BUMIARMADA

ANNUAL REPORT 2012

AS FAR AS THE EYE CAN SEE

KNOTS AHEAD OF THE REST

COVER RATIONALE

The view is breathtaking when you know where you are going...

As an international oilfield services provider that is a leader in FPSOs globally and one of the largest OSV owners and operators in South East Asia, we take pride in our assets of five FPSOs, over 40 OSVs and three T&I vessels. These assets together with our crew are the basis of our strength and allow us to provide a range of services to our clients around the world.

The horizon stretches enticingly before us as we continue to grow and forge ahead as far as the eye can see.


PROGUARD

OUR VISION

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

OUR MISSION

To provide effective integrated floating solutions in a safe, reliable and environmentally-friendly manner therefore fuelling the growth of our host nations and communities.

CORPORATE PROFILE

Bumi Armada Berhad is a Malaysia-based international offshore oilfield services company serving clients in 18 countries across five continents. Our clients range from NOCs and IOCs to the Independents.

Bumi Armada provides these offshore services via four main business units and three support units. The main business units are FPSO, OSV, T&I and OFS. These are complemented by three support units, namely AMO, E&T and MP.

We are the fifth largest FPSO owner and operator in the world with four FPSOs in operation and one unit under conversion.

With more than 40 OSVs in our fleet, we are the largest owner and operator of OSVs in Malaysia and among the top three in South East Asia.

We also have three T&I vessels, namely a derrick lay barge called *Armada Installer* and two subsea installation vessels named the *Armada Hawk* and *Armada Condor*.

BUSINESS UNITS

FLOATING PRODUCTION, STORAGE AND OFFLOADING

We provide FPSO units, which are vessels (either a converted oil tanker or newbuild) that are used for receiving hydrocarbons sourced from oilfields. The hydrocarbons received are processed into crude oil and stored onboard the vessel, to be later offloaded into an oil tanker or a pipeline. Gas that is extracted and processed onboard the FPSO can be used for power generation, re-injected or exported to shore. The FPSO is a technical and cost-effective solution for application in locations which are remote or do not have the required processing and production infrastructure. It eliminates the need to install large fixed oil production platforms or to lay expensive long-distance seabed pipelines from oilfields to a receiving terminal. In a more benign ocean environment, the FPSO will be spread-moored. In areas where natural hazards such as typhoons, cyclones or icebergs are prevalent, an FPSO may have a fixed internal turret or fixed external turret or employ unique technology to release the mooring and riser system and move away to safety during an emergency.

We have four FPSOs in operation, i.e. the *Armada Perkasa* and *Armada Perdana* in Nigeria, the *Armada TGT 1* in Vietnam and the *Armada Sterling* which arrived in India at the end of 2012. The *Armada Claire*, which is bound for the Balnaves field in Australia, is currently under conversion. In addition, we have signed a contract for our sixth FPSO, destined for Cluster 7 off the coast of India.

TRANSPORT AND INSTALLATION

T&I services currently cover conventional installation (pipelines, platform installation, underwater spool tie-ins, shore pull, etc), floater installation (FSO and FPSO installation including mooring pre-set, tensioning and riser hook-up) and SURF installation (of umbilicals, risers and flexibles as part of FPSO completion or as stand-alone T&I projects).

The *Armada Installer*, a key marine asset for our T&I business unit, is a purpose-built DLB operating in the Caspian Sea. The DP2 multi-purpose vessel *Armada Hawk* was added in 2011 to our T&I fleet in order to expand T&I services with SURF capabilities.

The DP2 multi-purpose vessel *Armada Condor* was added to the T&I fleet in 2013 to further expand the T&I business and satisfy demands in different geographical areas.

SUPPORT UNITS

OFFSHORE SUPPORT VESSELS

We own, operate and charter vessels to provide support for exploration, development and production activities in the offshore O&G industry. Equipped with in-house expertise, we are also able to project-manage the construction of our vessels.

We are one of the largest OSV owners and operators in South East Asia. We have over 40 vessels operating all around the world. The key countries are Malaysia, Brunei, Vietnam, Brazil, Congo, Mexico, Nigeria, Saudi Arabia and Venezuela. We are looking into expanding in the Caspian region, Ghana and Angola.

Our existing fleet of vessels include AHTS, light construction/accomodation vessels, mooring launches, MPSVs, PSVs, utility vessels, an oil recovery vessel and a survey support vessel.

OILFIELD SERVICES

OFS entails the provision of various specialised services required in the offshore mature/brownfield markets. These include, among others, subsea well intervention, well services, marginal field production solutions such as EOR, process modules to enhance the extraction of hydrocarbons from reservoirs as well as specific services and assets offered on a Risk Sharing Contract ("RSC") basis for working in the marginal and mature/brownfield environment.

We currently offer services, either directly or through our partnerships or alliances, in the exploration (well services), development (facilities and installation), production (FPSO) and abandonment (T&I) phases of the marginal oilfield/brownfield projects under our OFS business. We can also provide support vessels via our OSV business throughout the field life to the customer.

ENGINEERING AND TECHNOLOGY

E&T services include concept studies, basic and front-end engineering design and detailed engineering for oil and gas, and floating systems. Our expertise ranges from topsides and marine to hull, mooring and SURF systems covering all disciplines such as process, instrumentation and control, electrical, mechanical, structural, marine and naval architecture.

E&T provides a full spectrum of engineering services for all phases of oil and gas processing facilities. Our comprehensive capabilities allow us to provide these services for an entire range of offshore oil and gas processing facilities for floating solutions (FPSOs, FSOs) and fixed platforms.

ASSET MANAGEMENT AND OPERATIONS

AMO's corporate initiatives cover asset maintenance, oilfield operations and offshore management using AMO's Compliance Assurance Management System ("CAMS"). These functions influence the overall integrity of Bumi Armada's offshore production facilities' infrastructure, processing equipment and field operational aspects. AMO's best practices promote fully integrated systems and culture engaged to achieving enhanced safety, greater lifetime effectiveness, improved availability, higher profitability and return from floating production assets.

MAJOR PROJECTS

We have extensive EPCIC ("Engineering, Procurement, Construction, Installation and Commissioning") competencies in managing large projects such as FPSOs and early production systems with tight timeframes. From conceptual design through to commissioning and start-up, our strategic partnerships with vendors, yards and key technology providers give us a competitive edge.

Our in-house EPCIC competencies allow us to manage our FPSO projects better and serve as an internal project risk mitigation and cost control measure. We are able to mitigate the risks involved in outsourcing detailed engineering scopes to external contractors, while developing cost-efficient solutions. All our EPCIC services are in line with the latest ISO guidelines and requirements.

GLOBAL PRESENCE

Location	Function
ANGOLA	A representative office in Luanda is dedicated to market expansion.
AUSTRALIA	The office supports Balnaves field operations. This office will also support headquarters for Australia-based business development as well as operate future FPSOs in the Australian region. In addition, specialist engineering resources to support our international sales, operations and technologies will be developed as opportunities arise.
BRAZIL	Representative office in Rio de Janeiro to support our expansion into this market.
BRUNEI	Representative office to support our operations in Brunei.
CONGO	A representative office in Pointe Noire supports operations there.
GHANA	We are working on opening a representative office in Ghana.
INDIA	The Mumbai office supports the latest FPSO *Armada Sterling*, and is fully integrated with the day-to-day operations offshore, human resources, finance, maintenance, procurement and logistics. The office will expand later on in 2013 to accommodate the new project team for the Cluster 7 FPSO which is also destined for the west coast of Mumbai.
INDONESIA	Shore base/office in Jakarta for our joint-venture with Indonesia's PT Gema Group to support expansion and market development in Indonesia.

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

Location	Function
MALAYSIA	Headquarters in Kuala Lumpur and three shore bases located in Miri, Labuan and Kemaman to provide support for customers in South East Asia.
MEXICO	Representative office in Ciudad del Carmen, to provide operations support in Mexico.
NIGERIA	West Africa operations head office in Lagos, Nigeria for our joint-venture with Nigeria-based Century Energy Services Limited (CESL). Shore office in Port Harcourt and shore base on Kidney Island to support Nigeria's operations.
RUSSIA	Support office in Astrakhan, overseeing all offshore activities in the Russian sector of the Caspian Sea.
SAUDI ARABIA	Operations office in Al Khobar to support operations.
SINGAPORE	The Singapore office is our technology centre for the delivery of turret moorings, ship hull and SURF solutions. The centre has expertise to engineer turret mooring and swivels solutions in collaboration with specialists and consultants.
TURKMENISTAN	Shore base in Turkmenbashy, and administrative head office in Ashgabat, supporting our offshore operations.
UAE	Marketing office in Dubai for our activities in this region.
VENEZUELA	Representative office in Puerto la Cruz to support our operations in Venezuela.
VIETNAM	Representative office in Vung Tau to support our operations in Te Giac Trang field.

GLOSSARY OF TECHNICAL AND OTHER TERMS

AGM	Annual General Meeting
AHTS	Anchor handling towing support vessel, used to provide logistics 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
ALARP	As low as reasonably practicable
BAE	Bumi Armada Engineering Sdn Bhd
BAN	Bumi Armada Navigation Sdn Bhd
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
BBL/Bbl	Barrel(s) of oil
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
BOPD	Barrels of oil per day
CAGR	Compounded annual growth rate
CAMS	Compliance Assurance Management System
CMS	Competency Management System
CO2	Carbon dioxide
CO2e	Carbon dioxide equivalent Greenhouse gas emissions, including methane emissions, are converted to the quantity of CO2 that would create an equivalent warming effect
COEC	Case for Operational Excellence and Compliance
COPQ	Cost of poor quality
CSR	Corporate social responsibility
DJSI	Dow Jones Sustainability Index
DLB	Derrick lay barge
DNV	Det Norsk Veritas
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
DWT	Deadweight tonnes
E&P	Exploration and Production
EBITDA	Earnings before interest, tax, 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 oilfield. 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
EPIC	Engineering, procurement, installation and commissioning
EPCIC	Engineering, procurement, construction, installation and commissioning
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
FSO	Floating storage and offloading vessel, is similar to an FPSO, but the FSO is not designed and installed with the topsides to process products in the offshore environment
FLNG	Floating liquefied natural gas units

FID	Final investment decision
FSRU	Floating storage and regasification units
HAZOP	Hazard and operability study
HFO/MDO	Heavy fuel oil/Marine diesel oil
HSSEQ	Health, safety, security, environment and quality
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
ISO	International Organization for Standardization
JV	Joint venture
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
LOI	Letter of Intent
LTI/LTIF	Lost time injury/lost time injury frequency A work-related injury or illness that renders the injured person unable to return to work on the next morning day after the day of the injury or illness
MPSV	Multi-purpose platform support vessel
Metric tonne, mt	Equivalent to 1,000 kilos, 2,204.61 lbs; 7.5 barrels
Net profit	Profit attributable to the Owners of the Company
NOC	National oil company; O&G company owned or controlled by national government, typically having special rights or access to its local market
O&G	Oil and gas
O&M	Operations and maintenance
OHSAS	Occupational Health & Safety Assurance System
ONGC	Oil and Natural Gas Corporation in India
Petrobras	Petróleo Brasileiro S.A.
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
QRA	Quantitative Risk Assessment
RM	Ringgit Malaysia, the lawful currency of Malaysia
SEA	South East Asia
SGD or Singapore Dollar	Singapore Dollar, the lawful currency of Singapore
SURF	Subsea umbilicals, risers and flowlines
S&P	Standard & Poor's is known to investors worldwide as a leader of financial-market intelligence.
TRIF	Total recordable injuries frequency
TRESE	Tecnologias Relacionadas con Energia y Servicios Especialzados SA de CV
UK	United Kingdom
USA	United States of America
USD or US Dollar	United States Dollar, the lawful currency of the US
VLCC	Very large crude carrier

CONTENTS

KNOTS AHEAD OF THE REST

- Malaysia-based international company with a strong presence in Asia, Africa and Latin America
- Fifth largest global owner and operator of FPSOs
- The largest owner and operator of OSVs in Malaysia, and among the top three 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

YAM TUNKU ALI REDHAUDDIN IBNI TUANKU MUHRIZ
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

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

AUDIT COMMITTEE

SAIFUL AZNIR BIN SHAHABUDIN
(Chairman)
ANDREW PHILIP WHITTLE
ALEXANDRA SCHAAPVELD
CHAN CHEE BENG

REMUNERATION COMMITTEE

ALEXANDRA SCHAAPVELD
(Chairman)
ANDREW PHILIP WHITTLE
LIM GHEE KEONG

NOMINATION & CORPORATE GOVERNANCE COMMITTEE

ANDREW PHILIP WHITTLE
(Chairman)
ALEXANDRA SCHAAPVELD
CHAN CHEE BENG

EXECUTIVE COMMITTEE

DATO' AHMAD FUAD BIN MD ALI
(Chairman)
CHAN CHEE BENG
(Deputy Chairman)
HASSAN ASSAD BASMA
SHAHARUL REZZA BIN HASSAN

