Offshore Marine Ventures Sdn Bhd
100%	Bumi Armada (Singapore) Pte Ltd
100%	Armada Mahakam Limited
100%	Armada Floating Solutions Limited
100%	Bumi Armada (Labuan) Ltd
100%	Armada Offshore DMCEST
100%	Armada Oyo Ltd
100%	Armada Marine Contractors Caspian Ltd
49%	Armada Century Ltd
100%	Armada TGT Ltd
40%	Century Bumi JV Limited
100%	Tera Sea Limited
50%	Forbes Bumi Armada Offshore Limited
100%	Bumi Armada Offshore Holdings Limited *(formerly known as Armada D1 India Limited)*
100%	Armada Project Pte Ltd *(formerly known as Armada Forbes D1 India Pte Ltd)*
100%	Armada Balnaves Pte Ltd
50%	Armada D1 Pte Ltd
100%	Armada Kamelia Sdn Bhd *(formerly known as Armada UOTE Sdn Bhd)*
100%	Bumi Armada Russia Holdings Limited
50%	SP Armada Oil Exploration Private Limited

Holding	Company	Holding	Company
100%	Armada Indah Sdn Bhd		
100%	Bumi Armada Ship Management Sdn Bhd		
100%	Armada Tankers Sdn Bhd	100%	Armada Alpha Sdn Bhd
60%	Bumi Care Offshore Production Sdn Bhd		
100%	Haven Automation Industries (S) Pte Ltd		
49%	Forbes Bumi Armada Limited		
99% / 1%	Bumi Armada Nigeria Limited		
100%	Armada Marine Contractors Caspian Pte Ltd		
100%	Bumi Armada Angola Servicos Limited		
100%	Bumi Armada Offshore Contractor Limited	99%	Bumi Armada Caspian LLC
100%	Armada TLDD Limited		
100%	Bumi Armada Do Brasil Servicos Maritimos Ltda		
50%	Armada C7 Pte Ltd		
49%	PT. Armada Gema Nusantara		
100%	Bumi Armada Australia Pty Ltd		
100%	Armada Blue, LLC		

Jointly controlled entities

FIVE-YEAR PERFORMANCE HIGHLIGHTS

Financial Performance (RM'000)	2011	2010	2009	2008	2007
Revenue	**1,543,896**	1,241,383	732,090	519,839	309,682
EBITDA	**871,911**	714,109	520,663	302,808	152,134
Operating EBITDA	**899,637**	714,109	520,663	302,808	152,134
Profit for the financial year	**365,331**	350,755	277,442	150,023	86,521
Profit attributable to the Owners of the Company	**359,672**	350,755	277,442	150,023	86,521
Total assets	**6,936,242**	4,795,467	3,862,256	2,434,686	1,222,765
Total equity	**3,542,715**	875,102	671,346	431,316	270,907

FIVE-YEAR PERFORMANCE HIGHLIGHTS

Revenue (RM'000)

1,543,896

11	1,543,896
10	1,241,383
09	732,090
08	519,839
07	309,682

EBITDA (RM'000)

871,911

11	871,911
10	714,109
09	520,663
08	302,808
07	152,134

Profit for the financial year (RM'000)

365,331

11	365,331
10	350,755
09	277,442
08	150,023
07	86,521

Total assets (RM'000)

6,936,242

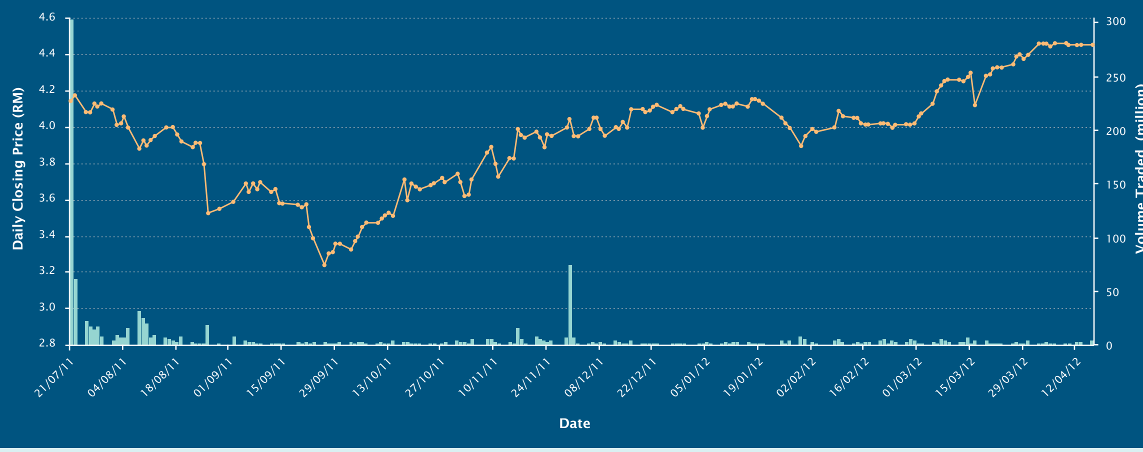
11	6,936,242
10	4,795,467
09	3,862,256
08	2,434,686
07	1,222,765

SHARE PERFORMANCE

Bumi Armada Berhad's share price closed at RM4.10 on 30 December 2011, 35.31% higher than its Initial Public Offering (IPO) price of RM3.03 on the listing of its shares on 21 July 2011. As a result of the gain in the share price, the Company's market capitalisation increased to RM12.01 billion from RM8.87 billion, at its IPO.

Bumi Armada Berhad Share Price	2011 (RM)	Date
IPO Price	3.03	21 July 2011
Year High	4.17	22 July 2011
Year Low	3.24	26 September 2011
Year Closing	4.10	30 December 2011
Market Capitalisation @ 30/12/2011	12,006,692,560	30 December 2011

SHARE PRICE AND VOLUME TRADED FROM 21 JULY 2011 TO 16 APRIL 2012

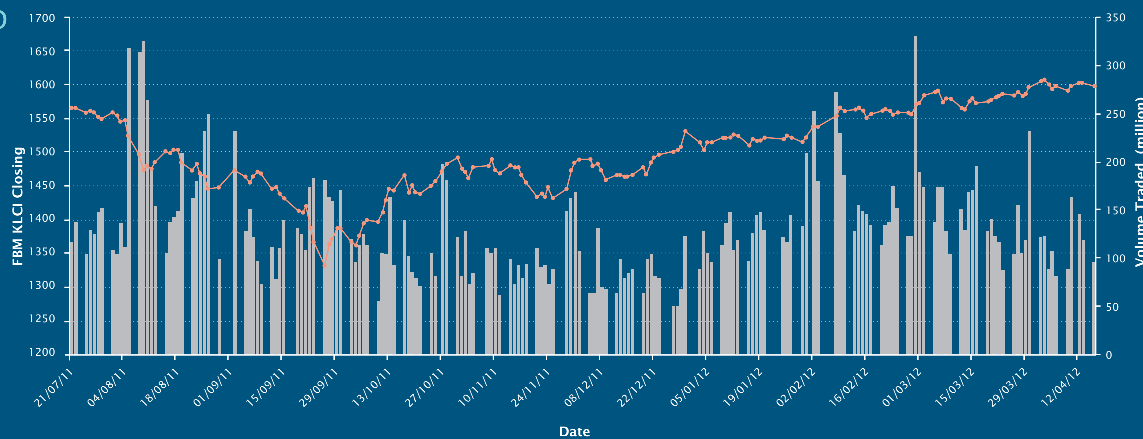


Volume

Last Price

Source : Bloomberg

FBM KLCI AND VOLUME TRADED FROM 21 JULY 2011 TO 16 APRIL 2012



Volume

Last Price

Source : Bloomberg

2011
MILESTONES

11 June ➤ FPSO Armada TGT 1 Sail Away Event

19 June ➤ First contract in Brazil for Armada Tuah 104 for Petróleo Brasileiro S.A. (Petrobras)

30 June ➤ Acquired Armada Hawk (*previously known as Acergy Hawk*)

30 June ➤ Initial Public Offering Prospectus Launch

21 July ➤ Listing on the Main Market of Bursa Malaysia Securities Berhad

23 July ➤ FSO Sepat Naming ceremony at Keppel Shipyard, Singapore

10 August Acquired Aframax tanker, Monte Umbe

22 August FPSO Armada TGT 1 achieved first oil for Hoang Long Joint Operating Company

30 September Signing ceremony with Apache Energy Ltd for RM1.46 billion Balnaves FPSO contract

19 October Armada Hawk completes riser installation and hookup of FSO Sepat

8 December Signing ceremony of USD341.1 million financing facility for TGT Project

28 December FSO Sepat ready for start-up

AWARDS & RECOGNITION

2011

CORPORATE AWARDS

2011 Alpha Southeast Asia Deal & Solutions Awards
Best Equity/IPO Deal in SEA

2011 Islamic Finance News Awards
IPO/Equity Deal of the Year

2011 Finance Asia Achievement Awards: Malaysia
Bumi Armada USD888 million IPO

2011 Country Deal Awards: Malaysia
Bumi Armada USD888 million IPO

PAST CORPORATE AWARDS

The BrandLaureate Master Awards 2010-2011 For Best Brands In Logistics
Offshore and Marine Support Vessels by The Asia Pacific Brands Foundation

Frost & Sullivan's 2010 Malaysia Excellence Award
Oil & Gas Services Provider Of The Year

Marine Money Asia
Bank Debt Deal Of The Year 2008/2009 Award

2011

SAFETY AWARDS

PTSC (Petrovietnam Technical Services Corporation) Armada Tuah 10 – *HSE Award for 1 Year Operation without LTI and Downtime*

Petrofac Cendor Field (PM304):
5 million manhours without LTI

Shell (SSB/SSPC) Award
2265 Goal Zero Days on 30.09.2011

Exxonmobil Best Contractor for Q4 2011

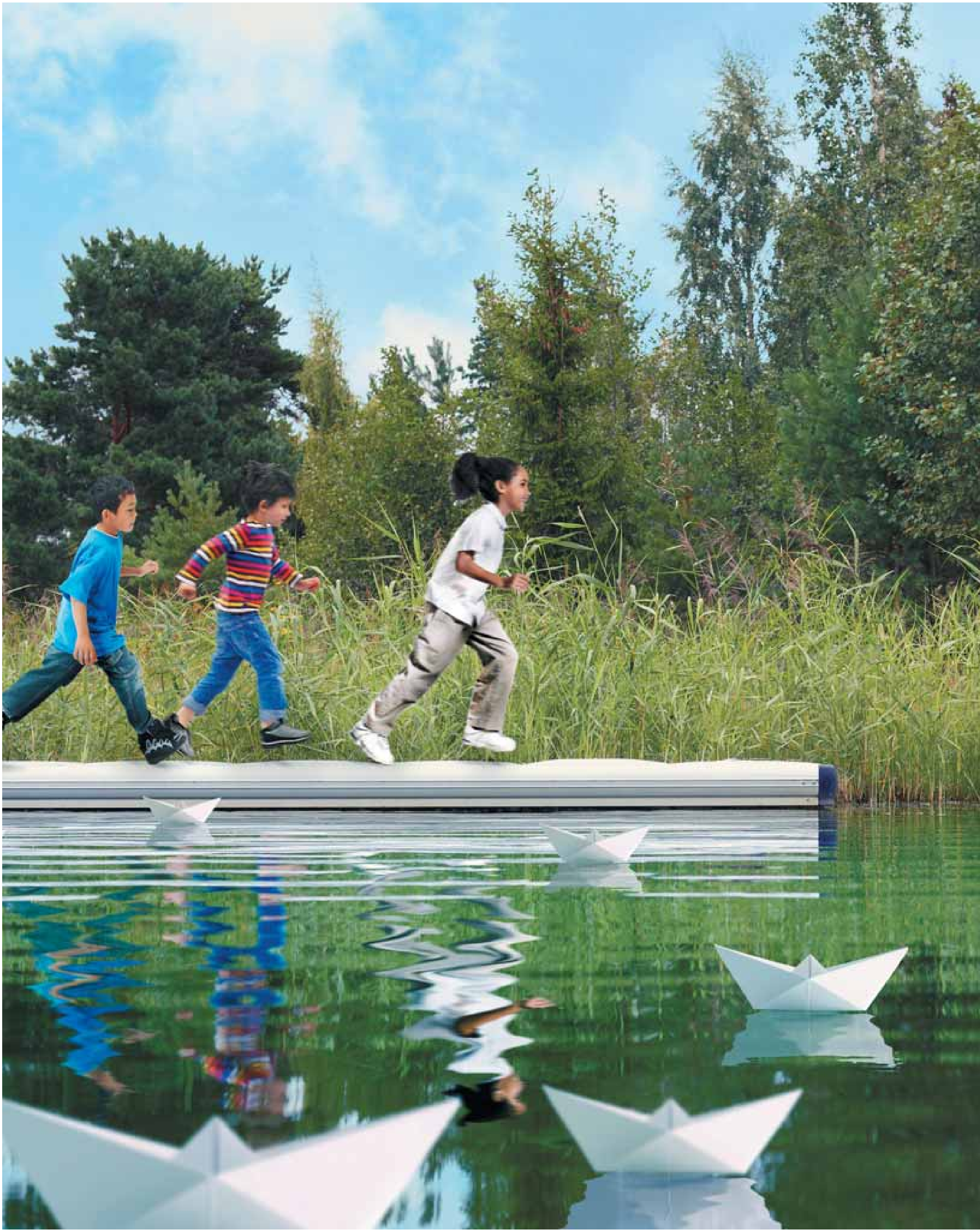
Exxonmobil Armada Tuah 9
Best Vessel for Q4 2011

HLJOC 5 million manhours without LTI for the Overall TGT Project

Exxonmobil Best Contractor of the Year 2010

Exxonmobil Best Contractor for Q4 2010

Exxonmobil Gold Award
Hurt Free 3 Years



Total integrated oil field services provider

Global execution, local delivery

Architect of technology

Delivery on time and on budget

BOARD OF DIRECTORS

01

02

03

06

07

08

04 ❯

05 ❯

09 ❯

10 ❯

01 ❯
Dato' Sri Mahamad Fathil bin Dato' Mahmood

02 ❯
Dato' Ahmad Fuad bin Md Ali

03 ❯
Saiful Aznir bin Shahabudin

04 ❯
Alexandra Schaapveld

05 ❯
Andrew Philip Whittle

06 ❯
Chan Chee Beng

07 ❯
Farah Suhanah binti Ahmad Sarji

08 ❯
Lim Ghee Keong

09 ❯
Hassan Assad Basma

10 ❯
Shaharul Rezza bin Hassan

PROFILES OF DIRECTORS

01

Dato' Sri Mahamad Fathil bin Dato' Mahmood
Aged 63, Malaysian
CHAIRMAN/NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT:
Director – 19 September 2006
Chairman – 13 February 2007

Dato' Sri Mahamad Fathil bin Dato' Mahmood is an entrepreneur with extensive interest and experience in trading, agriculture, telecommunications, information technology and management solutions and services. He is also the chairman and director of Lembaga Totalisator Malaysia. He founded several companies namely MFDM Holdings Sdn Bhd, MTU Services (Malaysia) Sdn Bhd, Pelasari Sdn Bhd, Central Management Catalogue Agency Sdn Bhd, Motor Teknologi & Industri Sdn Bhd, Pelasari Agriculture Sdn Bhd and Unisrialfa Sdn Bhd. His other directorships are in FPSO Ventures Sdn Bhd and Majlis Ekuin Malaysia. He holds a diploma from the Institute of Management Specialists in the United Kingdom ("UK") and is a Fellow of the British Institute of Management in the UK.

02

Dato' Ahmad Fuad bin Md Ali
Aged 59, Malaysian
DEPUTY CHAIRMAN/NON-INDEPENDENT NON-EXECUTIVE DIRECTOR/CHAIRMAN OF RISK MANAGEMENT AND EXECUTIVE COMMITTEES

DATE OF APPOINTMENT:
Director – 6 June 2007
Deputy Chairman – 6 June 2007

Dato' Ahmad Fuad bin Md Ali has more than 20 years of extensive experience in the fields of finance, accounting, auditing and consultancy. He was a consultant in 1978 with Hanafiah Raslan & Mohamad (which merged with Arthur Andersen & Co. in 1990), and was made a principal of the branch office in Penang in 1982. Two years later, he was made a partner in charge of the management consulting division. In 1991, he headed the Audit and Business Advisory unit and in 1993, he was appointed as the office managing partner. He retired from Arthur Andersen & Co. in August 1995. In September 1995, he was appointed as the executive chairman of Malaysian Plantations Berhad. During his 3-year tenure, he was involved in and managed various projects including construction and property development, stock broking and finance related businesses. In early 2000, he ventured into oil & gas ("O&G") industry-related support services, especially those relating to the complete operations and management side of various O&G installations. He also sits on the boards of directors of various other private companies. He is a Fellow of the Association of Chartered Certified Accountants (UK) and a Member of the Malaysian Institute of Certified Public Accountants ("MICPA"). He is also a Chartered Accountant of the Malaysian Institute of Accountants ("MIA").

03

Saiful Aznir bin Shahabudin
Aged 52, Malaysian
INDEPENDENT NON-EXECUTIVE DIRECTOR/CHAIRMAN OF AUDIT COMMITTEE

DATE OF APPOINTMENT:
Director – 1 December 2006

Saiful Aznir bin Shahabudin has wide general management experience having, served as the chief executive officer of two companies for an aggregate of more than 10 years. Currently, he is the group chief executive officer of Sharikat Permodalan Kebangsaan Berhad which he joined in 2002. In addition, he also specialises in corporate finance and privatisation matters. He qualified as a Member of the American Institute of Certified Public Accountants and is a Member of the MICPA. He holds a degree in Master of Business Administration from the University of Chicago in the United States of America ("US") and a degree in Bachelor of Business Administration from Western Michigan University in the US.

04

Alexandra Schaapveld
Aged 53, Dutch
INDEPENDENT
NON-EXECUTIVE DIRECTOR/CHAIRMAN OF REMUNERATION COMMITTEE/ MEMBER OF AUDIT AND NOMINATION COMMITTEES

DATE OF APPOINTMENT:
Director – 8 June 2011

Alexandra Schaapveld spent her entire career at ABNAMRO Bank, which she joined in 1984. The first eight years, she was involved in Corporate Banking and subsequently eight years in Investment Banking: equity capital markets and mergers and acquisitions. She had always been a strong advocate of client relations at the bank. In 2001, she was made senior executive vice president responsible for sector expertise and in 2004 became the head of the business unit global clients and investment banking. After the acquisition of ABNAMRO Bank by a consortium of banks, she became head of Europe for Royal Bank of Scotland during 2008. She is presently the non-executive director of Vallourec S.A. in France, a member of the supervisory board of Holland Casino, member of the Board of the Amsterdam University and the University Medical Center and member of the Advisory Board of Plan Nederland (a not for profit organisation). She was educated at the Lycee Francais in many countries, graduated with a degree in Politics, Philosophy and Economics from Oxford University in the UK and subsequently obtained a Master in Development Economics at Erasmus University in the Netherlands.

05

Andrew Philip Whittle
Aged 66, Australian
INDEPENDENT
NON-EXECUTIVE DIRECTOR/CHAIRMAN OF NOMINATION COMMITTEE/ MEMBER OF AUDIT, REMUNERATION AND RISK MANAGEMENT COMMITTEES

DATE OF APPOINTMENT:
Director – 8 June 2011

Andrew Whittle has over 40 years of technical and managerial experience in the petroleum exploration and production ("E&P") industry worldwide with a focus on South East Asia/Australia. His experience includes over 21 years with several affiliates of Exxon Corporation in Australia, Singapore, Malaysia, Canada and the US, finally in the position of geological manager of Esso Australia. Thereafter, he was exploration manager for five years with GFE Resources Ltd, Australia. He is a founding director of PetroVal (Australasia) Pty Ltd and has over 15 years of experience in preparing independent technical reports and in evaluating E&P assets for a range of clients and also consults through his private consulting company, Sheristowe Pty Ltd. He was closely involved in early discoveries in the Bass Strait and offshore Peninsular Malaysia for Exxon and in the exploration that led to the identification and discovery of the Thylacine gas field offshore Tasmania. In 2011, he was appointed a non-executive director of the board of Bass Strait Oil Company Ltd. He is a member of the American Association of Petroleum Geologists, the Society of Professional Well Log Analysts and the Petroleum Exploration Society of Australia. He holds a degree in Bachelor of Science with First Class Honours in Geology from University of Adelaide, South Australia.

06

Chan Chee Beng
Aged 56, Malaysian
NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR/ MEMBER OF AUDIT AND NOMINATION COMMITTEES/DEPUTY CHAIRMAN OF EXECUTIVE COMMITTEE

DATE OF APPOINTMENT:
Director – 2 June 2003

Chan Chee Beng has more than 30 years of experience in investment banking, financial management and accounting including stints with Ernst & Young and Morgan Grenfell & Co. Ltd. prior to joining the Usaha Tegas Sdn Bhd ("UTSB") Group in 1992 as head of corporate finance. He is presently an executive director of UTSB and serves on the boards of several other companies in which UTSB has significant interests such as Maxis Berhad (listed on the Bursa Malaysia Securities Berhad) ("Maxis"), Maxis Communications Berhad and Binariang GSM Sdn Bhd, having an operational base in Malaysia, Sri Lanka Telecom PLC (listed on the Colombo Stock Exchange) and Mobitel (Pvt) Ltd, having an operational base in Sri Lanka; and Aircel Limited, Aircel Cellular Limited and Dishnet Wireless Limited, having an operational base in India. He is a director of Yu Cai Foundation and also a director in a non-executive capacity and a member of the Audit Committee of MEASAT Global Berhad and a member of the Audit and Nomination Committees of Maxis.

He holds a degree in Economics and Accounting from the University of Newcastle-upon-Tyne in the UK and is a Fellow of the Institute of Chartered Accountants in England and Wales.

PROFILES OF DIRECTORS *(cont'd)*

07

Farah Suhanah binti Ahmad Sarji
Aged 46, Malaysian
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT:
Director – 2 June 2003

Farah Suhanah is an advocate and solicitor of the High Court of Malaya. She began her professional legal career with the Attorney-General's Chambers as a Deputy Public Prosecutor and was later appointed as a federal counsel. She served as a magistrate at the Kuala Lumpur Magistrate Courts (Civil Division); leaving Government service to pursue legal practice in the law firm of Messrs Zaid Ibrahim & Co. At present, she is the managing partner of her own law firm, Chambers of Farah Suhanah, which was established in January 2003. She holds a Bachelor of Arts degree (Honours) in Law from the University of Kent in Canterbury, UK and is a Barrister at Law of the Middle Temple in London. She has also attended and participated in the Program of Instruction for Lawyers at Harvard Law School in Cambridge, US.

08

Lim Ghee Keong
Aged 44, Malaysian
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR/MEMBER OF REMUNERATION AND RISK MANAGEMENT COMMITTEES

DATE OF APPOINTMENT:
Director – 22 April 2011

Lim Ghee Keong has more than 20 years of experience in treasury and credit management. He is currently the group treasurer of UTSB. He is also a director of Astro Holdings Sdn Bhd, an investment holding company primarily engaged in the provision of direct-to-home subscription television services, radio services, film library licensing, multi-media interactive services and television content creation, aggregation and distribution; and Tanjong Capital Sdn Bhd ("TCSB"), an investment holding company of a group of subsidiaries involved in power generation, leisure and property investment. His other directorships include Paxys Inc., a business process outsourcing company listed on the Philippines Stock Exchange and Powertek Berhad, an indirect wholly-owned subsidiary of TCSB. He is a director of Yu Cai Foundation and also a director and chairman of the Audit Committee of Bond Pricing Agency Malaysia Sdn Bhd, a bond pricing agency registered with the Securities Commission Malaysia. Prior to joining UTSB, he was attached to General Electric Capital Corporation in the US and the former Ban Hin Lee Bank in Malaysia. He holds a Bachelor of Business Administration degree, majoring in Finance, from the University of Hawaii at Manoa, US.

09

Hassan Assad Basma
Aged 55, Dutch
CHIEF EXECUTIVE OFFICER/ EXECUTIVE DIRECTOR/MEMBER OF EXECUTIVE COMMITTEE

DATE OF APPOINTMENT:
Director – 1 September 2005

Hassan Assad Basma has 30 years of experience in the O&G industry, of which the last 17 years were spent in Asia. Prior to joining the Company, he was the president of Far East Single Buoy Mooring and the managing director of Kvaerner E & C Singapore and has held senior management positions since 1993. His work experience has spanned four continents, covering Europe, Africa, Middle East, India, South East Asia and Australia, which involved several disciplines from subsea and pipelines, jackets and topsides through to floaters and floating solutions. He was involved in several 'firsts' throughout his career, including the first deepwater floating production, storage and offloading system ("FPSO") for the Kikeh Field in Malaysia, the first gravity actuated pipe application in the world, the first co-generation power plant in Singapore, the first petrochemical plant in Kuantan, Malaysia for BASF (Malaysia) Sdn Bhd as well as the front-end engineering and design for the first on-shore gas field in China, for Shell Changbai. He was appointed Chief Executive Officer and Executive Director of the Company in 2005. He holds an honours degree in Bachelor of Science in Engineering from the University of Manchester Institute of Science and Technology in the UK.

10

Shaharul Rezza bin Hassan
Aged 40, Malaysian
CHIEF FINANCIAL OFFICER/
EXECUTIVE DIRECTOR/MEMBER OF
EXECUTIVE COMMITTEE

DATE OF APPOINTMENT:
Director – 2 June 2003

Shaharul Rezza has over 15 years of experience in corporate finance/fund raising and financial management. Prior to joining the Company, he worked in the corporate finance department of UTSB for 10 years. During his tenure with UTSB, he was involved in various corporate exercises such as mergers and acquisitions, restructuring, fund raising and equity public offerings, including the reverse take-over of Malaysian Tobacco Company Bhd (now known as MEASAT Global Berhad) and the acquisition and subsequent privatisation of Bumi Armada. He holds a degree in Bachelor of Science in Economics from the University of Bristol in the UK.

Note:
Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company and have not been convicted of any offence within the past ten years.

SENIOR MANAGEMENT

Sitting from Left to Right:

Choong Guan Huat

Chakib Abi-Saab

Noor Hamiza binti Abd Hamid

Grace Low Choy Hoong

Gopalan Krishnan Papachan

Massimilliano Bellotti

Standing from Left to Right:

Navdeep Jain

Andrew Day Lamshed

Alvin Archibald Strang

Adriaan Petrus van de Korput

Madhusudanan Madasery Balan

Hassan Assad Basma

Shaharul Rezza bin Hassan

Wee Yam Khoon

Jonathan Edward Duckett

Noval D'avila Paredes

Chew Ann Nee

Noor Azmi bin Abdul Malek

Angele Chiang Pei-Chun

PROFILES OF SENIOR MANAGEMENT

Hassan Assad Basma

(Please refer to his profile on page 30)

Shaharul Rezza bin Hassan

(Please refer to his profile on page 31)

Andrew Day Lamshed

Andrew Day Lamshed is our Senior Vice President (SVP), Floating Production Systems and is responsible for business development and sales, including the formation to contract award of the engineering, technology, project execution, operations, legal, financing, and taxation aspects. He joined us in October 2006. He has over 25 years of experience, predominantly in the O&G industry. He started his career in capital equipment manufacturing, with roles in engineering and sales of large rotating equipment to the major oil companies. He then progressed through various project engineering, asset consulting, project management and project development roles with Fluor Corporation, Melbourne, Australia and Clough Engineering Ltd, Perth, Australia. He was appointed as the project director of the OMV Maari project with Clough Engineering Ltd prior to joining us. He holds a Bachelor of Engineering degree (Mechanical) from University of Ballarat in Australia and a Master of Business Administration degree from Monash University in Australia.

Wee Yam Khoon

Wee Yam Khoon is our Senior VP, OSV and is currently responsible for chartering and overall management of our OSV fleet. He joined Bumi Armada Navigation ("BAN") in 1978 as one of its founders and is the longest serving member of our staff with over 30 years of experience in our Group. He is one of Malaysia's most experienced players in the OSV segment and is mainly responsible for BAN's performance. He is also one of the pioneers of our "Steel on Water" OSV fleet expansion programme and has worked to open up new areas of operations in Congo, Mexico and Venezuela. He holds a Diploma in Accounting from the London Chamber of Commerce and Industry in the UK.

Massimilliano Bellotti

Massimilliano Bellotti is our Senior VP, T&I and is currently responsible for overall management and development of the T&I unit. He joined us in July 2008. He has more than 17 years of professional experience in management, engineering and construction within the offshore O&G industry involved in ultra-deepwater and shallow water developments, including subsea pipeline/flowlines/ platforms engineering, construction and installation, and barge/vessel upgrading. He was a project director of the Blacktip project and Sakhalin II Offshore project working for Saipem Group in North Sea, West Africa, Gulf of Mexico, South East Asia and Australia. He holds a Master of Science degree in Aircraft Design from Delft University of Technology in the Netherlands and a degree in Aircraft Engineering from University of Pisa in Italy.

Adriaan Petrus van de Korput

Adriaan Petrus van de Korput is our Senior VP, Major Projects and is currently responsible for the management of our various projects as well as, amongst others, the project control, construction, commissioning, transport and installation departments. He joined us in August 2009.

He first started as a management trainee with SGS Technische Inspecties B.V. in the Netherlands and was promoted to manager of special examinations. He was later appointed by Fluor Corporation, the Netherlands as a contracts engineer, followed by an appointment as manager contracts department for Elf Aquitaine. Prior to joining us, he spent 14 years with Bluewater Production Systems B.V. in the Netherlands as an executive director responsible for FPSO Projects and FPSO Operations.

He holds a Bachelor of Science degree in Mechanics from Technische Hogeschool Rijswijk in the Netherlands and a Master of Science degree in Management from University of Brussels in Belgium.

Madhusudanan Madasery Balan

Madhusudanan M.B., Chief Talent Officer and Shared Services is currently responsible for the entire gamut of human resource management – both Onshore and Fleet Human Resources, General Administration and Information Systems and Technology processes for all operations within our Group. He joined us in March 2009 and has over 23 years of human resource experience in O&G, telecommunication, automotive and fast moving consumer goods industries. He spent his last six years with Saipem S.p.A., India and served as the head of Human Resources and Information and Communication Technologies in the Asia Pacific Region for the last four years there. Before Saipem, he has worked with MRF Tyres, Dunlop and Tata Telecom. He holds a Bachelor of Science degree in Chemistry and a Master of Arts degree in Public Administration from the University of Madras in India. He also holds a Bachelor of General Laws degree, a Post Graduate Diploma in Human Resource Management and a Post Graduate Diploma in Personnel Management, all from various universities in India.

Jonathan Edward Duckett

Jonathan Edward Duckett is our Senior VP, Corporate Planning and is currently responsible for our overall strategy, corporate performance, growth planning, investor relations as well as business and competitor analysis. He joined us in May 2006. He started his career as an equity research analyst with Asia Equity in Malaysia in 1993 and after the take-over by Banque Paribas, he was Paribas Asia-Equity's Malaysian equity sales/research representative. In 2000, he joined Renong Berhad as group general manager, Investor Relations, before transferring to Plus Expressways Berhad and UEM Group Berhad in the same capacity prior to joining us. He holds a Bachelor of Applied Arts degree in Business Administration Management from The American College in London (now known as The American Intercontinental University).

Noor Azmi bin Abdul Malek

Noor Azmi bin Abdul Malek is our VP, Bumi Armada Engineering ("BAE") and is currently responsible for the management of the resources and facilities of BAE as well as technical direction and support. He joined us in July 2006. He was a research and development engineer with Innovest Industries Sdn Bhd from 1989 to 1990. From 1990 to 1991, he was a sales engineer in Sun Metal Works Sdn Bhd before leaving as a project engineer at the same company in 1994. Between 1994 and 2006, he assumed the roles of project manager, projects department manager, regional business department manager, business development manager and HSE manager/after sales manager for Kvaerner Process Systems Asia Pacific Sdn Bhd prior to joining us. He holds a Bachelor of Science degree in Mechanical Engineering from Colorado State University in the US.