RISK MANAGEMENT COMMITTEE

DATO' AHMAD FUAD BIN MD ALI
(Chairman)
ANDREW PHILIP WHITTLE
LIM GHEE KEONG

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

Level 21, Menara Perak
24, Jalan Perak
50450 Kuala Lumpur, Malaysia
T : (03) 2171 5799
F : (03) 2163 5799
W : www.bumiarmada.com
E : bumiarmada@bumiarmada.com

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Ehsan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
T : (03) 7841 8000
F : (03) 7841 8151/8152

AUDITORS

PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
50710 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 & Corporate Governance Committee	Executive Committee	Risk Management Committee
Dato' Sri Mahamad Fathil bin Dato' Mahmood	-	-	-	-	-
Dato' Ahmad Fuad bin Md Ali	-	-	-	Chairman	Chairman
YAM Tunku Ali Redhauddin ibni Tuanku Muhriz	-	-	-	-	-
Saiful Aznir bin Shahabudin	Chairman	-	-	-	-
Alexandra Schaapveld	Member	Chairman	Member	-	-
Andrew Philip Whittle	Member	Member	Chairman	-	Member
Chan Chee Beng	Member	-	Member	Deputy Chairman	-
Lim Ghee Keong	-	Member	-	-	Member
Hassan Assad Basma	-	-	-	Member	-
Shaharul Rezza bin Hassan	-	-	-	Member	-

GROUP CORPORATE STRUCTURE

As at 16 April 2013

BUMIARMADA

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

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% Bumi Armada Navigation Labuan Limited

100% Bumi Armada Navigation Labuan International Limited

49% Forbes Bumi Armada Limited

99% / 1% Bumi Armada Nigeria Limited

1% / 99% Bumi Armada Caspian LLC

100% Bumi Armada Offshore Contractor Limited — 99% Bumi Armada Caspian LLC

100% Bumi Armada Angola Servicos Limited

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

100% Armada Offshore OSV Limited

100% Armada Offshore MPSV Limited

100% Bumi Armada UK Limited

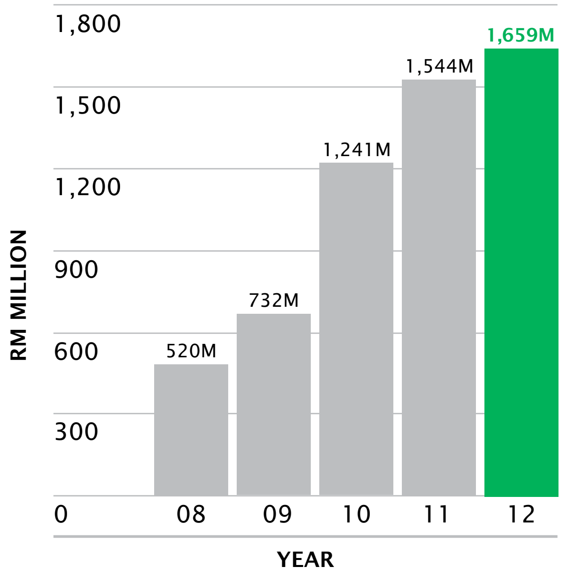
100% Armada Marine Contractors Caspian Pte Ltd

Subsidiaries
Jointly controlled entities

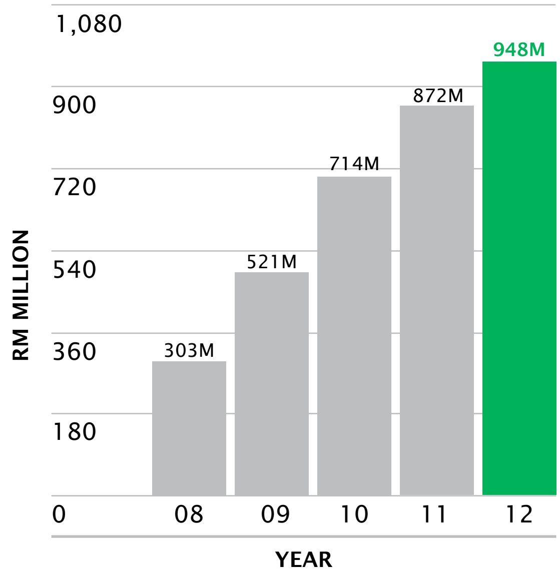
FIVE-YEAR PERFORMANCE HIGHLIGHTS

Financial Performance (RM'000)	2012	2011	2010	2009	2008
Revenue	**1,659,184**	1,543,896	1,241,383	732,090	519,839
EBITDA	**948,022**	871,911	714,109	520,663	302,808
Profit for the financial year	**388,018**	365,331	350,755	277,442	150,023
Profit attributable to the Owners of the Company	**385,828**	359,672	350,755	277,442	150,023
Total assets	**6,929,759**	6,936,242	4,795,467	3,862,256	2,434,686
Total equity	**3,767,011**	3,542,715	875,102	671,346	431,316

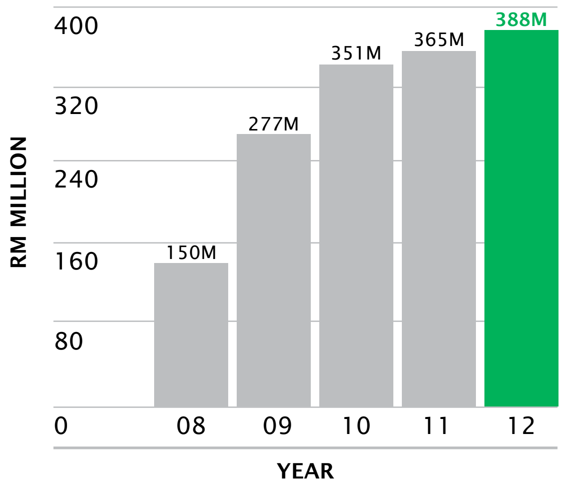
RM1,659 million
Revenue



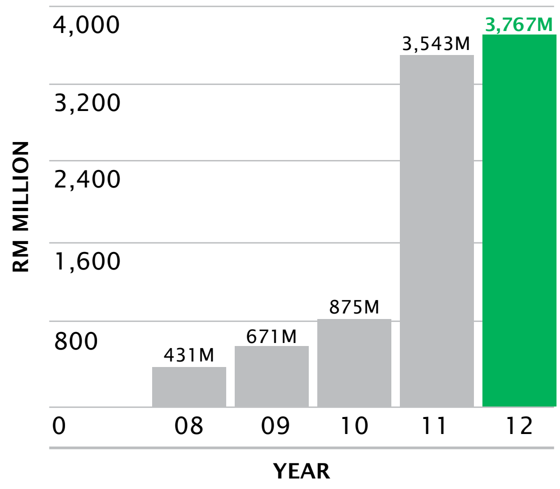
RM948 million
EBITDA



RM388 million
Profit for the financial year



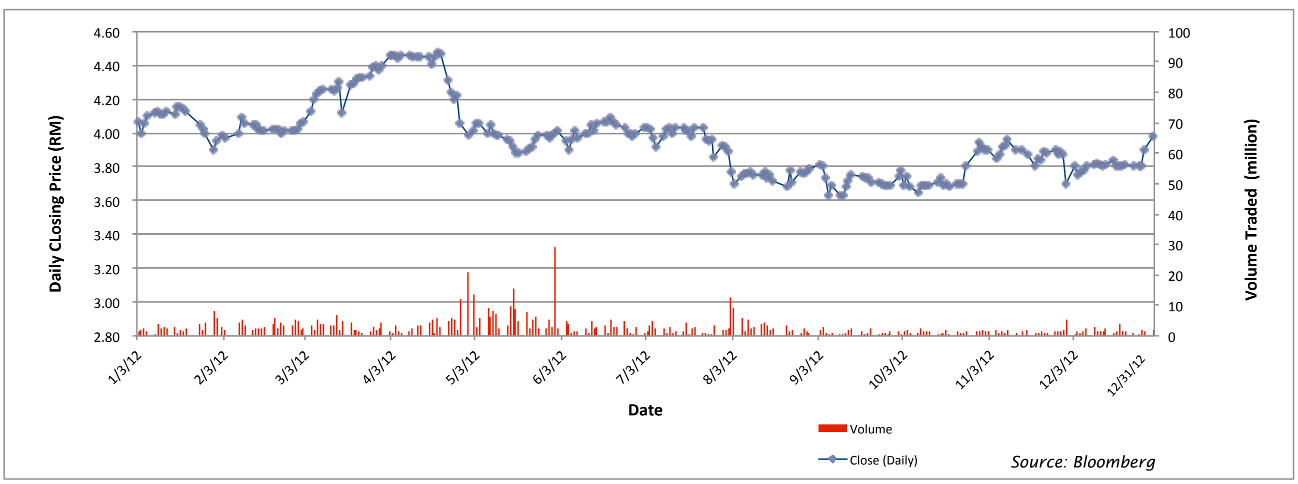
RM3,767 million
Total equity



SHARE PERFORMANCE

Bumi Armada Berhad's share price closed marginally lower at RM3.98 as compared with the closing price of RM4.10 in 2011 and accordingly, market capitalisation of Bumi Armada Berhad shares decreased to RM11.66 billion from RM12.01 billion.

Bumi Armada Berhad Share Price	2012 (RM)	2011 (RM)	Change (%)
Year High	4.48	4.17	7.43
Year Low	3.63	3.24	12.04
Year Closing	3.98	4.10	(2.92)
Market Capitalisation	11,658,089,000	12,006,692,560	



Share Price and Volume Traded for Year 2012

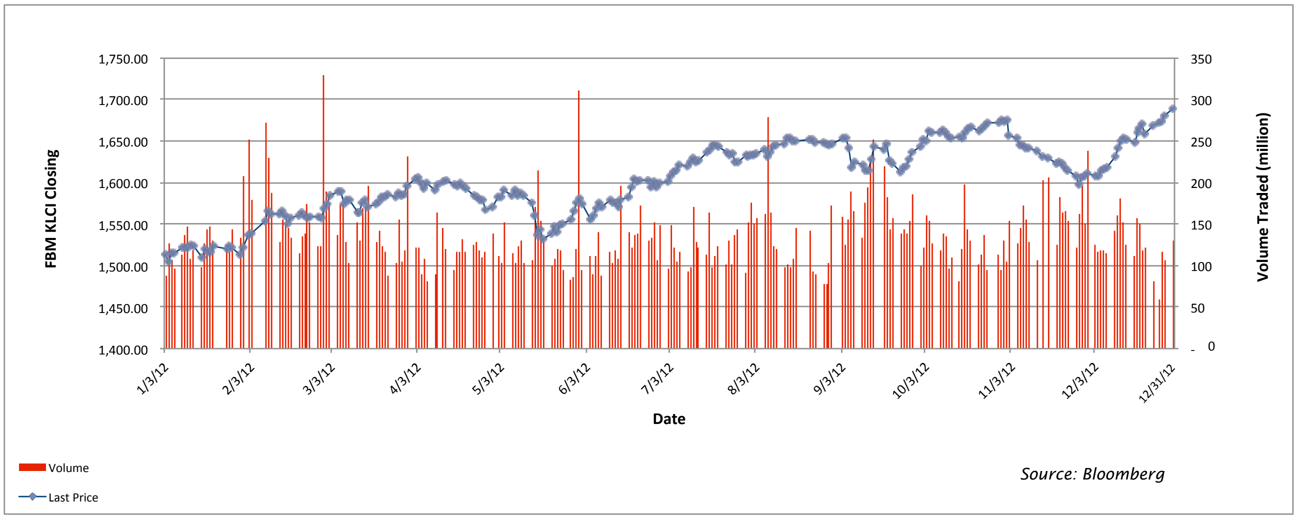
In 2012, the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) increased by 10.3% (2011: 0.8%) to close at 1,689 points. The positive performance was driven by the favourable outlook for the domestic economy and demand from non-residents, despite there being several episodes of temporary withdrawals by non-residents following heightened global risk aversion.

The FBM KLCI increased in the first quarter of the year following improved market sentiments arising from positive developments in the European sovereign debt crisis and further easing by central banks in the advanced economies. Moreover, significant progress of the ETP projects, especially with the commencement of construction work for the Mass Rapid Transit (MRT) project, contributed to the improvement in investors' confidence, giving rise to more buying interest in the domestic equity market. The upward trend in the index, however, was interrupted in the subsequent quarter amid renewed uncertainty over the faltering global growth, leading to reduced holdings of local equities by non-residents and higher volatility of the FBM KLCI returns.

In the second half of 2012, domestic equity prices recovered strongly and reached historical highs as global uncertainties subsided and positive domestic fundamentals supported the equity market performance. Expectations for further stimulus measures in the advanced economies, reinforced by better-than-expected performance of the domestic economy in the second quarter of 2012, improved market sentiments and kept the FBM KLCI on an upward trend. The performance of the domestic market also attracted buying interest from non-residents, with non-resident net purchases of equities averaging around RM1.3 billion per month in the second half of 2012. The index reached a new high of 1,675.7 points on 1 November 2012 before retracting in response to profit-taking and growing worries over the US fiscal cliff. In December, the upward momentum of the index resumed, with the index ending the year at another new high of 1,689 points. This renewed surge reflected optimism surrounding the resolution for the US fiscal cliff issue and higher demand for blue-chips stocks.

In terms of the domestic market fundamentals, equity prices during the year were driven mainly by the finance-related stocks due to the sustained favourable performance of firms within this sector. In addition, robust activity in the initial public offering (IPO) market provided further support to the domestic equity market following successful issuances of large IPOs. Overall, market capitalisation increased to RM1.47 trillion as at end-2012 (2011: RM1.28 trillion), while daily average turnover increased to 1.36 billion units (2011: 1.34 billion units).

[Source: Bank Negara Malaysia, Annual Report 2012]



FBM KLCI and Volume Traded for Year 2012

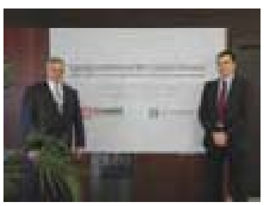
2012 MILESTONES

13 JANUARY

Awarded a four-year charter and operations contract by Petrobras for AHTS vessel, *Armada Tuah 102*. The total award is valued at approximately RM155 million.

16 APRIL

Awarded an EPIC contract valued at approximately USD200 million by OAO LukOil for the Filanovsky field development in the Russian sector of the Caspian Sea.



14 MAY

Acquired and took delivery of two AHTS vessels, *Sanko Beauty* and *Sanko Bay* (renamed as *Armada Tuah 107* and *Armada Tuah 108* respectively) from Beauty Offshore Limited and Bay Offshore Limited.

20 JUNE

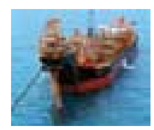
Issued LOI to Nam Cheong Dockyard Sdn Bhd to build four units of diesel-electric DP2 MPSV with an option to build four additional units at an approximate cost of USD130 million (excluding owner furnished equipment) under the Group's new build programme – *Steel on Water 2*.

17 JULY

FPSO *Armada Perkasa* achieved 1,000 days of operations without LTI.

18 JULY

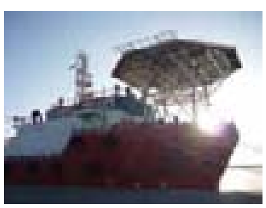
FPSO *Armada TGT 1* achieved one year of operations without LTI.



21 MARCH

Awarded another four-year charter and operations contract by Petrobras for PSV, *Armada Tuah 301*. The total award is valued at approximately RM115 million.

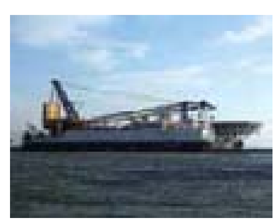
7 MAY



Awarded a five-year charter and operations contract valued at approximately USD65 million by TRESE for DP2 accommodation workboat, *Armada Firman 3*.

5 JUNE

Awarded a charter contract by Momentum Engineering LLC Turkmenistan Branch to lay 15km of various sized pipelines in the Caspian Sea. The award together with the recent OAO LukOil contract brings the firm order book to over RM7 billion.



21 JUNE

16th AGM and Extraordinary General Meeting of Bumi Armada held at Mandarin Oriental, Kuala Lumpur City Centre.

20 AUGUST

FPSO *Armada Perdana* achieved 1,000 days of operations without LTI.

20 OCTOBER

FPSO *Armada Perkasa* achieved three years of operations without LTI.

24 OCTOBER

Secured five firm contracts comprising one in Gabon, two in Republic of Congo and two more in Saudi Arabia, valued at approximately RM147 million with an optional extension value of RM102 million.

29 OCTOBER

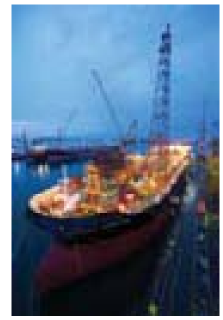
Acquired and took delivery of OSV, *Armada Hibiscus* (formerly known as *GSP Bigfoot 3*) from Sam Jung Holdings Limited.

28 NOVEMBER

Acquired and took delivery of a VLCC, *Armada Ali* (formerly known as *MT Osprey*) from Samoco 1233 Trust, a Delaware business trust acting through Deutsche Bank (Cayman) Limited.

17 DECEMBER

Armada D1 Pte Ltd, a jointly controlled entity of Bumi Armada, secured syndicated term loan facilities of up to USD276 million for FPSO *Armada Sterling*.



2012

10 OCTOBER

Launch of Malaysia's first carbon offset conservation programme, sponsored by Bumi Armada in collaboration with Forest Research Institute Malaysia (FRIM).

22 OCTOBER

Awarded one-year contract extension for FPSO *Armada Perkasa* by Afren Energy Resources Limited. The extension for the bareboat charter and O&M contracts are estimated at approximately RM100 million in total.

27 OCTOBER

FPSO *Armada Sterling* Sail Away event.

23 NOVEMBER

FPSO *Armada Perdana* achieved three years of operations without LTI.

8 DECEMBER

Nam Cheong Dockyard Sdn Bhd launched Malaysia's first diesel-electric MPSV, *Armada Tuah 300*, commissioned by Bumi Armada.

AWARDS & RECOGNITION

CORPORATE

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

Dow Jones Sustainability Indices

- *Bumi Armada has been included in the Dow Jones Sustainability Emerging Markets Index (DJSI Emerging Markets) which was launched on 21 February 2013 by RobecoSAM, the investment specialist focused exclusively on Sustainability Investing, and S&P Dow Jones Indices, the world's largest provider of financial market indices.*


DNV BUSINESS ASSURANCE
MANAGEMENT SYSTEM CERTIFICATE
BUMI ARMADA NAVIGATION SDN. BHD.
ISO 14001:2004
PROVISION OF SHIP MANAGEMENT AND OPERATIONS FOR OSV FLEET

DNV ISO Certification

- *ISO certification extends to all business units*

Malaysia Investor Relations Association (MIRA)

- *Best Investor Relations for an IPO in 2011*

SAFETY

Talisman Energy

- *Marine HSSE and Operational Excellence 2011 Award to Armada Tuah 10*
- *Marine HSSE and Operational Excellence 2011 Award to Venture Tuah 1*
- *Marine HSSE and Operational Excellence 2011 Award to Venture Tuah 2*

ExxonMobil

- *EMEPMI Marine Vessel of Q1 2012 Award to Armada Tuah 23 in recognition of safe, reliable operations*
- *EMEPMI Marine Contractor of Q1 2012 Award in recognition of safe, reliable operations*

PTSC Marine

- *HSE Performance Award in 2011 to Armada Tuah 10 for achieving one year operations without LTI and downtime*
- *Excellent HSE Performance in 2012 Award to Armada Tuah 10 for one year operations without LTI and downtime*
- *Excellent HSE Performance in providing supply vessel in 2012*

Shell

- *Achieved full year Goal Zero Days in 2012, while operating for Sarawak Shell Berhad and Sabah Shell Petroleum Company Limited*

BUILDING ON OUR FOUNDATION

- Integrated oilfield services provider underpinned by experienced people and quality assets

- Major project management competency with proven track record, safety, on time and on budget delivery

BOARD OF DIRECTORS

DATO' SRI MAHAMAD FATHIL BIN DATO' MAHMOOD
Aged 64, 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 40 years of experience and knowledge in trading, maintenance, repair and overhaul ("MRO"), remanufacturing as well as management solution and services. His passion in these areas has driven him to form several companies namely MTU Services (Malaysia) Sdn Bhd which focuses on MRO business, Motor Teknologi & Industri Sdn Bhd which focuses on remanufacturing and Pelasari Sdn Bhd which main focus is on management solution and services. These companies are now nestled under MFDM Holdings group of companies which he is the Group Executive Chairman. Dato' Sri Mahamad Fathil also has investments in the Oil & Gas industry where he is the Chairman of FPSO Ventures Sdn Bhd, which provides operations and maintenance services mainly in Floating Production Storage Offloading ("FPSO"). Additionally, he is also the Chairman of Awan Inspirasi Sdn Bhd ("AISB"). AISB is in the aviation business providing offshore helicopter services for transportation of passengers/ workers to offshore oil exploration and development for Oil & Gas companies. Dato' Sri Mahamad Fathil's pertinent contributions to society encompass various fields including sports and welfare for the unfortunate. He is the Immediate and Past President of the Council of Justice of Peace of Selangor and now remains as Council Adviser. He is the Chairman of Majlis Ekuin Malaysia and a Board Member of Lembaga Totalisator 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.

DATO' AHMAD FUAD BIN MD ALI
Aged 60, 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 30 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 three-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 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").

YAM TUNKU ALI REDHAUDDIN IBNI TUANKU MUHRIZ
Aged 35, Malaysian
Independent Non-Executive Director

DATE OF APPOINTMENT:
Director – 17 January 2013

Tunku Ali brings with him significant experience and knowledge in the global investment field having been with Khazanah Nasional Berhad ("Khazanah") from 2004 to 2010, where he was a Director in the Investments Division. There, he worked on a number of transformational projects and new investments in Malaysia and throughout Asia. Prior to Khazanah, Tunku Ali gained international client service experience while serving in McKinsey & Company as a management consultant from 1998 to 2004 where he worked on corporate strategy, organisational and governance projects in Europe, North America, and Asia. Presently, Tunku Ali sits on the boards of several companies including Asia Capital Reinsurance Malaysia, Themed Attractions and Resorts, Destination Resorts and Hotels, and Iskandar Malaysia Studios. He is also the Chairman of the Board of Trustees of the Munarah Foundation, a Founding Trustee of Teach for Malaysia, a Governor of Marlborough College Malaysia and Pro-Chancellor of Universiti Sains Islam Malaysia. Tunku Ali graduated with a BA (Hons) in History and Social and Political Sciences from the University of Cambridge and obtained a Masters in Public Administration from the John F Kennedy School of Government, Harvard University.

SAIFUL AZNIR BIN SHAHABUDIN
Aged 53, 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. Prior to that, he was chief executive officer of Encorp Group, a company involved in property development and media and a partner of Anderson Worldwide where he specialised in privatisation and corporate finance. He also sits on the board of directors of various other private companies. 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.

ALEXANDRA SCHAAPVELD
Aged 54, Dutch
Independent Non-Executive Director/Chairman of Remuneration Committee/Member of Audit and Nomination & Corporate Governance Committees

DATE OF APPOINTMENT:
Director – 8 June 2011

Alexandra Schaapveld spent her entire career at ABN AMRO 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 has 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 ABN AMRO 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 N.V. and member of the Board of FMO N.V. Development Bank. 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.

BOARD OF DIRECTORS (Cont'd)

ANDREW PHILIP WHITTLE
Aged 67, Australian
Independent Non-Executive Director/Chairman of Nomination & Corporate Governance 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 (Australiasia) Pty Ltd and has over 15 years experience preparing independent technical reports, in evaluating E&P assets, and providing valuations and expert options for a range of clients. He was closely involved in early discoveries in the Bass Strait and offshore Peninsular Malaysia for Exxon, in the exploration that led to the identification and discovery of the Thylacine gas field in the Otway Basin and in promoting Pexco into Indonesia deepwater exploration. He serves as a non-executive director of the board of Bass Strait Oil Company Ltd and non-executive chairman of Central Petroleum Limited. He holds a degree in Bachelor of Science with First Class Honours in Geology from University of Adelaide, South Australia.

CHAN CHEE BENG
Aged 57, Malaysian
Non-Independent Non-Executive Director/Member of Audit and Nomination & Corporate Governance 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 (holding company of Maxis) 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. He is also a Director of MEASAT Satellite Systems Sdn Bhd ("MSS"), a regional satellite operator and a director in a non-executive capacity on the board of MEASAT Global Berhad ("MGB"), the holding company of MSS, Powertek Energy Sdn Bhd (formerly known as Tanjong Energy Holdings Sdn Bhd), a wholly-owned subsidiary of 1Malaysia Development Berhad, which is involved in the business of power generation and related services and Yu Cai Foundation. He is a member of the Audit and Nomination Committees of Maxis and a member of the Audit Committee of MGB. 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.

LIM GHEE KEONG
Aged 45, 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. Prior to joining the UTSB Group, he was attached to General Electric Capital Corporation in the US and the former Ban Hin Lee Bank in Malaysia. He is currently the Chief Financial Officer of UTSB and serves on the Boards of several other companies in which UTSB Group has interests such as Astro Malaysia Holdings Berhad (listed on Bursa Malaysia Securities Berhad) in which he is an alternate director and Bond Pricing Agency Malaysia Sdn Bhd, a bond pricing agency registered with the Securities Commission Malaysia. He is also a director of Paxys Inc. (listed on the Philippines Stock Exchange) and Yu Cai Foundation. He holds a Bachelor of Business Administration degree, majoring in Finance, from the University of Hawaii at Manoa, US.