Noval D'avila Paredes

Noval D'avila Paredes is our VP, Corporate HSSE and is currently responsible for planning, direction, control and management of the functions and activities for the division. He joined us in January 2011. He started his career with Ideal Standard, Brazil in 1985 before moving to ABC Cristais Microeletronica, Brazil and left as production manager in 1995. Between 1995 and 2000, he was an HSEQ consultant with Grifo Enterprises, Brazil where his key performance areas include health and safety system, environmental management system and quality management system. In 2000, he moved to Acergy, Brazil where he was responsible for, among others, HSE, quality and Total Acergy Quality Leadership Program ("TAQL"). His last position at Acergy, Brazil was HSEQ director & TAQL co-ordinator. He holds a Master of Business Administration degree in Finances from Ibmec in Brazil, as well as a Post Graduate degree in Safety Engineering and a Master in Production Engineering degree (Emphasis in Enterprise Strategy) from the Federal University of Rio de Janeiro in Brazil.

Gopalan Krishnan Papachan

Gopalan Krishnan Papachan is our VP, Commercial & Risk Management and VP for the new Oil Field Services (OFS) unit. Currently wearing two hats, he is driving the establishment of an enhanced risk management framework as well as to start up the new OFS unit which will help diversify and extend the Company's portfolio into marginal/small field developments using innovative contracting arrangements, secure C-EOR and, floating value-added gas opportunities and, to break into new total floating solutions in the production and drilling services space. He joined us in July 2011 with 25 years experience in the E&P industry. He started his career with Esso Production Malaysia Inc in 1982 and then later joined Sarawak Shell Berhad from 1992 after taking a break between 1988 to 1991 to read Law. He has worked in Malaysia (KL, Kerteh, Miri), Japan (Tokyo), Holland (The Hague) and Nigeria (Warri). Prior to joining us, he was senior general manager for commercial with Shell Upstream Malaysia and he holds degrees in Engineering, Law and Finance.

PROFILES OF SENIOR MANAGEMENT *(cont'd)*

Choong Guan Huat

Choong Guan Huat is our VP, Strategic Procurement and is currently responsible for our procurement and contract management functions. He joined us in August 2006. He has over 30 years of procurement and project management experience, working with large multi-national corporations in international and domestic projects which included O&G facilities, power, petrochemical, industrial, pharmaceuticals, pipelines, LNG terminals, fixed production platforms and FPSO. His experience encompasses project procurement, materials and logistics management for projects in the Middle East, Africa, Europe and Asia Pacific. He has held senior procurement management positions which included responsibility for regional and global procurement. He holds an Advanced Diploma in Business Administration from The Association of Business Executives (ABE) in London, UK and also completed a course of study as a Certified Purchasing Manager from the National Association of Purchasing Management in the US. He has also pursued an MBA course from the University of Southern Queensland, Australia.

Grace Low Choy Hoong

Grace Low Choy Hoong is VP, Brand Communications and CSR. She joined Bumi Armada in August 2007 as Senior General Manager, Corporate Communications, tasked with stewardship of the corporate brand. Prior to that she spent seven years as Managing Director of Ogilvy Public Relations Worldwide, an international Public Relations ("PR") consultancy in Malaysia where she provided strategic counsel and communications solutions to a variety of local and international clients.

Prior to that, she spent more than six years at an international advertising agency, Grey World Wide where she established five divisions – PR, promotions, direct, merchandising and healthcare. Having been a journalist, she also has a good understanding of the media and brings with her strong media relations and experience in issues and crisis management. She holds a Diploma of Marketing from the Institute of Marketing (now known as Chartered Institute of Marketing).

Angele Chiang Pei-Chun

Angele Chiang Pei-Chun is our Senior General Manager, Legal and Secretarial. She joined our Company in January 2010.

She has over nine years of legal experience across France and Singapore. She spent over six years with Single Buoy Moorings Inc. in Monaco, France before joining Watson Farley & William LLP. She holds a Post Graduate Diploma in Legal Practice from BPP Law School in the UK and a LLB (Bachelor Degree in Law) from South Bank University in the UK.

Chakib Abi-Saab

Chakib Abi-Saab is our Chief Information Officer, Information Systems and Technology. He joined our Company in March 2010. He has extensive experience in the information technology sector and started his career with Getronics Inc. in 1996 in the US, where he joined as a technical support analyst and became the internet services division manager for one of their major support centres.

He later joined Baker Hughes Inc. in 2001 and had several progressive roles including managing the information technology support teams in Latin America, and creating the information technology support services structure for Middle East and Asia Pacific. During his last year in Baker Hughes, he was the senior strategic sourcing manager for Middle East and Asia Pacific. He holds a Bachelor of Business Management and a Master of Business Administration, International Business from LeTourneau University, in Longview Texas, US.

Most recently, Chakib became a member of the Gartner's Research Board. The Research Board is an international think tank headquartered in New York City. Membership is by invitation only and is restricted to chief information officers of the world's largest corporations.

Alvin Archibald Strang

Alvin Archibald Strang is our VP of Asset Management, O&M. He has extensive experience working in the O&G industry for more than 30 years. Majority of this was with BP Exploration in North Sea and Venezuela before moving into the contractor side with Baker Energy (Thailand and Algeria) and then Modec where he was the country manager for Cote d'Ivoire, then deputy general manager for Pacific FPSO Operations based in Singapore. Alvin has been with the Company since February 2008 based in the KL Headquarters. He is responsible for the asset management, operations and maintenance of FPSOs and floating solutions.

Navdeep Jain

Navdeep Jain, our VP of Finance, is a qualified Chartered Accountant from India with over 25 years of post-qualification experience - six years in the profession with KPMG and Ernst & Young, and 20 years in the O&G service industry - 15 years with Baker Hughes, four years with Weatherford and now two years with the Company. He has lived in eight countries across the Middle East, Africa, Europe, US and Asia over his career and travelled for work to most O&G producing regions around the world.

Noor Hamiza binti Abd Hamid

Noor Hamiza joined our Company in July 1999. She was appointed as Company Secretary in September 2004. She is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and has more than 10 years of experience in corporate and company secretarial matters.

Chew Ann Nee

Chew Ann Nee is our Joint Company Secretary. She is an Associate member of MAICSA and has more than 11 years of experience in corporate and company secretarial matters. Prior to joining our Company in July 2011, she was with the Company Secretarial Department of PPB Group Berhad for 10 years.

CHAIRMAN'S MESSAGE

DATO' SRI MAHAMAD FATHIL BIN DATO' MAHMOOD
Chairman

DEAR SHAREHOLDERS,

Your Company, Bumi Armada Berhad ("Bumi Armada") was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 21 July 2011, in an IPO which was the largest in the country for 2011. Demand was strong and balanced between international and Malaysian investors. Total demand for the institutional offering (excluding the offering to cornerstone and Bumiputera investors approved by Ministry of International Trade and Industry) was at a level exceeding 50 times the number of shares available. The listing exercise raised close to RM2.7 billion with an initial offering of 878.54 million shares at RM3.03 per share.

Bumi Armada has since been included in the Morgan Stanley Composite Index (MSCI) for Malaysia and the FTSE Bursa Malaysia KLCI (on 1 December and 19 December, 2011 respectively), both widely used by institutional investors as primary benchmarks for the Malaysian stock market.

I am delighted and privileged to welcome you on board as a shareholder in Bumi Armada and to present to you the inaugural annual report following our listing.

Operating Environment

2011 was a challenging year as the world continued to struggle through the European sovereign debt crisis and social-political changes in the Middle East. Crude oil price rose and oil companies, both National and Independent, increased their spend budgets to a 20-year record high, benefiting companies like Bumi Armada.

In the post-Macondo era, higher safety requirements by clients and regulators have become a 'must-have'. Bumi Armada continues to put a strong emphasis on HSSE and has increased these HSSE efforts in 2011. Bumi Armada was again recognised for its operational excellence by several of its major clients in 2011.

From a business perspective, Bumi Armada had another year of strong performance with higher activity levels across all its business sectors.

Our Performance

Bumi Armada's revenue grew 24% (RM302.5 million) from RM1.24 billion in 2010 to RM1.54 billion in 2011. The Group's operating EBITDA increased 26% (RM185.5 million) to RM899.6 million in the same period. Profit for the financial year increased by RM14.6 million to RM365.3 million, after deducting one time listing related expenses of RM27.7 million. The adjusted year-on-year growth was 12%. These results were achieved despite continuing worldwide economic uncertainty. With our track record for successful delivery and a strong financial position backed by an order backlog of more than RM7 billion, Bumi Armada is well positioned to continue delivering a strong performance in the financial years ahead.

Dividend

Based on our performance in 2011, the Board of Directors has recommended a tax-exempt final cash dividend of 2.5 sen per share, for your approval at the Company's forthcoming Sixteenth ("16th") Annual General Meeting ("AGM"). This dividend is part of a progressive dividend policy to reward you, the Company's shareholders.

Bumi Armada has an objective to maximise long-term total shareholder returns, to be achieved through sustainable growth and dividend payments.

Corporate Governance

The Board is committed towards striving for the highest standards of corporate governance and best practices throughout the length and breadth of our business. Details of the corporate governance and internal control policies and initiatives employed by the Group are detailed in the relevant sections of this Annual Report.

Corporate Responsibility

As a Malaysia-based international offshore oil field services company, Bumi Armada is keenly aware of its environmental, economic and social responsibilities especially as a Company that operates in four continents and over 10 countries.

Bumi Armada has internationally accredited systems and procedures and policies such as ISO 9001, ISO 14001 and a CSR framework to ensure it operates at a high level of statutory compliance, efficiency and sustainability. Bumi Armada continues to share its knowledge through a commitment to local content, job creation, manpower training and tapping local resources to enhance the economic and social well-being of communities where it operates.

We believe we are only at the beginning of our corporate responsibility journey as there is much to be done. Our second CSR report, for 2010-2011, has been produced and is available on our website.

People Development

'People Development' is one of the six core values that hold our workforce together. We continue to identify talented individuals and invest in their development to create a strong bench of employees. Last year, Bumi Armada launched the STAR programme aimed at identifying and developing such talents.

Outlook and Prospects

Notwithstanding the global socio-political challenges across the globe, the outlook for the offshore O&G services sector remains positive as oil prices are envisaged to remain strong. As such, our clients' spend budgets are expected to increase year-on-year which augurs well for companies like Bumi Armada.

The Board and Management of your Company have set clear targets and objectives for the FPSO, OSV, T&I and OFS businesses. Bumi Armada remains focused on providing technically sound, commercially viable and sustainable services to both our existing and prospective clients.

Acknowledgements

On behalf of the Board of Directors, I would like to express my appreciation to you, our shareholders, customers, business partners and regulators for your continued support for the Company.

To the Management and employees of this Company, a heartfelt 'Thank you' for your efforts, your dedication and hard work.

Finally, I wish to thank my fellow Board members for their contribution and valuable insights that have enabled this Company to grow in challenging times. 2011 has been an exciting year and I am grateful for your presence on the Board. On behalf of my fellow Board members, I would also like to take this opportunity to express our sincere appreciation to Puan Farah Suhanah binti Ahmad Sarji who is retiring from the Board at this coming AGM, for her service and support. It has been a pleasure working with her and we wish her all the best.

DATO' SRI MAHAMAD FATHIL BIN DATO' MAHMOOD
Chairman

HASSAN ASSAD BASMA
Chief Executive Officer/
Executive Director

MESSAGE FROM CEO/ED

DEAR SHAREHOLDERS,

2011 was a challenging year in many respects. It was buffeted by geopolitical upheavals, natural disasters and economic uncertainty. However, oil prices, a leading indicator for our business, remained firmly above USD90 a barrel driven not so much by a supply demand equilibrium, but more so by concerns over supply security in the oil producing regions.

The listing of Bumi Armada on 21 July 2011

Against this backdrop, Bumi Armada was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities) on 21 July 2011. The IPO was the largest in Malaysia for the year, amongst the largest in Asia and won four awards from various financial institutions and publications (page 24 in this annual report). This, we believe, is a strong vote of confidence by the investment community worldwide: in our Company's strong fundamentals, its experienced management team, its operational excellence and in the anticipation of rising investments in O&G projects across the globe. Indeed, 2011 saw global E&P capital expenditure reach a 20-year high in real terms.

Our overall performance for the year did not disappoint. Our revenue grew by 24% to RM1.54 billion and our profit for the financial year closed at RM365.3 million (after deducting one time listing related expenses of RM27.7 million). Our adjusted year-on-year growth in profit was 12%. More importantly, our health, safety, security and environment (HSSE) performance during this period of increased activity remained strong with zero lost time injuries (LTI) across all areas of our operations in over 10 countries across four continents.

With that, we are pleased to provide a review of our 2011 operations starting with the most important performance indicator in our industry – HSSE.

HSSE Performance

The Macondo oil spill in the Gulf of Mexico in April 2010 brought into sharper focus the importance of asset integrity, safety practices and safety mindsets. Significantly, it brought with it a heightened awareness of the importance of operational excellence and the need to understand, assess, mitigate and manage operational risks. Already, immediate and anticipated future regulations are far more stringent than the current and new generations of vessels are being constructed to more demanding specifications. This new class of vessels is being equipped with a multitude of functionalities designed to mitigate the eventuality of oil spills and scale down the impact of blowouts through early and effective intervention.

Today, the HSSE score card is not only a "must have" KPI but is increasingly seen as a reflection of operational excellence and more significantly of good governance. As such, the Group will continue to allocate resources with the aim of embedding a culture and awareness of health, safety, security and environment throughout the organisation. Our mission is to build a "zero tolerance" culture throughout our value chain such that safety awareness becomes a way of life.

The Group is an active participant of the IMCA (International Marine Contractors Association), an independent body of major marine contractors set up to champion HSSE performance and operational excellence. We continue to work closely with our clients such as Petronas, Petrobras, Shell and Exxonmobil by supporting their safety campaigns and HSSE initiatives and participating in their "contractor round tables" and safety forums. Our Group's Corporate HSSE Department has various safety-related training programmes organised internally as well as at external training centres. The training covers subjects such as hygiene, health awareness and screening programmes, sharing of safety learnings, crisis management, emergency response trainings, Positive Attitude Programme (PAP) and Pro-Active Intervention. More than 9,800 hours of classroom training were recorded for the year.

We have met all our HSSE targets and we continue to be recognised for our operating excellence which is evidenced by nine safety awards conferred on us by our clients, which include 'Goal Zero' award from Shell and 'Best Contractor' from Exxonmobil.

Our HSSE performance improvements for 2011 include:

- 30% increase in the Safety Observations Frequency
- 76% reduction in the Total Recordable Injuries Frequency (TRIF)
- Reduction from 5 to 3 in loss of containment (contained on board)
- Zero fatality
- Zero Lost Time Injuries (LTI)
- 9 Health, Safety and Environment (HSE) awards
- ISO 14001 certification for our fleet

MESSAGE FROM CEO/ED *(cont'd)*

Safety-related training programme – training the fire marshals

Key HSSE Performance Indicators

Incident	Bumi Armada Berhad	
	2011	2010
Safety Observation Frequency (SOF)	284.8	226
Management Visits Ratio	3.4	1.53
Fatality	0	0
Lost Time Injury Frequency (LTIF)	0	0.043
Total Recordable Injuries Frequency (TRIF)	0.038	0.085
First Aid Case Frequency (FACF)	0.23	0.64
High Potential Near Miss Incident with potential severity ratings of serious & very serious	2	0
Fire/Explosion	0	1
Loss of containment (on board)	3	5
Loss of containment (overboard)	0	0
Security	1	5
Manhours	5.331 million	4.703 million

Positive Attitude Programme (PAP)

Strategic Business Units and Support Functions

The Group is structured along four profit centres or strategic business units (SBU) and two cost centres or supporting units (SU). The SBU consists of Offshore Support Vessels (OSV); Floating Production, Storage and Offloading (FPSO); Transport and Installation (T&I); and Oil Field Services (OFS). The SUs are Engineering, Procurement and Construction (EPC) and Fleet Management Services (FMS).

Offshore Support Vessels (OSV)

Armada Tuah 100, our first DP2 OSV

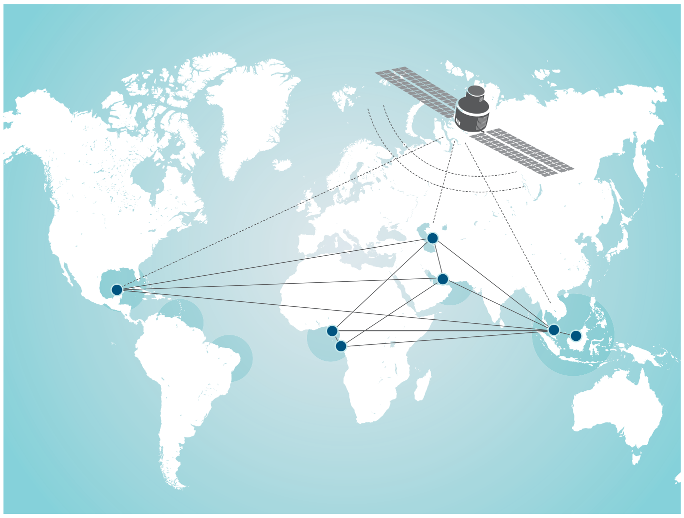
The much anticipated recovery in this segment remained weak though signs of sustained improvement are clearly visible. This was driven not so much by improved demand but more so by the retiring of and the scrapping of older tonnage and the slow arrival of newbuilds. Bumi Armada's young fleet - with an average age of about seven years and more than half at five years or younger - benefited from this shift in preference for younger vessels.

Our OSV segment revenue improved from RM419.7 million in 2010 to RM481.9 million in 2011 as a result of a rebound in fleet utilisation and the full year "run rate" of vessels entering our fleet in the second half of 2010. Our average fleet utilisation rebounded from 71% in the first quarter of 2011 to 96% in the fourth quarter of 2011. The OSV business segment contributed 31.1% of the Group's total revenue.

Armada Tuah 301, our first PSV

Our planned entry into the Brazilian market came in June 2011 with the deployment of the Armada Tuah 104 (AT 104), a 12,000 bhp DP2 AHTS. The AT 104 is currently working for Petrobras at the Campos and Santos Basins, offshore Brazil. The success of the AT 104 was quickly followed up by two new contracts from Petrobras; for the Armada Tuah 102 (AT 102), a 12,000 bhp DP2 AHTS and the Armada Tuah 301 (AT 301), a platform supply vessel (PSV). Delivery of AT 102 and AT 301 to Petrobras was completed as scheduled in March and April 2012 respectively.

Our fleet of over 40 vessels is supported globally through shore bases and offices in Kemaman, Miri, Labuan in Malaysia; Singapore; Brunei; Kidney Island, Port Harcourt in Nigeria; Rio de Janeiro in Brazil; Ciudad del Carmen in Mexico; Puerto la Cruz in Venezuela and Pointe-Noire in Congo.



Offices/shore bases are connected to our vessels via satellite

We have access to more than 1,300 crew

DP trainees at ALAM, Melaka

Cadets in training

The Barber Ship Management System (BASS), has been implemented successfully on the majority of our vessels. BASS provides our vessels, shore bases and operating centres with real time communications and information feedback, crew and ship management, and allows for management and control of planned maintenance for our fleet. The successful application of BASS has resulted in a timely overview of operations, improved efficiency and increased safety awareness through the sharing of common databases, safety flashes and lessons learnt. Bumi Armada is one of the very few Malaysian companies to implement the full suite of ship management software in the OSV sector.

The OSV performance is highly dependent on the quality of its crew and Bumi Armada has access to an active base of more than 1,300 crew made up of more than 20 nationalities. 'People development' is one of our core values and the Company has implemented a host of training programmes such as:

- Senior Officers Leadership Assessment Programme (SOLAP)
- Senior Engineers Leadership Assessment Programme (SELAP)
- Bridge Resource Management (BRM)
- Engine Resource Management (ERM)
- Offshore Junior Officers Induction Programme (OJOI)
- Offshore Junior Engineer Induction Programme (OJEI)

We are proud to have been the pioneer of DP training in Malaysia in conjunction with Akademi Laut Malaysia (ALAM) in Melaka* as well as the owner of 17 DP vessels. With a worldwide shortage of seafarers, our investment in DP training has produced not only the first Malaysia-trained DP officer, Captain Ramesh R. Subramaniam but a team of 18 DP officers in our service, of which five completed their training in 2011.

**Note – Melaka is one of the states in Peninsular Malaysia*

Floating Production, Storage and Offloading (FPSO)

Globally the FPSO sector has witnessed major consolidation. This has taken place against a backdrop of major, often unparalleled write-offs caused primarily by poor project execution and the adoption of poorer strategies such as speculative new building of FPSOs. This has resulted in one of the world's largest FPSO fleet owner and operator having a total write-off of more than USD1 billion. Further consolidation is not ruled out as the industry appears to be polarising into a handful of major players focusing on large value add projects and a crowd of others competing on cost at the smaller end of the market.

MESSAGE FROM CEO/ED *(cont'd)*

FPSO Armada TGT 1

Our continuous and healthy growth in this segment is due largely to our track record of successful delivery of major FPSO projects and the adoption of our 3Cs strategy of getting the "Client, Contract and Contractor" aligned. The five FPSO contracts we have secured have lifted Bumi Armada from being the eighth to the sixth largest owner and operator of FPSOs in the world. Our near term mission is to be the fourth largest FPSO player in the world by the end of 2015. This, we intend to achieve by winning an average of one large or two medium FPSO projects each year with healthy margins and a balanced risk profile. The balanced risk reward profile is critical to our continued success and is our best strategy to safeguard the Company against the spectacular failures experienced by the industry.

Revenue-wise, the FPSO business unit recorded a respectable year-on-year growth of 10% in 2011, rising from RM553.4 million in 2010 to RM609.2 million due largely to securing new FPSO contracts; one each from Apache Energy Ltd in Australia and from ONGC in India. The FPSO for ONGC is a joint venture undertaking with India's Shapoorji Pallonji Group. The FPSO business segment contributed 39% of our Group's revenue.

The FPSO Armada TGT 1 commenced operations at the Te Giac Trang field, offshore Vietnam for the Hoang Long Joint Operating Company (HLJOC) on 22 August 2011. By December 2011, we had safely produced more than 3.3 million barrels of oil.

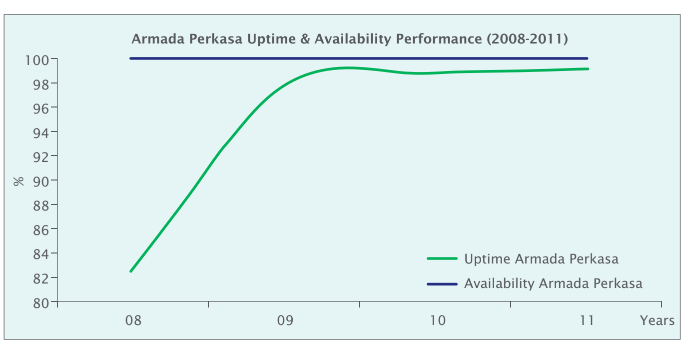
Production operations on the Armada Perkasa and the Armada Perdana in Nigeria have been strong. The FPSOs achieved 100% uptime and safely produced more than 7.1 million barrels of oil. Total oil production from the 3 FPSOs in 2011 exceeded 11.1 million barrels of oil.

On average, the FPSOs are handling more than 65,000 barrels per day (bbls/day) of reservoir liquid which consists of approximately 50,000 bbls/day of oil and 15,000 bbls/day of produced water. The volume of gas being processed is approximately 65 MMscf/day.

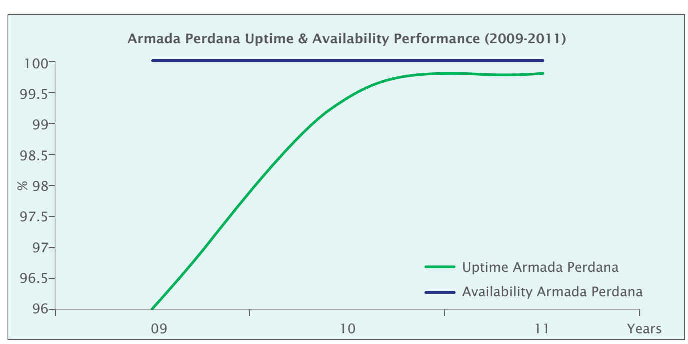
Our in-house FMS unit is responsible for the management and operations of our FPSOs and floating facilities required for OFS; a service which is critical to ensuring vessel integrity and operational uptime.

We use a number of systems to ensure safe, compliant and efficient operations for our clients worldwide. Our CMMS and BASS are operated on each of our facilities and managed from our headquarters in Kuala Lumpur by means of satellite links, providing round the clock support to these facilities.

Asset Uptime & Availability Performance (2008-2011)

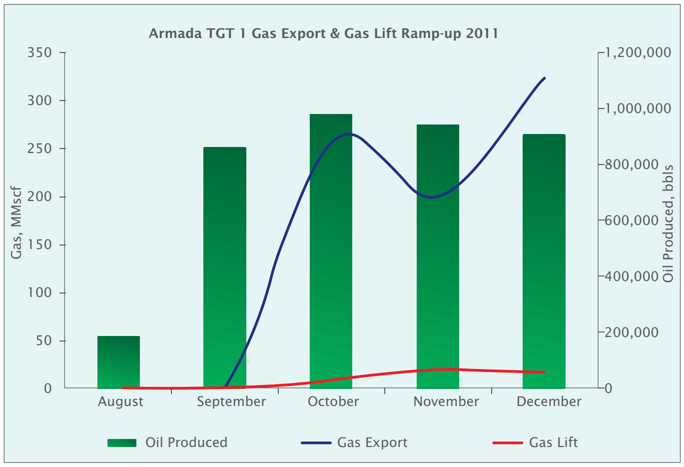


Armada Perkasa

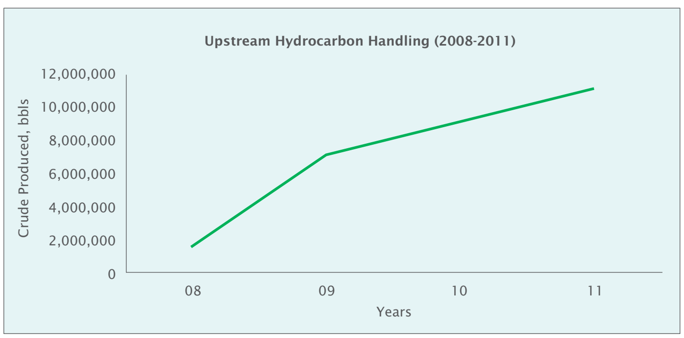


Armada Perdana

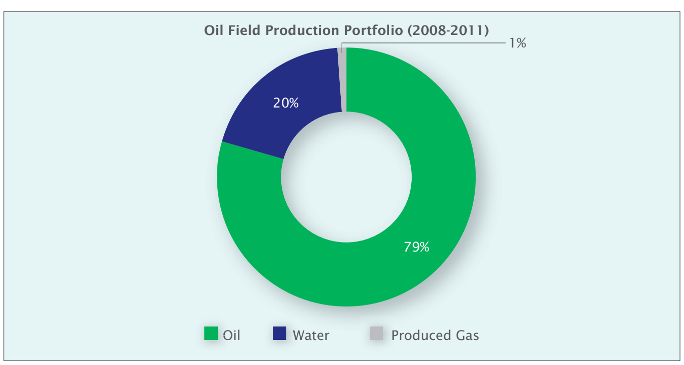
Armada TGT 1 Uptime & Availability Performance (2011)



Upstream Hydrocarbon Handling (2008-2011)



Overall Production (2008-2011)



Oil	31,138,716.00	bbls
Water	7,622,607.32	bbls
Produced Gas	42,661.92	MMscf

HSSE milestones

- Armada Perdana – 730 days or 2 years of LTI free as at 5.11.2011
- Armada Perkasa – 730 days or 2 years of LTI free as at 20.10.2011
- Armada TGT 1 – 131 days of LTI free as at 31.12.2011

Transport and Installation (T&I)

The T&I business unit saw increased activity from the Armada Installer. We recorded a higher number of billed days over and above guaranteed days of billing and laid approximately 190 km of pipelines offshore Turkmenistan. As planned, the derrick pipelay barge went into dock in July 2011 in Baku, Azerbaijan for the installation of its 825 tonne crane. Upon completion, the Armada Installer will be equipped with one of the largest offshore lifting capacities in the Caspian Sea.

In June 2011, the Company acquired an additional asset, a SURF vessel which was re-named the ‘Armada Hawk’. The Armada Hawk was used to install the flexible risers and hookup to the FSO Sepat, offshore Terengganu for the client, Petrofac E & C Sdn Bhd. The installation of the flexible risers was the first for Bumi Armada.

In December, the Armada Hawk went into a planned maintenance and upgrading programme, scheduled for completion by May/June 2012. The T&I segment contributed 16% to the Group’s revenue.

With the expected increase in demand for subsea wells and future investment by O&G companies in subsea development, we believe there will be a resultant increase in demand for subsea SURF vessels especially in South East Asia and the South Atlantic regions. This has driven Bumi Armada into the finalisation of the specifications for two SURF vessels that will best meet the demand in South East Asia and the South Atlantic with the intention of then going into the building phase. Meanwhile, the recently acquired Armada Hawk will allow us to gain experience and track record for SURF T&I works and at the same time serve internally our FPSO business unit whenever risers/moorings need to be installed.

Oil Field Services (OFS)

The Company scored its first success in relation to the Malaysian Government’s Economic Transformation Plan, with the conversion and sale of an FSO (floating storage offloading) vessel to Petrofac E & C Sdn Bhd who was the main contractor to Petronas Carigali Sdn Bhd for the Sepat early production system.

This FSO, known as the FSO Sepat, is 243.7m in overall length with storage capacity of 500,000 barrels of oil and a crude transfer metering system (CTMS) capacity of 14,000 barrels of oil per hour. There are a total of two offloading stations on the vessel, with one each located at the aft and forward of the FSO respectively.

MESSAGE FROM CEO/ED *(cont'd)*

The Armada Installer

The FSO Sepat was completed in eight months in the yard and arrived at the Sepat field, offshore Terengganu on 14 September 2011 for its hookup to the MOPU. It was ready for start-up (RFSU) a few months later on 1 December. This fast track conversion and hookup was one of the contributing factors which enabled Petronas to achieve First Oil ahead of schedule.

The award of the FSO Sepat project marks our venture into the OFS segment focusing on maximising extraction of hydrocarbons in brown and marginal fields, securing opportunities in C-EOR and venturing into production enhancement services which capitalises on our current marine and EPC capabilities. Marginal fields and other opportunities provided by the Government's ETP and driven by Petronas to develop the O&G industry are very promising and we are looking forward to being a part of that growth area. We have assembled a strong core team to drive the development of this business segment.

Engineering, Procurement and Construction (EPC)

For the year under review, the EPC team worked simultaneously on four projects – FPSO Armada TGT 1, FPSO Armada Sterling, FPSO Armada Claire and the fast-tracked FSO Sepat. We completed the FPSO Armada TGT 1 on 11 June and achieved First Oil on 22 August. During 2011, Bumi Armada recorded zero LTI for all projects.

The 550,000 barrels storage capacity FPSO for ONGC's D1 project, FPSO Armada Sterling, is undergoing conversion at Keppel Shipyard in Singapore and is about 50% completed. The first centre pipe rack modules on the main deck have been installed while fabrication of flare tower, crane pedestals, helideck and other modules are on track.

Overall, around 2,000 people in the various yards in Malaysia and Singapore are working on the FPSO Armada Sterling. The project has clocked in 1 million manhours in the shipyard without any LTI so far.

The Armada Hawk

Work on the FPSO Armada Claire is progressing well and the vessel will enter the yard in Singapore at the end of June 2012. The engineering design is progressing well and procurement of long lead items is well underway with orders placed for all of the major components such as gas compression and water injection equipment.

We believe our in-house engineering, procurement and project management capability is a key strength as it allows us to proactively control our costs as well as manage and mitigate execution risks.

We have developed significant engineering expertise and capability over the last five years, and have control over a resource base in excess of a million manhours per annum and a large pool of state-of-the-art engineering software. This capability has allowed us to control the quality and cost of procurement, fabrication, construction and commissioning more effectively. This in-house engineering capability allows us to respond to changes in operating and environmental conditions quickly.

Deck view of FPSO Armada Claire that is undergoing conversion

FPSO Armada Sterling in dry dock

Bumi Armada creates jobs in communities where we operate

Our in-house engineering resource also drives innovation and value addition as the structure of learning and extension of this knowledge base for project execution are embedded into the design practices being employed. The specialist expertise we carry allows us to provide our own mechanical and process warranties for the O&G production and marine facilities we deliver and warrant over the charter period.

Our engineers also develop transformational outcomes using our existing technologies. Among the major innovations and new technologies we have employed in recent years include the design and construction of a pipelay barge in two halves and the subsequent integration into a single unit in the Caspian Sea (as a single integrated unit could not be transported through the narrow waterway linking the Caspian); and our first time successful use of an external turret for the TGT project (installed in severe cyclonic/metocean conditions).