HASSAN ASSAD BASMA
Aged 56, Dutch
Chief Executive Officer/Executive Director/Member of Executive Committee

DATE OF APPOINTMENT:
Director – 1 September 2005

Hassan Assad Basma has over 30 years of experience in the O&G industry, of which the last 18 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 cogeneration 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 also sits on the boards of various subsidiaries and jointly controlled entities of the Company. He holds an honours degree in Bachelor of Science in Engineering from the University of Manchester Institute of Science and Technology in the UK.

SHAHARUL REZZA BIN HASSAN
Aged 41, 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, restructurings, 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 also sits on the boards of various subsidiaries and jointly controlled entities of the Company. 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 10 years.

SENIOR MANAGEMENT

From Left to Right

Hassan Assad Basma,
Shaharul Rezza bin Hassan

From Left to Right

David John Carr, Wee Yam Khoon, Noor Azmi bin Abdul Malek,
Lo Khien Ngoh

From Left to Right

Alvin Strang, Elias Michael Farah, Grace Low,
Jonathan Edward Duckett, Angele Pei-Chun Chiang

From Left to Right

Navdeep Jain, Sasha Anthony, Noor Hamiza binti Abd Hamid, Chew Ann Nee, Adriaan Petrus van de Korput, Andrew Day Lamshed

From Left to Right

Noval D'avila Paredes, Chakib Abi-Saab, Choong Guan Huat, Massimilliano Bellotti, Madhusudanan Madasery Balan, Luc Pescio

PROFILES OF SENIOR MANAGEMENT

Hassan Assad Basma

(Please refer to his profile on page 31)

Shaharul Rezza bin Hassan

(Please refer to his profile on page 31)

Andrew Day Lamshed

Andrew Day Lamshed is our Senior Vice President (VP), 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 the 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 an experienced player in the OSV segment and is mainly responsible for BAN's performance. He is also one of the pioneers of our *Steel on Water 1* OSV fleet expansion programme and has worked to open up new areas of operations in Congo, Mexico and Venezuela.

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/flowline/platform 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 the 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 the University of Pisa in Italy.

David John Carr

David John Carr is the VP of our Oilfield Services division and is responsible for the development and execution of strategy for this newly formed business unit. A former wireline engineer and directional driller, he has over 18 years of international experience in the oil and gas industry and has worked in more than 25 countries across four continents. Having worked for such companies as Schlumberger, Baker Hughes and Weatherford, David has been instrumental in a number of industry milestones from the field-testing of new generation logging tools in West Africa, to overseeing the world's first deepwater Managed Pressure Drilling operations in Indonesia. David holds a first class degree in Mechanical Engineering from Salford University and received his MBA from Edinburgh Business School at Heriot Watt University.

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, among 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.

Alvin Archibald Strang

Alvin Archibald Strang is our VP of Asset Management and Operations. He has extensive experience working in the O&G industry for more than 35 years. Most of this was with BP Exploration in the 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.

Noor Azmi bin Abdul Malek

Noor Azmi bin Abdul Malek is our VP, Engineering and Technology (E&T) 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.

PROFILES OF SENIOR MANAGEMENT (Cont'd)

Luc Pescio

Luc Pescio joined us in September 2012 as VP, Gas Development & Technology (GDT). He is responsible for managing and developing Bumi Armada's new GDT Business Unit in the rapidly growing Gas and LNG market. He will be focusing on identifying and securing offshore LNG business opportunities, as well as implementing and overseeing technical concept development for Floating LNG production and regasification units. Luc has over 25 years of experience in the oil & gas industry. He started his career with PRINCIPIA R&D, an engineering consulting firm specialised in hydrodynamics and fluid mechanics for the offshore and aerospace industries, where he was responsible for model testing of offshore structures. He then joined SBM Offshore where he spent 22 years, beginning as concept engineer and subsequently taking on positions as project manager and vice-president Sales & Marketing over the years. Prior to joining us, he spent the last 10 years at SBM pioneering the commercial and technical development of offshore LNG systems for the burgeoning offshore LNG market. Luc holds a Master of Science degree in Applied Marine Physics from the Rosenstiel School of Marine and Atmospheric Science at the University of Miami in the USA, and a Bachelor of Science in Marine Physics from the University of Toulon in France.

Madhusudanan Madasery Balan

Madhusudanan M.B., Chief Talent Officer & Shared Services is currently responsible for the entire gamut of human resources management – both Onshore and Offshore 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 resources experience in O&G, telecommunications, automotive and fast moving consumer goods industries. Prior to joining Bumi Armada, he spent 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 worked with MRF Tyres, Dunlop and Tata Telecom. He holds a Bachelor of Science degree in Chemistry and a Master of Arts 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, 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).

Noval D'avila Paredes

Noval D'avila Paredes is our VP, Corporate HSSEQ 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 included the 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 the 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.

Elias Michael Farah

Elias Michael Farah was appointed VP, Commercial and Risk Management in July 2012. He is responsible for the corporate oversight of various commercial activities to meet Commercial and Risk Management targets within the corporate frame work. He is a key player in supporting the continuity, profitability, and growth targets of the Company. Elias has over 30 years of experience in the O&G industry. He started his career working for oil companies including QP/BP in the Middle East and Chevron in Australia, predominately in project management and development. Between 1994 and 1999, Elias worked for a major engineering and project consultancy on major O&G development in Australia. Later, he was recruited by Technip to manage tendering and commercial activities for mega projects in the UAE, Qatar, Australia and Malaysia. He holds a Bachelor of Engineering degree from the University Cairo.

Choong Guan Huat

Choong Guan Huat is our Senior 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 which included Stork Comprimo BV, Bechtel, Aker Kvaerner, Pacific O&G 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 (now Institute for Supply Management) in the USA. He also holds an MBA from the University of Southern Queensland, Australia.

PROFILES OF SENIOR MANAGEMENT (Cont'd)

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 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 Worldwide 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).

Sasha Anthony

Sasha Anthony joined the Group in 2012 as a Consultant and is now a Board and Corporate Advisor. She advises and provides guidance to the Board, Management, the Company Secretaries and the Company on corporate and governance matters and related obligations and disclosures pursuant to relevant companies and securities laws and regulatory requirements. An Associate of the Institute of Chartered Secretaries and Administrators, UK, she has more than 30 years of extensive experience in corporate, legal and company secretarial matters. Prior to joining the Group, she helmed the Group Secretarial Department of the Usaha Tegas group for 20 years since 1991 and was the Group Company Secretary of its major associate company, Tanjong plc, a UK incorporated company which was listed on Bursa Malaysia Securities Berhad and the London Stock Exchange until 2010. While with the Usaha Tegas group, she was a key member of the corporate team intimately involved in various major and high-end corporate exercises, corporate restructurings and multi-billion dollar fund-raising exercises, initiated by the group, including various initial public offerings (IPOs), debt securities issues, takeover and general offers, compulsory acquisitions and major acquisitions and disposals involving various jurisdictions and different exchanges.

Lo Khien Ngoh

Lo Khien Ngoh has been our General Counsel since September 2012. She is responsible for the legal and compliance functions of the Company. Khien Ngoh was an investment lawyer at the Qatar Investment Authority in Doha, Qatar specialising in financial and strategic investments, mergers & acquisitions and regulatory compliance work. She returned to Kuala Lumpur in 2011 to serve as head of Legal & Compliance of the Pavilion Real Estate Investment Trust, an investment fund listed on the Main Market of Bursa Malaysia. Subsequently she was appointed by Genting Energy as head of Legal & Compliance for its independent power generation and oil & gas operations in Asia Pacific. Khien Ngoh started her career as an Advocate & Solicitor in Malaysia and practiced as a litigation and commercial lawyer. She has worked as a Legal Manager at Berjaya Group Berhad, and as a regional counsel for Hess Corporation, where she handled the legal aspects of oil & gas exploration and development projects in South East Asia. Khien Ngoh holds an LLB (Honours) degree from the University of London. She is qualified as a barrister and is a member of the Honourable Society of Lincoln's Inn, United Kingdom.

Angele Pei-Chun Chiang

Angele Pei-Chun Chiang is our VP, Legal. She joined our Company in January 2010. She has over 10 years of legal experience across France and Singapore. She spent over seven years with Single Buoy Moorings Inc. in Monaco, France before joining Watson, Farley & Williams Asia Practice. 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.

Navdeep Jain

Navdeep Jain, our Deputy CFO, is a qualified Chartered Accountant from India, with over 25 years of post-qualification experience. He has six years of audit experience with KPMG in India and EY in Dubai, and over 20 years of international experience as a business partner and finance controller in the oil and gas service industry, primarily with Baker Hughes, Weatherford and the last three years with Bumi Armada.

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, 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.

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

2012 has been another challenging year for companies involved in the oil and gas sector. Global economic and political uncertainties caused some downward pressure on the price of oil, which in turn has contributed to a generally busy and active environment in the oil and gas sector. This affected all service providers both locally and globally to some extent.

I am delighted that Bumi Armada was able to rise above the fray and deliver a strong year built on fleet expansion, delivery of the FPSO *Armada Sterling*, strong operational efficiency and safety performance across our OSV fleet and FPSOs.

Our Group revenue increased by RM115 million to RM1.7 billion while our EBITDA increased by RM76 million to RM948 million and our net profit stood at a healthy RM386 million, an improvement of return over 2011. Our order backlog comprising firm and optional extensions currently stands at RM10.7 billion.

DIVIDEND

On the back of our 2012 financial performance and in line with our progressive dividend policy, the Board has recommended a final cash dividend comprising a single tier tax exempt dividend of 3.0 sen per share and a dividend of 0.14 sen per share less 25% income tax for your approval at the Company's forthcoming 17th Annual General Meeting. If approved, the payout will amount to RM91 million.

CORPORATE GOVERNANCE

In line with the 2012 Malaysian Code on Corporate Governance ("MCCG 2012 Code"), the Board moved to adopt and implement the Principles and Recommendations as promulgated in the MCCG 2012 Code, as suitable to its circumstances. Efforts and focus were directed towards enhancing the Company's governance foundations in three areas namely instituting sound risk management framework and internal control system, strengthening an internal audit function and infusing a culture of due process through formalised policies and procedures for proper governance and compliance. I am confident that with the Board's commitment, these measures will provide a balanced approach between our performance goals of growth and conformance with various requirements, over time.

CORPORATE SOCIAL RESPONSIBILITY

Over and above our position on corporate governance, other key CSR performance indicators of safety, gender and racial diversity, good governance and transparency as well as environmental stewardship remain at the forefront of our focus.

In addition to over 3.128 million safe man-hours from our project management activities, we are proud of our FPSOs' achievements:

- *Armada Perkasa*, our first FPSO in Nigeria, achieved 1,000 days of operations with no LTI on 17 July 2012
- *Armada Perdana* achieved 1,000 days of operations with no LTI on 20 August 2012
- *Armada TGT 1* achieved one year of operations with no LTI on 18 July 2012

It was a remarkable performance given that both the *Armada Perkasa* and *Armada Perdana* have been operating for more than three years in Nigeria while the *Armada TGT 1* has been in service for more than a year in Vietnam.

With the recent reports on the increase of incidents of pirate attacks within the Niger Delta, we have also adopted comprehensive security measures to safeguard our offshore crew from untoward incidents.

Environmental stewardship goes beyond ensuring our emissions and effluents are in compliance with international standards towards the conservation of natural resources and energy efficiency. Towards this end, I am pleased to share with you that the new builds under the *Steel on Water 2* programme will be diesel electric powered, which is expected to reduce fuel consumption by approximately 10%.

In addition, we have become the first Malaysian company to support the Forest Research Institute Malaysia ("FRIM") in its carbon offset conservation programme for the protection of Field 11, a 5.6-hectare ("ha") of forested land in the state of Selangor, Peninsular Malaysia. Our intention is to assist FRIM to kick-start such programmes in Malaysia which will have bigger and longer term implications for the country and to encourage other companies to follow suit.

We will continue to monitor and report the Company's CSR performance in the next biennial CSR Report covering 2012-2013, expected to be released in 2014.

PEOPLE DEVELOPMENT

As we venture towards a larger footprint on the global scene, our need for continuous investment in human capital increases. Today with over 2,000 employees and crew from over 25 nationalities cutting across five continents, I am reminded that no matter how many millions we invest, it is our people that make the difference in terms of results. Hence, our focus on our people becomes more imperative.

2012 was a good year for us in the review and expansion of our human capital capabilities to support our ambitious plans spanning four business streams. We have continued to invest in the development of our leadership programme, the Star Programme, to serve as a platform for employees in their development and career growth and in continuing our quest to increase our talent pool, both onshore and offshore.

OUTLOOK AND PROSPECTS

Looking forward, despite political uncertainties, we are confident that the economic and financial markets are expected to continue on the uptrend, buoyed by demand from emerging economies.