Our capabilities in this segment are supported by various systems and procedures including ISO certification, as well as engineering software and document control systems to improve efficiency and these include Electronic Document Management System (EDMS), Plant Design and Maintenance System (PDMS), BOCAD (a highly intelligent 3D modelling system for structural design) and CMMS.

Corporate Social Responsibility

With over 1,800 employees and crew from over 20 countries spread across the globe, we are keenly aware of our social responsibility. The Company is committed to being a good corporate citizen and with that comes responsibility and accountability.

To Bumi Armada, sustainability is about balancing our growth with our corporate responsibility, conserving resources for future generations by minimising our impact on the current environment, driving efficiency and productivity and returning value to our stakeholders in a variety of ways.

We share our success with employees and host communities through job creation, using local resources and supporting social causes in those communities. We provide a safe working environment which is an important element of sustainability in an industry such as ours.

Our sustainability journey began in 2009 with baseline reporting that gave us an insight into our performance. We are proud to say this inaugural report in 2009, achieved an A+ grade from Global Reporting Initiative (GRI) and our second report, covering a period of two years (2010-2011) which was published earlier this year also received an A+ from GRI and is available on our website.

In addition to the HSSE KPIs on page 44 of this annual report, highlights of our CSR achievement for 2010-2011 include:

- 4.1% reduction in electricity consumption, 1.2% reduction in water consumption and 9.2% in paper usage
- 13,750 manhours of training and development
- Implementation of video conferencing facilities across our operating offices globally that has helped to reduce the need for travel

Scholarships awarded by Bumi Armada in Vietnam

MESSAGE FROM CEO/ED *(cont'd)*

Our diverse work force. We appreciate the diverse needs, skills, talents and contributions.

Human Resource

As a Company with a global footprint, we are pleased to say that Bumi Armada enjoys a workforce diversity where we recognise and appreciate the diverse needs, skills, talents and contributions of our workforce.

We believe we are among the most attractive employers in the industry and our low employee turnover is a testimony to that. We remain committed to improving employee performance and productivity through effective alignment and employee engagement. Our 2010 Employee Engagement Survey resulted in an engagement level score of 58% which is 2% below the average for best in class for global energy companies worldwide, a remarkable performance for a young organisation like ours.

As a performance-driven organisation, we believe in rewarding our employees for performance and sharing the growth of the Company. The Listing of the Company provided an opportunity for employees to become shareholders in the Company through the preferential allocation of shares at the point of listing and the ESOS pursuant to which eligible employees are granted options to take up unissued shares in the Company.

Employee Share Option Scheme ("ESOS" or "Scheme")

In conjunction with the IPO, the Company established an ESOS for employees of the Group including Executive Directors of the Company. The Scheme came into effect on 28 June 2011 and is governed by its by-laws. The purpose of the Scheme is to promote ownership of shares in the Company by employees and to serve as one of the means to attract, retain, reward and motivate employees by allowing them to share in its growth.

On 20 July 2011, an initial grant comprising 33,000,000 options was made to eligible employees to take up unissued shares of the Company pursuant to the ESOS of which 32,645,000 options were granted to the Executive Directors (including the Chief Executive Officer and the Chief Financial Officer who are Executive Directors) and senior management. The total number of options granted to the Executive Directors and senior management of 32,645,000 represent 22.29% of the total number of shares presently available under the Scheme that may be issued to Executive Directors and senior management and hence does not exceed the limit in aggregate of 50% of the total number of shares which may be issued to Executive Directors and senior management under the Scheme.

None of the 33,000,000 options granted under the initial grant has been vested as at the financial year end.

Investor Relations

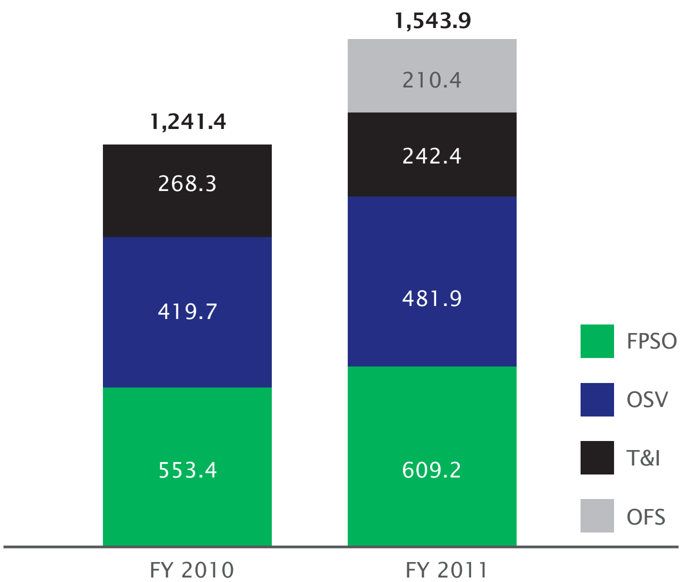
Following our listing in July 2011, the Company has engaged with both local and foreign investors and fund managers as well as numerous equity research houses. The senior management has regularly attended investor conferences and numerous one-on-one meetings held in Kuala Lumpur, Singapore, Hong Kong and London.

Between July and the end of December 2011, the Management has met with 75 fund managers and held 21 one-on-one meetings with equity research analysts. In addition to this, the senior management held two quarterly results briefings, for the Company's second and third quarter results for 2011, with equity research houses.

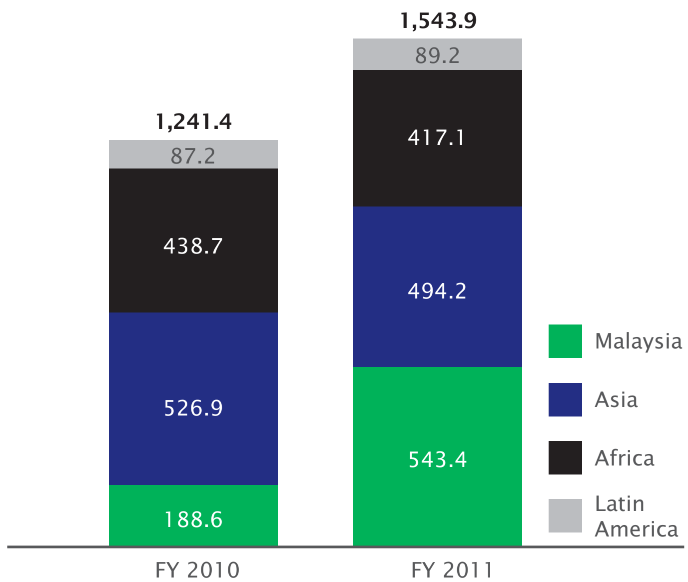
The strong performance of the Company's shares on the Bursa Securities following its listing and the resulting enlargement of Bumi Armada's market capitalisation saw it being included as an index member of both the FTSE Bursa Composite Index and the Morgan Stanley Composite Index (MSCI) Asia Indices in December 2011.

Financial Performance

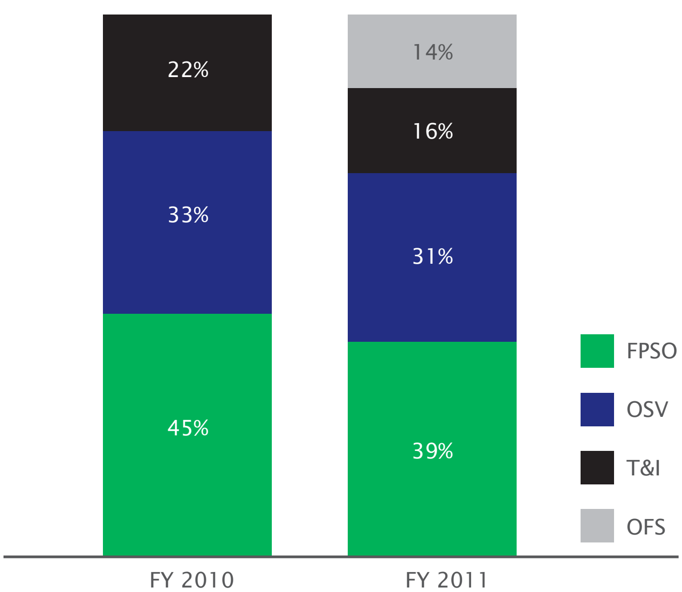
Bumi Armada posted a strong 2011 performance on the back of higher activities across all its business units. Revenue rose 24% to RM1.54 billion from RM1.24 billion a year ago with about 65% contributed by the Group's international business. The Group achieved a higher profit of RM365.3 million for the year under review compared with RM350.8 million in 2010 across all business units (after deducting one time listing related expenses of RM27.7 million). Our adjusted year-on-year growth in profit was 12%.



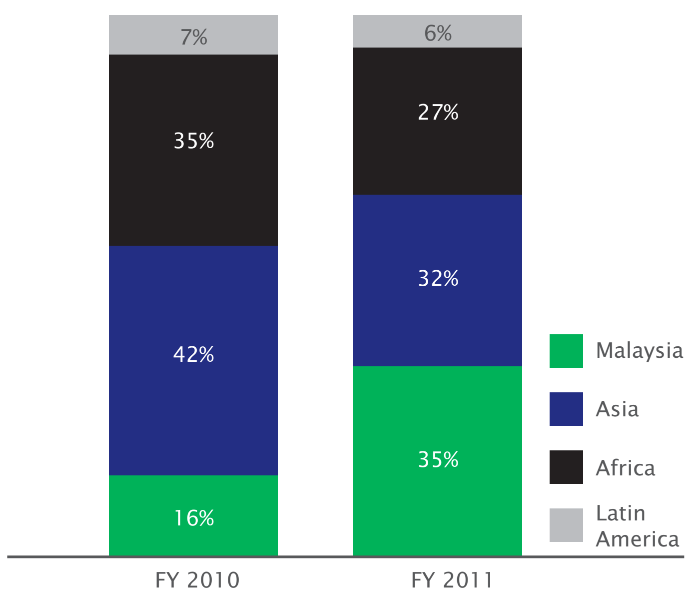
Revenue by business units (RM million)



Revenue by geographical location (RM million)



Percentage of revenue by business units



Percentage of revenue by geographical location

The Group recorded a commendable 4-year CAGR of 49% on its revenue, 55% on its EBITDA and 43% on its profit. The Group's gearing ratio was 0.9x as a result of IPO proceeds and repayment of borrowings. This further strengthens our position and track record to invest in our fleet expansion plans going forward.

MESSAGE FROM CEO/ED *(cont'd)*

Risk Management

A Board-level Risk Management Committee complete with its own terms of reference has been established in line with good governance and practice to enable the Board to closely monitor areas of risk exposure. At the Bumi Armada Berhad management team level, a Risk Management Sub-Committee was also established to implement a risk management framework, setting up tools, guidelines and procedures across all areas of operations in Bumi Armada. The roll out of a complete Enterprise Risk Management framework is expected to be achieved in 2012.

The Company has a disaster recovery plan to ensure business continuity in the event of an incident. This plan ensures that our business applications such as SAP, BASS, EDMS, business intelligence dashboard and Galleon will be up and running within six hours after an incident that disables our data centre in Kuala Lumpur. A simulation has been conducted successfully.

Thanks to a disciplined cost management culture and despite increased planned capital expenditure, costs remained broadly the same in real terms and our cost to revenue ratio improved from 14% to 12% for this financial year.

Outlook for 2012 and Beyond

With global capital expenditure investments in the O&G industry climbing to a 20-year high, our prospects continue to look positive. The offshore O&G services sector is expected to see continued global expansion over the next ten years as more O&G resources are mined from offshore; from further, deeper and harsher environments. More than 33% of all O&G production will come from offshore fields.

The Company continues to adopt a long term sustainable approach to growth, expansion and service excellence. As such Bumi Armada will continue its fleet expansion and modernisation programme, enhancing its deepwater experience and capabilities and building workforce competencies.

Bumi Armada's established presence in the strategic growth markets in Asia, Africa and Latin America will enable us to expand in such markets profitably.

We expect the demand for FPSOs to remain strong for the foreseeable future. FPSOs are a tried and tested economical solution for production oil fields which are far away from existing pipelines and infrastructures, generally from medium to deepwater or where meteorological conditions may require production units to be disconnect-able, such as the Gulf of Mexico, India or Australia. However, we expect the number of FPSO projects that eventually make their way to the yards to be moderated by the availability of key manpower resources, affordable project finance and the ability of contractors to recapitalise after the major write-offs of the last few years.

The current over-supply of OSVs that plagued the industry will continue to be moderated by the demand for younger, more modern and more sophisticated vessels. Fleet owners with modern tonnage stand to gain.

The T&I segment is also expected to contribute more to the total revenue as the Group is bidding for several jobs in SEA, Africa and the Caspian region. The Armada Hawk, a DP2 subsea installation vessel, will allow us to offer SURF capabilities and IRM services in tandem with FPSO installations. Our plans to own two state-of-the-art SURF vessels continue as we search for suitable vessels to purchase or build.

In the OFS segment, the focus will continue to be on Malaysia and the opportunities provided by the Malaysian Government's ETP. We look forward to making a mark in this sector given our established track record of execution, financial strength and integrated offering of services, assets and capabilities enabling us to provide a fit for purpose solution at a commercially competitive level.

Appreciation

On behalf of the Board of Directors, Management and employees at Bumi Armada, I would like to extend our sincere thanks to our valued customers and business partners for trusting us with their investment and business.

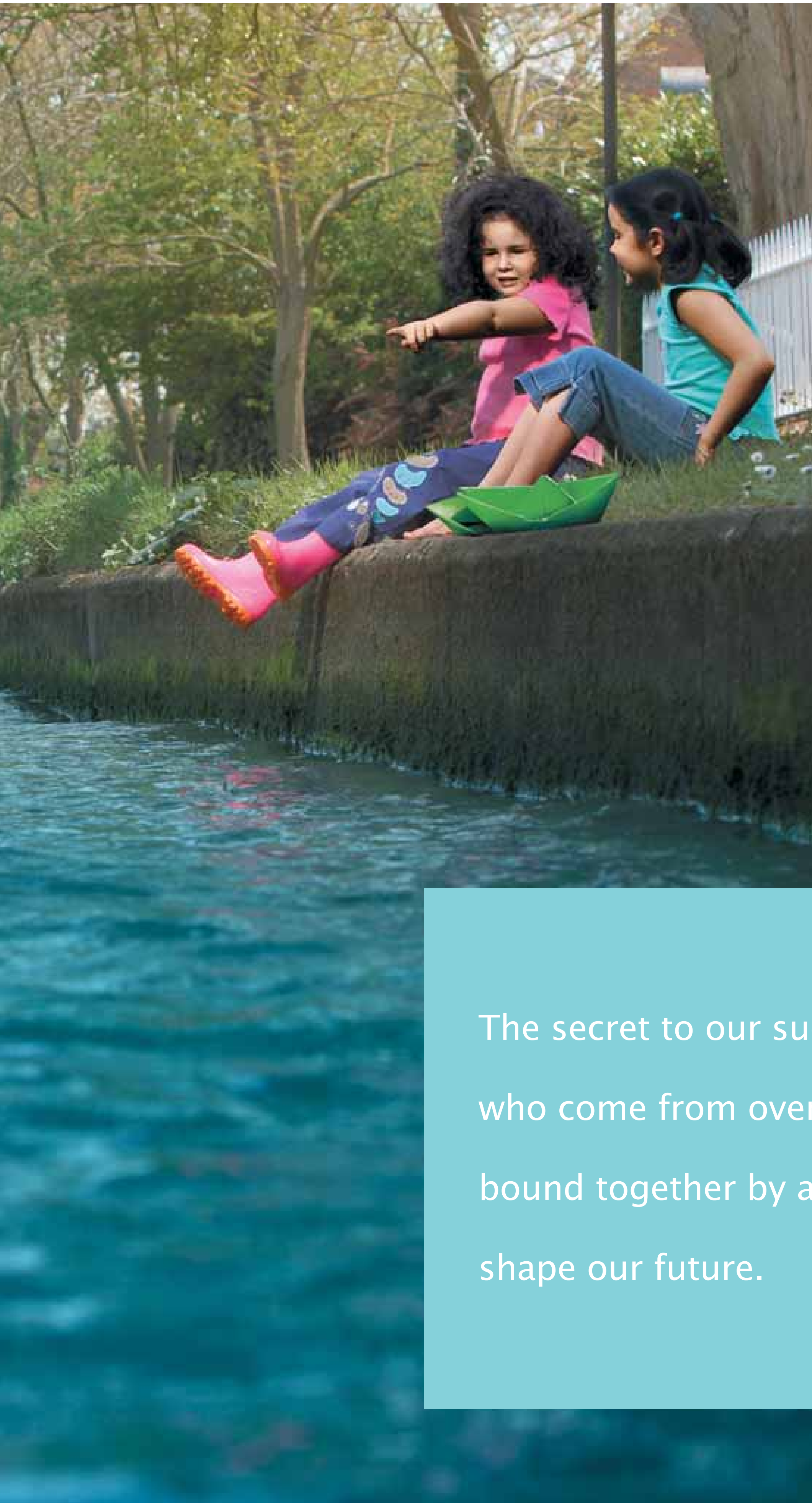
To our vendors and suppliers, we would like to congratulate them for the delivery of quality and cost-effective goods and services and more importantly for their safe and reliable performance. With such performance, we assure them of our continued patronage and support.

To our bankers, our financiers, our institutional and retail investors, we thank you for your continued support and confidence in our Company. We commit to you to create sustainable stakeholder value through reliable and solid financial performance and operational excellence.

My sincere appreciation and thanks go to our Board of Directors for their guidance, advice and insight. It is also with deep regret that I bid farewell to one of our directors, Puan Farah Suhanah binti Ahmad Sarji, who is retiring from the Board at the coming AGM. I would like to thank her for her unwavering support of Bumi Armada's growth in the past few years and wish her well in her future undertakings.

Last but not least, to our Management, our employees and crew in more than 10 countries in four continents, both onshore and offshore, thank you for your hard work, total commitment and dedication that have kept us "Knots Ahead of the Rest".

HASSAN ASSAD BASMA
Chief Executive Officer/
Executive Director



The secret to our success is our people, who come from over 20 nationalities, bound together by a set of core values that shape our future.

CORPORATE GOVERNANCE STATEMENT

Bumi Armada Berhad ("Bumi Armada" or the "Company") was listed on the Main Market of the Bursa Malaysia Securities Berhad ("Bursa Securities") on 21 July 2011. It therefore became subject to the Bursa Securities Main Market Listing Requirements ("MMLR") from that date ("Listing") and pursuant thereto the need to observe recommendations under the Malaysian Code on Corporate Governance (the "Code").

The Board of Directors of Bumi Armada is committed toward striving for highest standard of corporate governance and ensuring that effective self-regulatory controls exist throughout the Company and its subsidiaries (the "Group") to safeguard the Group's assets and reputation. The Board recognises that good corporate governance encompasses four key areas namely, transparency, accountability, integrity and corporate performance.

While the Code was not strictly applicable to the Company prior to its Listing, it had nevertheless implemented various good practices recommended in the Code. The Company has been and is continuing with its initiatives in enhancing and strengthening its governance processes post Listing with additional resources, with a view to fully adopting the recommendations in the Code by 2012. Given that a revised Code has been introduced by the Securities Commission ("SC") in March 2012 pursuant to the Corporate Governance Blueprint 2011 ("Blueprint") released by the SC in 2011, and would be effective on 31 December 2012 ("Revised Code"), a full review of the prevailing governance principles and practices compared to recommendations in the Code and the Revised Code (collectively "These Codes") as well as against international best practices, is being undertaken. The Board plans to apply the principles and adopt and implement the best practices recommended in These Codes and international best practices to the extent they suit the Company's circumstances by the end of 2012.

Subject to the foregoing, for 2011 the Company has endeavoured since the Listing to apply the Principles and Best Practice recommendations under Parts 1 and 2 of the Code.

This statement is prepared pursuant to Paragraph 15.25 of the MMLR and describes the manner in which the Company has applied the principles of good governance and the extent of compliance with the best practices set out in the Code.

BOARD OF DIRECTORS

PRINCIPAL RESPONSIBILITIES OF THE BOARD

The Board is responsible for the effective control of the Group and has adopted the following responsibilities for effective discharge of its functions:

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing key management;
- Developing and implementing an investor relations programme or shareholders' communications policy for the Group; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has collective responsibility for promoting the success of the Company by directing, monitoring and supervising its affairs. The Executive Directors are directly responsible for business operations and performance of the Company while the Non-Executive Directors are responsible for scrutiny on matters requiring decisions by the Board and providing objective challenges to the Management, with the Independent Directors amongst them bringing independent judgement to the decision making process.

The Board has delegated specific responsibilities to five Board Committees, namely, the Audit, Nomination, Remuneration, Risk Management and Executive Committees, which operate within approved terms of reference. These Committees assist the Board in making informed decisions through in-depth deliberations on issues pertaining to good governance and the Group's business, which would be impractical for the entire Board to deliberate. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board after considering recommendations by the Committees. In addition, the Board has also delegated authorities and powers for certain day-to-day decisions to Management through a previously formalised Manual on Limits of Authority for efficient running of the Company's business. A Schedule of Matters specifically reserved for the Board is being worked on to clearly define matters reserved for the Board, Board Committees and Management.

BOARD COMPOSITION AND BALANCE

There are presently ten Directors on the Board comprising two Executive Directors and eight Non-Executive Directors, of whom three are independent, satisfying the MMLR requirement that at least one third of the Board should comprise of independent directors. The Independent Directors provide an effective check and balance in the functioning of the Board.

Collectively, the Directors bring to the Board a wide and varied range of business, commercial, financial and technical experience for the effective management of the Group's businesses and its corporate responsibility. The Directors' profiles are presented on pages 30 to 33 of this Annual Report.

The three Independent Non-Executive Directors on the Board play a pivotal role in corporate accountability as they provide unbiased and independent views, advice, opinions and judgement to safeguard the interest of minority shareholders. None of the Non-Executive Directors participate in the day-to-day management of the Group.

Together, the Directors believe that the current Board composition fairly and satisfactorily reflects the interest of its shareholders and is able to provide clear and effective leadership to the Group.

To date, the Board has not found it necessary to designate a senior Independent Non-Executive Director to whom concerns may be conveyed, mainly because deliberation of issues or concerns affecting the Group or the Board by all members of the Board in a transparent manner is encouraged.

DIVISION OF ROLES AND RESPONSIBILITIES BETWEEN THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

There is a distinct division of roles and responsibilities of the Chairman of the Board and the Chief Executive Officer ("CEO"). The Chairman who is a Non-Independent Non-Executive Director represents the Board to the shareholders and together with the Board, reviews and approves the strategic objectives and policies of the Company. The Chairman also ensures that management proposals are deliberated and examined by Directors, executive and non-executive alike, taking into account the interests of the Company and its shareholders.

The CEO on the other hand as an executive, has overall responsibilities over the performance of the Group's operational and business units. He is responsible for the implementation of Board policies, directives, strategies and decisions. At the same time, the CEO functions as the intermediary between the Board and Management, working with the Board in defining the strategic objectives of the organisation, preparing its operational plans and seeing to its implementation including business and financial performance, organisation effectiveness, human resource development, investor relations and building brand equity, striving for operational excellence, supporting health, safety, environment and quality performance initiatives as well as commitment to corporate social responsibility.

BOARD MEETINGS

Board and Board Committees meetings are scheduled at the onset of the calendar year and the schedule of meetings with an indication of the key business for each meeting is circulated to all Directors.

The Board meets at least four times a year, with additional meetings convened when decisions on urgent matters are required between scheduled meetings. Upon consultation with the Chairman and the CEO, due notice is given to all Directors of all meetings.

CORPORATE GOVERNANCE STATEMENT *(cont'd)*

During the financial year ended 31 December 2011, the Board met eight (8) times and the record of attendance of each Director at the Board meetings of the Company is set out below:

Name	No. of Meetings Attended	Percentage of Attendance (%)
Dato' Sri Mahamad Fathil bin Dato' Mahmood	8/8	100
Dato' Ahmad Fuad bin Md Ali	8/8	100
Saiful Aznir bin Shahabudin	7/8	87.5
Chan Chee Beng	8/8	100
Farah Suhanah binti Ahmad Sarji	8/8	100
Hassan Assad Basma	8/8	100
Shaharul Rezza bin Hassan	8/8	100
Lim Ghee Keong (Appointed wef 22 April 2011)	4/5*	80
Alexandra Schaapveld (Appointed wef 8 June 2011)	4/5*	80
Andrew Philip Whittle (Appointed wef 8 June 2011)	5/5*	100

**Total number of meetings held subsequent to appointment.*

SUPPLY OF INFORMATION

The Directors are given advance Notice of Board meetings which are scheduled in advance with a detailed agenda of matters to be dealt with at the meetings. The Board is provided with relevant information on Board agenda matters by way of a set of board papers and through presentations by Management at Board meetings in order to enable it to discharge its duties effectively. This is to allow the Directors to understand issues to be deliberated at Board meetings, obtain further explanations and clarifications, where necessary, and in order to make well informed decisions. Senior management staff may be invited to attend Board meetings to provide the Board with any explanation and clarification required by the Board. The Board has set a deadline within which board papers are to be furnished prior to the meetings and a formal process from the confirmation of meeting dates to the supply of papers within the deadline set by the Board is being formalised to improve the timeliness of board papers.

Additionally, regular and ad-hoc reports are also provided to all Directors to ensure that they are apprised on key business, financial, operational, legal, regulatory, corporate and industry matters, as and when the need arises to enable them to make meaningful and effective decisions.

All Directors have access to information within the Company and to the advice and services of the Company Secretaries who ensure that procedures are adhered to for proper conduct of the Board meeting and advise the Board on matters including Directors' duties, disclosure obligations, corporate governance issues and the Directors' responsibilities in complying with relevant legislations and regulations. If necessary, Directors can seek professional opinion and advice from external consultants or independent professionals and a process for seeking such opinion or advice will be formalised within 2012.

APPOINTMENTS TO THE BOARD

The Nomination Committee which was re-constituted on 18 June 2011 in conjunction with the Listing, comprises three Non-Executive Directors (the majority of whom are independent). They are Andrew Philip Whittle (Chairman), Alexandra Schaapveld and Chan Chee Beng.

The Committee is responsible for, amongst others, the following:

- Formulating a transparent procedure for the nomination, selection and succession policies for members of the Board and Board Committees;
- Recommending to the Board the optimum size of the Board;

- Recommending to the Board, candidates for all directorships to be filled by shareholders or the Board upon review of their mix of skills, knowledge, expertise, experience and professionalism, among others;
- Assisting the Board in reviewing on an annual basis the required mix of skills and experience of Non-Executive Directors;
- Assessing the effectiveness of the Board as a whole and the contribution of each individual Director and member of each committee of the Board; and
- Ensuring that the investments of our minority shareholders are fairly reflected in the Board.

Decisions on appointments are made by the Board after considering recommendations by the Committee. During the financial year ended 31 December 2011, the Nomination Committee held two (2) meetings which were attended by all members. Given that the Board was only re-constituted in conjunction with the Listing, the formalising of a procedure for the nomination, selection and succession policies for the Board and Board Committees has been deferred to 2012.

TRAINING AND DEVELOPMENT OF DIRECTORS

The Directors are fully cognisant of the importance and value of training and enhancing their skills, knowledge and expertise in their respective fields. All Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities within the stipulated time frame.

In the course of the year, the Directors have also attended and participated in various briefings (including those related to the initial public offering of the Company), conferences and programmes covering areas that includes financial and governance issues, global business developments, relevant industry updates, updates on laws and regulations, which they have individually or collectively considered as relevant and useful in enabling them towards effective discharge of their duties as Directors.

The Directors also keep up-to-date with market developments and related issues through Board discussions and meetings with the Chief Executive Officer, Chief Financial Officer and other Senior Management members of the Group.

The Company Secretaries facilitate the organisation of internal training programmes and Directors' attendance at external programmes, and keep a record of the training received or attended by the Directors. Going forward, a more formalised orientation and training programme will be introduced particularly for new Directors.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the AGM. The Articles also provide that one third of the Directors be subject to retirement by rotation at every AGM but shall be eligible for re-election provided always that all Directors including the Executive Directors shall retire from office at least once every three years.

The names and details of Directors seeking re-election at the forthcoming AGM are disclosed in the Notice of AGM and in their respective Profiles in this Annual Report.

DIRECTORS' REMUNERATION

The objective of the Group's policy on Directors' remuneration is to attract and retain Directors of the experience and calibre needed to manage the Group successfully. The component parts of the remuneration of the Executive Directors are duly deliberated and recommended to the Board by the Remuneration Committee and are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise, level of responsibility undertaken and role played by them in the Board and Board Committees.

i. Remuneration Procedure

   The Remuneration Committee which was re-constituted on 18 June 2011 in conjunction with the Listing, comprises three Non-Executive Directors (majority of whom are independent) and they are Alexandra Schaapveld (Chairman), Andrew Philip Whittle and Lim Ghee Keong.

CORPORATE GOVERNANCE STATEMENT *(cont'd)*

The Committee is charged with the following primary responsibilities:

- To recommend to the Board the policy and framework for Directors' remuneration as well as the remuneration and terms of service of the Executive Directors; and
- To evaluate the performance of and reward of the Executive Directors.

The Articles of Association of the Company provides that unless otherwise determined by an ordinary resolution of the Company in a general meeting, the total fees of all Directors in any year shall be a fixed sum not exceeding in aggregate RM3,000,000.00 and divisible among the Directors as they may agree, or failing agreement, equally. Any increase in Non-Executive Directors' remuneration above the cap provided in the Company's Articles shall be approved at a general meeting of the Company.

The determination of the remuneration of the Directors is a matter for the Board as a whole based on the recommendation of the Remuneration Committee. The terms of a new contract of service of the CEO as well as his Key Performance Indicators ("KPIs") were duly deliberated and recommended by the Remuneration Committee to the Board prior to its approval of the same. The process is appropriately documented at the Remuneration Committee and Board levels and will serve as a basis for a formal procedure to be put in place on developing policy and fixing executive remuneration. Individual Directors do not participate in decisions regarding their own remuneration packages. During the financial year ended 31 December 2011, the Remuneration Committee held three (3) meetings which were attended by all members.

ii. Remuneration Package

The aggregate remuneration of Directors for the financial year ended 31 December 2011 categorised into the appropriate bands of RM50,000 are as follows:

Range of remuneration *	Executive Directors	Non-Executive Directors
RM50,001 – RM100,000	-	3
RM100,001 – RM150,000	-	1
RM200,001 – RM250,000	-	1
RM300,001 – RM350,000	-	2
RM500,001 – RM550,000	-	1
RM1,150,001 – RM1,200,000	1	-
RM9,850,001 – RM9,900,000	1	-

* Remuneration paid to Executive Directors includes salaries and bonuses but excludes share options granted pursuant to the Company's Employee Share Option Scheme ("ESOS") and those to Non-Executive Directors comprises fees and meeting allowance approved by the Board and subject to the Company's Articles of Association.

iii. Share Options

The Executive Directors were also granted options over unissued ordinary shares of RM0.20 each as set out below pursuant to the ESOS of the Company:

Name	Number of options
Hassan Assad Basma	17,500,000
Shaharul Rezza bin Hassan	4,000,000

SHAREHOLDERS AND INVESTOR RELATIONS

The Group values dialogues with investors and constantly strives to improve transparency by maintaining channels of communication with shareholders and investors that enable the Board to convey information about the Group's performance, corporate strategy and other matters affecting shareholder interests. The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to the investor community and shareholders. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including the quarterly and annual results of the Company, and its corporate website at www.bumiarmada.com.

The Company has also formalised an Investor Relations Policy which deals with among others, the following:

- Provision of timely, transparent, consistent and credible information on corporate events, strategies, trends and financial data to the investing public;
- Attendance to shareholders or investor enquiries or requests for information;
- Attendance at investor presentations, conferences or roadshows or other forums or meetings to ensure that the Company's businesses and strategies are clearly and equally understood by as wide an investor base as possible;
- Provision and distribution of information by the Company to the investing public is in accordance with the regulatory requirements and in accordance with the best practices; and
- Execution of its function is with integrity and responsibility to all shareholders and stakeholders of Bumi Armada.

Investor Relations activities in 2011 included the following:

	Total
Investors Conferences/Forums/Roadshows	5 (KL, Singapore, Hong Kong and London)
Direct one-on-one Meetings*	40
Teleconferences hosted*	3

**with analysts and investors*

Information that is price-sensitive or that may be regarded as undisclosed material information about the Group is not disclosed to any party until such information has been announced as required to Bursa Securities.