To capitalise on the opportunities, the Board and Management have established clear targets and business plans underpinned by appropriate strategic investments in assets and services which you can read more about in the following CEO's message.

ACKNOWLEDGEMENTS

2012 has been a very encouraging year for Bumi Armada and I would like to thank all our stakeholders for contributing to our success. In particular, I would like to express my gratitude to our clients for giving us the opportunity to serve them; our business partners for their support and collaboration; and our shareholders for placing their trust in us.

I would like to extend our sincere appreciation to the Management and Employees of the Bumi Armada Group, for their commitment and hard work, without which we would not have had a safe and profitable 2012.

On behalf of the Board, I would also like to take this opportunity to thank Dato' Ahmad Fuad bin Md Ali, who is due to retire by rotation at our 17th AGM, for his support and advice. We would like to wish him all the best in his future endeavours.

Your Company strives to operate at the highest levels of good corporate governance. At my request and as approved by the Board, YAM Tunku Ali Redhauddin ibni Tuanku Muhriz, who is an Independent Non-Executive Director, will succeed me as Chairman of the Board at the conclusion of our 17th AGM. This will be in line with the 2012 Malaysian Code on Corporate Governance which recommends that boards of public listed companies be headed by independent directors. In order to ensure smooth transition, I will remain on the Board as a Non-Independent Non-Executive Director.

On behalf of the Board, I would like to extend a warm welcome to Tunku Ali, who joined our Board on 17 January 2013. Together with the other Directors of the Board, we will continue to lend our support to Tunku Ali, who we are confident will bring fresh insight and energy to help chart a new path to take Bumi Armada to greater heights.

To all my fellow Board Members, thank you for your valuable insights and contribution in guiding the Company through these exciting times.

Dato' Sri Mahamad Fathil bin Dato' Mahmood
Chairman

Hassan Assad Basma
Chief Executive Officer/ Executive Director

DEAR SHAREHOLDERS

Building to last

As we celebrate our second year on Bursa Malaysia, we look back on 2012 with a sense of satisfaction and a growing realisation of having done the right things in a challenging and often uncertain environment; an environment characterised by increasing geopolitical risks in the oil producing regions, weak global economic growth and volatility across the world financial markets.

Within this highly challenging environment, Bumi Armada continued to grow from strength to strength delivering a revenue of RM1.7 billion, EBITDA of RM948 million and net profit of RM386 million, an increase of 7%, 9% and 7% respectively from the previous year.

Elections in the USA, Japan, China, Mexico, Venezuela, Angola and Ghana added to the air of uncertainty. While these were settled by the fourth quarter, the Malaysian 13th General Elections was called for 5 May 2013. In the Middle East, the Arab Spring entered a second phase, while the Nigerian Petroleum Bill remained stuck in the Senate three years after it was tabled. Elsewhere, the Euro teetered on the brink of collapse and most European economies remained mired in deep recession accompanied by high unemployment. Concurrently the economic engines of India, Brazil and China slowed down.

The micro environment followed suit. Oil prices remained stubbornly above USD90 a barrel whilst Henry Hub gas traded at a historical low average of USD3.50 per million British thermal units ("mmBTU"). Bulk steel traded at about USD500 per metric tonne, while second-hand tankers were sold for a small premium above scrap. Labour costs, however, increased as the supply side tightened and the war for talent intensified. Significantly, interest rates remained at a historic low though the risk spread remained high. Surplus money in Asia and in particular East Asia was used to encourage exports from the empty shipyards with many shipyards in China switching from conventional shipbuilding to offshore oil and gas.

The much anticipated contractor sector consolidation failed to materialise; no 'fire sales' were concluded. Instead, individual asset sales dominated the merger and acquisition market. Though oil companies did increase their capex spend by an average of 8% year on year, most of this went into developing in-country infrastructure, enhancing existing production, financing project overruns, increasing uptime and improving operational excellence. In terms of new projects, many of our clients adopted a 'wait-and-see' approach, citing extreme macroeconomic conditions.

At Bumi Armada, 2012 was a year marked by international expansion and consolidation of in-country positions; we opened the doors to Gabon, Saudi Arabia, Ghana and the lucrative Russian market whilst consolidating our presence in West Africa. We launched our OSV fleet expansion programme *Steel on Water 2* which will add greener, cleaner, fuel efficient diesel electric vessels to our fleet. The addition of two former Sanko vessels (renamed *Armada Tuah 107* and *Armada Tuah 108*), and the *GSP Big Foot 3* (renamed the *Armada Hibiscus* in honour of the flower found in both the Congo and Malaysia) accommodation barge increased our OSV fleet to 45 vessels. Finally, we have bought and refurbished the *Armada Hawk* (our first SURF vessel) and in anticipation of the improving FPSO market, we acquired a VLCC tanker, the *MT Osprey*, now renamed the *Armada Ali*.

With that, I am pleased to present an in-depth operational review for the year, starting as usual with Health, Safety, Security, Environment and Quality ("HSSEQ").

HSSEQ – THE CASE FOR OPERATIONAL EXCELLENCE AND COMPLIANCE ("COEC")

2012 saw the industry move from root cause analysis and blame apportioning to settle on a 'new normal' with the emphasis decidedly shifting from prescriptive codes to operational performance. With the Macondo blowout and subsequent oil spill still fresh in our minds, clients – big and small, IOC or NOC – are demanding stringent safety and operational performance standards as a prerequisite and no longer as an additional feature or add-on service to be readily sacrificed for task expediency and cost rationalisation.

Bumi Armada was quick to recognise this paradigm shift and in November 2012 launched a major initiative – the Case for Operational Excellence and Compliance ("COEC") – across all our businesses aiming to remain at the forefront of the industry. This initiative is fully supported by our Board of Directors, and assisted by external consultants led by the former chairman of the Australian industry safety regulator, NOPSEMA. The COEC initiative aims to establish a holistic framework that encompasses our entire business with a view to driving business performance centred around HSSEQ. Our first operational excellence report was issued on 13 December 2012 and the second, and final, report on 15 January 2013. These reports have established our baseline from which to go forward. The long and arduous journey towards achieving the best in class status has just begun.

Our safety culture awareness was further boosted by the creation of a central HSSEQ database, CINTELLATE. Via this IT solution, any employee, at anytime, anywhere in the 18 countries we work in is now able to share data, news flashes and lessons learnt. This database together with the Bumi Armada Safety Culture Rules ("BSCR") introduced in the third quarter have greatly enhanced our safety culture and are ensuring safety remains firmly centre stage. Our constant focus on safety has led to an 80.4% increase in our Safety Observation Frequency Rate ("SOFR"), from 284.8 in 2011 to 513.8 in 2012. Our total man-hours grew from 5.331 million to 5.396 million during the same period. Whilst there was a slight increase in both Lost Time Injury Frequency ("LTIF") and Total Recordable Injuries Frequency ("TRIF"), we believe that these KPIs reflect our improved culture of incident reporting, which in turn will serve to prevent future mishaps. Our safety culture and operational record continued to be recognised by our clients in the form of merit awards. In particular we are pleased with the Shell Goal Zero award (an award recognising zero LTIF) which we have received for a record seven consecutive years.

Bumi Armada and IMCA HSSE Statistics

KPI	Bumi Armada 2012	IMCA*	Band D 2011 (Man-hour > 5,000,000)
Lost Time Injury Frequency Rate (LTIFR)	0.185	0.64	0.35
Total Recordable Injuries Rate (TRIR)	1.11	2.40	1.52
First Aid Case Rate (FACR)	3.34	6.91	5.03
High Potential Near Miss Incident	1	3575	500
Fire	1	NA	NA
External Oil Spills to Environment (Overboard)	3	NA	NA
Loss of Containment – Oil (No spillage to Environment)	2	NA	NA
Environmental Sensitive Areas Damage	0	NA	NA
Security Incidents	0	NA	NA
Total Man-hours (Million)	5.396	583	400

** IMCA (International Marine Contractors Association) is the international trade association representing offshore, marine and underwater engineering companies. It supports and represents its members as well as offers good practice guidance to industry on technical and commercial topics by way of documents, seminars and dialogue. Statistics used for comparison are from 2011.*

To enhance quality, the Company developed an improvement programme called Cost of Poor Quality ("COPQ"). The programme's aim is to identify avoidable extra costs through the assessment of such areas as rework and non-conformance. The avoidable extra costs are made evident through internal or third party audits and reviews. Pro-active improvement actions can then be accurately targeted to focus on the 'poor' quality areas thus reducing costs and improving the quality of operations. The COPQ programme has been extended to cover all business units and a baseline has been established from which to measure improvements. Our efforts to have all Group companies work to an accredited standard took a further step towards completion. The ISO 9001 system of certification was extended to our T&I and AMO business units, adding to the Group's certified units which already include Major Projects, BAE and Bumi Armada.

As with all O&G companies, we often operate in difficult geopolitical environments and as such, security of our people and assets is a major focus. Thanks to our strong commitment to the development of effective local content, our CSR programmes and the strength of our local JV partners, we have operated safely with zero security incidents in 2012 and with high degree of business continuity. However, new challenges continue to emerge as we continue to review our state of operational preparedness and the effectiveness of our security plans.

CSR – THE CASE FOR SUSTAINABLE GROWTH

On the CSR front, Bumi Armada was included in the Dow Jones Sustainability Index for Emerging Markets ("DJSI Emerging Markets"). The index was launched on 21 February 2013 by RobecoSAM, the investment specialist focused exclusively on sustainability investing.

Out of a total of 800 emerging market companies that were eligible to participate in the 2012 survey, 69 were identified as sustainability leaders in their respective sectors and selected for index membership. The DJSI Emerging Markets tracks the performance of those leading companies from 20 developing economies. The DJSI Emerging Markets, the first index of its kind in the market, was launched in response to the evolving needs of the global investment community where increasingly CSR is seen as synonymous with good governance and a well-managed company. At Bumi Armada, CSR supports and underscores our efforts to balance our financial performance with targeted initiatives aimed at creating value for our stakeholders and host communities to ensure business continuity and sustainable growth.

Our CSR effort focuses on four key areas: fuel efficiency, environmental conservation, local content and capacity development. A summary is outlined below:

A) Fuel efficiency

Bumi Armada used a total of 16.7 million litres of HFO/MDO with a carbon footprint of 261.4 tonnes of CO2e. This is set to increase as we expand our fleet to meet our goal of doubling up by 2016. As such we have launched several initiatives to balance and reduce our carbon footprint which include:

- Direct - Fuel management of our OSV fleet. A pilot project on two OSVs with a new fuel metering system has produced more than 20% savings. We are very pleased with this result and have decided to implement this system throughout our fleet over a period of 24 months.

- Indirect - We launched the Ship Energy Efficiency Management ("SEEMP") guidelines to provide possible approaches for monitoring fleet efficiency performance over time. Some options being considered include optimisation of vessel performance to reduce the CO2 emissions and thereby increasing vessel efficiency - propeller polishing, hull coating and cleaning, speed reduction,

> *Mr Basma plants a tree to mark the launch of Malaysia's first carbon offset conservation programme, sponsored by Bumi Armada*

autopilot upgrade, water flow optimisation, optimisation of weather routing and use of LCT buoys during standby time. Operational guidelines are being drawn for further implementation.

B) Environmental conservation

- Our collaboration with Forest Research Institute of Malaysia ("FRIM") resulted in the launch of Malaysia's first carbon offset conservation programme. We are sponsoring the conservation of carbon stored at Field 11, a 5.6-hectare ("ha") of rich, biologically diverse forest site within FRIM's 544-ha campus, located 16 kilometres northwest of Kuala Lumpur. Field 11 has the capacity to store 3,938.6 tonnes of CO2e annually. Bumi Armada's contribution will cover the carbon credits from the conservation of the forest within the project site for a period of five years.

C) Effective local content development

- Developing competency - In 2012, for example, we selected a Malaysian shipyard to build the country's first diesel-electric multi-purpose platform support vessel ("MPSV"), thereby opening a new sector in Malaysia. This follows on the heels of our *Steel on Water 1* where we championed the building of Malaysia's first DP2 AHTS vessel.

> *Stop Hunger Now event*

- Building local partnerships - This began in 2008 with the establishment of Century Bumi Limited in Nigeria, a joint venture ("JV") with Century Energy Group. In Indonesia we have established PT Armada Gema Nusantara with the Gema Group and in India with the Forbes Company Limited and Shapoorji Pallonji Group.

- Corporate philanthropy - We also have a tradition of giving back to communities via financial aid or the time and effort of our employees in acts of volunteerism. Our corporate philanthropy is driven by our employees to achieve meaningful results, uplifting the lives of the disenfranchised and marginalised. Among the highlights of the year was the preparation of 30,000 meals for various communities in Malaysia under a Stop Hunger Now programme. This is in addition to providing aid to various old folks' homes and other charitable organisations from Malaysia to Turkmenistan to Nigeria.