Queries or concerns regarding the Group may be conveyed to the following person:

Jonathan Edward Duckett
Senior Vice President, Corporate Planning
Telephone number: +603 2171 5705
Facsimile number: +603 2163 5799
Email address: jonathan@bumiarmada.com

Annual General Meeting

The 2012 Annual General Meeting ("AGM") will be the first AGM of the Company since its Listing. The AGM will be the principal forum for dialogue with all shareholders and will offer the Company an opportunity to explain its business and financial performance and operations. Shareholders will be encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns at this forum.

CORPORATE GOVERNANCE STATEMENT *(cont'd)*

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to providing a balanced, clear and comprehensive assessment of the financial position, performance and prospects of Bumi Armada Group in all the disclosures made to the shareholders and the regulatory authorities.

The Board, assisted by the Audit Committee, oversees the Group's financial reporting process and the quality of its financial reporting.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 69 of this Annual Report.

Relationship with the Auditors

The Board maintains a transparent professional relationship with the Group's auditors, both internal and external through the Audit Committee. The role of the Audit Committee in relation to both auditors is laid out in its Terms of Reference and is described in the Audit Committee Report as set out on pages 65 to 68 of this Annual Report. Presently, the external auditors declare their independence pursuant to the International Standard of Auditing 300 – planning an audit of financial statements as part of their annual planning process. The auditors are also free to raise any matter with the Audit Committee in the absence of Management.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard the investment of its shareholders and the Company's assets.

The Statement on Internal Control set out on pages 63 to 64 of this Annual Report provides an overview of the state of internal controls within the Group.

The Board has assumed responsibility for reviewing the adequacy and the integrity of the Company's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. Internal Audit assists in this review, and reports its findings to the Audit Committee on a quarterly basis, which in turn reports to the Board.

In addition, the Board has also assumed responsibility for identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.

Accordingly, a Board-level Risk Management Committee ("RMC") with its own terms of reference was established in line with good practice, to enable the Board to closely monitor areas of risk exposure even at the project proposal stage. The RMC is expected to report its findings and recommendations to the Board on a regular basis.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board is pleased to provide the following Statement on Internal Control of the Group for the financial year ended 31 December 2011 in compliance with the applicable provisions of the Malaysian Code on Corporate Governance and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The current internal control system and procedures are a continuation of the established system and procedures which were effective prior to the listing of Bumi Armada Berhad ("Bumi Armada" or the "Company") on the Main Market of Bursa Securities on 21 July 2011.

BOARD RESPONSIBILITY

The Board of Bumi Armada ("Board"), in discharging its responsibilities is fully committed to the maintenance of a sound internal control environment to safeguard shareholders' investments and the Group's assets.

The Board has overall responsibility for the Group's system of internal control and its effectiveness, as well as reviewing its adequacy and integrity. The system of internal control is designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate these risks. Internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group continues to take measures towards ensuring the adequacy and integrity of the internal control system. The ongoing process of identification, evaluation and management of significant risks has been in place during the financial year under review.

The Board does not regularly review the internal control system of its associated companies and jointly controlled entities, as the Board does not have any direct control over their operations. Notwithstanding this, the Company's interests are safeguarded through representations on the boards of the associated companies and jointly controlled entities and through monitoring controls. These representations and monitoring controls provide the Board with information to assess the performance of the Group's investments.

1. **Risk Management**
   A Board-level Risk Management Committee with its own terms of reference was established in line with good practice, to enable the Board to closely monitor areas of risk exposure even at the project proposal stage. Given the Board's recognition of the importance of risk management, the sub-committee is supported by the Commercial and Risk Management Department, which is tasked with leading the drive to entrench the risk management processes in the Group at all levels. This is done using an enhanced toolkit for risk management, a more rigorous application of the available tools and guidelines, aggregating and reviewing risks at the Group level and not least, by embedding a culture of risk management thinking and practice that will result in a more sustainable capability of risk management in the Group in the long run. With regards to vessel operations, Bumi Armada complies with all class requirements and maritime regulations in various countries of operations.

2. **Control Environment and Structure**
   The Board and Management have established numerous processes for identifying, evaluating and managing the significant risks faced by the Group. The key elements of the Group's control environment include:

   - **Organisation Structure**
     Besides the aforementioned Risk Management Committee, the Board is also supported by a number of Board committees that have been established, to assist it in the execution of its governance responsibilities namely the Audit, Nomination, Remuneration and Executive committees. Each committee has clearly defined terms of reference.

     Responsibility for implementing the Group's strategies and day-to-day businesses is delegated to Management. The organisation structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship.

   - **Budgeting and Reporting Process**
     A detailed budgeting and reporting process has been established. Comprehensive budgets are prepared and submitted by the operating units to the Group Finance Department, which consolidates these into a Group Budget ("Budget") and presents it to the Board on a yearly basis. Upon approval of the Budget, the Group's performance is then tracked and measured against the approved Budget on a regular basis. A reporting system which highlights significant variances against the Budget is in place to track and monitor performance. On a quarterly basis, the results are presented to and reviewed by the Board to enable them to gauge the Group's overall performance compared to the approved Budgets and prior periods.

   - **Limits of Authority**
     A manual on Limits of Authority ("LOA") sets out the authorisation limits for various levels of Bumi Armada's Management and staff and also those requiring Board approval to ensure accountability, segregation of duties and control over the Group's financial commitments. The LOA manual is reviewed and updated periodically to reflect business, operational and structural changes and needs.

STATEMENT ON INTERNAL CONTROL *(cont'd)*

- **Project Sales Tender Evaluation and Approval Policy**
  The Group has in place a Tender Evaluation and Approval Policy to ensure that all tenders participated in by Bumi Armada for potential contracts and projects with the field operator ("Client") have been reviewed and evaluated for appropriate balance in risk and reward and are consistent with the Company's strategy and risk profile. The policy provides guidelines to mitigate risks and unplanned events which would jeopardise the successful execution and financial outcome of projects. All proposed projects in the Group are required to be comprehensively and thoroughly reviewed by Management at various project phases in order to make an early assessment of the merits of submitting a tender, assigning appropriate management resources and setting accountabilities, procuring timely approvals, and ensuring maximum project outcome.

- **Documented Policies and Procedures**
  Policies and procedures relating to finance, procurement, human resources, information system, project, health, safety, environment, quality management for operating units within the Group have been established and are revised as needed to meet changing business and operational needs.

- **Procurement**
  Written procedures govern procurement and tender bidding process, the technical and commercial evaluation of bids and the subsequent award to successful bidders. Tender Committee with cross functional representation has been established to provide the check and balance, oversight and approval functions on procurement amounts as stipulated in the LOA.

- **Quality Management System**
  The Group implements a comprehensive Quality Management System which fully complies with ISO 9001:2008 Quality Management Systems – Requirements. The Group operates a full audit and compliance program which encompasses both OSV, T&I, FPSO fleets as well as corporate and project groups.

- **Health, Safety, Security and Environment ("HSSE")**
  In 2011, HSSE Committee complete with its own terms of reference was established in line with good practice. The Committee is responsible for setting the overall direction on HSSE implementation within the Group and for driving strategies and monitoring performance to ensure HSSE risks are managed to as low as reasonably practicable. During the year 2011, the Group has achieved zero LTI.

- **Audit Committee**
  The Audit Committee comprises non-executive members of the Board, the majority of whom are independent directors. The Audit Committee evaluates the adequacy and effectiveness of the Group's risk management and internal control systems and reviews internal control issues identified by internal auditors, external auditors and Management. Throughout the financial year, the Audit Committee members are updated with Malaysian Financial Reporting Standards, as well as regulatory requirements in addition to key matters affecting the financial statements of the Group.

  The Audit Committee also reviews and reports to the Board the engagement and independence of the external auditors and their audit plan, nature, approach, scope and other examinations of the external audit matters. The current composition of the Audit Committee consists of members who bring with them a wide range of knowledge, expertise and experience from different industries and backgrounds. They continue to meet regularly and have full and unimpeded access to the internal and external auditors and all employees of the Group. The Audit Committee also reviewed Internal Audit Plan during the financial year.

- **Internal Audit**
  The Internal Audit Department continues to independently review key processes, monitor compliance with policies and procedures, evaluate the adequacy and effectiveness of internal control and risk management systems, and highlight significant findings and corrective measures in respect of any non-compliance on a timely basis to the Audit Committee. The Head of the Internal Audit Department reports directly to the Chairman of the Audit Committee.

CONCLUSION

In the financial year under review, based on inquiry, information and assurance provided, the Board is of the view that the system of internal control that has been implemented within the Group is sound and effective. There were no significant internal control failures or weaknesses that would have resulted in material losses, contingencies or uncertainties requiring separate disclosure in this Annual Report. The internal control procedures will be reviewed continuously in order to improve and strengthen the system to ensure ongoing adequacy, integrity and effectiveness so as to safeguard the Group's assets and shareholders' investments.

This statement is made in accordance with the resolution of the Board of Directors dated 16 April 2012.

AUDIT COMMITTEE REPORT

The Board of Directors of Bumi Armada Berhad ("Bumi Armada" or the "Company") is pleased to present the Audit Committee Report for the financial year ended 31 December 2011.

COMPOSITION AND ATTENDANCE

The Audit Committee (the "Committee") members and details of attendance of each member at committee meetings during 2011 are set out below:

Name	Status	Independent	Meetings Attended
Saiful Aznir bin Shahabudin (Chairman)	Independent Non-Executive Director	Yes	4 out of 4
Chan Chee Beng	Non-Independent Non-Executive Director	No	4 out of 4
Alexandra Schaapveld (Appointed as member on 08.06.2011)	Independent Non-Executive Director	Yes	2 out of 2
Hassan Assad Basma (Resigned on 23.03.2011)	Chief Executive Officer/ Executive Director	No	1 out of 1

Terms of Reference

The Committee is governed by its own terms of reference, which was approved by the Board on 18 June 2011 and a summary of which is set out below:

1. **Function of the Committee**

   The function of the Committee is to assist the Board in fulfilling its oversight responsibilities. The Committee will review the Group's financial reporting process, the system of internal control and management of enterprise risk, the audit process, and the Group's process for monitoring compliance with law and regulations and its own code of business conduct, as well as such other matters, which may be specifically delegated to the Committee by the Board, from time to time.

2. **Composition of the Committee**

   The Committee shall consist of at least three (3) non-executive Board members, a majority of whom shall be independent and be financially literate. Alternate directors will not be appointed to the Committee. In order to form a quorum in respect of a meeting of the Committee, the majority of members present must be independent directors.

   The Chairman shall be an independent non-executive director elected by the members of the Committee. The Chairman of the Committee, shall, in consultation with the other members of the Committee, be responsible for calling for meetings of the Committee, establishing the agenda for meetings of the Committee and supervising the conduct thereof. The Board will review the composition of the Committee, as well as the term of office and performance and effectiveness of the Committee and each member of the Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

   At least one member of the Committee:

   - Must be a member of the Malaysian Institute of Accountants; or
   - If not a member of the Malaysian Institute of Accountants, must have at least 3 years' working experience and must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
   - Fulfils such other requirements as prescribed or approved by Bursa Securities.

   In the event of any vacancy in the Committee resulting in non-compliance of Committee requirements, the Board must fill the vacancy within three (3) months from the date of such vacancy.

AUDIT COMMITTEE REPORT *(cont'd)*

3. Authority

The Committee is authorised by the Board, in accordance with procedures to be determined by the Board (if any) and at the cost of the Company to:

- Investigate any matter within its terms of reference;
- Have adequate resources to perform its duties;
- Have full and unrestricted access to any of the Group's information, records, properties and personnel;
- Have direct communication channels with external and internal auditors and all employees of the Group;
- Obtain external independent professional advice and invite outsiders with relevant experience to attend meetings, if necessary; and
- Convene meetings with the internal and external auditors (excluding the attendance of other directors and employees of the Group), whenever deemed necessary.

4. Responsibilities and Duties of the Committee

The responsibilities of the Committee are set out below:

- **Risk Management and Internal Control**
  Review with internal and external auditors, general counsel, and appropriate members of the staff, the adequacy and effectiveness of the Group's processes to identify, monitor and manage key risks and internal controls with respect to business practices, applicable laws and regulations and possible improprieties in matters of financial or other business and commercial related matters.

- **Financial Reporting**
  Review with or without the appropriate officers of the Group and the external auditors, the annual and quarterly financial statements of the Group including the announcements pertaining thereto, prior to Board approval, focusing on, inter alia, quality of financial disclosures, changes in accounting policies and practices and implementation of such changes, significant and unusual events, significant adjustments, going concern assumptions, compliance with applicable approved accounting standards, legal and regulatory requirements and other matters as defined by the Board.

- **Related Party Transactions**
  Review report and/or recommend to the Board, any related party transactions, including the monitoring of recurrent related party transactions entered into or to be entered into by the Group to ensure they are undertaken on the Group's normal commercial terms and the internal control procedures with regard to these transactions are sufficient and have been complied with and that there is compliance with any other relevant provisions of the MMLR and Practice Note 12 of Bursa Securities.

- **Employee Share Option Scheme ("ESOS")**
  Verify the allocation of share options to the Group's eligible employees in accordance with allocation criteria which has been disclosed to employees of the Group and Executive Directors and established pursuant to the Company's ESOS, at the end of each financial year.

- **Internal Audit**
  Review with the Internal Audit Department its audit plans, scope, authority, independence and adequacy of resources to carry out its functions; results of the internal audit work and the appropriate actions taken on their recommendations; any appraisal or assessment of the performance of the internal auditors; recommend to the Board to approve the appointment or termination of the Head of Internal Audit and senior staff members of the department; approve the Internal Audit Charter; and take cognisance of staff resignations of the Internal Audit Department and provide the resigning staff an opportunity to submit his/her reason for resigning.

- **External Audit**
  Review and report to the Board its recommendation on the proposed appointment, terms of engagement and proposed audit remuneration of the external auditors, and any question on resignation or dismissal; their audit plan, nature, approach, scope and cost effectiveness of their annual audit and other examinations, results of the external audit work including significant audit adjustments to the financial statements of the Group, if any, the accompanying management letters and responses; any factors related to the independence of the external auditors and extent of assistance given by the Group and the Group's employees.

- **Reporting Responsibilities**
  Report its activities to the Board in such manner as it deems appropriate; and report to Bursa Securities where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR.

- **Other Responsibilities**
  Review matters in relation to compliance with legal, regulatory and statutory requirements, conflicts of interest and unethical conduct; review arrangements by which staff of the Group may in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or other business or commercial related matters, review with the external auditors and Management the Group's Statement of Internal Control; examine such other matters, as the Committee considers appropriate or as defined by the Board; review and re-assess its terms of reference and recommend changes to the Board for approval and conduct self-assessment to monitor their overall effectiveness in meeting their responsibilities once a year and report the results thereof to the Board; and prepare the annual Committee report to the Board.

5. **Meetings of the Committee**
   The Committee shall meet at least four (4) times during each financial year and may regulate its own procedure including convening a meeting by means of video or teleconference in place of a meeting in person. In addition to its meetings, the Committee may take action by way of circular resolutions.

   The Committee may request to meet other Board members, any officer or employee of the Group, external legal counsel, internal or external auditors and consultants and if necessary, in separate private sessions. The Committee shall meet with the external and internal auditors in separate sessions at least twice in each financial year without executive Board members and senior Management present. The Chairman of the Committee shall provide to the Board a report of the Committee meetings.

6. **Secretary of the Committee**
   The Company Secretary shall be the Secretary of the Committee. The Secretary shall ensure all appointments to Committee are properly made; the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues; record, prepare and circulate the minutes of the Committee meetings promptly to all members of the Board; and ensure that the minutes are properly kept and produced for inspection if required.

7. **Consultants**
   The Committee may retain, at such times and on such terms as the Committee determines in its sole discretion and at the Company's expense, special legal, accounting or other consultants to advise and assist it in complying with its responsibilities.

8. **Training**
   The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

AUDIT COMMITTEE REPORT *(cont'd)*

SUMMARY OF ACTIVITIES OF THE COMMITTEE

During the financial year ended 31 December 2011, the activities of the Committee included the following:

- Reviewed the quarterly financial results and annual audited financial statements before recommending for the Board's consideration and approval;
- Reviewed the external auditors' scope of work and audit plan for financial year 2011;
- Reviewed and discussed the external auditors' audit report and areas of concern;
- Reviewed the adoption of hedging policy and hedge accounting; and
- Reviewed status of past internal audit recommendations.

STATEMENT OF VERIFICATION ON ALLOCATION OF OPTIONS PURSUANT TO EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Committee has verified the allocation of options pursuant to the ESOS for the financial year 2011 and noted its compliance with the criteria for the allocation of options in accordance with the By-Laws of the 2011 Bumi Armada ESOS.

INTERNAL AUDIT FUNCTION

The Group has its own in-house internal audit function, whose primary responsibility is to undertake regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively within the Group.

During the financial year 2011, the Internal Audit Department conducted a total of nine (9) audits covering procurement, finance, fleet operations, catering, subsidiary operations, and legal and secretarial. The activities carried out by the Internal Audit Department include amongst others, the review of the adequacy and effectiveness of the system of internal controls, compliance with established policies and procedures, laws and regulations, reliability and integrity of information and the means of safeguarding assets. The Head of the Internal Audit Department reports directly to the Chairman of the Committee. All internal audit activities were conducted by the in-house audit team and the team is independent of the activities it audits.

The total cost incurred for the internal audit function for the financial year ended 31 December 2011 amounted to RM754,000.

DIRECTORS' RESPONSIBILITY STATEMENT

The Companies Act, 1965 (the "Act") requires the Directors to prepare financial statements for each financial year in accordance with the provisions of the Act, Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities, and to lay these before the Company at its Annual General Meeting. In addition, the Main Market Listing Requirements of Bursa Securities requires that a listed issuer prepare the annual audited financial statements on a consolidated basis.

The Act places responsibility on the Directors to ensure that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

In preparing these financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable; and
- appropriately prepared the financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to detect and prevent fraud and other irregularities.

Incorporated on pages 72 to 168 of this Annual Report are the financial statements of the Group and the Company for the financial year ended 31 December 2011.

This Statement is made in accordance with a resolution of the Board of Directors dated 16 April 2012.

THE FINANCIALS

DIRECTORS' REPORT

The Directors are pleased to submit their report to the members together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group consist of provision of marine transportation, Floating Production Storage and Offloading (FPSO) operations, vessel construction, engineering and maintenance services to offshore oil and gas companies.

There have been no significant changes to these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
- Owners of the Company	359,672	169,014
- Non-controlling interests	5,659	-
	365,331	169,014

DIVIDENDS

At the forthcoming Annual General Meeting, a tax exempt final cash dividend of 2.5 sen per share in respect of 31 December 2011 amounting to total dividend payable of RM73,211,540 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

SHARE CAPITAL

During the financial year, the Company implemented the following transactions as part of its initial public offering ("IPO"):

On 18 February 2011, the Company repaid a related company's term loan of RM150,000,000. Simultaneously, a call option written by the Company to one of its shareholder was also exercised whereby 7,500,000 new ordinary shares of RM1.00 each was issued for a total consideration of RM150,000,000. These new ordinary shares of RM1.00 each were paid in cash and allotted on 21 February 2011 rank parri passu with the existing ordinary shares of the Company.

On 23 March 2011, the Company undertook a RM200,000,040 renounceable rights issue on the basis of 1 new ordinary share of RM1.00 each for every 12.5 existing ordinary shares of RM1.00 each held in the share capital of the Company, at the issuance price of RM35.461 per ordinary share. These new ordinary shares pursuant to the issue were fully subscribed. These shares rank parri passu with the existing ordinary shares.

On 30 March 2011, the Company reorganised its authorised share capital from RM100,000,000 comprising 95,000,000 ordinary shares of RM1.00 each and 5,000,000 redeemable preference shares of RM1.00 each to RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each. Subsequently, the Company increased its authorised share capital to RM456,840,000 comprising 456,840,000 ordinary shares of RM1.00 each, by the creation of 356,840,000 new ordinary shares of RM1.00 each.

Simultaneously, the Company issued 380,700,000 new ordinary shares of RM1.00 each on the basis of 5 new ordinary shares of RM1.00 each for every 1 existing ordinary share of RM1.00 in the Company by way of bonus issue. The bonus issue was effected by way of capitalising RM347,758,040 from the Company's share premium account and RM32,941,960 from its retained earnings. These new ordinary shares rank parri passu with the existing ordinary shares.

Following that, the Company sub-divided its authorised and issued share capital of RM456,840,000 comprising 456,840,000 ordinary shares of RM1.00 each to 2,284,200,000 ordinary shares of RM0.20 each. Each of the new shares of RM0.20 nominal value have the same rights as the previous shares of RM1.00 nominal value.

On 18 June 2011, the Company increased its authorised share capital from RM456,840,000 comprising 2,284,200,000 ordinary shares of RM0.20 each to RM800,000,000 comprising 4,000,000,000 ordinary shares of RM0.20 each.

In conjunction with the IPO, the Company issued 644,261,600 new ordinary shares of RM0.20 each at the final retail price of RM3.03 per share for cash, for purposes of repayment of borrowings, and funding of capital expenditure, working capital and listing expenses. Upon completion of the IPO, the total number of issued and fully paid ordinary shares of the Company amounted to 2,928,461,600 ordinary shares of RM0.20 each. The Company's shares were subsequently listed and quoted on the Official List of the Main Market of Bursa Malaysia Securities Berhad on 21 July 2011. The share premium of RM1,753,585,582 for the issuance of ordinary shares is reflected in the share premium account.

DIRECTORS' REPORT *(continued)*

EMPLOYEES' SHARE OPTION SCHEME

In conjunction with the IPO, the Company also established an Employee Share Option Scheme for eligible employees of the Group including Executive Directors of the Company ("ESOS" or "Scheme"). Pursuant to the Scheme the total number of shares that may be issued under options granted shall not exceed in aggregate 10% of the Company's issued and paid-up capital at any time during the existence of the Scheme. On 20 July 2011, 33,000,000 options were granted to eligible employees to take up unissued shares of the Company pursuant to the ESOS under an initial grant. The salient features and other terms of the ESOS are disclosed in Note 38 on the financial statements. The relevant details of options granted during the financial year are set out below:

Vesting period	Exercise price RM per share	Granted as at 31.12.2011 '000
20 July 2012	3.03	3,850
20 July 2013	3.03	4,250
20 July 2014	3.03	11,300
20 July 2015	3.03	13,600

None of the non-executive Directors of the Company was granted any options as they are not eligible to participate in the Scheme under the By-Laws of the Scheme.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted options to subscribe for less than 550,000 ordinary shares of RM0.20 each.

Option holders who have been granted options to subscribe for 550,000 or more ordinary shares of RM0.20 each during the financial year are as follows:

Name of option holders	Exercise price RM per share	Number of options over ordinary shares of RM0.20 each granted as at 31.12.2011 '000
Hassan Assad Basma	3.03	17,500
Shaharul Rezza bin Hassan	3.03	4,000
Madhusudanan Madasery Balan	3.03	550

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Dato' Sri Mahamad Fathil bin Dato' Mahmood
Dato' Ahmad Fuad bin Md Ali
Chan Chee Beng
Farah Suhanah binti Ahmad Sarji
Saiful Aznir bin Shahabudin
Hassan Assad Basma
Shaharul Rezza bin Hassan
Lim Ghee Keong (Appointed on 22.4.2011)
Alexandra Elisabeth Johanna Maria Schaapveld* (Appointed on 8.6.2011)
Andrew Philip Whittle (Appointed on 8.6.2011)

**She is also referred to as Alexandra Schaapveld in the other sections of this Report*

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than those arising from the share options granted under the ESOS.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits as disclosed in Note 15 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain Directors received remuneration as Directors/Executives of the Company or its related corporations.

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings, the interests of the Directors who held office at the end of the financial year, in shares and options over unissued shares in the Company and in shares of its related corporations are as follows:

In the Company – Direct Interests

	Number of ordinary shares of RM0.20 each			
	As at 1.1.2011	Acquired	Disposed	As at 31.12.2011
Dato' Sri Mahamad Fathil bin Dato' Mahmood	-	750,000	-	750,000
Dato' Ahmad Fuad bin Md Ali	-	300,000	-	300,000
Dato' Ahmad Fuad bin Md Ali (1)		450,000	(450,000)	-
Chan Chee Beng (1)	-	750,000	-	750,000
Farah Suhanah binti Ahmad Sarji (1)	-	750,000	-	750,000
Saiful Aznir bin Shahabudin (1)	-	750,000	-	750,000
Hassan Assad Basma	-	10,000,000(3)	-	10,000,000
Sharharul Rezza bin Hassan (1)	-	1,200,000	-	1,200,000
Lim Ghee Keong (1)	-	750,000	-	750,000
Alexandra Schaapveld (2)	-	750,000	-	750,000
Andrew Philip Whittle (2)	-	750,000	-	750,000

(1) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn Bhd

(2) Held through a nominee, namely CIMSEC Nominees (Asing) Sdn Bhd

(3) These shares comprise the preferential allocation of 2,500,000 shares under the IPO, the 2,500,000 existing shares acquired pursuant to the exercise of call options under the Call Option Agreements dated 18 June 2011 ("COA") and the 5,000,000 existing shares which are yet to be exercised under the COA.

	Number of options over unissued ordinary shares of RM0.20 each			
	As at 1.1.2011	Granted	Exercised	As at 31.12.2011
Hassan Assad Basma	-	17,500,000	-	17,500,000
Shaharul Rezza bin Hassan	-	4,000,000	-	4,000,000

In the Company – Indirect Interests

	Number of ordinary shares			
	As at 1.1.2011	Acquired	Disposed	As at 31.12.2011
Dato' Sri Mahamad Fathil bin Dato' Mahmood (1)	12,600,000(4)	69,048,000(4) 31,500,000(5)	(99,462,300)(5)	340,277,700(5)
Dato' Ahmad Fuad bin Md Ali (2)	12,600,000(4)	69,048,000(4) 31,950,000(5)	(99,462,300)(5)	340,727,700(5)
Farah Suhanah binti Ahmad Sarji (3)	19,530,000(4)	107,024,400(4)	(167,466,700)(5)	465,305,300(5)

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

(1) Deemed interest by virtue of his shareholding in Ombak Damai Sdn Bhd ("ODSB") pursuant to Section 6A of the Companies Act 1965 (the "Act").

(2) Deemed interest by virtue of his shareholding in ODSB pursuant to Section 6A of the Act.

(3) Deemed interest by virtue of her shareholding in Saluran Abadi Sdn Bhd ("SASB") pursuant to Section 6A of the Act. However, she does not have any economic interests in the shares of the Company held via SASB subsidiaries, Wijaya Sinar Sdn Bhd, Karisma Mesra Sdn Bhd, Wijaya Baiduri Sdn Bhd (collectively, "SASB Subsidiaries"), as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects.

(4) The nominal value of these shares was RM1.00 each.

(5) The nominal value of these shares is RM0.20 each following the subdivision of the Company's shares from the nominal value of RM1.00 each to RM0.20 each on 31 March 2011.

In a related corporation – Indirect interests

	Number of shares			
	As at 1.1.2011	Acquired	Disposed	As at 31.12.2011
Farah Suhanah binti Ahmad Sarji (3)	-	5,220,000(6)	-	5,220,000
	-	90,000,000(7)	-	90,000,000

(6) Ordinary shares with nominal value of RM1.00 each.

(7) Redeemable preference shares with nominal value of RM0.01 each.

Further, Farah is also deemed to have an interest in the shares of a related corporation of the Company by virtue of her shareholding in SASB as described above.

By virtue of Farah Suhanah Binti Ahmad Sarji's deemed interest in shares in the Company, she is also deemed to have an interest in the shares of the Company's other related corporations to the extent of the Company's interest in such subsidiaries.

By virtue of Dato' Sri Mahamad Fathil bin Dato' Mahmood and Dato' Ahmad Fuad bin Md Ali having been entitled to exercise or control the exercise of more than 15% of the voting shares in the Company prior to the IPO, they were deemed interested in the shares of all the Company's subsidiaries to the extent of the Company's interest in such related corporations during the period up to the IPO. Following the IPO, they are not deemed to have interest in the shares pursuant to Section 6A of the Act.

Save as disclosed above, none of the Directors in office at the end of the financial year held any interest in shares or options over shares in the Company or in its related corporations during the financial year.

DIRECTORS' REPORT *(continued)*

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of income, statements of comprehensive income and statements of financial position of the Group and Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

OTHER STATUTORY INFORMATION

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person other than as disclosed in Note 19 to the financial statements; or

(b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements; and

(b) there has not arisen in the interval between the end of the financial year 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 or Company for the financial year in which this report is made.

SIGNIFICANT EVENT

On 30 June 2011, the Company issued a Prospectus in conjunction with the IPO of up to 878,538,600 ordinary shares of RM0.20 each in the Company, comprising a sale of up to 234,277,000 existing shares and a public issue of up to 644,261,600 new shares to retail and institutional investors.

The institutional price and the final retail price were determined at RM3.03 per share.

The entire enlarged issued and paid-up ordinary share capital of RM585,692,320 comprising 2,928,461,600 ordinary shares of RM0.20 each were listed and quoted on the Official List of the Main Market of Bursa Malaysia Securities Berhad on 21 July 2011.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution dated 16 April 2012.

HASSAN ASSAD BASMA
DIRECTOR

SHAHARUL REZZA BIN HASSAN
DIRECTOR

STATEMENTS OF INCOME

for the financial year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue	7	**1,543,896**	1,241,383	**328,266**	136,922
Cost of sales	8	**(883,095)**	(636,272)	**(117,742)**	(102,975)
Gross profit		**660,801**	605,111	**210,524**	33,947
Other operating income	9	**37,593**	40,167	**39,960**	24,041
Selling and distribution costs		**(88,209)**	(81,839)	-	-
Administrative expenses		**(91,929)**	(96,303)	**(57,280)**	(29,920)
Operating profit		**518,256**	467,136	**193,204**	28,068
Finance costs	10	**(109,186)**	(82,425)	**(23,844)**	(27,488)
Share of results of an associate	11	-	(1,428)	-	-
Share of results of jointly controlled entities	12	**26,820**	(17)	-	-
Profit before taxation	13	**435,890**	383,266	**169,360**	580
Taxation	16	**(70,559)**	(32,511)	**(346)**	2,634
Profit for the financial year		**365,331**	350,755	**169,014**	3,214
Attributable to:					
Owners of the Company		**359,672**	350,755		
Non-controlling interests		**5,659**	-		
		365,331	350,755		
Earnings per share (sen)	17				
- basic		**14.63**	17.62		
- diluted		**14.63**	16.02		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit for the financial year	**365,331**	350,755	**169,014**	3,214
Other comprehensive income/(expense):				
- Fair value loss on cash flow hedges	**(13,558)**	-	**-**	-
- Foreign currency translation differences	**72,139**	(143,536)	**-**	-
Other comprehensive income/(expense) for the financial year, net of tax	**58,581**	(143,536)	**-**	-
Total comprehensive income for the financial year	**423,912**	207,219	**169,014**	3,214
Total comprehensive income attributable to:				
- Owners of the Company	**418,959**	207,219	**169,014**	3,214
- Non-controlling interests	**4,953**	-	**-**	-
	423,912	207,219	**169,014**	3,214

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	19	**4,201,167**	3,714,989	**15,045**	15,600
Goodwill	20	**1,411**	1,411	-	-
Investments in subsidiaries	21	-	-	**1,093,277**	1,212,582
Jointly controlled entities	12	**151,258**	9,799	**118,673**	3,907
Other investments	22	**7,427**	3,778	**7,427**	3,778
Accrued lease rentals	23	**409,458**	292,256	-	-
Derivative financial instruments	24	**1,240**	10,312	-	-
Deferred tax assets	25	**3,811**	4,190	**3,811**	4,176
TOTAL NON-CURRENT ASSETS		**4,775,772**	4,036,735	**1,238,233**	1,240,043
CURRENT ASSETS					
Inventories	26	**1,550**	1,123	-	-
Non-current asset held for sale	27	**1,640**	-	-	-
Amounts due from customers on contract	28	**53,205**	-	-	-
Trade receivables	29	**320,637**	189,643	-	-
Accrued lease rentals	23	**415,898**	218,017	-	-
Other receivables, deposits and prepayments	30	**82,392**	36,193	**4,128**	1,969
Dividend receivable		-	-	**11,670**	6,170
Tax recoverable		**8,948**	9,135	**1,498**	1,236
Amounts due from subsidiaries	31	-	-	**382,101**	139,690
Amounts due from jointly controlled entities	32	**27,682**	25,123	**14,663**	18,322
Derivative financial instruments	24	**1,102**	1,814	-	-
Deposits, cash and bank balances	33	**1,247,416**	277,684	**920,137**	77,503
TOTAL CURRENT ASSETS		**2,160,470**	758,732	**1,334,197**	244,890
TOTAL ASSETS		**6,936,242**	4,795,467	**2,572,430**	1,484,933

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
LIABILITIES					
LESS: CURRENT LIABILITIES					
Amounts due to customers on contract	28	-	30,377	-	-
Trade payables		**120,068**	227,376	-	-
Other payables and accruals	34	**183,627**	222,445	**48,900**	61,270
Amounts due to subsidiaries	31	-	-	**19,516**	484,221
Hire purchase creditors	35	**382**	402	**330**	330
Borrowings	36	**457,620**	1,397,746	-	848,335
Derivative financial instruments	24	**10,749**	6,035	-	-
Taxation		**27,644**	10,825	-	-
TOTAL CURRENT LIABILITIES		**800,090**	1,895,206	**68,746**	1,394,156
NET CURRENT ASSETS/(LIABILITIES)		**1,360,380**	(1,136,474)	**1,265,451**	(1,149,266)
LESS: NON-CURRENT LIABILITIES					
Hire purchase creditors	35	**422**	819	**357**	687
Borrowings	36	**2,559,826**	2,019,890	-	-
Derivative financial instruments	24	**15,774**	2,664	-	-
Deferred tax liabilities	25	**17,415**	1,786	-	-
TOTAL NON-CURRENT LIABILITIES		**2,593,437**	2,025,159	**357**	687
NET ASSETS		**3,542,715**	875,102	**2,503,327**	90,090
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	37	**585,692**	63,000	**585,692**	63,000
Reserves	39	**2,942,326**	811,535	**1,917,635**	27,090
		3,528,018	874,535	**2,503,327**	90,090
NON-CONTROLLING INTERESTS		**14,697**	567	-	-
TOTAL EQUITY		**3,542,715**	875,102	**2,503,327**	90,090

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2011

		Attributable to Owners of the Company											
	Note	Number of shares '000	Nominal value RM'000	Share premium 39(a) RM'000	Revaluation reserve 39(b) RM'000	Foreign exchange reserve 39(c) RM'000	Other capital reserve 39(d) RM'000	Share option reserve 39(e) RM'000	Hedging reserve 39(f) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
2011													
At 1 January		63,000	63,000	10,898	390	(171,254)	311	-	-	971,190	874,535	567	875,102
Profit for the financial year		-	-	-	-	-	-	-	-	359,672	359,672	5,659	365,331
Other comprehensive income/(expense) for the financial year		-	-	-	-	72,139	-	-	(12,852)	-	59,287	(706)	58,581
Total comprehensive income/(expense) for the financial year		-	-	-	-	72,139	-	-	(12,852)	359,672	418,959	4,953	423,912
Transactions with owners:													
- Capital contribution by shareholders		-	-	-	-	-	6,250	-	-	-	6,250	-	6,250
- Issue of ordinary shares from exercise of call option	37	7,500	7,500	142,500	-	-	-	-	-	-	150,000	-	150,000
- Rights issue	37	5,640	5,640	194,360	-	-	-	-	-	-	200,000	-	200,000
- Bonus issue	37	380,700	380,700	(347,758)	-	-	-	-	-	(32,942)	-	-	-
- Share split	37	1,827,360	-	-	-	-	-	-	-	-	-	-	-
Issuance of new shares from initial public offering	37	644,262	128,852	1,753,586	-	-	-	-	-	-	1,882,438	-	1,882,438
Issuance of subsidiary shares to non-controlling interests		-	-	-	-	-	-	-	-	-	-	5,220	5,220
Dilution of interest in a subsidiary	21(c)	-	-	-	-	-	-	-	-	(9,699)	(9,699)	9,699	-
Dividend paid by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(5,742)	(5,742)
Employee share options granted	38	-	-	-	-	-	-	5,535	-	-	5,535	-	5,535
At 31 December		2,928,462	585,692	1,753,586	390	(99,115)	6,561	5,535	(12,852)	1,288,221	3,528,018	14,697	3,542,715

	Note	Attributable to Owners of the Company								Non-controlling interests	Total equity
		Number of shares	Nominal value	Share premium 39(a)	Revaluation reserve 39(b)	Foreign exchange reserve 39(c)	Other capital reserve 39(d)	Retained earnings	Total		
		'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2010											
At 1 January											
- as previously stated		63,000	63,000	10,898	390	(27,718)	311	623,898	670,779	567	671,346
- adjustment on application of FRS 139		-	-	-	-	-	-	(3,463)	(3,463)	-	(3,463)
At 1 January as restated		63,000	63,000	10,898	390	(27,718)	311	620,435	667,316	567	667,883
Profit for the financial year		-	-	-	-	-	-	350,755	350,755	-	350,755
Other comprehensive income for the financial year		-	-	-	-	(143,536)	-	-	(143,536)	-	(143,536)
Total comprehensive income for the financial year		-	-	-	-	(143,536)	-	350,755	207,219	-	207,219
At 31 December		63,000	63,000	10,898	390	(171,254)	311	971,190	874,535	567	875,102

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2011

		Attributable to Owners of the Company						
	Note	Number of shares '000	Nominal value RM'000	Share premium 39(a) RM'000	Capital reserve 39(d) RM'000	Share option reserve 39(e) RM'000	Retained earnings 39(g) RM'000	Total RM'000
2011								
At 1 January		63,000	63,000	10,898	300	-	15,892	90,090
Total comprehensive income for the financial year		-	-	-	-	-	169,014	169,014
Issue of ordinary shares from exercise of call option	37	7,500	7,500	142,500	-	-	-	150,000
Rights issue	37	5,640	5,640	194,360	-	-	-	200,000
Bonus issue	37	380,700	380,700	(347,758)	-	-	(32,942)	-
Share split	37	1,827,360	-	-	-	-	-	-
Issuance of new shares from initial public offering	37	644,262	128,852	1,753,586	-	-	-	1,882,438
Capital contribution by shareholders		-	-	-	6,250	-	-	6,250
Employee share options granted	38	-	-	-	-	5,535	-	5,535
At 31 December		2,928,462	585,692	1,753,586	6,550	5,535	151,964	2,503,327
2010								
At 1 January		63,000	63,000	10,898	300	-	12,678	86,876
Total comprehensive income for the financial year		-	-	-	-	-	3,214	3,214
At 31 December		63,000	63,000	10,898	300	-	15,892	90,090

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2011

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
OPERATING ACTIVITIES					
Profit for the financial year		**365,331**	350,755	**169,014**	3,214
Adjustments for non cash items:					
Share of results of an associate and jointly controlled entities		**(26,820)**	1,445	**-**	-
Depreciation of property, plant and equipment		**326,835**	248,418	**7,928**	6,170
Impairment of investment in an associate		**-**	13,300	**-**	-
Gain on deemed disposal of a subsidiary		**-**	(4,093)	**-**	-
Fair value through profit and loss on derivative financial instruments		**14,050**	(7,144)	**-**	-
(Gain)/loss on disposal of property, plant and equipment		**(8,888)**	(7,478)	**(1)**	104
Allowance for doubtful debts		**3,538**	6,984	**-**	-
Allowance for doubtful debts written back		**(22)**	(766)	**-**	-
Unrealised foreign exchange loss/(gain)		**1,458**	(1,463)	**3,803**	725
Share-based payment		**11,785**	-	**11,785**	-
Interest income		**(11,170)**	(253)	**(30,843)**	(23,663)
Interest expense		**105,413**	89,569	**23,844**	27,488
Dividend income		**-**	-	**(204,500)**	(28,886)
Taxation		**70,559**	32,511	**346**	(2,634)
		852,069	721,785	**(18,624)**	(17,482)
Changes in working capital:					
Inventories		**(418)**	(298)	**-**	-
Trade and other receivables		**(584,350)**	(237,964)	**(10,051)**	1,738
Trade and other payables		**252,263**	(92,529)	**(8,054)**	14,188
Cash from operations		**519,564**	390,994	**(36,729)**	(1,556)
Interest paid		**(140,846)**	(106,414)	**(27,689)**	(27,488)
Tax paid		**(48,472)**	(29,213)	**(280)**	(71)
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**330,246**	255,367	**(64,698)**	(29,115)

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2011 *(continued)*

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	**(1,061,621)**	(1,008,239)	**(7,382)**	(6,143)
Proceeds from disposal of property, plant and equipment		**2,881**	8,010	**10**	265
Interest received		**10,947**	253	**30,646**	23,663
Investment in subsidiaries		**-**	-	**-**	(185)
Investment in jointly controlled entities		**(116,173)**	(157)	**(114,766)**	(157)
Investment in unquoted preference shares		**(3,649)**	(3,778)	**(3,649)**	(3,778)
Dividends received		**-**	15,527	**192,830**	34,718
Advances to subsidiaries		**-**	-	**(569,490)**	(432,821)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(1,167,615)**	(988,384)	**(471,801)**	(384,438)
FINANCING ACTIVITIES					
Proceeds from bank borrowings		**1,601,949**	1,688,238	**385,587**	679,255
Decrease in deposit pledged as security		**-**	396	**-**	396
Repayment of bank borrowings		**(2,001,285)**	(954,242)	**(1,219,482)**	(450,000)
(Repayment)/drawdown of hire purchase creditors		**(417)**	442	**(330)**	(241)
Exercise of rights issue		**200,000**	-	**200,000**	-
Net proceeds from issuance of new shares		**1,882,438**	-	**1,882,438**	-
Exercise of call option by a related company		**150,000**	-	**150,000**	-
Proceeds from issuance of subsidiary shares to non-controlling interests		**5,220**	-	**-**	-
Dividend paid to non-controlling interests		**(5,742)**	-	**-**	-
Advances from subsidiaries		**-**	-	**-**	220,225
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES		**1,832,163**	734,834	**1,398,213**	449,635
NET INCREASE IN CASH AND CASH EQUIVALENTS		**994,794**	1,817	**861,714**	36,082
CURRENCY TRANSLATION DIFFERENCES		**3,359**	(23,970)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**244,898**	267,051	**54,058**	17,976
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	B	**1,243,051**	244,898	**915,772**	54,058

Notes to the statements of cash flows:

A Additions to property, plant and equipment (Note 19) during the financial year were acquired as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash	**1,061,621**	1,008,239	**7,382**	6,143
Hire purchase and finance lease arrangements	**-**	955	**-**	737
Movement in property, plant and equipment creditors	**(332,624)**	37,672	**-**	-
Interest capitalised for construction of vessels	**23,831**	34,708	**-**	-
	752,828	1,081,574	**7,382**	6,880

B Cash and cash equivalents consist of:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits with licensed banks	**1,174,111**	24,384	**907,402**	4,365
Cash and bank balances	**73,305**	253,300	**12,735**	73,138
	1,247,416	277,684	**920,137**	77,503
Bank overdraft	**-**	(28,421)	**-**	(19,080)
Designated deposits placed with licensed banks	**(4,365)**	(4,365)	**(4,365)**	(4,365)
	1,243,051	244,898	**915,772**	54,058

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group consist of provision of marine transportation, Floating Production Storage and Offloading (FPSO) operations, vessel construction, engineering and maintenance services to offshore oil and gas companies.

There have been no significant changes in the principal activities of the Group and the Company during the financial year.

The Company is incorporated and domiciled in Malaysia and is listed and quoted on the Official List of the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

Level 21, Menara Perak
24, Jalan Perak
50450 Kuala Lumpur
Malaysia.

2 BASIS OF PREPARATION

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards (FRSs), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies as stated in Note 3 to the financial statements.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Director's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's financial statements are disclosed in Note 4 to the financial statements.

2 BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective:

The new accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Group and the Company's financial year beginning on or after 1 January 2011 are as follows:

- Revised FRS 1 "First-time Adoption of Financial Reporting Standards"
- Revised FRS 3 "Business Combinations"
- Revised FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 2 "Share-based Payment - Group Cash-settled Share-based Payment Transactions"
- Amendments to FRS 7 "Financial Instruments: Disclosures - Improving Disclosure about Financial Instruments"
- Amendments to FRS 1 "First-time Adoption of Financial Reporting Standards"
- Amendments to FRS 132 "Financial Instruments" Presentation - Classification of rights issues"
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 4 Determining whether an Arrangement contains a Lease
- Improvements to FRSs (2010)

Adoption of the above FRSs, amendments to FRSs and interpretations, and "Improvements to FRSs (2010)" did not have any effect on the financial performance, position or presentation of financials of the Group and Company, other than for the disclosures under the Amendments to FRS 7.

- Amendments to FRS 7 "Financial Instruments: Disclosures - Improving Disclosure about Financial Instruments"

  Prior to 1 January 2011, information about financial instruments was disclosed in accordance with the requirements of FRS 7 Financial Instruments: Disclosures. Amendments to FRS 7 require enhanced disclosures about fair value measurements in which a three-level fair value hierarchy was introduced. Each class of financial instrument is to be classified in accordance to this hierarchy which reflects the inputs used in making the fair value measurement. It also reinforces the existing principles for disclosures on liquidity and credit risks.

  The new requirement on the three-level fair value hierarchy has been applied prospectively in accordance with the transitional provisions of the FRS 7 Amendments. The enhanced disclosures are included in Note 44. The adoption of this amendment did not have any financial impact to the Group and Company.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective:

The Group and Company will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial period beginning on 1 January 2012:

In the next financial year, the Group and Company will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (MFRS). In adopting the new framework, the Group and Company will be applying MFRS 1 "First-time adoption at MFRS".

- The revised MFRS 124 "Related party disclosures" (effective from 1 January 2012) removes the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:
  - The name of the government and the nature of their relationship;
  - The nature and amount of each individually significant transactions; and
  - The extent of any collectively significant transactions, qualitatively or quantitatively.

- Amendment to MFRS 1 "First time adoption on fixed dates and hyperinflation" (effective from 1 January 2012) includes two changes to MFRS 1. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to MFRSs', thus eliminating the need for entities adopting MFRSs for the first time to restate de-recognition transactions that occurred before the date of transition to MFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with MFRSs after a period when the entity was unable to comply with MFRSs because its functional currency was subject to severe hyperinflation.

- Amendment to MFRS 7 "Financial instruments: Disclosures on transfers of financial assets" (effective from 1 January 2012) promotes transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

The above new standards and amendments are not expected to have a material impact on the Group's and Company's financial statements.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective (continued):

(ii) Financial period beginning on 1 January 2013:

- MFRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (FVTPL). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity. The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

  MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

- MFRS 10 "Consolidated financial statements" (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".

- MFRS 11 "Joint arrangements" (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective (continued):

(ii) Financial period beginning on 1 January 2013 (continued):

- MFRS 12 "Disclosures of interests in other entities" (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

- MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 "Separate financial statements" (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128 "Investments in associates and joint ventures" (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective (continued):

(ii) Financial period beginning on 1 January 2013 (continued):

- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

- Amendment to MFRS 132 "Financial instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

The Group and Company expects to be in a position to fully comply with the requirements of the MFRS framework for the financial period beginning on or after 1 January 2013 and no material differences were expected arising from this transition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented unless otherwise stated.

3.1 Subsidiaries

Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and these are de-consolidated from the date that control ceases.

Subsidiaries are consolidated using the purchase method of accounting except for certain subsidiaries as disclosed in Note 21, which were consolidated prior to 1 April 2002 using the merger method of accounting in accordance with Malaysian Accounting Standard No. 2 "Accounting for Acquisition and Mergers" the generally accepted accounting principles prevailing at that time.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial periods. On consolidation, the difference between the carrying value of the investment in these subsidiaries over the cost of the shares acquired is charged or credited to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Subsidiaries (continued)

The Group has the exemption provided by FRS 122_{2004} and FRS 3 and FRS 3 (Revised) to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards, as permitted by the Standards.

The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at fair value on its acquisition date and the resulting gain or loss is recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value at acquisition date of any previous equity interest in the acquire over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in profit or loss. Refer to accounting policy Note 3.23 on goodwill.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or the non-controlling interest's proportionate share of the acquiree's identifiable assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior year is not restated.

Where a business combination involves more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

All inter-company transactions, balances and unrealised gains/losses on transactions between companies in the Group are eliminated. Where necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary. This is recognised in profit or loss attributable to the parent.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Subsidiaries (continued)

Change in accounting policy

The Group has changed its accounting policy on business combinations and accounting for non-controlling interest when it adopted the revised FRS 3 "Business combinations" and FRS 127 "Consolidated and separate financial statements".

Previously, contingent consideration in a business combination was recognised when it is probable that payment will be made. Acquisition-related costs were included as part of the cost of business combination. Any non-controlling interest in the acquiree was measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group was accounted for as a revaluation.

The Group has applied the new policies prospectively to transactions occurring on or after 1 January 2011. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements as there were no business combination during the year ended 31 December 2011.

3.2 Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

3.3 Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with another party where the strategic financial and operating decisions, relating to the entity require unanimous consent of the parties sharing control. The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recognising the Group's share of the post acquisition results of jointly controlled entities in the profit or loss and its share of post acquisition changes of the investee's other comprehensive income in other comprehensive income. The cumulative post acquisition changes are adjusted against the cost of the investment and include goodwill identified on acquisition (net of accumulated impairment loss).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture resulting from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if a loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Where necessary, adjustments are made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Associates

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associate includes goodwill identified on acquisition (see accounting policy Note 3.23), net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in the other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses in associates are recognised in the profit or loss.

3.5 Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the profit or loss. This fair value is its fair value on initial recognition as a financial asset in accordance with FRS 139: "Financial Instruments: Recognition and Measurement". Any amounts previously recognised in the other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3.6 Investments in subsidiaries, joint ventures and associates

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses (see accounting policy Note 3.12). On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see accounting policy Note 3.13).

Drydocking expenditure represents major inspection and overhaul cost and are depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent drydocking generally performed. The Group has included these drydocking costs as a component within vessel costs in accordance with FRS 116: Property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in the profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit or loss.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the assets over its estimated useful lives. Depreciation on vessels under construction commences when the assets are ready for their intended use. Vessels are depreciated on a systematic basis to reflect the pattern in which future economic benefits are expected to be consumed over its estimated useful lives.

The estimated useful lives of the categories of property, plant and equipment are summarised as follows:

Leasehold land and building	50 years
Drydocking expenditure	5 years
Vessels	10 to 25 years
Plant and machinery	2 to 5 years
Equipment, furniture, fittings and office equipment	2 to 10 years
Motor vehicles	5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of the reporting period.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see accounting policy Note 3.12).

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial assets

(i) Classification

The Group and Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges (see accounting policy Note 3.10).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group and Company loans and receivables comprise 'trade and other receivables, dividend receivable, intercompany balances' and 'cash and cash equivalents' in the statement of financial position.

(ii) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss.

(iii) Subsequent measurement - gains and losses

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in the profit or loss in the period in which the changes arise.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial assets (continued)

(iv) Subsequent measurement - Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; and
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If 'loans and receivables' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial assets (continued)

(iv) Subsequent measurement - Impairment of financial assets (continued)

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(v) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and Company has transferred substantially all risks and rewards of ownership.

3.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.10 Derivative financial instruments and hedge activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 3.8. Derivatives that qualify for hedge accounting are designated as either:

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 24. Movements on the hedging reserve in the other comprehensive income are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Derivative financial instruments and hedge activities (continued)

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the profit or loss. The gain or loss relating to the ineffective portion is recognised in the profit or loss. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in the other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Amounts accumulated in equity are reclassified to the profit or loss in the periods when the hedged item affects the profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the transaction is ultimately recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with FRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

3.12 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life (e.g goodwill) are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Borrowings

(i) Classification

Borrowings are initially recognised at fair value less transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the initial recognised amount and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method except for borrowing cost incurred for the construction of any qualifying asset.

Interest, dividends, losses and gains relating to a financial instrument classified as a liability is reported within the finance cost in the profit or loss. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(ii) Capitalisation of borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are charged to the profit or loss.

3.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents material and attributable cost of acquisition and is determined using the first-in, first-out method.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

3.15 Non-current assets held for sale

Non-current assets or groups of assets are classified as 'held for sale' if their carrying amounts will be recovered principally through a sale transaction rather than through a continuing use, and when all the following criteria are met:

- a decision has been made to sell,
- the assets are available for sale immediately,
- the assets are being actively marketed at a price that is reasonable in relation to its current fair value, and
- a sale has been or is expected to be concluded within the next twelve months from the date of classification.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Non-current assets held for sale (continued)

Before they are classified as held for sale, the measurement of the assets and associated liabilities is brought up to-date in accordance with their respective accounting policies.

Depreciation ceases when an asset is classified as non-current assets held for sale. Non-current assets held for sale are stated at the lower of carrying amount and fair value less disposal costs.

3.16 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Contract costs are recognised as expenses in the period in which they are incurred. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the completion of a physical proportion of contract cost to-date.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention sum such are included within 'trade receivables'. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group and Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group and Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group and Company's activities as described below. The Group and Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognised on the following bases:

(i) Vessel charter fees and support services

Charter hire income from vessels is recognised upon rendering of services to customers, using a straight line basis over the term of the charter hire contract. Revenue derived from Floating Production Storage and Offloading (FPSO) leasing contracts classified as operating leases are recognised on a straight line basis over the lease period for which the customer has contractual right over the FPSO vessel.

Vessel sundry income, commission and agency income are recognised when services are rendered to the customers and recognised on an accrual basis.

(ii) Interest, rental and dividend income

The Group and Company earns interest income from deposits placed with licensed banks. Company's interest income included reimbursement of interest income incurred on behalf of certain subsidiaries of the Group. The Group also earns rental income from the rental of premises to third parties.

Interest and rental income are recognised on an accrual basis.

Dividend income is recognised when the Company's right to receive payment is established.

(iii) Vessel construction and engineering services

Revenue from construction contracts are accounted for under the percentage of completion method (see accounting policy Note 3.16).

(iv) Sale of goods

Sales are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts, and after eliminating sales within the Group.

(v) Central overhead fees

The Company earns central overhead fees from its subsidiaries and these are recognised on an accrued basis.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements of the Group and Company are presented in Ringgit Malaysia, which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in the other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss within administrative expenses. For translation differences on financial assets and liabilities held at fair value through profit or loss (see accounting policy Note 3.8).

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate profit or loss presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When there is a reduction in the effective equity interest in a foreign operation, the proportionate foreign exchange reserve is reclassified to the profit or loss as part of the gain or loss arising from the change in effective interest.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Foreign currencies (continued)

(iii) Group companies (continued)

Goodwill and fair value adjustments arising on the acquisitions of foreign entities on or after 1 January 2006 are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has applied the transitional provision for acquisitions prior to 1 January 2006 which allows the goodwill and fair value adjustments arising from acquisitions to be treated as assets and liabilities of the parent rather than that of the foreign entities. Therefore, those goodwill and fair value adjustments either are already expressed in the parent's functional currency or are non-monetary foreign currency items, which are reported using the exchange rates at the date of the acquisitions.

3.19 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(i) Accounting by lessee

Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Assets held under hire purchase and finance lease agreements are capitalised in the statement of financial position and are depreciated in accordance with the policy set out in Note 3.7. Outstanding obligations due under the hire purchase agreements after deducting finance expenses not due are included as liabilities in the financial statements. The finance expenses of the lease rentals are charged to the profit or loss over the period of the lease.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on the straight line basis over the lease period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Leases (continued)

(ii) Accounting by lessor

Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

Operating leases

Lease of assets were a significant portion of the risk and rewards of ownership are retained with the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss on a straight line basis over the lease period.

3.20 Current and deferred income taxes

The tax expense for the period comprises current, withholding and deferred taxes. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of most likely outcome.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and Company.

(ii) Defined contribution plan

The Group and Company's contributions to the national Employees Provident Fund, a defined contribution plan are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and Company have no further financial obligations.

(iii) Share-based payment transactions

The Company's Employee Share Options Scheme (ESOS), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

3.22 Trade receivables

Trade receivables are carried at invoice amount, where this approximates fair value less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

3.23 Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Goodwill (continued)

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose identified according to the operating segment (see accounting policy Note 3.12).

Goodwill on acquisition of jointly controlled entities and associates are included in investments in jointly controlled entities and associates respectively. Such goodwill is tested for impairment as part of the overall balance.

3.24 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.25 Provisions

A provision is recognised when the Group and Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group and Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.26 Contingent assets and liabilities

The Group and Company does not recognise contingent assets and liabilities, but disclosed its existence in the financial statements, if any.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and Company. The Group and Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Subsequent to the initial recognition, the Group and Company measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with FRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with FRS 118 "Revenue".

3.27 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

3.28 Share capital

(i) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

(iii) Dividends

Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the financial period in which the dividends are approved.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.29 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit or loss for the financial year attributable to the Owners of the Company by the weighted average number of ordinary shares outstanding during the financial period. The weighted average number of ordinary shares in issue will be adjusted to account for any bonus and share splits which were undertaken subsequent to reporting date.

Diluted earnings per share is calculated by dividing the profit for the financial year attributable to the Owners of the Company (adjusted for interest income, net of tax, earned on the proceeds arising from the conversion of the call option) by the weighted average number of ordinary shares as adjusted for the basic earnings per share and includes all potential dilutive shares on the call option granted by the reporting date as if the call option had been exercised on the first day of the financial year or the date of the grant, if later to the Group and/or Directors of the Company.

3.30 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions. Segment revenues and expenses are those directly attributable to the segments and include any expenses where a reasonable basis of allocation exists.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Revenue

Chartering of FPSO and vessels to customers are recognised as revenue based on whether the charter contract arrangement is considered to be an operating lease or finance lease in accordance with FRS117. Classification of these contracts as operating leases or finance leases are assessed at the inception of the lease. The estimated useful lives of the vessel and lease payment pattern are relevant in evaluating lease contracts. This assessment requires significant judgements in the following areas:

(i) Lease term

At lease inception, a lease contract is classified as either an operating or a finance lease. The lease term is the 'non-cancellable period' for which the Group has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, when at lease inception it is reasonably certain that the lessee will exercise the option.

(ii) Purchase option

At lease inception, if it is not reasonably certain that the option will be exercised, the option will not be a part of the basis for classification. If the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable, the exercise of the option is regarded reasonably certain. The evaluation of the term 'reasonably certain' involves judgement. The lessee's purchase option is considered in classifying the lease contract.

Contracts for leasing and operation of vessels are usually negotiated together. Leasing of vessels is accounted for under FRS117 and operation of vessels is accounted for under FRS118. As the consideration for the leasing component and operation component of vessels are contracted together they may not represent the fair value of the individual component separately. The total consideration paid is allocated between each component based on fair value of each component. This requires estimation based on market rates, comparable transactions and other market related information to be determined at lease inception.

If the terms and conditions of the lease contract change subsequently, the management will reassess whether the new arrangements would be classified as a new lease based on the prevailing market conditions.

NOTES TO THE FINANCIAL STATEMENTS
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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Impairment of non-financial assets

The Group reviews periodically whether property, plant, equipment and vessels under construction have suffered any impairment in accordance with the accounting policy stated in Note 3.12. The recoverable amounts of each vessel, being defined as a cash generating unit, have been determined based on the higher of fair value less cost to sell and value in-use calculations. The value in-use calculations are based on contracted cash flows and estimates of uncontracted cash flows for the useful lives of each vessel, including scrap values discounted by an appropriate discount rate.

The impairment testing for cash-generating units requires estimates and judgement to determine the net present value of future cash flows such as revenue growth, cost escalation and discount rate amongst others. The Directors have evaluated the carrying amounts of property, plant and equipment and is satisfied that no additional impairment charge is required.

4.3 Vessel useful life and residual value

Depreciation depends on the estimated useful lives of the vessels and residual values at the end of their useful lives. The estimated useful lives are based on previous experience and knowledge of the vessels owned by the Group and is normally equal to the design lives of the vessel. Assumptions about residual value are based on prevailing market conditions and expected value to be obtained for these vessels at the end of their useful lives in the future. These assumptions by their nature may differ from actual outcome in the future. Where appropriate, the Group will adjust the residual value and useful life of the individual vessel based on the particular conditions of the vessel. These adjustments require judgements to be exercised by management to assess the residual value and useful life for the individual vessels.

4.4 Taxation

The Group is subject to income and withholding taxes in a number of jurisdictions in which the Group operates. Significant judgement is required in determining the provision for these taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision where relevant in the financial period in which such determination is made.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

This note presents information about the Group and Company's exposure to risk resulting from its use of financial instruments, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further qualitative disclosures are included throughout these consolidated financial statements.

The Group's activities expose it to a variety of financial risks, market risk including currency risk and interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors identifies and evaluates financial risks in close co-operation with the Group's management.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency exchange risk

The Group is exposed to various currencies, primarily the United States Dollar (USD). The Group's foreign currency exchange risk arises from the revenue recognised, and purchases of material, spares and services for maintenance of its vessels.

The Group has investments in foreign operations whose net assets, which are denominated in USD, are exposed to foreign currency translation risk. These exposures are largely mitigated by borrowings and proceeds in the currencies of the underlying assets and cash flows.

The objectives of the Group's currency risk management policies are to allow the Group to effectively manage the foreign exchange fluctuation against its functional currency that may arise from future commercial transactions and recognised assets and liabilities. Forward foreign currency exchange contracts are used to manage foreign exchange exposures arising from all known material foreign currency denominated commitments as and when they arise and to hedge the movements in exchange rates by establishing the rate at which a foreign currency monetary item will be settled. Gains and losses on foreign currency forward contracts entered into as hedges of foreign currency monetary items are recognised in the financial statements when the exchange differences of the hedged monetary items are recognised in the financial statements. Cross currency interest rate swap contracts are also used to hedge the volatility in the cash flows attributable to variability in the other currency denominated borrowings once identified to maturity of the borrowings.

The impact on profit before taxation for the financial year is mainly as a result of translation of USD receivables, bank deposits and balances, and payables held by companies within the Group, for which their functional currencies are not USD. Other balances denominated in foreign currencies are not significant and hence, profit is not materially impacted.

As at 31 December 2011, if the Group's reporting currency had weaken/strengthened by 5% against the USD with all other variables held constant, the change to the Group's equity would have been RM52.6 million lower/higher arising from the impact to the Group's net investments.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Group's and Company's exposure to changes in interest rates relates primarily to the Group's and Company's deposits with licensed banks and borrowings with a floating interest rate. The contractual interest rates on borrowings and derivative financial instruments are disclosed on Note 24 and 36 respectively. In respect of managing interest rate risk, the floating interest rates of certain long-term loans are hedged in accordance with Group's policy by fixed rate swaps for the entire maturity period. Short term facilities which bear interest at floating rates are used for working capital and bridge financing requirements. The interest rate profile of the Group's borrowings is regularly reviewed against prevailing and anticipated market rates to determine hedging requirements.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

Group	2011 RM'000	2010 RM'000
Fixed rate instruments		
Financial assets, comprising deposits with licensed banks	**1,174,111**	24,384
Financial liabilities, comprising term loans, bridging loans, revolving credits and hire purchase creditors	**50,804**	253,285
Variable rate instruments		
Financial liabilities, comprising term loans, bridging loans and revolving credits	**2,967,446**	3,165,572
Less: Interest rate swap contracts	**(1,067,923)**	(452,808)
Cross currency interest rate swap contract	**(197,064)**	(220,500)
	1,702,459	2,492,264

The sensitivity of the Group's profit before taxation to a reasonable possible change in Ringgit Malaysia and US Dollar interest rates with all other factors held constant and based on composition of liabilities with floating interest rates at the reporting date are as follows:

Group	Impact on profit before taxation 2011 RM'000	Impact on profit before taxation 2010 RM'000	Impact on equity [1] 2011 RM'000	Impact on equity [1] 2010 RM'000
RM				
- increased by 0.5% (2010: 0.5%)	**13**	(7,925)	**(1,998)**	-
- decreased by 0.5% (2010: 0.5%)	**(13)**	7,925	**1,998**	-
USD				
- increased by 0.5% (2010: 0.5%)	**(6,476)**	(4,515)	-	-
- decreased by 0.5% (2010: 0.5%)	**6,476**	4,515	-	-

[1] Represents cash flow hedging reserve

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

Company	2011 RM'000	2010 RM'000
Fixed rate instruments		
Financial assets, comprising deposits with licensed banks	**907,402**	4,365
Financial liabilities, comprising term loans and hire purchase creditors	**687**	151,017
Variable rate instruments		
Financial liabilities, comprising term loans, bank overdrafts and revolving credits	-	698,335

The impacts on profit before taxation for the financial year are mainly as a result of interest expenses/income on floating rate borrowings not in a designated hedging relationship. For borrowings in a designated hedging relationship, as these are effectively hedged, the interest rate movements will not have any impact on the profit or loss.