> *Cadets in chartwork/navigation class*

D) Capacity development

- Cadetship and Graduate Development Programmes ("GDP") - In response to the worldwide shortage of qualified seafarers, the Company embarked on an initiative to train the next generation of seafarers in 2007 through a Cadet Programme, followed in 2009 by a two-year GDP programme. To date Bumi Armada has sponsored a total of 134 cadets and an average of 10-15 GDP recruits annually. Bumi Armada worked with a local maritime academy to develop Malaysia's first DP training programme. A total of 47 Officers have been put through the system out of which 14 Officers have obtained their full DP certification. Eight out of these 14 Officers have come through the ranks as DP Masters.

FLOATING PRODUCTION, STORAGE AND OFFLOADING ("FPSO") – DELIVERING ON PROMISES

In the whole of 2012 only five FPSO lease contracts were awarded from an anticipated 20 contracts. The award of the Shell Fram project was subsequently cancelled and another was for an existing vessel, the *Crystal Ocean*. Delays in the award of FPSOs were generally attributed to oil companies' 'wait-and-see' attitude given the prevailing economic volatility and heightened geopolitical tensions. On the contractor side, high capital and operational expenditures have led to major cost overruns and resulted in write-downs as the industry moved towards recapitalisation and consolidation.

At Bumi Armada we decided to take advantage of the strong buyers market dynamics, our strong financial position and an emerging capacity void to redirect our efforts to the large FPSO segment. There, we believe, Bumi Armada holds a strong competitive edge and therefore we expect to secure better returns for our stakeholders. As such, much of 2012 was spent in positioning, marketing and ensuring our qualifications. In anticipation of an upturn, we acquired our first VLCC, the *MT Osprey* which was renamed the *Armada Ali*. Given its size, the *Armada Ali* represents a good candidate for conversion into a large FPSO with about two million barrels of storage capacity. With five FPSOs in our fleet, we are now the fifth largest owner and operator of FPSOs in the world by fleet size and the largest on a market capitalisation basis.

Against this global backdrop, Bumi Armada actively tendered for six FPSO projects in Asia, Africa and Europe. The award of the Kraken design competition in the UK sector of the North Sea in November was a vote of confidence in our capabilities and puts us firmly in the 'major' FPSO project category; the award of our second major FPSO design competition for ENI in Angola was the icing on the cake. The *Armada Sterling*, a joint venture with the Shapoorji Pallonji Group of India, left Keppel shipyard in November for its final destination in India whilst the *Armada Claire* continued its steady progress towards completion. In addition, our FPSO *Armada Perkasa's* contract with Afren Energy Resources Ltd was extended for a year in October. The original contract for work in the Okoro-Setu field offshore Nigeria was for five years beginning in 2008, with five one-year extensions. This first one-year extension beginning 1 July 2013 is worth RM100 million.

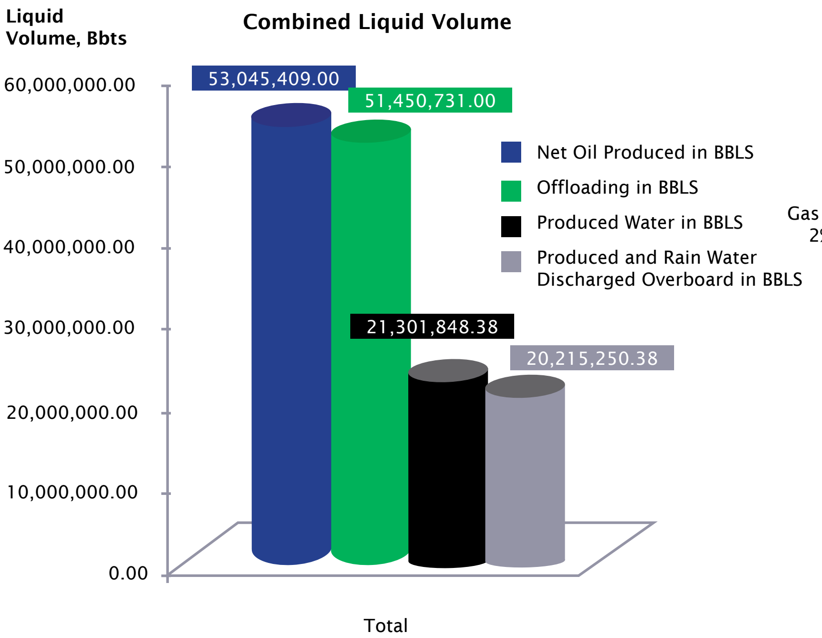
The FPSO sector continues to be our major revenue earner, contributing 43% of our total revenue for 2012. The FPSO sector contributed RM716 million for the year, marking a year on year increase of 18%.

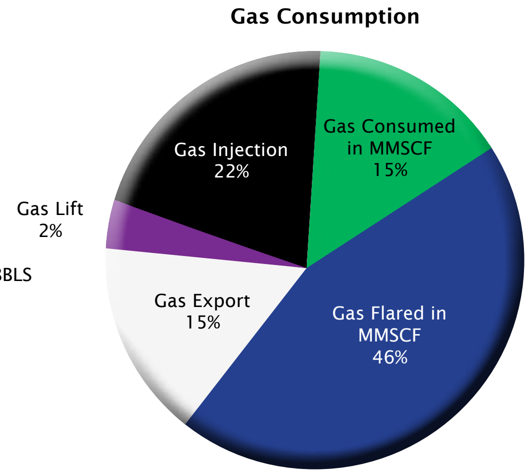
> *Armada Sterling*

ASSET MANAGEMENT AND OPERATIONS ("AMO") – HIGH UPTIME AND GOOD HSSEQ SCORECARD

Our three FPSOs in operation produced a total of 22.5 million barrels of oil and 68,824.84 mmscf of associated gas while maintaining an uptime of more than 99%. In 2012 we celebrated 1,000 days without LTI on the *Armada Perkasa* and the *Armada Perdana,* and one year without LTI for the *Armada TGT 1*.

The high standards achieved by Bumi Armada FPSOs are in part due to our Compliance Assurance Management System ("CAMS"), which integrates design, maintenance, inspection,





In 2012, upstream operation teams managed to reduce flaring from 55% to current rate of 46%

process, operations and management concepts. CAMS contributes positively to operational excellence framework.

AMO has further strengthened safety levels via the introduction of risk assessment initiatives such as Risk Assessment prompt cards and structured industry-relevant training under a quality-based Competency Management System ("CMS"). The CMS ensures consistency of operations across all assets and a high level of cohesion and cooperation among personnel. It also allows for suitable candidates to be identified for succession planning.

Bumi Armada adopts a Case for Safety for our FPSOs. This involves the various studies that make up the safety case but is not a safety case regime as governed by a regulator. The latter requirement is driven by the legislation in various countries. These studies and practices include HAZOP studies, handling studies, QRA, ALARP, material handling, employee welfare/conditions. Our experienced team ensures that the manuals and procedures that go into the Operational Case for Safety match the needs of the country being worked in, taking into account any applicable local legislations. Going forward, plans are well-advanced to commence operations under a safety case regime. This is in preparation for working in Australia (*Armada Claire*), and in the UK sector of the North Sea should we succeed in our bidding; and in anticipation that operations under a safety case regime will become widespread in the post Macondo era.

OFFSHORE SUPPORT VESSELS ("OSV") – A YEAR OF EXPANSION DOGGED BY UNPLANNED MAINTENANCE OUTINGS

Increasing optimism returned to the global OSV markets by the second half of 2012 supported by increasing E&P activities. Noticeably the demand was not even, with major differences across asset classes and across sectors. Whilst demand from Asia and the Middle East increased (mainly fleet renewals), demand from West Africa and Brazil slowed down due to geopolitical pressures and as Brazil reassesses its priorities and strategies in the Pre-Salt era with focus shifting to existing asset rejuvenation and enhanced oil production.

In May, we acquired two DP2 AHTS vessels from Japanese ship owner Sanko Steamship, which were renamed *Armada Tuah 107* and *Armada Tuah 108*. At the end of October, we took delivery of the *Armada Hibiscus*, an accommodation work barge from Sam Jung Holdings Limited; in June, we issued an LOI to Nam Cheong International Ltd to build four diesel-electric MPSVs with the option of another four at a total cost of more than USD260 million (including options). Our first diesel-electric MPSV, *Armada Tuah 300*, built in Miri, Sarawak was launched on 8 December with delivery expected in the second quarter of 2013. It is scheduled to work for Sarawak Shell Berhad and Sabah Shell Petroleum Company in the deepwater Gumusut field, off the coast of Sabah having secured a 10-year term contract. The *Armada Tuah 300* is the first Malaysian-built, Malaysian-owned MPSV of its kind, yet another first for Bumi Armada. Together with the *Armada Tuah 100*, currently working for Murphy Oil in the deepwater Kikeh field offshore Sarawak, gives Bumi Armada a 100% market share of the deepwater OSV operations in Malaysia.

On the chartering side the year began well, with two contracts from Brazil's oil and gas major, Petrobras. In January, we signed a four-year contract for our AHTS vessel *Armada Tuah 102* to support research as well as hydrocarbon and mining activities in the Brazilian Continental Shelf. This was followed by a second contract in March, for our first PSV, *Armada Tuah 301*. These contracts strengthen our presence in Brazil bringing our total fleet strength to three (*Armada Tuah 104* has been working there since mid-2011).

> Armada Tuah 300

On 7 May, we inked a deal with Mexican company Tecnologias Relacionadas con Energia y Servicios Especialzados SA de CV (TRESE) for our accommodation workboat *Armada Firman 3*. By the third quarter of the year, we had received five more contracts for our vessels: from Total Gabon for *Armada Firman 2* to work in Gabon, marking our first entry into this country; from Diamond S.A. for *Armada Tuah 82* and our newly-acquired *Armada Hibiscus*, to work for ENI offshore Congo; and from Rawabi Swiber Offshore Marine Pte Ltd for *Armada Tuah 84* and *Armada Tuah 85* to work in the Arabian Gulf/Red Sea. These last two contracts are significant, as they mark our entry into Saudi territory.

> Armada Firman 2

Our total OSV fleet in operation increased from 40 to 45 vessels. We recorded an average fleet utilisation rate of 82% which is well in line with the industry average, but below budgeted levels. The lower uptime was due to unplanned maintenance on several major vessels such as the *Armada Firman 2* and *Armada Firman 3*, underscoring the need for achieving operational excellence. Major efforts and new initiatives have been put in place to ensure a better operational performance, triggering the COEC initiatives mentioned earlier.

The OSV segment posted revenue of RM551 million, an increase of RM69 million from the previous year.

TRANSPORT AND INSTALLATION ("T&I") – FROM STRAIGHT CHARTERING TO A FULL SERVICE PROVIDER

It was a good year for the T&I unit, which saw the award of two projects; from OAO LukOil and Momentum Engineering LLC in the Caspian Sea further strengthening our position in this strategic oil and gas producing region. These projects contributed to an increase in the T&I segment's revenue from RM243 million in 2011 to RM388 million.

The LukOil contract worth approximately USD200 million was for the EPIC of 90km of pipelines in the Filanovsky field, in the Russian sector of the Caspian Sea. Most of the construction work will be completed by end 2014. The contract for Momentum Engineering LLC was for the chartering of the *Armada Installer* and was completed within four months.

Our strategy of providing differentiated and cost-effective services for projects took several firm steps forward with the award of the LukOil project and the use of the *Armada Hawk* for the subsea installation of the D1 project. Both saw us becoming a full services provider as opposed to a pure asset owner. In addition, the purchase of the *Armada Condor* and the planned new building of *Surf 1* and *Surf 2* will finally secure our budding position in the lucrative deepwater SURF sector. In tandem with its increased activities across three countries, the business unit met all its HSSEQ KPIs with the exception of a recordable medical case in January 2013 – the first since the business unit began operations in October 2010 – involving a fall during regular maintenance work offshore.

> Armada Condor

> Armada Hawk

> *Loading out of reels in Mumbai Port*

MAJOR PROJECTS – DELIVERING ON OUR PROMISES

Bumi Armada once again demonstrated our ability to manage several large projects simultaneously, backed by in-house EPCIC capabilities. The projects were the FPSO conversions of the 550,000 barrel storage capacity *Armada Sterling* and the refurbishment and outfitting of the *Armada Claire* for deployment in Australia. Timely and cost-effective delivery of our projects is assured by effective control of our supply chain. We have established and are further building up a tight network of quality and reliable key suppliers and fabricators who support us in the execution of our projects. These long-term relationships give us guaranteed access to building capacity and a significant reduction in completion risk.

The fast-tracked *Armada Sterling* was ready for departure to the D1 field in November, 19 months from contract award. Over 2,500 people were brought together to work on this project to meet the tight delivery deadlines, and we are pleased to share that the project clocked 3.128 million safe man-hours. The *Armada Sterling* not only met a challenging schedule, but also boasts our very first internal turret mooring system which allows the vessel to be functional during the monsoon season on India's west coast, when waves can be as high as 21.4m. The *Armada Sterling* went on to achieve first oil for our client on 7 April, and final acceptance on 22 April 2013, some 22 months from contract award. The *Armada Sterling* is the first FPSO for ONGC.