The sensitivity of the 2011 Company's profit before taxation for the financial year to a 0.5% increase in Ringgit Malaysia and US Dollar interest rates with all other factors held constant and based on composition of liabilities with floating interest rates at the reporting date are RM2.7m and RM0.7m lower respectively.

Credit risk

Credit risk arises when sales are made on credit terms. The Group's activities limit the exposure and credit risk concentration to major clients in the oil and gas industry. The Group employs a credit policy that ensures clients are subjected to credit checks and outstanding accounts are followed up on a timely basis.

Several of the Group's contracts are long-term. There can be no guarantees that the financial position of the Group's major customers will not materially change during the contracted period. Given the limited number of major partners of the Group and the significant portion they represent of the Group's income, the inability of one or more of them to make full payment on any of the Group's customers may have a significant adverse impact on the financial position of the Group. The Group believes that the credit risk related to these counterparties is at an acceptable level. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. As such, management does not expect any counterparty to fail to meet their obligations and that the carrying amount of trade receivables including accrued lease rentals represent the Group's maximum exposure to credit risk.

Management has reviewed the credit risk concentration with respect to amounts due from subsidiaries and does not expect any amount to be irrecoverable.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group and Company adopts liquidity risk management by maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities from financial institutions to support its daily operations. Whenever the Group undertakes additional financing, the repayment and maturity profile of the underlying loans are structured after taking into consideration the cash inflows expected to be generated from the related assets or operations and economic life of the assets or operations being financed.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Group	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000	Total RM'000
31 December 2011					
Borrowings	**562,723**	**592,289**	**1,590,730**	**647,892**	**3,393,634**
Hire purchase creditors	**429**	**400**	**86**	-	**915**
Net settled derivative financial instruments					
- interest rate swaps	**10,749**	**9,151**	**7,336**	**(713)**	**26,523**
- cross currency interest rate swaps	**(1,102)**	**(290)**	**(821)**	**(129)**	**(2,342)**
Trade payables	**120,068**	-	-	-	**120,068**
Other payables	**183,627**	-	-	-	**183,627**
31 December 2010					
Borrowings	1,499,862	416,035	1,145,470	716,435	3,777,802
Hire purchase creditors	445	676	259	-	1,380
Net settled derivative financial instruments					
- interest rate swaps	6,035	2,916	(148)	(104)	8,699
- cross currency interest rate swaps	(1,814)	(2,297)	(6,104)	(1,911)	(12,126)
Trade payables	227,376	-	-	-	227,376
Other payables	222,445	-	-	-	222,445

The table below analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Company	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000	Total RM'000
31 December 2011					
Hire purchase creditors	**371**	**371**	**37**	-	**779**
Other payables	**48,900**	-	-	-	**48,900**
Amounts due to subsidiaries	**19,516**	-	-	-	**19,516**

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The table below analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows: (continued)

Company (continued)	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000	Total RM'000
31 December 2010					
Borrowings	862,514	-	-	-	862,514
Hire purchase creditors	371	520	259	-	1,150
Other payables	61,270	-	-	-	61,270
Amounts due to subsidiaries	484,221	-	-	-	484,221

Capital risk management

The Group and Company's objectives when managing capital are to safeguard the Group and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders.

6 SEGMENT INFORMATION

The Group is organised into 4 main business segments based on the type of operations carried out by its vessels and barges:

- Offshore Support Vessels (OSV)
- Floating Production Storage Offloading system (FPSO)
- Transport and Installation (T&I)
- Oilfield Services (OFS)

Inter-segment revenue comprises mostly of engineering services provided to the marine charter hire companies within the Group. These transactions are conducted based on terms and conditions negotiated with related parties.

The remaining Group's operations comprise engineering services, which is not of a sufficient size to be reported separately. Management and other corporate support services provided to group entities are considered incidental to the Group's operating business. These are reported separately under Corporate and eliminations.

6 SEGMENT INFORMATION (CONTINUED)

	OSV RM'000	FPSO RM'000	T&I RM'000	OFS RM'000	Others RM'000	Corporate & elimination RM'000	Group RM'000
2011							
External revenue	**481,909**	**609,203**	**242,317**	**210,467**	**-**	**-**	**1,543,896**
Inter-segment revenue	**-**	**-**	**-**	**-**	**75,064**	**(75,064)**	**-**
Total revenue	**481,909**	**609,203**	**242,317**	**210,467**	**75,064**	**(75,064)**	**1,543,896**
Results							
Segment results	**119,750**	**214,898**	**121,110**	**30,838**	**2,954**	**(8,887)**	**480,663**
Other operating income							**37,593**
Share of results of jointly controlled entities							**26,820**
Finance costs							**(109,186)**
Taxation							**(70,559)**
Profit for the financial year							**365,331**

	OSV RM'000	FPSO RM'000	T&I RM'000	Others RM'000	Corporate & elimination RM'000	Group RM'000
2010						
External revenue	419,709	553,411	268,263	-	-	1,241,383
Inter-segment revenue	-	-	-	78,499	(78,499)	-
Total revenue	419,709	553,411	268,263	78,499	(78,499)	1,241,383
Results						
Segment results	88,941	179,215	148,472	22,707	(12,366)	426,969
Other operating income						40,167
Share of results of jointly controlled entities and associate						(1,445)
Finance costs						(82,425)
Taxation						(32,511)
Profit for the financial year						350,755

The external revenue reported to the Chief Operating Decision Maker is measured in a manner consistent with that in the Group's statement of income. The cost of sales and allocation of expenses attributable to each segment is based on management's internal allocation basis and may not individually be consistent with the Group's statement of income.

6 SEGMENT INFORMATION (CONTINUED)

Although the Group's business segments are managed in Malaysia, they operate in the following main geographical areas:

- Malaysia - mainly charter hire of vessel, marine engineering and consultancy services
- Asia (excluding Malaysia), Africa and Latin America - charter hire of vessel

	Group	
	2011 RM'000	2010 RM'000
Malaysia	**543,375**	188,566
Asia (excluding Malaysia)	**494,192**	526,938
Africa	**417,132**	438,661
Latin America	**89,197**	87,218
	1,543,896	1,241,383

The major customers are in the FPSO and T&I segments. Total revenue from the top three major customers for the current financial year amounted to RM701.8 million (2010: RM673.1 million).

7 REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Vessel charter fees and support services rendered	**1,543,896**	1,241,383	-	-
Dividend income	-	-	**204,500**	28,886
Central overhead fees	-	-	**123,766**	108,036
	1,543,896	1,241,383	**328,266**	136,922

8 COST OF SALES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Vessel charter fees and support services rendered	**883,095**	636,272	-	-
Central overhead expenses	-	-	**117,742**	102,975
	883,095	636,272	**117,742**	102,975

NOTES TO THE FINANCIAL STATEMENTS
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9 OTHER OPERATING INCOME

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gain/(loss) on disposal of property, plant and equipment	**8,888**	7,478	**1**	(104)
Interest income	**11,170**	253	**30,843**	23,663
Rental income	**41**	41	-	-
Agency and handling fees	-	9,664	-	-
Insurance claims	**5,818**	10,000	-	-
Commission	**1,740**	759	-	-
Gain on disposal of scrap materials	**891**	1,544	-	-
Gain on deemed disposal of a subsidiary	-	4,093	-	-
Vessel sundry income and others	**9,045**	6,335	**9,116**	482
	37,593	40,167	**39,960**	24,041

Included in interest income are reimbursements of interest expense incurred on behalf of certain subsidiaries within the Group.

10 FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expense	**105,413**	89,569	**23,844**	27,488
Fair value losses/(gains) on interest rate swaps	**3,773**	(7,144)	-	-
	109,186	82,425	**23,844**	27,488

11 SHARE OF RESULTS OF AN ASSOCIATE

Details of the associate is as follows:

Name of Company	Principal activities	Group's effective interest		Country of incorporation
		2011 %	2010 %	
Barmada McDermott Sdn Bhd	Provision of construction and installation of offshore pipelines and structures	**43**	45	Malaysia

11 SHARE OF RESULTS OF AN ASSOCIATE (CONTINUED)

	Group	
	2011 RM'000	2010 RM'000
Share of the associate's net assets	**15,550**	16,978
Less: Accumulated impairment loss	**(13,300)**	(13,300)
Amount due to a substantial corporate shareholder of an associate	**(2,250)**	(2,250)
Share of loss	-	(1,428)
	-	-

The Group's share of revenue, loss, assets and liabilities of the associate was as follows:

	Group's effective interest	
	2011 RM'000	2010 RM'000
Revenue	-	63,784
Loss after tax	-	(1,428)
Non-current assets	**20,691**	20,691
Current assets	**118,553**	118,553
Current liabilities	**(91,528)**	(91,528)
Non-current liabilities	**(32,166)**	(30,738)
Net assets	**15,550**	16,978
Less: Accumulated impairment loss	**(13,300)**	(13,300)
Amount due to a shareholder	**(2,250)**	(2,250)
Share of loss	-	(1,428)
	-	-

On 25 January 2011, the Company received a Notice of Termination from J Ray McDermott (JRM) on the shareholders' agreement between its wholly owned subsidiary, Bumi Armada Navigation Sdn Bhd (BAN) and JRM on its associate, Barmada McDermott Sdn Bhd (BMD).

The Group has sought legal counsel to ascertain the extent of its rights. BAN takes the view that the termination is unlawful. BAN has taken necessary legal steps as it deems necessary to protect its interests in BMD. Notwithstanding BAN's rights with respect to its participation in BMD, management assessed and has fully provided for BAN's investment in BMD.

There is no change to this status as at 31 December 2011 and accordingly, no further share of this associate is taken up and the Group's share of net assets remained at the position taken up by the Group as at 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

12 JOINTLY CONTROLLED ENTITIES

The Group's share of revenue, profit/(loss), assets and liabilities of the jointly controlled entities are as follows:

	Group	
	2011 RM'000	2010 RM'000
Revenue	**54,184**	5,647
Profit/(loss) after taxation	**26,820**	(17)
Non-current assets	**134,133**	32,561
Current assets	**148,206**	9,115
Current liabilities	**(122,408)**	(21,897)
Non-current liabilities	**(8,673)**	(9,980)
Net assets	**151,258**	9,799

	2011 RM'000	2010 RM'000
Group		
Share of net assets of jointly controlled entities	**151,258**	9,799
Company		
Unquoted shares at cost	**118,673**	3,907

Details of the jointly controlled entities are as follows:

Name of company	Principal activities	Group's effective interest 2011 %	Group's effective interest 2010 %	Country of incorporation
Armada Century Ltd	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**49**	51	British Virgin Islands
Armada C7 Pte. Ltd.	Dormant	**50**	-	Singapore
Armada D1 Pte. Ltd.	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**50**	-	Singapore
Century Bumi JV Limited	Oil and gas exploration, and product and marine services	**40**	40	Federal Republic of Nigeria

12 JOINTLY CONTROLLED ENTITIES (CONTINUED)

Name of company	Principal activities	Group's effective interest 2011 %	Group's effective interest 2010 %	Country of incorporation
Forbes Bumi Armada Offshore Limited	Dormant	**50**	-	India
Forbes Bumi Armada Limited	Ship owners, charterers, managers of ships and vessels, logistics and maritime transportation services to the oil and gas industry	**49**	49	India
Offshore Marine Ventures Sdn. Bhd.	Provision of integrated service solutions for the supply, operation and maintenance of support vessels and logistics and maritime transportation services to the oil and gas industry	**50**	50	Malaysia
PT Armada Gema Nusantara (formerly known as PT Panca Surya Tunas Jaya)	Ship owner and operator	**49**	-	Indonesia

(a) On 28 January 2011, the Company subscribed for 49,999 ordinary shares, representing 50% equity interest in Forbes Bumi Armada Offshore Limited.

(b) On 24 February 2011, the Company subscribed for 64,219 ordinary shares, representing 50% equity interest in Armada D1 Pte. Ltd.

(c) On 24 September 2011, the Company transferred 2,000 ordinary shares, representing 2% equity interest in Armada Century Ltd to Century Energy Services Limited for a consideration of USD66,000. Following therefrom, the Company's equity interest in the jointly-controlled entity has reduced to 49%.

(d) On 1 November 2011, Bumi Armada Offshore Holdings Limited, a wholly owned subsidiary of the Company, subscribed for 2,501 ordinary shares, fully paid, representing 50% of the issued and paid-up share capital of Armada C7 Pte Ltd (Armada C7). Arising therefrom, Armada C7 became a jointly controlled entity of the Company.

(e) On 5 December 2011, Bumi Armada Offshore Holdings Limited subscribed for 1,225 shares, fully paid, representing 49% of the issued and paid-up share capital of PT Armada Gema Nusantara (formerly known as PT Panca Surya Tunas Jaya) (Armada Gema). Arising therefrom, Armada Gema became a jointly controlled entity of the Company.

13 PROFIT BEFORE TAXATION

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Allowance for doubtful debts	**3,538**	6,984	-	-
Auditors' remuneration				
- fees for statutory audit				
- PricewaterhouseCoopers Malaysia	**970**	741	**280**	175
- member firm of PricewaterhouseCoopers International Limited	**149**	-	-	-
- fees for audit related services	**240**	163	**240**	55
- fees for non-audit services	**2,595**	675	**2,595**	675
Allowance for doubtful debt written back	**(22)**	(766)	-	-
Depreciation of property, plant and equipment	**326,835**	248,418	**7,928**	6,170
(Gain)/loss on disposal of property, plant and equipment	**(8,888)**	(7,478)	**(1)**	104
Travelling and freight	**20,665**	17,595	**9,418**	6,698
Repairs and maintenance	**56,477**	25,336	**2,214**	2,320
Management fees and commission	**4,515**	1,762	**4,512**	1,762
Insurance	**28,991**	25,151	**35**	1,245
Fuel and oil	**14,513**	16,161	-	-
Advertisement and recruitment	**4,142**	1,842	**4,050**	-
Staff costs (Note 14)	**300,521**	259,230	**105,327**	83,677
Other crew costs	**5,784**	5,884	-	-
Rental of buildings	**5,785**	4,138	**3,581**	2,188
Hiring of equipment	**6,473**	25,138	-	-
Dividend income from subsidiaries - tax exempt	-	-	**(204,500)**	(28,886)
Interest income:				
- deposits with a licensed bank	**(11,170)**	(253)	**(10,932)**	(180)
- loan to subsidiaries	-	-	**(19,911)**	(23,483)
Agency fee	**17,333**	9,854	-	-
Commission income	**(1,740)**	(759)	-	-
Rental income	**(41)**	(41)	-	-
Impairment of investment in associate (net of amount due to a substantial corporate shareholder of an associate)	-	13,300	-	-
Net exchange (gain)/loss:				
- realised	**(31,143)**	7,048	**2,416**	2,907
- unrealised	**1,458**	(1,463)	**3,803**	725
IPO listing expenses	**21,476**	-	**21,476**	-
Maintenance and services cost	**58,945**	66,704	-	-
Survey fee	**4,414**	2,957	-	-
Consultancy fee	**7,833**	3,114	**5,020**	-
Communication expense	**1,263**	6,070	-	-

14 STAFF COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages, salaries and bonuses	**256,818**	239,260	**86,006**	74,575
Defined contribution plan	**8,082**	6,783	**1,770**	1,633
Share-based payment	**11,785**	-	**11,785**	-
Other staff related cost	**23,836**	13,187	**5,766**	7,469
	300,521	259,230	**105,327**	83,677

The staff costs above include the Executive Directors' remuneration as disclosed in Note 15.

15 DIRECTORS' REMUNERATION

The aggregate amounts of emoluments receivable by Directors of the Group and Company during the financial year were as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-executive Directors:				
- fees	**1,756**	1,179	**1,756**	1,179
Executive Directors:*				
- salaries and bonuses	**10,894**	4,308	**9,855**	3,543
- defined contribution plan	**126**	88	**-**	5
- share-based payment	**9,284**	-	**9,284**	-
	22,060	5,575	**20,895**	4,727

* Included remuneration paid to an Executive Director as disclosed in Note 41(i).

Benefits in kind received by the Directors of the Company amounted to RM71,602 (2010: RM62,213) from the Group and the Company.

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16 TAXATION

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax:				
- Malaysian tax	**2,252**	18,423	**(19)**	30
- foreign tax	**52,558**	19,016	-	-
Deferred tax (Note 25)	**15,749**	(4,928)	**365**	(2,664)
	70,559	32,511	**346**	(2,634)
Income tax:				
- current financial year	**52,151**	37,608	-	100
- under/(over) provision in respect of prior financial years	**2,659**	(169)	**(19)**	(70)
	54,810	37,439	**(19)**	30
Deferred tax:				
- origination and reversal of temporary differences (Note 25)	**15,749**	(4,928)	**365**	(2,664)
	70,559	32,511	**346**	(2,634)

The explanation of the relationship between Malaysian tax rate and average effective tax rate is as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Malaysian tax rate	**25**	25	**25**	25
Tax effects of:				
- exempt income	**(21)**	(26)	**(30)**	(1,245)
- withholding tax on foreign sourced income	**5**	5	-	-
- expenses not deductible for tax purposes	**6**	4	**5**	719
- utilisation of previously unrecognised capital allowances	-	-	-	59
- under/(over) provision in prior years	**1**	-	-	(12)
	16	8	-	(454)

16 TAXATION (CONTINUED)

The Group's effective tax rate for the financial year ended 31 December 2011 was 16%, lower than the statutory tax rate of 25% as the income arising from Malaysian sea-going ships of the Group are tax exempt under Section 54A of the Income Tax Act, 1967 whilst foreign sourced income are taxed based on their individual tax jurisdiction and the rates vary between 17% to 30%.

The Company's effective tax rate for the financial year ended 31 December 2011 was 0% compared to the statutory tax rate of 25% as the Company's income was exempted from tax for the financial year.

17 EARNINGS PER SHARE

Basic

The basic earnings per share is calculated by dividing the profit for the financial year attributable to the Owners of the Company by the weighted average number of ordinary shares in issue during the financial year, adjusted for the rights issue, bonus shares and share split undertaken by the Company, if any.

Diluted

The diluted earnings per share is calculated by dividing the profit for the financial year attributable to the Owners of the Company (adjusted for interest income, net of tax, earned on the proceeds arising from the conversion of the call option) by the weighted average number of ordinary shares as adjusted for the basic earnings per share and includes all potential dilutive shares on the call option granted by the reporting date as if the call option had been exercised on the first day of the financial year or the date of the grant, if later.

The basic and diluted weighted average number of shares have been represented for both the current and prior financial years to reflect the bonus element of the rights issue, bonus issue and share split as required by FRS133 "Earnings per Share".

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- 31 December 2011 *(continued)*

17 EARNINGS PER SHARE (CONTINUED)

	Basic		Diluted**	
	2011	2010	2011	2010
Profit attributable to the Owners of the Company for the financial year ended 31 December (RM'000)	**359,672**	350,755	**359,672**	350,755
Potential interest income earned (net of tax) pursuant to the exercise of call option by a shareholder (RM'000)	-	-	-	4,208
Adjusted profit attributable to the Owners of the Company for the financial year ended 31 December (RM'000)	**359,672**	350,755	**359,672**	354,963
Weighted average number of shares in issue	**2,457,973**	63,000	**2,457,973**	63,000
New shares issued pursuant to:				
Exercise call option by a shareholder	-	-	-	7,500
Bonus element on rights issue*	-	3,341	-	3,341
Bonus issue of 5 shares for every 1 share held	-	331,705	-	369,205
	2,457,973	398,046	**2,457,973**	443,046
Share split of 1 share of RM1.00 each into 5 shares of RM0.20 each	-	1,990,230	-	2,215,230
Earnings per share (sen)	**14.63**	17.62	**14.63**	16.02

* Bonus element calculated based on the difference between the fair value of the ordinary shares and the value of rights issue payable on the basis of 1 new ordinary share for every 12.5 existing ordinary shares.

** The options granted pursuant to the ESOS were anti-dilutive for the financial year ended 31 December 2011. Hence, the calculation of diluted earnings per share does not assume the exercise of ESOS.

18 DIVIDENDS IN RESPECT OF ORDINARY SHARES

At the forthcoming Annual General Meeting, a tax exempt final cash dividend of 2.5 sen per share in respect of 31 December 2011 amounting to total dividend payable of RM73,211,540 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

19 PROPERTY, PLANT AND EQUIPMENT

Group	Short term leasehold land and building RM'000	Vessels under construction RM'000	Total vessel cost [1] Vessels RM'000	Total vessel cost [1] Drydocking RM'000	Total vessel cost [1] Total RM'000	Motor vehicles [2] RM'000	Equipment, furniture and fittings, and office equipment RM'000	Total RM'000
2011								
Net book value								
At 1 January	4,820	121,235	3,535,610	27,176	3,562,786	1,477	24,671	3,714,989
Additions	-	42,362	687,782	11,250	699,032	367	11,067	752,828
Disposals	-	-	-	-	-	(2)	(73)	(75)
Depreciation charge	(125)	-	(305,959)	(8,556)	(314,515)	(572)	(11,623)	(326,835)
Reclassification	-	(121,908)	118,833	2,500	121,333	-	575	-
Transfer to non-current asset held for sale	-	-	(3,077)	(1,360)	(4,437)	-	(121)	(4,558)
Currency translation differences	149	-	64,549	109	64,658	1	10	64,818
At 31 December	4,844	41,689	4,097,738	31,119	4,128,857	1,271	24,506	4,201,167
At 31 December								
Cost	2,360	41,689	5,036,777	50,887	5,087,664	3,847	58,161	5,193,721
Valuation 1995	2,994	-	-	-	-	-	-	2,994
Accumulated depreciation	(510)	-	(939,039)	(19,768)	(958,807)	(2,576)	(33,655)	(995,548)
Net book value	4,844	41,689	4,097,738	31,119	4,128,857	1,271	24,506	4,201,167

Included in property, plant and equipment were equipment, furniture and fittings, and office equipment amounting to RM280,000 which have been fully depreciated.

[1] The net book value of vessels at 31 December 2011 under operating lease agreements with charterers was RM2.8 billion.

[2] The net book value of motor vehicles at 31 December 2011 under finance lease agreements was RM780,000.

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Short term leasehold land and building RM'000	Vessels under construction RM'000	Total vessel cost [1] Vessels RM'000	Total vessel cost [1] Drydocking RM'000	Total vessel cost [1] Total RM'000	Motor vehicles [2] RM'000	Equipment, furniture and fittings, and office equipment RM'000	Total RM'000
2010								
Net book value								
At 1 January as previously stated	4,190	924,120	2,030,123	28,325	2,058,448	1,161	19,628	3,007,547
- effects of adopting amendments to FRS 117	828	-	-	-	-	-	-	828
As restated	5,018	924,120	2,030,123	28,325	2,058,448	1,161	19,628	3,008,375
Additions	-	361,098	694,419	16,342	710,761	954	8,761	1,081,574
Disposals	-	-	(8,613)	(8,804)	(17,417)	(116)	(682)	(18,215)
Depreciation charge	(124)	-	(231,229)	(8,645)	(239,874)	(519)	(7,901)	(248,418)
Reclassification	-	(1,118,246)	1,113,376	-	1,113,376	-	4,870	-
Currency translation differences	(74)	(45,737)	(62,466)	(42)	(62,508)	(3)	(5)	(108,327)
At 31 December	4,820	121,235	3,535,610	27,176	3,562,786	1,477	24,671	3,714,989
At 31 December								
Cost	2,360	121,235	4,152,061	50,026	4,202,087	3,590	46,828	4,376,100
Valuation 1995	2,843	-	-	-	-	-	-	2,843
Accumulated depreciation	(383)	-	(616,451)	(22,850)	(639,301)	(2,113)	(22,157)	(663,954)
Net book value	4,820	121,235	3,535,610	27,176	3,562,786	1,477	24,671	3,714,989

Included in property, plant and equipment were equipment, furniture and fittings, and office equipment amounting to RM272,000 which have been fully depreciated.

[1] The net book value of vessels at 31 December 2010 under operating lease agreements with charterers was RM2.4 billion.
[2] The net book value of motor vehicles at 31 December 2010 under finance lease agreements was RM1.3 million.

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment, furniture and fittings RM'000	Motor vehicles under hire purchase RM'000	Total RM'000
2011			
Net book value at 1 January	**14,484**	**1,116**	**15,600**
Additions	**7,382**	**-**	**7,382**
Disposals	**(9)**	**-**	**(9)**
Depreciation charge	**(7,559)**	**(369)**	**(7,928)**
Net book value at 31 December	**14,298**	**747**	**15,045**
At 31 December			
Cost	**33,758**	**1,902**	**35,660**
Accumulated depreciation	**(19,460)**	**(1,155)**	**(20,615)**
Net book value	**14,298**	**747**	**15,045**
2010			
Net book value at 1 January	14,639	620	15,259
Additions	5,926	954	6,880
Disposals	(252)	(117)	(369)
Depreciation charge	(5,829)	(341)	(6,170)
Net book value at 31 December	14,484	1,116	15,600
At 31 December			
Cost	26,418	1,902	28,320
Accumulated depreciation	(11,934)	(786)	(12,720)
Net book value	14,484	1,116	15,600

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) In 1995, the Directors revalued a leasehold building under short lease of a subsidiary, Haven Automation Industries (S) Pte. Ltd., a company incorporated in the Republic of Singapore based on an independent valuation done by Jones Lang Wootton Property Consultants Pte Ltd (on an open market value for existing use basis). The surplus on revaluation was credited to revaluation reserve. In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board (MASB) on adoption of FRS 116: Property, Plant and Equipment, the valuation of leasehold building under short lease has not been updated and it continues to be stated at its existing carrying amount less depreciation as its deemed cost.

The net book value of this leasehold building, had it been carried at cost less accumulated depreciation amounted to RM2.3 million (2010: RM2.3 million) compared to carrying value of RM3.5 million (2010: RM3.5 million).

(b) A fixed charge has been created over certain vessels of the Group with net book values amounting to approximately RM2.7 billion (2010: RM1.7 billion) as security for term loans (Note 36).

(c) Included in vessels are borrowing costs amounting to RM23.8 million (2010: RM34.7 million) which are capitalised during the financial year as these were directly attributable to the conversion and construction of these vessels.

(d) The FPSO contracts include options for the charterer to purchase the respective FPSO vessels or to extend their charter periods beyond the initial period. The purchase option values are based on declining agreed prices, which are in excess of the current net book values of the FPSO vessels as at the reporting date.

20 GOODWILL

	Group	
	2011 RM'000	2010 RM'000
As at 1 January/31 December	**1,411**	1,411

Goodwill has been allocated to the Bumi Armada Engineering Sdn. Bhd., acquired on 8 June 2006. An impairment review of the carrying value of the goodwill at the reporting date was undertaken by comparing to the recoverable amount, which was based on value in use calculations. Key assumptions used by management are as follows:

- Revenue to increase by 5% for 2012 to 2016;
- Expenses to increase by an average annual rate of 5%; and
- Pre-tax discount factor used is 8%, representing the risk of Bumi Armada Engineering Sdn Bhd's activities.

The Directors are of the opinion that the underlying key assumptions used in the estimation of the recoverable amount by the board of the subsidiary, are reasonable. Based on the above assumptions, there is no impairment to the goodwill.

If the estimated pre-tax discount rate applied to the discounted cash flows had been 9% instead of 8% as at 31 December 2011, there is no significant impact to the goodwill.

21 INVESTMENTS IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	**47,102**	47,102
7% Redeemable Convertible Preference Shares, at cost	**16,000**	16,000
Less: Accumulated impairment losses	**(22,130)**	(22,130)
	40,972	40,972
Amounts due from subsidiaries	**1,052,305**	1,171,610
	1,093,277	1,212,582

(a) Incorporation of subsidiaries:

(i) On 18 February 2011, the Company incorporated a wholly owned subsidiary in Singapore by the name of Armada Balnaves Pte. Ltd. with an issued and paid up share capital of SGD2.00.

(ii) On 25 April 2011, Bumi Armada Offshore Holdings Limited (formerly known as Armada D1 India Limited) (BAOHL), incorporated a wholly-owned subsidiary in the Republic of the Marshall Islands by the name of Bumi Armada Angola Servicos Limited (BAASL) with an issued and paid-up share capital of USD10,000 comprising 10,000 shares at USD1.00 each. Arising therefrom, BAASL became an indirect subsidiary of the Company.

(iii) On 7 May 2011, BAOHL subscribed for 16,999 ordinary shares of R$1.00 each in Bumi Armada Do Brasil Servicos Maritimos Ltda (BA Brasil), represents 99.99% of the equity ownership in BA Brasil. Arising therefrom, BA Brasil became an indirect subsidiary of the Company.

(iv) On 10 May 2011, BAOHL incorporated a wholly-owned subsidiary in the Republic of the Marshall Islands by the name of Bumi Armada Offshore Contractor Limited (BAOCL) with an issued and paid-up share capital of USD10,000 comprising 10,000 shares of USD1.00 each. Arising therefrom, BAOCL became an indirect subsidiary of the Company.

(v) On 6 July 2011, BAOHL incorporated a wholly-owned subsidiary in the Republic of the Marshall Islands by the name of Armada TLDD Limited (ATLDD) with an issued and paid-up share capital of USD10,000 comprising 10,000 shares of USD1.00 each. Arising therefrom, ATLDD became an indirect subsidiary of the Company.

(vi) On 4 October 2011, the Company incorporated a wholly-owned subsidiary in the Republic of the Marshall Islands by the name of Bumi Armada Russia Holdings Limited with an issued and paid up share capital of USD10,000 comprising 10,000 shares of USD1.00 each.

(vii) On 12 December 2011, BAOHL registered a wholly-owned subsidiary in Australia by the name of Bumi Armada Australia Pty Ltd (BAAPL) with an issued and paid-up share capital of AUD10 comprising 10 ordinary shares of AUD1 each. Arising therefrom, BAAPL became an indirect subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2011 *(continued)*

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of a subsidiary:

On 25 August 2011, the Company acquired the entire issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each in Armada UOTE Sdn Bhd (AUSB) for a cash consideration of RM2.00. Arising therefrom, AUSB has become a wholly-owned subsidiary of the Company. AUSB subsequently changed its name to Armada Kamelia Sdn Bhd with effect from 15 December 2011.

(c) Dilution of interest in a subsidiary

On 25 March 2011, the Company's ordinary shareholding in Bumi Armada Navigation Sdn Bhd (BAN) was diluted following the participation of new shareholders in BAN. This was accounted as a transaction with non-controlling interests. The financial effect of this dilution resulted in a transfer of RM9.7 million from shareholders' equity to non-controlling interests.

The Company continues to regard BAN as its subsidiary as it controls the financial and operating policies of BAN pursuant to a shareholders' agreement entered between its shareholders and the Company. In addition, as holder of the Redeemable Preference Shares (RPS) issued by BAN, the RPS give the holder the right to participate in the economic interests of BAN in accordance with the capital contributed. Hence, the Company has consolidated BAN based on the economic interests accorded by the RPS and ordinary shares held by it in BAN.