> *FPSO Armada Sterling Sail Away event*

The *Armada Claire* entered the shipyard in Singapore on 11 July 2012 and work is progressing well. The work includes a disconnectable Riser Turret Mooring system, yet another first for Bumi Armada, helideck extension and the addition of gas compression and water injection facilities. A total of 1,255,675 safe man-hours have been clocked as at 15 April, at the shipyard. The *Armada Claire* remains on schedule for a sail away in December 2013.

ENGINEERING AND TECHNOLOGY ("E&T") – DEVELOPING COMPETENCIES

The Bumi Armada Singapore Technology Centre began operations in 2012, and is focused on providing engineering solutions, promoting innovation and adapting existing technologies to our needs. Its focus has been:

- Turrets – both internal and external
- Moorings – both turret moorings and spread moorings
- Swivels for oil, gas and water injection systems
- Design of advanced SURF vessels and SURF systems
- Specialist mooring anchors

This centre currently has more than 20 highly talented engineering personnel including three PhD holders. A number of patent applications are pending assessment. In 2012, the E&T group successfully designed and installed our very first internal turret for the *Armada Sterling* while also nearing design completion of our very first disconnectable Riser Turret Mooring system for the *Armada Claire* destined for Western Australia.

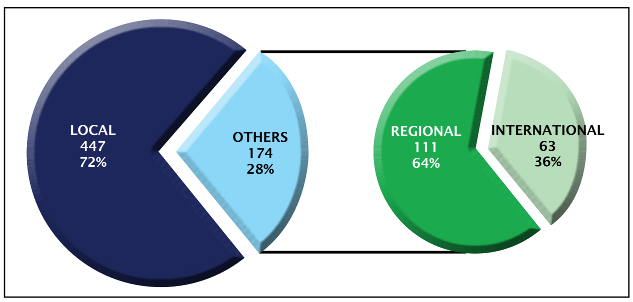
> *Armada Claire*

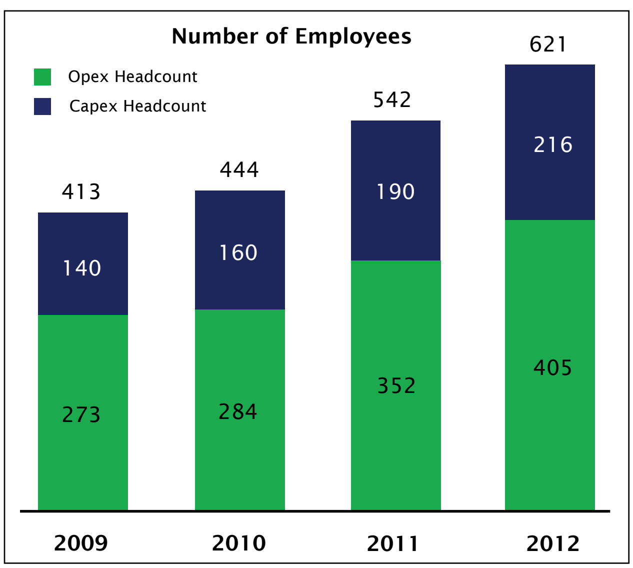
In Kuala Lumpur, Bumi Armada increased its engineering staff to 80 and has successfully designed and installed more than 15,000 tonnes of process topside modules. With its current engineering capacity of 500,000 man-hours per annum, the group has a proven capability of undertaking major FPSO projects concurrently and in various execution centres around the world.

HUMAN CAPITAL AND ORGANISATIONAL DEVELOPMENT

2012 presented us with fierce competition for talent. In Malaysia, the scramble for talent was driven by the government's Economic Transformation Programme which attracted many new foreign and local players. Elsewhere the shortage of seafarers appeared to ease a little as more ocean-going seafarers switch from shipping to oil and gas.

Despite this, we were able to retain our talent pool (cumulative less than 3.5% staff turnover) and attract talented professionals to fuel our growth plans. In terms of growing local talent in our host countries, we continued to maintain a ratio of more than 70% locals. This is part of our continued efforts towards local content development. Year on year our human capital grew by a steady 20%.





Our annual Engagement Survey was held in October 2012. The result showed an increase of 3% in engagement scores from 58% in 2011 to 61% in 2012, despite a new headcount influx of 20%. Moving forward, we will continue to concentrate our efforts to increase the engagement with the goal of achieving best in class status.

Tackling Seafarers Shortage

Whilst we continued to train and develop a pipeline of seafarers, our short-term efforts focused on retention, development from within, and taking advantage of opportunities arising from the slowdown in worldwide shipping industry. A host of initiatives were implemented. One such initiative is to integrate our seafarers into our Organisation, to instil ownership and provide development opportunities. These initiatives include Seafarers' Engagement Platform, Crew Welfare Engagement CARES (Crew Access to Reliable and Easy Solutions) and training programmes such as the Senior Officers Leadership Assessment Programme ("SOLAP")/Senior Engineers Leadership Assessment Programme ("SELAP") and Conversion Programmes.

The SOLAP/SELAP programme was developed to identify talented and capable Senior Officers for our pool of vessels. The SOLAP/SELAP not only addresses the training aspect but also the psychological evaluation of the candidates. The candidates' leadership and situational leadership qualities are evaluated by experienced Master Mariners and Chief Engineers together with a psychologist, and a report of their professional judgements is generated. This programme is the first of its kind in the OSV sector in Malaysia. To date Bumi Armada has put 53 Officers through this programme.

> SOLAP/SELAP participants on simulator training

The Company embarked on an initiative to train the next generation of seafarers as early as 2007. A total of 82 are undergoing training with a total of 52 having graduated. A programme to retrain and convert the traditional Main Shipping Fleet Officers who have been affected by shipping companies pulling out of the liner business was successfully implemented. Bumi Armada was the first Malaysian company to develop such a structured conversion programme. To date Bumi Armada has sponsored a total of 134 cadets, of this number a total of 52 cadets have successfully graduated to become seagoing officers. These qualified officers have been absorbed into Bumi Armada's pool of sea staff.

The War for Talent

The STAR programme is our in-house leadership development programme with the sole objective to increase our aspiring leaders' bench strength. Currently we have 28 participants undergoing this one-year experiential leadership development programme which is on target to be completed in 2013 for the first batch, whence an in-depth assessment will be carried out with the objective of enhancing and expanding the programme.

Graduate Development Programme ("GDP")

The GDP, established in 2009, is a key component of the Company's strategy to build long-term capability. It is designed to attract and develop the best university graduates over a two-year programme. Upon graduation, the graduates become full-time employees. Currently we have 18 graduates undergoing this training. To date, 13 have undergone this programme with the majority still in our employment.

Exchange Programme

The Company's exchange programme is a platform developed to promote integration with our colleagues from our overseas offices (including JV partners) and encompasses a job posting varying from two weeks to one year in our head office in Malaysia. This programme covers cultural, customs, systematic and process aspects of our organisation and individuals selected are from various disciplines. Since its inception two years ago, we have hosted colleagues from Nigeria, Ghana and Turkmenistan.

INFORMATION SYSTEMS AND TECHNOLOGY ("IS&T") – EMBRACING THE KNOWLEDGE ECONOMY

It was a busy year for the IS&T department, which embarked on several initiatives to reinforce Bumi Armada's cyber security, connectivity, collaboration, mobility and cloud computing, thus providing the Company with a sustainable and competitive edge.

Bumi Armada has implemented a world-class security framework. This drastically minimises the potential of external agents accessing, or affecting our ability to access, our data. Annual penetration tests are carried out to evaluate and assess the strength of our defences. In addition, the department also works with the best service providers to ensure our remote personnel have reliable and redundant connectivity to access Company information. Digital documents, meanwhile, are stored in an organised and easy-to-retrieve manner by those authorised to access them. Finally, IS&T has migrated our e-mail to a cloud environment, making it accessible from anywhere, and from any device as long as there is internet connection.

INVESTOR AND SHAREHOLDER RELATIONS – STAYING IN TOUCH WITH SHAREHOLDERS

Our senior management represented us at more than 150 meetings with existing and potential investors and shareholders either at one-on-one meetings or at conferences in Malaysia, Singapore, Hong Kong, London and the United States. The management also held numerous meetings with equity analysts and visiting fund managers covering both the Company as well as the offshore oil and gas sector. Regular analyst and investor briefings were held to coincide with the release of our full-year and first half results to Bursa Malaysia. All our presentation materials and announcements can be accessed by the public on our website, under the Investor Relations pages.

Bumi Armada continued to be included in both the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("FBMKLCI") and Morgan Stanley Composite Index ("MSCI") Asia Indices, positions that we secured in December 2011. As at end 2012, we continued to have a high concentration of large shareholders, the top 20 of whom accounted for 89.6% of the total shares of the Company. Our foreign shareholding increased from 10.7% in January 2012 to 11.8% as at end-December 2012.

BRAND AWARENESS – STRENGTHENING OUR BRAND INTERNATIONALLY

In 2012, we had 19 opportunities to interact with the media that resulted in over 1,000 news articles in local and international business, and oil and gas media. Bumi Armada was also present at major oil and gas conferences and exhibitions such as the world's foremost event for the development of O&G offshore resources – Offshore Technology Conference in Houston – as well as in Nigeria's Oil and Gas Conference in Abuja, the FILDA Exhibition in Angola and Africa Oil Week in South Africa.

> *News coverage on Bumi Armada is analysed using a 'word cloud' software which visually gives greater prominence to words or key messages that appear more frequently in the source text.*

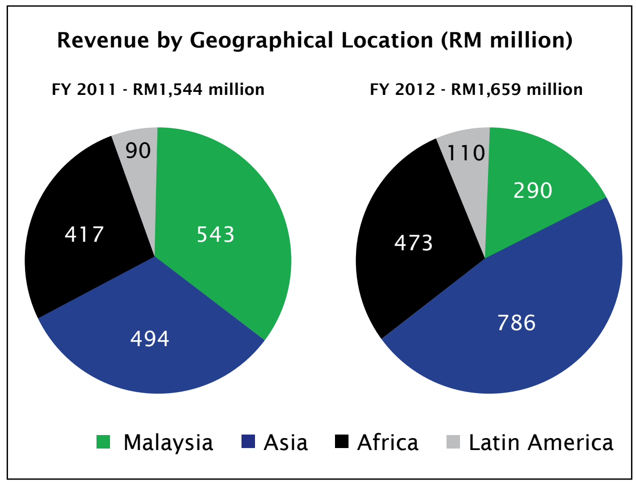
> *Nigeria Oil and Gas 2013 in Abuja, Nigeria*

> *Offshore Technology Conference 2012 in Houston, USA*

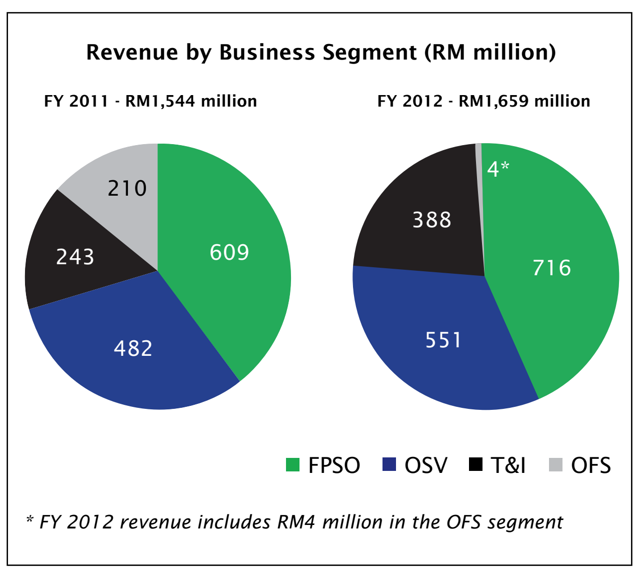
FINANCIAL PERFORMANCE

Bumi Armada delivered another strong performance in 2012. Revenue from all business segments, with the exception of the embryonic OFS segment, grew at a steady pace. Revenue increased by RM115 million to RM1.7 billion. More than 82% of this came from our international business.

Our EBITDA also grew, by RM76 million, due to higher margins from our FPSOs and new OSV vessels. The Group achieved a higher net profit of RM386 million. Asia, excluding Malaysia, contributed to 47% of our revenue, followed by Africa at 29%, and Latin America at 7%. Revenue from Malaysia stood at 17%.



In terms of revenue contribution by business unit, the FPSO segment contributed RM716 million, representing 43% of our total revenue, followed by the OSV segment which earned RM551 million, or 34% of the total, T&I which earned RM388 million (23%) and OFS RM4 million.



Bumi Armada continued to deliver a strong five-year CAGR of 40% on revenue, 44% on EBITDA and 35% on profit. Our gearing ratio improved to 0.7x as a result of the repayment of borrowings. Our proven track record, strong order backlog backed by a net debt on EBITDA ratio of below 2.5x, gives us a strong foundation for future growth.