(d) The Group's equity interest in the subsidiaries, their respective principal activities and country of incorporation are shown below:

Name of company	Principal activities	Group's effective interest 2011 %	Group's effective interest 2010 %	Country of incorporation
Direct subsidiaries:				
Armada Balnaves Pte. Ltd. [(2)]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	-	Singapore
Armada Floating Solutions Limited [(3)]	Bareboat charter of a floating production storage and offloading unit	**100**	100	British Virgin Islands
Armada Mahakam Limited [(3)]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	British Virgin Islands

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Principal activities	Group's effective interest 2011 %	Group's effective interest 2010 %	Country of incorporation
Direct subsidiaries (continued):				
Armada Marine Contractors Caspian Ltd (AMCCL) [3]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	British Virgin Islands
Armada Offshore DMCEST [1]	Dormant	**100**	100	Dubai, UAE
Armada Oyo Ltd [3]	Bareboat charter of a floating production storage and offloading unit	**100**	100	British Virgin Islands
Armada Project Pte. Ltd. [2]	Dormant	**100**	100	Singapore
Armada TGT Ltd [3]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of the Marshall Islands
Armada Kamelia Sdn. Bhd. (formerly known as Armada UOTE Sdn Bhd)	Dormant	**100**	-	Malaysia
Bumi Armada (Labuan) Ltd	Dormant	**100**	100	Malaysia
Bumi Armada (Singapore) Pte Ltd (BASPL) [2]	Ship owners, charterers and managers of ships and vessels, etc. Marine support, and other services to offshore oil and gas companies	**100**	100	Singapore
Bumi Armada Automation International Sdn Bhd (BAAI) [6]	Investment holding	**100**	100	Malaysia
Bumi Armada Engineering Sdn Bhd (BAE) [4]	Provision of engineering consultancy services	**100**	100	Malaysia
Bumi Armada Navigation Sdn Bhd (BAN) [5]	Provision of marine transportation, and support services to offshore oil and gas companies and vessel construction	**95**	100	Malaysia

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- 31 December 2011 *(continued)*

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Principal activities	Group's effective interest 2011 %	Group's effective interest 2010 %	Country of incorporation
Direct subsidiaries (continued):				
Bumi Armada Offshore Holdings Limited (formerly known as Armada D1 India Limited) (3)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of the Marshall Islands
Bumi Armada Russia Holdings Limited (3)	Dormant	**100**	-	Republic of the Marshall Islands
Tera Sea Limited (3)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of the Marshall Islands
Subsidiaries of AMCCL:				
Armada Marine Contractors Caspian Pte Ltd (2) & (4)	Chartering of ships, barges and boats with crew (freight)	**100**	100	Singapore
Subsidiary of BAAI:				
Haven Automation Industries (S) Pte Ltd (2)	Repair of ships, tankers and other ocean-going vessels and manufacture and repair of marine engine and ship parts	**100**	100	Singapore
Subsidiaries of BAN:				
Armada Alpha Sdn Bhd	Dormant	**95**	100	Malaysia
Armada Indah Sdn Bhd	Sea charter transportation	**95**	100	Malaysia
Armada Tankers Sdn Bhd	Dormant	**95**	100	Malaysia
Bumi Armada Ship Management Sdn Bhd	Dormant	**95**	100	Malaysia
Bumi Care Offshore Production Sdn Bhd	Dormant	**57**	60	Malaysia

21 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Principal activities	Group's effective interest 2011 %	Group's effective interest 2010 %	Country of incorporation
Subsidiaries of BAOHL:				
Armada TLDD Limited [3]	Dormant	**100**	-	Republic of the Marshall Islands
Bumi Armada Angola Servicos Limited [3]	Dormant	**100**	-	Republic of the Marshall Islands
Bumi Armada Australia Pty Ltd	Dormant	**100**	-	Australia
Bumi Armada Do Brasil Servicos Maritimos Ltda.	Dormant	**100**[7]	-	Brazil
Bumi Armada Offshore Contractor Limited [3]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil & gas companies	**100**	-	Republic of the Marshall Islands
Subsidiary of BASPL:				
Bumi Armada Nigeria Limited [2]	Dormant	**99**	99	Federal Republic of Nigeria

(1) The financial statements of these companies are audited by firms other than the auditors of the Company.
(2) These companies are audited by member firms of PricewaterhouseCoopers International Limited which are separate and independent legal entities from PricewaterhouseCoopers, Malaysia.
(3) These companies are not required by their local laws to appoint statutory auditors.
(4) These shares are held by third parties on behalf of the Company.
(5) The effective interest of the Company was reduced from 100% to 95% as disclosed in Note 21(c).
(6) Consolidated using merger method of accounting.
(7) The effective interest of the Company is 99.99%.

22 OTHER INVESTMENTS

	Group and Company	
	2011 RM'000	2010 RM'000
Unquoted preference shares - outside Malaysia		
As at 1 January	**3,778**	-
Additions	**3,649**	3,778
As at 31 December	**7,427**	3,778

During the financial year, the Company increased its investment in unquoted preference shares. As a result, investment in unquoted preference shares represents investment in 2,400,000 units redeemable convertible preference shares (RCPS). The RCPS of USD1 each expires on 31 January 2013. The RCPS are redeemable at the option of the holders of at any time between 1 January 2012 and 31 January 2013, subject to a conversion period. Hence, these RCPS are deemed to be a debt.

The RCPS is entitled to Preferential Dividend, being the greater of (i) seventy-five per cent (75%) of the distributable reserves of the company or (ii) five per cent (5%) on the issue price of the RCPS. The fair value of the investment equals its carrying amount, as the impact of discounting is not significant as at 31 December 2011.

23 ACCRUED LEASE RENTALS

	Group	
	2011 RM'000	2010 RM'000
Current	**415,898**	218,017
Non-current	**409,458**	292,256
	825,356	510,273

The future minimum lease payments receivable under non-cancellable operating leases were as follow:

	Group	
	2011 RM'000	2010 RM'000
No later than 1 year	**582,640**	417,428
Later than 1 year and no later than 5 years	**2,692,973**	1,935,787
Later than 5 years	**511,414**	774,085
	3,787,027	3,127,300

Management of credit risk regarding accrued lease rental is described in Note 5.

24 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2011		2010	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Cash flow hedges				
- Interest rate swaps	-	**(26,523)**	-	(8,699)
- Cross currency interest rate swaps	**2,342**	-	12,126	-
Total	**2,342**	**(26,523)**	12,126	(8,699)
Less: non-current portion				
Cash flow hedges				
- Interest rate swaps	-	**(15,774)**	-	(2,664)
- Cross currency interest rate swaps	**1,240**	-	10,312	-
	1,240	**(15,774)**	10,312	(2,664)
Current portion	**1,102**	**(10,749)**	1,814	(6,035)

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The ineffective portion recognised in the profit or loss that arises from cash flow hedges amounting to a loss of RM14.0 million (2010: gain of RM7.1 million).

(a) Cross currency interest rate swaps

Cross currency interest rate swaps are used to hedge the Group's floating interest rate borrowings denominated in RM which were taken by a foreign subsidiary whose functional currency is in USD.

The notional principal amounts of the outstanding cross currency interest rate swaps at 31 December 2011 were RM197.1 million (2010: RM220.5 million).

(b) Interest rate swaps

The interest rate swap contracts are used to hedge the floating interest rate risk arising from bank borrowings amounted to RM1,067.9 million (2010: RM452.8 million) (Note 36). These contractual interest rate swap contracts receives fixed rate interest ranging from 1.68% to 4.69% (2010: 2.01% to 4.69%) have the same maturity terms as the bank loan.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

25 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deferred tax assets				
- recoverable within next 12 months	**3,811**	4,175	**3,811**	4,176
- recoverable after more than 12 months	-	15	-	-
	3,811	4,190	**3,811**	4,176
Deferred tax liabilities				
- recoverable after more than 12 months	**(17,415)**	(1,786)	-	-
	(13,604)	2,404	**3,811**	4,176
Subject to income tax:				
Deferred tax assets				
- receivables	**316**	-	-	-
- payables	**4,925**	7,007	**4,476**	6,918
- unutilised tax losses	**447**	2,686	**447**	-
- property, plant and equipment	**10,618**	-	-	-
- unabsorbed capital allowances	**1,319**	1,314	**1,283**	16
	17,625	11,007	**6,206**	6,934
Offsetting	**(13,814)**	(6,817)	**(2,395)**	(2,758)
Deferred tax assets (after offsetting)	**3,811**	4,190	**3,811**	4,176
Deferred tax liabilities				
- property, plant and equipment	**(7,902)**	(8,603)	**(2,395)**	(2,758)
- receivables	**(23,327)**	-	-	-
Offsetting	**13,814**	6,817	**2,395**	2,758
Deferred tax liabilities (after offsetting)	**(17,415)**	(1,786)	-	-

25 DEFERRED TAXATION (CONTINUED)

The movements during the financial year relating to deferred taxation are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	**2,404**	(2,524)	**4,176**	1,512
Credited/(charged) to the profit or loss (Note 16)				
- property, plant and equipment	**11,319**	(640)	**363**	(852)
- unutilised tax losses	**(2,239)**	1,479	**447**	-
- receivables	**(22,752)**	(512)	-	-
- payables	**(2,082)**	3,303	**(2,442)**	3,500
- unabsorbed capital allowances	**5**	1,298	**1,267**	16
	(15,749)	4,928	**(365)**	2,664
Exchange differences	**(259)**	-	-	-
At 31 December	**(13,604)**	2,404	**3,811**	4,176

The amount of deductible temporary differences and unutilised tax losses (both of which have no expiry date) for which no deferred tax asset is recognised in the statement of financial position as it is not probable that taxable profit will be available against which these temporary differences can be utilised are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deductible temporary differences	-	-	-	236
Unutilised tax losses	-	845	-	-

26 INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
Spares and raw materials	**1,388**	961
Fuel	**162**	162
	1,550	1,123

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

27 NON-CURRENT ASSET HELD FOR SALE

	Group and Company	
	2011 RM'000	2010 RM'000
At 1 January	-	-
Transfer from property, plant and equipment	**4,558**	-
Disposals	**(2,918)**	-
At 31 December	**1,640**	-

During the financial year, 3 vessels which were part of the Offshore Support Vessel segment were identified by management for disposal. On 23 March 2011, Board of Directors approved management's plan to sell these vessels and 2 of these vessels were disposed during the year. Management anticipated that the sale of the remaining vessel is expected to be within the next financial year. Carrying value of the remaining vessel approximated its fair value.

28 AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACT

	Group	
	2011 RM'000	2010 RM'000
Aggregate costs incurred	**244,666**	23,500
Profit recognised to-date	**102,317**	11,182
Cumulative contract revenue recognised	**346,983**	34,682
Less: Progress billings	**(293,778)**	(65,059)
	53,205	(30,377)
Represented by:		
Amount due from customers on contract	**53,205**	-
Amount due to customers on contract	-	(30,377)
	53,205	(30,377)

29 TRADE RECEIVABLES

	Group	
	2011 RM'000	2010 RM'000
Trade receivables	**331,514**	197,004
Less: Allowance for doubtful debts	**(10,877)**	(7,361)
	320,637	189,643

Past due but not impaired

As at 31 December 2011, RM161.0 million (2010: RM69.1 million) of trade receivables were past due but not impaired. These relate to customers where there is no expectation of default. The ageing analysis of these receivables is as follows:

	Group	
	2011 RM'000	2010 RM'000
Less than 30 days past due	**50,864**	28,839
Between 31 and 60 days past due	**28,851**	11,792
Between 61 and 90 days past due	**45,004**	6,187
Between 91 days and 1 year past due	**36,044**	7,968
More than 1 year past due	**208**	14,267
	160,971	69,053

Not past due are those receivables for which the contractual payment date has not yet elapsed. Past due are those amounts for the contractual payment date has passed. Amounts that are past due but not impaired relate to a number of customers for whom there is no recent history of default but remain slow paying. Hence, the management believe that no impairment is required as at 31 December 2011.

Impaired and provided for

During the financial year, trade receivables totalling RM3.5 million (2010: RM7.0 million) were impaired and charged to the profit or loss. The amount of the provision was RM10.9 million as of 31 December 2011 (2010: RM7.4 million). The individually impaired receivables mainly relate to a number of customers, which are in unexpectedly difficult economic situations.

Movement of the Group's provision for impairment of trade receivables are as follows:

	Group	
	2011 RM'000	2010 RM'000
At 1 January	**7,361**	1,143
Amounts written back	**(22)**	(766)
Charged to the profit or loss	**3,538**	6,984
At 31 December	**10,877**	7,361

30 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other receivables	**35,582**	19,281	**200**	-
Deposits and prepayments	**45,152**	13,425	**3,396**	1,438
Staff loans	**1,658**	3,487	**532**	531
	82,392	36,193	**4,128**	1,969

As at 31 December 2011, there is no impairment on other receivables and deposits.

31 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from subsidiaries are unsecured and interest free. These amounts relate to advances from/(to) subsidiaries. The amounts due from subsidiaries classified as current form part of the working capital provided to the subsidiaries.

The amounts due to subsidiaries classified as current are repayable on demand.

As at 31 December 2011, there was no impairment (2010: RM Nil) on amount due from subsidiaries.

32 AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

The amounts due from jointly controlled entities are unsecured, interest free and repayable on demand. As at 31 December 2011, there was no impairment (2010: RM Nil) on amount due from jointly controlled entities.

Past due but not impaired

As at 31 December 2011, RM8.0 million (2010: RM3.7 million) of amounts due from jointly controlled entities were past due but not impaired. The ageing analysis of these receivables was as follows:

	Group	
	2011 RM'000	2010 RM'000
Less than 30 days past due	**2,261**	393
Between 30 and 60 days past due	**754**	799
Between 61 and 90 days past due	**3,506**	462
Between 91 days and 1 year past due	**1,440**	1,128
More than 1 year past due	-	912
	7,961	3,694

33 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash and bank balances	**73,305**	253,300	**12,735**	73,138
Deposits with licensed banks	**1,174,111**	24,384	**907,402**	4,365
	1,247,416	277,684	**920,137**	77,503

The annual weighted average interest rates of deposits with licensed banks that were effective as at the reporting date were as follows:

	Group		Company	
	2011 %	2010 %	2011 %	2010 %
Deposits with licensed banks	**1.48**	2.67	**1.74**	2.55

Bank balances were deposits held at call with banks and earn no interest.

Included in deposits with licensed banks were RM4.4 million (2010: RM4.4 million) which have been designated for specific purposes.

34 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other payables	**62,527**	51,700	**26,673**	23,713
Amount due to a related company	-	1,711	-	1,711
Accruals	**121,100**	169,034	**22,227**	35,846
	183,627	222,445	**48,900**	61,270

Included in other payables and accruals for the Group were amounts owing to creditors in respect of vessels under construction amounting to RM81.5 million in the current year (2010: RM65.9 million).

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35 HIRE PURCHASE CREDITORS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Analysis of hire purchase commitments:				
- payable within one year	**429**	445	**371**	371
- payable between one and two years	**400**	676	**371**	520
- payable between two and five years	**86**	259	**37**	259
	915	1,380	**779**	1,150
Less: interest in suspense	**(111)**	(159)	**(92)**	(133)
	804	1,221	**687**	1,017
Representing hire purchase liabilities				
- due within 12 months	**382**	402	**330**	330
- due after 12 months	**422**	819	**357**	687
	804	1,221	**687**	1,017

36 BORROWINGS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Term loans - secured	**361,080**	213,335	-	-
Term loans - unsecured	**96,540**	274,869	-	150,000
	457,620	488,204	-	150,000
Revolving credits - unsecured	-	210,196	-	154,255
Bridging loan - unsecured	-	670,925	-	525,000
Bank overdraft - unsecured	-	24,140	-	19,080
Bank overdraft - secured	-	4,281	-	-
	457,620	1,397,746	-	848,335
Non-current				
Term loans - secured	**1,604,826**	969,890	-	-
Term loans - unsecured	**955,000**	1,050,000	-	-
	2,559,826	2,019,890	-	-
Total borrowings	**3,017,446**	3,417,636	-	848,335

The annual weighted contractual interest rates of borrowings that were effective as at the financial year end are as follows:

	Group	
	2011 %	2010 %
Bank overdrafts	-	6.87
Revolving credits	-	3.62
Term loans	**3.69**	3.47

36 BORROWINGS (CONTINUED)

Group	Interest rate terms	Currency exposure	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2011							
Unsecured:							
- term loans	Fixed rates depending on disbursement of tranches	RM	**50,000**	**-**	**-**	**50,000**	**-**
	Floating rate varying based on cost of funds	RM	**1,001,540**	**96,540**	**132,500**	**497,500**	**275,000**
Secured:							
- term loans	Floating rates varying based on LIBOR	USD	**1,767,926**	**327,125**	**338,086**	**798,901**	**303,814**
	Floating rate varying based on cost of funds	RM	**197,980**	**33,955**	**31,969**	**83,063**	**48,993**
			3,017,446	**457,620**	**502,555**	**1,429,464**	**627,807**
At 31 December 2010							
Unsecured:							
- revolving credits	Floating rate varying based on LIBOR	RM	55,941	55,941	-	-	-
	Floating rate varying based on London Interbank Offer Rate (LIBOR)	USD	154,255	154,255	-	-	-
- term loans	Fixed rates depending on disbursement of tranches	RM	102,064	52,064	-	50,000	-
	Floating rate varying based on cost of funds	RM	1,070,000	70,000	95,000	460,000	445,000
	Floating rate varying based on Singapore Interbank Offer Rate (SIBOR)	USD	2,805	2,805	-	-	-
	Fixed rates	RM	150,000	150,000	-	-	-
- bridging loans	Floating rate varying based on LIBOR	USD	145,925	145,925	-	-	-
	Floating rate varying based on cost of funds	RM	525,000	525,000	-	-	-
- bank overdrafts	Floating rate varying based on base lending rate	RM	24,140	24,140	-	-	-
Secured:							
- term loans	Floating rates varying based on LIBOR	USD	962,725	189,900	215,283	403,019	154,523
	Floating rate varying based on cost of funds	RM	220,500	23,435	33,022	87,347	76,696
- bank overdrafts	Floating rate varying based on prime lending rate	SGD	4,281	4,281	-	-	-
			3,417,636	1,397,746	343,305	1,000,366	676,219

The term loans were secured as follows (either single security or combination of securities):

(i) Fixed charges over certain vessels in subsidiaries (Note 19).
(ii) Assignment of insurance policies for the vessels charged in (i) above.
(iii) Assignment of charter proceeds for the vessels charged in (i) above.
(iv) Assignment of ship building contracts for the vessels charged in (i) above.
(v) Corporate guarantee from the Company.
(vi) Shares of a subsidiary are held as securities against borrowings.

The term loans facilities were arranged to finance the construction for vessels of the Group.

36 BORROWINGS (CONTINUED)

There were no borrowings for the Company as at 31 December 2011.

Company	Interest rate terms	Currency exposure	Total carrying amount	Maturity profile			
				< 1 year	1-2 years	2-5 years	> 5 years
			RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2010							
Unsecured:							
- revolving credits	Floating rate varying based on LIBOR	USD	154,255	154,255	-	-	-
- term loans	Fixed rates	RM	150,000	150,000	-	-	-
	Floating rate varying based on cost of funds	RM	525,000	525,000	-	-	-
- bank overdrafts	Floating rate varying based on base lending rate	RM	19,080	19,080	-	-	-
			848,335	848,335	-	-	-

USD United States Dollar
SGD Singapore Dollar
RM Ringgit Malaysia

37 SHARE CAPITAL

		Company			
		Number of shares		Nominal value	
	Par value	2011	2010	2011	2010
	RM	'000	'000	RM'000	RM'000
Authorised:					
Ordinary shares					
At 1 January	1.00	**95,000**	95,000	**95,000**	95,000
Reorganisation	1.00	**5,000**	-	**5,000**	-
Increase during the financial year	1.00	**356,840**	-	**356,840**	-
Share split		**1,827,360**	-	**-**	-
Increase during the financial year	0.20	**1,715,800**	-	**343,160**	-
At 31 December	0.20	**4,000,000**	95,000	**800,000**	95,000
Redeemable preference shares					
At 1 January		**5,000**	5,000	**5,000**	5,000
Reorganisation		**(5,000)**	-	**(5,000)**	-
At 31 December		**-**	5,000	**-**	5,000
		4,000,000	100,000	**800,000**	100,000
Issued and fully paid:					
Ordinary shares					
At 1 January	1.00	**63,000**	63,000	**63,000**	63,000
Issue of new shares from exercise of call option	1.00	**7,500**	-	**7,500**	-
Rights issue	1.00	**5,640**	-	**5,640**	-
Bonus issue	1.00	**380,700**	-	**380,700**	-
Share split		**1,827,360**	-	**-**	-
Issue of new shares from initial public offering	0.20	**644,262**	-	**128,852**	-
At 31 December	0.20	**2,928,462**	63,000	**585,692**	63,000

During the financial year, the Company implemented the following transactions as part of its initial public offering ("IPO"):

On 18 February 2011, the Company repaid a related company's term loan of RM150,000,000. Simultaneously, a call option written by the Company to one of its shareholder was also exercised whereby 7,500,000 new ordinary shares of RM1.00 each was issued for a total consideration of RM150,000,000. These new ordinary shares of RM1.00 each were paid in cash and allotted on 21 February 2011 rank parri passu with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS
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37 SHARE CAPITAL (CONTINUED)

On 23 March 2011, the Company undertook a RM200,000,040 renounceable rights issue on the basis of 1 new ordinary share of RM1.00 each for every 12.5 existing ordinary shares of RM1.00 each held in the share capital of the Company, at the issuance price of RM35.461 per ordinary share. These new ordinary shares pursuant to the issue were fully subscribed. These shares rank parri passu with the existing ordinary shares.

On 30 March 2011, the Company reorganised its authorised share capital from RM100,000,000 comprising 95,000,000 ordinary shares of RM1.00 each and 5,000,000 redeemable preference shares of RM1.00 each to RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each. Subsequently, the Company increased its authorised share capital to RM456,840,000 comprising 456,840,000 ordinary shares of RM1.00 each, by the creation of 356,840,000 new ordinary shares of RM1.00 each.

Simultaneously, the Company issued 380,700,000 new ordinary shares of RM1.00 each on the basis of 5 new ordinary shares of RM1.00 each for every 1 existing ordinary share of RM1.00 in the Company by way of bonus issue. The bonus issue was effected by way of capitalising RM347,758,040 from the Company's share premium account and RM32,941,960 from its retained earnings. These new ordinary shares rank parri passu with the existing ordinary shares.

Following that the Company sub-divided its authorised and issued share capital of RM456,840,000 comprising 456,840,000 ordinary shares of RM1.00 each to 2,284,200,000 ordinary shares of RM0.20 each. Each of the new shares of RM0.20 nominal value have the same rights as the previous shares of RM1.00 nominal value.

On 18 June 2011, the Company increased its authorised share capital from RM456,840,000 comprising 2,284,200,000 ordinary shares of RM0.20 each to RM800,000,000 comprising 4,000,000,000 ordinary shares of RM0.20 each.

In conjunction with the IPO, the Company issued 644,261,600 new ordinary shares of RM0.20 each at the final retail price of RM3.03 per share for cash, for purposes of repayment of borrowings, and funding capital expenditure, working capital and listing expenses. Upon completion of the IPO, the total number of issued and fully paid ordinary shares of the Company amounted to 2,928,461,600 ordinary shares of RM0.20 each. The Company's shares were subsequently listed and quoted on the Official List of the Main Market of Bursa Malaysia Securities Berhad on 21 July 2011. The share premium of RM1,753,585,582 for the issuance of ordinary shares is reflected in the share premium account.

38 EMPLOYEE SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS") which came into effect on 28 June 2011 for a period of 10 years to 27 June 2021. The ESOS is governed by the By-Laws which were approved by the shareholders on 18 June 2011. The main features of the Scheme are as follows:

(a) An eligible employee shall pay a sum of RM1.00 as consideration for acceptance of that offer. An option shall be exercisable at a price which is the weighted average of the market price quotation of the shares for the five (5) market days immediately preceding the date on which the options are granted, rounded to the nearest sen, or the par value of the shares, whichever is higher.

(b) Unless otherwise determined by our Board (or such other committee appointed by our Board to administer the ESOS). Each option shall become exercisable, to the extent of one-third of the shares covered thereby, on each of the first three (3) anniversaries of the date of grant, if the holder of such option shall have been in the continuous service of the Company or subsidiaries that are not dormant throughout such period. No options shall be exercisable if the exercise of such options would violate any provision of applicable laws, nor shall any options be exercisable more than ten (10) years from the date on which the ESOS becomes effective.

(c) No option shall be granted pursuant to the ESOS on or after the 10^{th} anniversary of the date on which the ESOS becomes effective.

(d) The new shares issued upon the exercise of an option will be subject to all the provisions of the Company's Memorandum and Articles of Association and shall rank pari passu in all respects with the then existing issued ordinary shares of the Company, save that they will not entitle the holders thereof to receive any rights or bonus issue or dividends or distributions the entitlement date of which precedes the date of the issue of such new shares.

(e) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual employee or Executive Director who, either singly or collectively through persons connected with him/her, holds 20% or more in the issued and paid-up capital of the Company.

The fair value as at the grant date of share options granted during the financial year was determined using the Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used were as follows:

	2011
Dividend yield (%)	**2.20%**
Expected volatility (%)	**25% to 40%**
Risk-free interest rate (%)	**2.93% to 3.50%**
Expected life of option (years)	**1 to 5 years**
Share price at date of grant (RM)	**3.03**
Exercise share price (RM)	**3.03**

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38 EMPLOYEE SHARE OPTION SCHEME (CONTINUED)

The expected average life of options is based on historical information, which may not necessarily be indicative of the future exercise pattern that may occur. The expected volatility reflects the assumptions based on the historical volatility on the assumptions that this is indicative of future trends which may also not necessarily be the actual outcome.

Grant date	Exercise price RM per share	Vesting date	Granted as at 31.12.11 '000
20 July 2011	3.03	20 July 2012	**3,850**
20 July 2011	3.03	20 July 2013	**4,250**
20 July 2011	3.03	20 July 2014	**11,300**
20 July 2011	3.03	20 July 2015	**13,600**
			33,000
Weighted average exercise price			**3.03**

All share options were not vested at end of the period and hence there were no share options exercised during the financial year.

39 RESERVES

(a) Share premium

Share premium of the Group and of the Company represents premium arising from the issuance of ordinary shares of the Company at issue price above par value.

(b Revaluation reserve

Surplus from revaluation of a leasehold building under short lease.

(c) Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities.

(d) Other capital reserve

Other capital reserve represents the fair value charge of a call option granted to an Executive Director amounting to RM6.3 million (2010: Nil) and preference share redemption reserve for the Company and a subsidiary amounting to RM0.3 million (2010: RM0.3 million).

39 RESERVES (CONTINUED)

(e) Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options by Company. The fair value, measured at grant date of the share options granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. Any excess of the initial capital contribution initially recognised in the equity is treated as a capital distribution and would be transferred to retained earnings.

(f) Hedging reserve

The effective portion of the fair value changes on derivatives which were designated for hedge accounting under cash flow hedges.

(g) Retained earnings

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. The single-tier dividend is not taxable in the hands of shareholders. Companies with Section 108 credits as at 31 December 2008 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act 2007.

As at 31 December 2011, subject to agreement with the tax authorities, the Company has sufficient Section 108 tax credits and Malaysian (Section 12) tax exempt income to pay all (2010: all) of the retained earnings of the Company as franked dividends.

40 COMMITMENTS

	Group	
	2011 RM'000	2010 RM'000
(i) Capital expenditure for property, plant and equipment not provided for in the financial statements:		
- authorised and contracted	**189,633**	117,865
- authorised but not contracted	**1,031,958**	753,202
	1,221,591	871,067
(ii) Commitments for amounts payable under operating leases for rental of premises:		
- payable within one year	**6,008**	3,760
- payable later than one year and not later than five years	**22,965**	15,909
- payable later than five years	**19,961**	20,271
	48,934	39,940

The Group has entered into lease arrangements (classified as operating leases) for offices with durations varying from 1 to 12 years.

41 SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or if one other party controls both. The related parties of the Group and the Company are:

(a) Subsidiaries

Details of the subsidiaries are shown in Note 21.

(b) Associates

Associates are those entities in which the Group has significant influence but not control, and where it generally holds interest of between 20% to 50% in the entities as disclosed in Note 11.

(c) Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with another party where the strategic financial and operating decisions, relating to the entity require unanimous consent of the parties sharing control as disclosed in Note 12.

(d) Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel of the Group and the Company include Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Company and of the Group.

Usaha Tegas Sdn Bhd (UTSB) is a party related to the Company by virtue of its substantial interest in Objektif Bersatu Sdn Bhd (OBSB), a major shareholder of the Company. UTSB is ultimately owned by PanOcean Management Limited (PanOcean), via Excorp Holdings N.V. and Pacific States Investment Limited, the intermediate and immediate holding companies of UTSB respectively. 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 an interest in the shares of the Company through UTSB's deemed interest in OBSB, they do not however have any economic or beneficial interest in the shares as such interest is held subject to the terms of the discretionary trust.

41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms and conditions agreed with related parties.

		Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(i)	Transaction with UTSB Management Sdn Bhd (UTSBM) (1)				
	- reimbursable costs incurred in respect of an Executive Director	**9,855**	3,453	**9,855**	3,453
	- management fees	**4,515**	1,762	**4,512**	1,762
	- provision of corporate and project-related advisory services	**18,582**	3,430	**15,900**	-
(ii)	Interest expense to Pilihan Tegas Sdn Bhd (1)	**701**	5,610	**701**	5,610
(iii)	Telecommunication expense to Maxis Berhad (2)	**2,319**	1,865	**2,291**	1,636
(iv)	Rental expense to Malaysian Landed Property Sdn Bhd (MLP) (3)	**4,689**	3,950	**4,689**	3,950
(v)	Transaction with jointly controlled entities:				
	- ship management fee from Offshore Marine Ventures Sdn Bhd (4)	**(197)**	(108)	-	-
	- ship management fee to Century Bumi JV Limited	**11,966**	-	-	-
	- vessel hiring fee from Century Bumi JV Limited	**(3,861)**	-	-	-
	- sales of vessel equipment to Armada D1 Pte. Ltd.	**(9,000)**	-	-	-
(vi)	Transaction with key management:				
	Key management personnel compensation:				
	- salaries, bonus, allowances and other staff related costs	**33,350**	19,263	**31,313**	16,543
	- defined contribution plan	**478**	364	**233**	193

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41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

		Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(vii)	Central overheads fees charged to subsidiaries	-	-	**123,766**	108,036
(viii)	Payment on behalf				
	- subsidiaries	-	-	**906,307**	586,716
	- jointly controlled entities	**145,996**	8,493	**142,583**	8,493
(ix)	Repayment on behalf by subsidiaries	-	-	**(94,683)**	-

(1) Subsidiary of UTSB
(2) Subsidiary of a jointly controlled entity, in which UTSB has a significant equity interest
(3) Subsidiary of PanOcean, the ultimate holding company of UTSB
(4) Jointly controlled entity, where certain Directors have an equity interest

42 FAIR VALUES

The carrying amounts of financial assets and financial liabilities of the Group and Company at the reporting date approximated their fair values except as set out below:

	Group	
	Carrying value RM'000	Fair value RM'000
At 31 December 2011		
Fixed rate term loans (Note 36)	**50,000**	**51,510**
At 31 December 2010		
Fixed rate term loans (Note 36)	252,064	253,817

	Company	
	Carrying value RM'000	Fair value RM'000
At 31 December 2010		
Fixed rate term loan (Note 36)	150,000	150,006

The Group and Company estimate the fair value of financial instruments by discounting future contractual cash flows at the current market interest rates available to the Group and Company for similar financial instruments.

43 FINANCIAL GUARANTEE CONTRACTS - UNSECURED

The Company has given guarantees to banks amounting to approximately RM2,084.0 million (2010: RM2,437.6 million) for banking facilities extended to subsidiaries of which approximately RM1,962.4 million (2010: RM2,171.2 million) had been drawn down as at 31 December 2011.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

44 FINANCIAL INSTRUMENTS BY CATEGORY

Analysis of the financial instruments for the Group is as follows:

Group	Loans and receivables RM'000	Assets at fair value through profit and loss RM'000	Total RM'000
At 31 December 2011			
Financial assets:			
Other investments	7,427	-	7,427
Amounts due from customers on contract	53,205	-	53,205
Trade receivables	320,637	-	320,637
Other receivables excluding prepayments	62,598	-	62,598
Derivative financial assets	-	2,342	2,342
Deposits with licensed banks	1,174,111	-	1,174,111
Cash and bank balances	73,305	-	73,305
	1,691,283	2,342	1,693,625

Group	Financial liabilities at amortised costs RM'000	Derivatives used for hedge accounting RM'000	Total RM'000
At 31 December 2011			
Financial liabilities:			
Trade payables	120,068	-	120,068
Other payables and accruals	183,627	-	183,627
Borrowings	3,017,446	-	3,017,446
Hire purchase creditors	804	-	804
Derivative financial liabilities	-	26,523	26,523
	3,321,945	26,523	3,348,468

44 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Group	Loans and receivables RM'000	Assets at fair value through profit and loss RM'000	Total RM'000
At 31 December 2010			
Financial assets:			
Other investments	3,778	-	3,778
Trade receivables	189,643	-	189,643
Other receivables excluding prepayments	26,803	-	26,803
Derivative financial assets	-	12,126	12,126
Deposits with licensed banks	24,384	-	24,384
Cash and bank balances	253,300	-	253,300
	497,908	12,126	510,034

Group	Financial liabilities at amortised costs RM'000	Liabilities at fair value through profit or loss RM'000	Total RM'000
At 31 December 2010			
Financial liabilities:			
Amounts due to customers on contract	30,377	-	30,377
Trade payables	227,376	-	227,376
Other payables and accruals	222,445	-	222,445
Borrowings	3,417,636	-	3,417,636
Hire purchase creditors	1,221	-	1,221
Derivative financial liabilities	-	8,699	8,699
	3,899,055	8,699	3,907,754

The table below analysed financial instruments carried at fair value, by valuation method. 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)

44 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The following table presents the Group's financial assets and liabilities that were measured at fair value as at 31 December 2011:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets:				
Financial assets at fair value through profit or loss				
- Cross currency interest rate swaps	-	**2,342**	-	**2,342**
Financial liabilities:				
Derivatives used for hedging				
- interest rate swaps	-	**(26,523)**	-	**(26,523)**

Analysis of the financial instruments for the Company is as follows:

Company	2011 RM'000	2010 RM'000
Financial assets classified as loans and receivables:		
Other investments	**7,427**	3,778
Other receivables excluding prepayments	**2,035**	1,578
Dividend receivable	**11,670**	6,170
Amount due from subsidiaries	**382,101**	139,690
Amount due from jointly controlled entities	**14,663**	18,322
Deposits with licensed banks	**907,402**	4,365
Cash and bank balances	**12,735**	73,138
	1,338,033	247,041
Financial liabilities classified at amortised costs:		
Other payables and accruals	**48,900**	61,270
Amount due to subsidiaries	**19,516**	484,221
Borrowings	-	848,335
Hire purchase creditors	**687**	1,017
	69,103	1,394,843

NOTES TO THE FINANCIAL STATEMENTS
- 31 December 2011 *(continued)*

45 COMPARATIVE FIGURES

The following comparatives were reclassified to distinguish between current and non-current portion of the derivatives financial asset/liabilities to conform with current year's presentation.

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Derivatives financial assets - current	12,126	(10,312)	1,814
Derivatives financial assets - non-current	-	10,312	10,312
Derivatives financial liabilities - current	8,699	(2,664)	6,035
Derivatives financial liabilities - non-current	-	2,664	2,664

46 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 16 April 2012.

47 SUPPLEMENTARY INFORMATION

The analysis of realised and unrealised retained earnings at the entity level have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

The breakdowns of realised and unrealised retained earnings of the Group and Company were as follows:

	Group RM'000	Company RM'000
Total retained earnings of the Company and subsidiaries		
- realised	1,296,553	144,350
- unrealised	(39,243)	7,614
	1,257,310	151,964
Total share of retained earnings from jointly controlled entities		
- realised	32,549	-
- unrealised	(1,638)	-
	30,911	-
Less: consolidation adjustments	-	-
Total retained earnings	1,288,221	151,964

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Hassan Assad Basma and Shaharul Rezza Bin Hassan, two of the Directors of Bumi Armada Berhad, state that, in our opinion, the financial statements set out on pages 80 to 164 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2011 and of the results of the Group and the Company and the cash flows of the Group and Company for the financial year ended on that date in accordance with the Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

The supplementary information set out in Note 47 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution dated 16 April 2012.

HASSAN ASSAD BASMA
DIRECTOR

SHAHARUL REZZA BIN HASSAN
DIRECTOR

STATUTORY STATEMENT DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Shaharul Rezza Bin Hassan, the Director primarily responsible for the financial management of Bumi Armada Berhad, do solemnly and sincerely declare that the financial statements set out on pages 80 to 164 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

SHAHARUL REZZA BIN HASSAN

Subscribed and solemnly declared by the above named Shaharul Rezza Bin Hassan in Kuala Lumpur on 16 April 2012, before me,

ZULKIFLA MOHD DAHLIM (W541)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

to the members of Bumi Armada Berhad
(Incorporated In Malaysia) (Company No. 370398-X)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Bumi Armada Berhad on page 80 to 164, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of income, comprehensive income, changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 46.

Directors' Responsibility for the Financial Statements

The Directors of the Group and Company are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group and Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 19 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT
to the members of Bumi Armada Berhad
(Incorporated In Malaysia) (Company No. 370398-X) *(continued)*

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 47 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad (Bursa Malaysia) and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

OTHER MATTERS

This report is made solely to the members of the Group and Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

UTHAYA KUMAR S/O K. VIVEKANANDA
(No. 1455/06/12 (J))
Chartered Accountant

Kuala Lumpur
16 April 2012

ADDITIONAL COMPLIANCE INFORMATION, PROPERTIES & SHAREHOLDINGS

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Bursa Malaysia Securities Berhad Listing Requirements, the following additional information is provided:

1. NON-AUDIT FEES

The total non-audit fees paid to the external auditors of the Company and its subsidiaries for the financial year ended 31 December 2011 were RM2,595,000. These fees were incurred for reviews performed on the ESOS options model and financial closing process and as reporting accountants for the initial public offering.

2. PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2011, which have material impact on the operations or financial position of the Group.

3. UTILISATION OF PROCEEDS

The status of utilisation of proceeds raised from the public issue as at 31 December 2011 was as follows:

Purpose	Proposed utilisation RM'000	Actual RM'000	Utilisation upon listing	Remaining balance RM'000
Repayment of bank borrowings	775,000	775,000	Within 6 months	-
Capital expenses	592,000	355,974	Within 24 months	236,026
Working capital	562,000	399,417	Within 24 months	162,583
Estimated listing expenses	100,000	91,010	Within 3 months	8,990
	2,029,000	1,621,401		407,599

The actual utilisation of the proceeds for the listing expenses was lower than budgeted. Hence, the unutilised balance will be used for general working capital requirements of the Group as disclosed in the Company's prospectus dated 30 June 2011.

4. MATERIAL CONTRACTS

Material contracts (not being contracts entered into the ordinary course of business) entered into by the Company and its subsidiaries, involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2011 or entered into since the end of the previous financial year:

Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the group	Mode of satisfaction of consideration	Relationship between Director or Major Shareholder and the contracting party (if the Director/ Major Shareholder is not the contracting party)*
Shareholders' Agreement	25 March 2011	The Company with Bumi Armada Navigation Sdn Bhd ("BAN") and the remaining shareholders of BAN, namely Wijaya Baiduri Sdn Bhd ("WBSB"), Wijaya Sinar Sdn Bhd ("WSSB") and Karisma Mesra Sdn Bhd ("KMSB").	To regulate their relationship as shareholders of BAN and their respective responsibilities in the conduct of the business and affairs of BAN.	Undertakings and agreements in the agreement.	Fulfilment of undertaking and agreements in the agreement.	WBSB, WSSB, KMSB and Saluran Abadi Sdn Bhd ("SASB") are major shareholders of BAN and the Company. Farah Suhanah binti Ahmad Sarji, a Director of the Company, was then a director of BAN and is also a major shareholder of the Company, BAN, SASB, WSSB, KMSB and WBSB. Hassan Assad Basma, Shaharul Rezza bin Hassan and Chan Chee Beng are Directors of the Company and BAN. See note below for other relationships.

** Relationship at the point of entering the agreement.*

Note:

Other Major Shareholders of the Company viz Objektif Bersatu Sdn Bhd, Mutu Saluran Sdn Bhd, Pacific States Investment Ltd, Excorp Holdings NV, Ananda Krishnan Tatparanandam, Ombak Damai Sdn Bhd, Dato' Sri Mahamad Fathil bin Dato' Mahmood, Dato' Ahmad Fuad bin Md Ali and Datuk Abdul Farish bin Abd Rashid are also major shareholders of BAN only by virtue of their interest in the Company.

ANALYSIS OF SHAREHOLDINGS
as at 16 April 2012

Authorised Share Capital	:	RM800,000,000 divided into 4,000,000,000 ordinary shares of RM0.20 each
Issued and Paid-up Share Capital	:	RM585,692,320 divided into 2,928,461,600 ordinary shares of RM0.20 each
Class of Shares	:	Ordinary shares of RM0.20 each (Shares)
Voting Rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders Malaysian	No. of Shareholders Foreign	No. of Shares Held Malaysian	No. of Shares Held Foreign	% of Total Issued Shares Malaysian	% of Total Issued Shares Foreign
Less than 100	38	-	393	-	0.00	0.00
100 – 1,000	1,915	19	1,679,714	15,400	0.06	0.00
1,001 – 10,000	3,459	64	14,917,500	344,100	0.51	0.01
10,001 – 100,000	862	101	29,334,795	4,063,096	1.00	0.14
100,001 – 146,423,079*	180	123	647,861,815	277,598,987	22.12	9.48
146,423,080 and above**	4	-	1,952,645,800	-	66.68	0.00
Total	6,458	307	2,646,440,017	282,021,583	90.37	9.63
Grand Total	6,765		2,928,461,600		100	

* *Less than 5% of total issued Shares*
** *5% and above of total issued Shares*

ANALYSIS BY CATEGORY OF SHAREHOLDERS BASED ON RECORD OF DEPOSITORS

Category of Shareholders	No. of Shareholders Malaysian	No. of Shareholders Foreign	No. of Shares Held Malaysian	No. of Shares Held Foreign	% of Total Issued Shares Malaysian	% of Total Issued Shares Foreign
Individual	4,960	49	33,295,907	787,200	1.14	0.03
Banks/Finance Companies	49	-	272,179,710	-	9.29	0.00
Investment Trusts/ Foundation/Charities	1	-	180,000	-	0.01	0.00
Other Types of Companies	133	3	1,717,943,100	1,254,000	58.66	0.04
Government Agencies/ Institutions	3	-	2,005,200	-	0.07	0.00
Nominees	1,312	255	620,836,100	279,980,383	21.20	9.56
Total	6,458	307	2,646,440,017	282,021,583	90.37	9.63

DIRECTORS' INTERESTS

Directors' direct and indirect Interests in the shares and options over unissued shares in the Company and in its related corporations based on the Registers maintained under Section 134 of the Companies Act, 1965 (the "Act") of the Company and its related corporations:

1. In the Company – Issued Ordinary Shares ("Shares")

Name	No. of Shares of RM0.20 each Direct	Indirect	% of Total Issued Shares Direct	Indirect
Dato' Sri Mahamad Fathil bin Dato' Mahmood	750,000	340,277,700[1]	0.03	11.62
Dato' Ahmad Fuad bin Md Ali	300,000	340,727,700[2]	0.01	11.63
Saiful Aznir bin Shahabudin	713,000	-	0.02	0.00
Alexandra Schaapveld	750,000	-	0.03	0.00
Andrew Philip Whittle	750,000	-	0.03	0.00
Chan Chee Beng	750,000	-	0.03	0.00
Farah Suhanah binti Ahmad Sarji	750,000	465,305,300[3]	0.03	15.89
Lim Ghee Keong	750,000	-	0.03	0.00
Hassan Assad Basma	10,000,000[4]	-	0.34	0.00
Shaharul Rezza bin Hassan	1,200,000	-	0.04	0.00

(1) *Deemed interest by virtue of his shareholding in Ombak Damai Sdn Bhd ("ODSB") pursuant to Section 6A of the Act.*

(2) *Deemed interest by virtue of his shareholding in ODSB pursuant to Section 6A of the Act as to 340,277,700 Shares and by virtue of the shareholdings of his spouse and child as to 450,000 Shares (which are treated as his interest pursuant to Section 134(12)(c) of the Act).*

(3) *Deemed interest by virtue of her shareholding in Saluran Abadi Sdn Bhd ("SASB") pursuant to Section 6A of the Act. However, she does not have any economic interest in the Shares held via SASB's subsidiaries, Wijaya Sinar Sdn Bhd ("WSSB"), Karisma Mesra Sdn Bhd ("KMSB") and Wijaya Baiduri Sdn Bhd ("WBSB") (collectively, "SASB Subsidiaries") as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects.*

(4) *These Shares comprise the preferential allocation of 2,500,000 Shares under the initial public offering, the 2,500,000 existing Shares acquired pursuant to the exercise of call options under the Call Option Agreements dated 18 June 2011 ("COA") and the 5,000,000 existing Shares which are yet to be exercised under the COA.*

2. In the Company – Unissued Shares

Name	No. of Unissued Shares Direct	Indirect
Hassan Assad Basma	17,500,000[1]	-
Shaharul Rezza bin Hassan	4,000,000[1]	-

(1) These relate to options over unissued Shares of RM0.20 each of the Company pursuant to the 2011 Employee Share Option Scheme of the Company. None of these options have been vested.

ANALYSIS OF SHAREHOLDINGS
as at 16 April 2012 *(continued)*

3. Shares Held in a Related Corporation

Name	No. of shares	%
Farah Suhanah binti Ahmad Sarji[(1)]	5,220,000*	51
	90,000,000**	100

* *Ordinary shares with nominal value of RM1.00 each.*

** *Redeemable preference shares with nominal value of RM0.01 each.*

(1) *Deemed interest by virtue of her shareholding in SASB pursuant to Section 6A of the Act. However, she does not have any economic interest in the shares held via SASB Subsidiaries, as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects.*

By virtue of Farah Suhanah Binti Ahmad Sarji's deemed interest in shares in the Company, she is also deemed to have an interest in the shares of the Company's other related corporations to the extent of the Company's interest in such subsidiaries.

SUBSTANTIAL SHAREHOLDERS INTERESTS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

	Direct		Indirect	
Name	No. of Shares Held	%	No. of Shares Held	%
Objektif Bersatu Sdn Bhd	1,241,840,000	42.41	-	0.00
Ombak Damai Sdn Bhd	340,277,700	11.62	-	0.00
Wijaya Sinar Sdn Bhd	212,566,200	7.26	-	0.00
Karisma Mesra Sdn Bhd	157,961,900	5.39	-	0.00
Dato' Sri Mahamad Fathil bin Dato' Mahmood	750,000	0.03	340,277,700(1)	11.62
Dato' Ahmad Fuad bin Md Ali	300,000	0.01	340,727,700(2)	11.63
Datuk Abdul Farish bin Abd Rashid	750,000	0.03	340,277,700(1)	11.62
Saluran Abadi Sdn Bhd	-	0.00	465,305,300(3)	15.89
Farah Suhanah binti Ahmad Sarji	750,000	0.03	465,305,300(4)	15.89
Mutu Saluran Sdn Bhd	-	0.00	1,241,840,000(5)	42.41
Usaha Tegas Sdn Bhd	-	0.00	1,241,840,000(6)	42.41
Pacific States Investment Limited	-	0.00	1,241,840,000(7)	42.41
Excorp Holdings N.V.	-	0.00	1,241,840,000(8)	42.41
PanOcean Management Limited	-	0.00	1,241,840,000(8)	42.41
Ananda Krishnan Tatparanandam	-	0.00	1,241,840,000(9)	42.41

Notes:

(1) Deemed interest by virtue of their respective shareholdings in ODSB pursuant to Section 6A of the Act.

(2) Deemed interest by virtue of his shareholding in ODSB pursuant to Section 6A of the Act as to 340,277,700 shares and by virtue of the shareholdings of his spouse and child as to 450,000 shares (which are treated as his interest pursuant to Section 134(12) (c) of the Act).

(3) Deemed interest by virtue of its shareholdings in the SASB Subsidiaries pursuant to Section 6A of the Act. Each of the SASB Subsidiaries is a trustee of a discretionary trust for Bumiputera objects. As such, SASB does not have any economic interest in the Shares held by the SASB Subsidiaries, as such interest is held subject to the terms of discretionary trusts for Bumiputera objects.

(4) Deemed interest by virtue of her shareholding in SASB pursuant to Section 6A of the Act. However, she does not have any economic interests in the Shares held via SASB Subsidiaries, as such interest is held subject to the terms and discretionary trusts for Bumiputera objects. See Note (3) above for SASB's deemed interest in the Shares.

(5) Deemed interest by virtue of its shareholding in Objektif Bersatu Sdn Bhd pursuant to Section 6A of the Act.

(6) Usaha Tegas Sdn Bhd ("UTSB") is deemed to have an interest in all of the Shares in which Mutu Saluran Sdn Bhd ("MSSB") has an interest, by virtue of UTSB being entitled to exercise 100% of the votes attached to the voting shares of MSSB. See Note (5) above for MSSB's deemed interest in the Shares.

(7) Pacific States Investment Limited ("PSIL") is deemed to have an interest in all of the Shares in which UTSB has an interest, by virtue of PSIL being entitled to exercise 99.999% of the votes attached to the voting shares of UTSB. See Note (6) above for UTSB's deemed interest in the Shares.

(8) The shares in PSIL are held by Excorp Holdings N.V. which is in turn held 100% by PanOcean Management Limited ("PanOcean"). See Note (7) above for PSIL's deemed interest in the Shares. 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 is deemed to have an interest in the Shares, it does not have any economic or beneficial interest over such Shares, as such interest is held subject to the terms of the discretionary trust.

(9) TAK is deemed to have an interest in the Shares, by virtue of his deemed interest in PanOcean. See Note (8) above for PanOcean's deemed interest in the Shares. Although TAK is deemed to have an interest in the Shares, he does not have any economic or beneficial interest over such Shares, as such interest is held subject to the terms of the discretionary trust referred to in Note (8) above.

ANALYSIS OF SHAREHOLDINGS
as at 16 April 2012 *(continued)*

TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name	No. of Shares Held	% of Issued Shares
1.	Objektif Bersatu Sdn Bhd	1,241,840,000	42.41
2.	RHB Nominees (Tempatan) Sdn Bhd Ombak Damai Sdn Bhd	340,277,700	11.62
3.	Wijaya Sinar Sdn Bhd	212,566,200	7.26
4.	Karisma Mesra Sdn Bhd	157,961,900	5.39
5.	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	133,527,600	4.56
6.	Wijaya Baiduri Sdn Bhd	94,777,200	3.24
7.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	87,493,900	2.99
8.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for Eastspring Investments Berhad	78,276,000	2.67
9.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	75,983,300	2.59
10.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	47,202,100	1.61
11.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank Luxembourg S. A.	37,301,100	1.27
12.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	25,380,900	0.87
13.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	23,751,000	0.81
14.	Amanahraya Trustees Berhad Amanah Saham Malaysia	21,831,100	0.75
15.	HSBC Nominees (Asing) Sdn Bhd BBH and CO Boston for Vanguard Emerging Markets Stock Index Fund	16,299,081	0.56
16.	Amanahraya Trustees Berhad Amanah Saham Didik	13,990,310	0.48
17.	Permodalan Nasional Berhad	10,638,200	0.36
18.	Amanahraya Trustees Berhad As 1Malaysia	8,120,500	0.28
19.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U. A. E.)	7,992,700	0.27
20.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for American International Assurance Berhad	7,546,005	0.26

No.	Name	No. of Shares Held	% of Issued Shares
21.	Kumpulan Wang Persaraan (Diperbadankan)	7,180,300	0.25
22.	HLG Nominee (Asing) Sdn Bhd Hong Leong Fund Management Sdn Bhd for Asia Fountain Investment Company Limited	6,000,000	0.20
23.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for City of New York Group Trust	5,970,600	0.20
24.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (HDBS)	5,423,100	0.19
25.	AMSEC Nominees (Tempatan) Sdn Bhd AMTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	5,412,000	0.18
26.	CIMSEC Nominees (Asing) Sdn Bhd CIMB Bank for Hassan Assad Basma (MH4788)	5,000,000	0.17
27.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AM INV)	4,876,800	0.17
28.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Hwang Investment Management Berhad (TSTAC/CLNT-T)	4,243,000	0.14
29.	Amanahraya Trustees Berhad Public Islamic Select Enterprises Fund	4,155,000	0.14
30.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (NORGES BK LEND)	4,107,400	0.14

LIST OF PROPERTIES
as at 31 December 2011

No.	Location	Tenure	Remaining lease period (year)	Land area/ built-up area (square feet)	Description of existing use	Age of building (year)	Net Book Value RM'000
1.	Lot 704, Bintulu Industrial Estate, Mile 2½ Miri Road, 97008 Bintulu, Sarawak	Leasehold	32	12,809	2-storey office building and showhouse	27	228
2.	Lot 2395, Block 4, Miri Concession Land, District Piasau, 98000 Miri, Sarawak	Leasehold	47	11,755	4-storey office building	6	1,779
3.	No. 84, Tuas Avenue 11, 639098 Singapore	Leasehold	47	15,110	2-storey office building	6	2,837

NOTICE OF ANNUAL GENERAL MEETING

Date/Time : **Thursday, 21 June 2012 at 10.30 a.m.**
Venue : **Grand Ballroom, Level 1, Mandarin Oriental, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia**

NOTICE IS HEREBY GIVEN that the Sixteenth ("16th") Annual General Meeting of Bumi Armada Berhad ("Bumi Armada" or the "Company") will be held at 10.30 a.m. on Thursday, 21 June 2012 at the Grand Ballroom, Level 1, Mandarin Oriental, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia for the following purposes:

AS ORDINARY BUSINESS*

1. To consider the audited Financial Statements of the Company for the financial year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. ***(Please see Explanatory Note 1)***

2. To declare a tax exempt final cash dividend of 2.5 sen per share in respect of the financial year ended 31 December 2011 to the members of the Company, as recommended by the Directors. ***(Please see Explanatory Note 2)*** ………… **RESOLUTION 1**

3. To re-elect the following Directors of the Company who retire by rotation in accordance with Article 113 of the Company's Articles of Association and who being eligible, offer themselves for re-election: ***(Please see Explanatory Note 3)***

   (i) Dato' Sri Mahamad Fathil bin Dato' Mahmood ………… **RESOLUTION 2**
   (ii) Shaharul Rezza bin Hassan ………… **RESOLUTION 3**

4. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the financial year ending 31 December 2012 and to authorise the Directors to fix their remuneration for that year. ***(Please see Explanatory Note 4)*** ………… **RESOLUTION 4**

AS SPECIAL BUSINESS*

5. Authority to issue ordinary shares pursuant to Section 132D of the Companies Act, 1965.

   To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: ………… **RESOLUTION 5**

   "THAT subject to the Companies Act, 1965 (the "Act"), the Articles of Association of the Company and the approvals of any relevant governmental/regulatory authorities where such authority is required, the Directors be and are hereby authorised and empowered to:

   (i) issue and allot new ordinary shares in the Company; and/or

NOTICE OF ANNUAL GENERAL MEETING *(cont'd)*

(ii) issue ordinary shares in the Company, in pursuance of an offer, agreement or option made or granted by them or other instruments that might or would require shares to be issued (collectively "Instruments") during and/or after the period for which the approval was granted by this resolution;

at any time and from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that:

(i) the number of shares to be issued pursuant to the authority granted under this resolution, when aggregated with all shares issued and/or shares that are capable of being issued from the Instruments, issued in the preceding 12 months (calculated in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad), does not exceed 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at the time of issuance of shares or issuance, making or granting the Instruments, and

(ii) for the purpose of determining the number of shares which are capable of being issued from the Instruments, each Instrument is treated as giving rise to the maximum number of shares into which it can be converted or exercised,

and such authority under this resolution shall continue to be in force until the conclusion of the next annual general meeting of the Company or when it is required by law to be held, whichever is earlier, and that:

(a) approval and authority be and are given to the Directors of the Company to take all such actions that may be necessary and/or desirable to give effect to this resolution and in connection therewith to enter into and execute on behalf of the Company any instrument, agreement and/or arrangement with any person, and in all cases with full power to assent to any condition, modification, variation and/or amendment (if any) in connection therewith; and

(b) the Directors of the Company be and are also empowered to obtain, if required, the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."
(Please see Explanatory Note 5)

* *The resolutions for the ordinary and special businesses at this meeting will be tabled as Ordinary Resolutions.*

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of shareholders at the 16th Annual General Meeting to be held on 21 June 2012, a tax exempt final cash dividend of 2.5 sen per share in respect of the financial year ended 31 December 2011 will be paid on 17 July 2012 to the Company's members whose names appear in the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd on 28 June 2012.

A Depositor shall qualify for entitlement to the dividend in respect of:

i) shares transferred into the Depositor's securities account before 4.00 p.m. on 28 June 2012 in respect of transfers; and
ii) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board
Noor Hamiza binti Abd Hamid
(MAICSA 7051227)
Company Secretary

Chew Ann Nee
(MAICSA 7030413)
Joint Company Secretary

Kuala Lumpur
29 May 2012

Instructions for Appointment of Proxy

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote for him/her provided that the number of proxies appointed shall not be more than two except in the circumstances set out in Notes 2 and 3. A proxy may but need not be a member of the Company, and the provision of Section 149(1)(b) of the Companies Act, 1965 (the "Act") shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.

2. Where a member of the Company is also a substantial shareholder (within the meaning of the Act) per the Record of Depositors, such member shall be entitled to appoint up to (but not more than) five proxies.

3. Where a member of the Company is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting. For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall:

   (i) in the case of an individual, be signed by the appointor or by his/her attorney; and
   (ii) in the case of a corporation, be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.

5. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

6. The instrument appointing a proxy must be deposited at the office of the **Company's Share Registrars, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the meeting** or adjourned meeting or in the case of a poll, not less than 24 hours before the taking of the poll; otherwise the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof. Fax copies of the duly executed form of proxy are not acceptable.

7. A proxy may vote on a show of hands and on a poll. If the form of proxy is returned without an indication as to how the proxy shall vote on any particular matter, the proxy may exercise his discretion as to whether to vote on such matter and if so, how.

8. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so. A proxy appointed to attend and vote at this meeting shall have the same rights as the member to speak at the meeting.

EXPLANATORY NOTES

1) Audited Financial Statements and the Reports of the Directors and Auditors thereon

The Companies Act, 1965 requires that the Directors shall lay before the Company in general meeting the audited financial statements (comprising profit and loss account, balance sheet and the reports of the Directors and Auditors attached thereto). The audited financial statements and the Reports of the Directors and Auditors thereon will accordingly be laid before the Company at the Sixteenth Annual General Meeting ("16th AGM") for consideration of the shareholders. There is no requirement for a resolution to be submitted to the shareholders for such item and hence, the matter will not be put forward for voting.

2) Tax exempt final cash dividend

The Directors have recommended a tax exempt final cash dividend of 2.5 sen per share in respect of the financial year ended 31 December 2011, which if approved, will be paid on 17 July 2012 to those shareholders on the record of the Company at the close of business on 28 June 2012.

3) Re-election of Directors

The details of the Directors who are standing for re-election pursuant to Article 113 of the Company's Articles of Association are set out in the Directors' Profiles on pages 30 and 33. Their interests in shares of the Company and its related corporations are disclosed in the Analysis of Shareholdings under Directors' Interests on page 173.

In accordance with Article 113 of the Company's Articles of Association, our Director, Farah Suhanah binti Ahmad Sarji who is due for retirement by rotation at the 16th AGM has decided not to offer herself for re-election. Accordingly, she will cease to be a Director of the Company on the conclusion of the 16th AGM.

4) Re-appointment of Auditors

A company at each general meeting shall appoint a person to be the auditor of the company and any auditors so appointed shall, hold office until the conclusion of the next annual general meeting of the company. Messrs PricewaterhouseCoopers, the auditors of the Company have consented to be re-appointed as auditors of the Company for the financial year ending 31 December 2012.

5) Authority to issue ordinary shares pursuant to Section 132D of the Companies Act, 1965

The proposed **Resolution 5** is to seek renewed general authority for the issue and allotment of new ordinary shares in the Company pursuant to Section 132D of the Companies Act, 1965.

As at the date of this Notice, the Company has not issued any new shares pursuant to the previous mandate which will lapse at the conclusion of the 16th AGM to be held on 21 June 2012.

The proposed **Resolution 5**, if passed, will enable Directors to issue and allot new ordinary shares up to an amount not exceeding ten per centum (10%) of the Company's issued share capital from time to time pursuant to exercise of any options under the Company's Employee Share Option Scheme ("ESOS") as well as provide them the flexibility to raise funds, including but not limited to further placement of shares for purposes of funding future investment project(s), working capital and/or acquisitions without convening a general meeting which will be both time and cost consuming. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

At this juncture, there is no decision to issue any new shares other than any such shares that may be issued pursuant to exercising options under the ESOS. Should there be a decision to issue new shares other than pursuant to the ESOS, after the said authority has been given, the Company will make the appropriate announcement on the purpose and/or utilisation of proceeds arising from such issuance and allotment.

BUMIARMADA

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

FORM OF PROXY

*I/*We ______________________________ *NRIC (new and old)/*Passport/*Company No.
[FULL NAME IN BLOCK LETTERS]

______________ of ______________________________
[COMPULSORY] [ADDRESS]

______________ and telephone no. ______________ being a member of Bumi Armada Berhad (the "Company"), hereby

appoint ______________________________ *NRIC/*Passport No. ______________
[FULL NAME IN BLOCK LETTERS] [COMPULSORY]

of ______________________________
[ADDRESS]

and/or ______________________________ *NRIC/*Passport No. ______________
[FULL NAME IN BLOCK LETTERS] [COMPULSORY]

of ______________________________
[ADDRESS]

Only in the case of a member who is a substantial shareholder

and/or ______________________________ *NRIC/*Passport No. ______________
[FULL NAME IN BLOCK LETTERS] [COMPULSORY]

of ______________________________
[ADDRESS]

and/or ______________________________ *NRIC/*Passport No. ______________
[FULL NAME IN BLOCK LETTERS] [COMPULSORY]

of ______________________________
[ADDRESS]

and/or ______________________________ *NRIC/*Passport No. ______________
[FULL NAME IN BLOCK LETTERS] [COMPULSORY]

of ______________________________
[ADDRESS]

or failing *him/*her, THE CHAIRMAN OF THE MEETING as *my/*our proxy/*proxies to vote for *me/*us and on *my/*our behalf at the **Sixteenth Annual General Meeting of the Company to be held at 10.30 a.m. on Thursday, 21 June 2012 at the Grand Ballroom, Level 1, Mandarin Oriental, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia** and at any adjournment thereof. *I/*We indicate with an "√" or "X" in the spaces below how *I/*we wish *my/*our vote to be cast:

	Ordinary Resolution No.	For	Against
1	To declare a tax exempt final cash dividend of 2.5 sen per share.		
2	To re-elect Dato' Sri Mahamad Fathil bin Dato' Mahmood as a Director of the Company.		
3	To re-elect Shaharul Rezza bin Hassan as a Director of the Company.		
4	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company.		
5	To authorise the Directors to allot and issue new ordinary shares pursuant to Section 132D of the Companies Act, 1965.		

Subject to the abovestated voting instructions, *my/*our proxy may vote and abstain from voting on any resolutions as *he/*she/*they may think fit.

If appointment of proxy by an individual or a corporation is under hand ______________________________ Signed by *individual member/*officer or attorney of member/*authorised nominee of ______________________________ (beneficial owner)	No. of shares held: ______________ Securities Account No: ______________ (CDS Account No.) (Compulsory) Date:	The proportions of *my/*our holding to be represented by *my/*our proxies are as follows: **First Proxy** No. of shares: ______________ Percentage: ______________ % **Second Proxy** No. of shares: ______________ Percentage: ______________ %
If appointment of proxy by a corporation is under seal The Common Seal of ______________________________ was hereto affixed in accordance with its Articles of Association in the presence of: ______________ ______________ Director *Director/*Secretary in its capacity as *member/*attorney of member/*authorised nominee of ______________________________ (beneficial owner)	Seal No. of shares held: ______________ Securities Account No: ______________ (CDS Account No.) (Compulsory) Date:	

Only in the case of a member who is a substantial shareholder

The proportions of *my/*our holding to be represented by *my/*our proxies are as follows:

Third Proxy	**Fourth Proxy**	**Fifth Proxy**
No. of shares: ______________	No. of shares: ______________	No. of shares: ______________
Percentage: ______________ %	Percentage: ______________ %	Percentage: ______________ %

** Delete if inapplicable*

NOTES:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote for him/her provided that the number of proxies appointed shall not be more than two except in the circumstances set out in Notes 2 and 3. A proxy may but need not be a member of the Company, and the provision of Section 149(1)(b) of the Companies Act, 1965 (the "Act") shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is also a substantial shareholder (within the meaning of the Act) per the Record of Depositors, such member shall be entitled to appoint up to (but not more than) five proxies.
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   (i) in the case of an individual, be signed by the appointor or by his/her attorney; and
   (ii) in the case of a corporation, be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
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8. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so. A proxy appointed to attend and vote at this meeting shall have the same rights as the member to speak at the meeting.

This flap for sealing

STAMP

THE SHARE REGISTRARS OF
BUMI ARMADA BERHAD
(Company No.: 370398-X)

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1, Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st fold here