Earnings per share stood at 13.17 sen per share in the current year (2011:14.63 sen). Our order book stood at RM10.7 billion, comprising RM7.0 billion of firm contracts and RM3.7 billion worth of options.

PROSPECTS

According to the United Nations' latest issue of the *World Economic Situation and Prospects 2013*, growth of the world economy weakened considerably during 2012 and any future recovery is expected to remain subdued. The general consensus is for weak to moderate growth ahead, though the overall mood is one of cautious optimism and a belief that the worst may well be over.

GAS BUSINESS – THE FUTURE IS NOW

The increasing environmental pressure on coal and nuclear energy coupled with a sheer abundance of gas as a natural resource both in conventional and non-conventional forms is increasing the percentage of gas in our energy mix. Most oil companies forecast that gas will make up more than a third in 2035. Not surprisingly, therefore, the rise of gas production in regions remote from the market such as Australia and Mozambique, the sheer spread in gas prices between the US shale gas and the high-end Asian gas market has changed the fundamentals of the industry. Imports into the USA have changed overnight to export and once grand schemes such as Qatar North Dome are scrambling to sell to clients in Asia.

Offshore floating LNG is now a reality. In Malaysia alone two FLNG projects and three FSRU import terminals are in various stages of development. At Bumi Armada, we are getting prepared to capitalise on our established offshore experience and track record to enter this market. A clear strategy and action plan have been defined and a new team is currently being set up to develop this new business.

OILFIELD SERVICES – BUILDING THE FUTURE PIPELINE

OFS is a good example of building new businesses in response to developing market trends, that of enhancing oil production, EOR and improving well productivity. The OFS is a relatively new business area for Bumi Armada. It is built on existing competencies with additional complementary capabilities to offer a range of services covering major aspects of the oilfield life-cycle, from exploration through to abandonment. The market for marginal and brownfield development in Malaysia and the region is significant. In 2011, Petronas alone announced an allocation of RM5 billion for brownfield development, RM46 billion for EOR, and RM15 billion for the North Malay Basin Project. We are uniquely placed to participate in this segment, leveraging on the cost-effective vessel-based floating solutions we are able to offer, supplemented by support vessel services able to meet customers' requirements throughout their field life.

IN APPRECIATION

To our loyal business partners, most of whom have been with Bumi Armada for many years, a special 'Thank You' for your continued support and collaboration. To our new business partners, welcome to our family; a family centred around shared values and shared destinies. Our relationship with our partners has always been mutually beneficial, and we look forward to pushing the envelope together, be it in terms of products, service quality or innovation. On behalf of Bumi Armada's Management and Staff, we reiterate our commitment to providing you with ample opportunity to grow with us as we continue to conduct ourselves with complete transparency and high integrity guided by our core culture of inclusiveness, diversity, meritocracy, sustainable growth and performance.

I would also like to thank my fellow Board Members for their invaluable guidance and counsel during this challenging year and look forward to their continued support. To our leadership team and all our employees, I salute their dedication, hard work, loyalty, commitment and their unwavering belief in our mission, vision and core values which together keep us 'Knots Ahead of the Rest'.

HASSAN ASSAD BASMA
Chief Executive Officer/Executive Director


ARMADA STERLING

SECRETS TO OUR SUCCESS

- Global execution, local delivery
- Commitment to local content
- Our employees from over 25 nationalities in five continents

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Bumi Armada Berhad ("Bumi Armada" or the "Company") is committed to maintaining a high standard of corporate governance and ensuring controls, systems and processes exist throughout Bumi Armada and its subsidiaries (the "Group") to safeguard the Group's assets and reputation and enable sustainable performance. The Board recognises that transparency, accountability, integrity and corporate performance are essential for good corporate governance.

With the introduction of the 2012 Malaysian Code on Corporate Governance ("2012 Code") in 2012, the Company continued with various initiatives and measures towards giving effect to the principles of good governance ("Principles") and the recommendations to support the Principles ("Recommendations") as promulgated in the said Code, to the extent they were found to be suitable and appropriate to the Company's circumstances.

This Statement is prepared pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") and describes the manner in which Bumi Armada has applied the Principles having regard to the Recommendations under the 2012 Code, which became effective for listed issuers with financial years ending on or after 31 December 2012.

1. ESTABLISHMENT OF CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions of the Board and Management

The Board has collective responsibility for the direction and management of the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value whilst taking into account the interests of other stakeholders. In order to discharge that responsibility, it has to provide the requisite leadership and ensure it has laid the necessary governance structures to have effective control of the Company and stewardship over its assets. The Executive Directors are directly responsible for the day-to-day business operations and commercial and corporate performance of the Company within the parameters of good governance. Non-Executive Directors play a vital check and balance role by challenging and scrutinising Management recommendations and proposals in an objective manner and bringing independent judgment to the decision making process at the Board and Board Committee levels and initiating measures that promote good governance practices by the organisation.

In conjunction with the Company assuming listed company status in 2011, the Board had adopted the following responsibilities as a primary premise for effective discharge of its fiduciary and leadership functions, which have been maintained in the 2012 Code with some modifications:

- *Reviewing and adopting a strategic plan for the Group* - The Board has the overall task of ensuring that the right strategic guidance is given to Management and subsequently debating and challenging the plan against enterprise risk and stakeholder objectives.

- *Overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed* - Vigilance and monitoring of the performance of the Group at regular intervals and addressing issues on a timely basis enables the Board to discharge its corporate accountability function and safeguard stakeholder interests;

- *Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks* - The mutual dichotomy of balancing risk and reward is recognised by the Board in the pursuit of shareholder value enhancement and hence the need to institutionalise an enterprise wide system of identification, mitigation and management of risks in a deliberate manner is a given;

- *Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing key management* - The Board acknowledges that succession planning is essential for the sustainability and continued success of the organisation. Besides having programmes to identify, source and develop talents of the right calibre for key positions at senior and middle management levels for future succession. The Board is also focusing on planned succession at the helm of the Company for the longer term;

- *Developing and implementing an investor relations programme or shareholders' communications policy for the Group* - As the Board is accountable to the shareholders and other stakeholders, the Board places importance on how information and decisions which will have an impact on them are disseminated and communicated to them. A formalised policy to govern the manner, mode and channels of communication with them provides guidance to the Board and Management in this regard.

- *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 Audit Committee plays a significant role in ensuring the internal audit function is effective in providing the necessary comfort and assurance in the areas of internal controls, compliance, conformance and corporate accountability.

The Board has delegated specific responsibilities to various Board committees, including the Audit, Nomination & Corporate Governance (previously Nomination), Remuneration and Risk Management, which operate within their respective approved terms of reference. These committees assist the Board in making informed decisions through focused and in-depth deliberations on selected issues. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board after considering recommendations by the committees. In order for the day-to-day operations of the Company to be run smoothly, the Board has also delegated some of its authority to certain levels of Management including the Chief Executive Officer ("CEO") and within the prescribed limits of authority pursuant to the Company's Articles of Association ("Articles"). Decisions and approvals beyond such limits are vested with the Board. The Company is currently undertaking an exercise to comprehensively review the authorities delegated to the Board Committees and Management to ensure that these are clearly defined and to mitigate overlaps and meet current best practices in corporate governance. This process is also expected to yield a clear set of Matters Reserved for the Board and a Board Charter and to ensure the control of the Company vests with the Board.

1.2 Division of Roles and Responsibilities between the Chairman and the Chief Executive Officer

There is a distinct division of roles and responsibilities of the Non–Executive Chairman of the Board and the CEO. The Chairman has a non-executive role while the CEO who is also an Executive Director has executive functions. Further details on the separation of the roles and responsibilities of the Chairman and CEO are set out in Section 3.4 of this Statement.

In the context of reinforcing independence and recognising the 2012 Code's expectations, the Board will be helmed by an independent chairman upon the conclusion of the forthcoming Annual General Meeting ("AGM"). Current chairman, Dato' Sri Mahamad Fathil bin Dato' Mahmood ("Dato' Sri Mahamad Fathil") will step down as chairman at the conclusion of the AGM. The Board has appointed Tunku Ali Redhauddin ibni Tuanku Muhriz ("Tunku Ali") to succeed him.

1.3 Ethical Standards Through a Code of Ethics

The Company has established a Code of Ethics covering Business Ethics, Conflict of Interest and Gifts and Entertainment. The Code sets out policies prescribing the standard of ethical corporate culture and conduct required of every employee as well as clearly prohibiting or restricting others. Employees are required to declare that they have received, read and understood the provisions of the Code and agree and abide by it. To reinforce the standards prescribed in the Code, the Board has in 2012, established a Whistle Blowing Policy and Procedure to promote responsible corporate conduct across the Group.

1.4 Strategies that Promote Sustainability

Bumi Armada is committed to being a good global corporate citizen. It believes sustainability is about balancing growth with corporate responsibility, conserving resources for future generations by minimising activities that may have a negative impact on the environment and driving efficiency and productivity and returning value to its stakeholders in a variety of ways. The Group acknowledges that the environmental, social and governance ("ESG") aspects of business underpin sustainability. It focuses on four key areas: fuel efficiency, environmental conservation, local content and capacity development. In 2012, the Company published its second Biennial CSR Report that covers and explains the ESG aspects and the strategies that promote sustainability for the period 2010 - 2011. The 2010 - 2011 CSR Report is available on the Company's website. Bumi Armada is included in the Dow Jones Sustainability Index for Emerging Markets (DJSI Emerging Markets), which was launched on 21 February 2013 by RobecoSAM, the investment specialist focused exclusively on 'Sustainability Investing'. The index tracks the performance of leading companies from 20 developing economies in response to the evolving needs of the global investment community where CSR is increasingly seen as synonymous with good governance and a well-managed companies. Further details are set out in the CEO's Message.

1.5 Board Members' Access to Information and Advice

The Board has agreed to a protocol for access to information pertaining to the Company and for seeking independent professional advice necessary for the Board and Board Committee members to discharge their duties effectively. Any expenses incurred in seeking such advice are borne by the Company.

1.6 Support of Company Secretaries

All Directors have access to the advice and services of the Joint Company Secretaries who ensure that proper processes and procedures are in place and adhered to for the effective functioning of the Board, including for the convening, conduct and record of proceedings and decisions of the Board and Board Committees. They also advise the Board on various matters including Directors' duties, disclosure obligations, compliance with companies and securities laws, regulatory requirements and corporate governance initiatives. They also ensure statutory records of the Company are properly maintained and relevant disclosures, submissions and filings are made on a timely fashion to the regulators on behalf of the Company and/or the Board.

1.7 Board Charter and Schedule of Matters Reserved for the Board

The Board's role is to provide strategic leadership of the Company within a framework of effective and prudent controls which enables risks to be assessed and managed. Within this framework, it provides leadership and direction to Management and promotes an ethical and performance culture that drives value creation and accountability and contributes towards high quality decision making. It also considers carefully initiatives and measures that strengthen governance in the various activity streams within the Group.

In the context of this role, a comprehensive review is currently being undertaken to streamline, redefine and provide clarity to the roles, responsibilities and powers of the Board and matters reserved to it, separate from the Board Committees and Management. Although we are in the process of developing a board charter, the Board has an implicit understanding of its role and responsibilities and this is reinforced at Board and Board Committee meetings.

2. STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nomination Committee

The Board recognises that the quality of the composition of Board membership with an appropriate mix of skills and competencies and expertise is fundamental to how policies and strategies are shaped.

In this regard, the Nomination Committee which was recently re-designated as the Nomination & Corporate Governance Committee ("Nomination Committee"), and has its own Terms of Reference is charged with the following primary responsibilities and making the appropriate recommendations to the Board:

- Formulating the nomination, selection and succession policies for members of the Board and Board Committees;
- Reviewing the optimum size and competency gaps on the Board, and formalising a transparent procedure for proposing new nominees to the Board and Board Committees;
- Assessing the effectiveness of the Board as a whole and the contribution of each individual Director and member of each Board Committee;
- Overseeing Board induction and training; and
- Reviewing policies, procedures, measures and initiatives that promote good corporate governance in line with Malaysian and international standards as deemed suitable for the Group.

The Nomination Committee comprises three Non-Executive Directors two of whom are Independent Directors.

The Nomination Committee met four times in 2012 to review the Board composition, identify competency gaps, review the 2011 Board assessment, selection and assessment criteria, succession and matters pertaining to corporate governance under its purview under the 2012 Code. Its Terms of Reference were recently expanded to include review and recommendation to the Board of governance measures, initiatives, policies and procedures of the Group having regard to the provisions of the 2012 Code and global governance trends.

2.2 Criteria for Recruitment and Annual Assessment of Directors

A Board selection criteria and procedure has been adopted by the Board. Following a review by the Nomination Committee, based on the 2011 Board assessment and the needs of the Company, the Board endorsed in early 2012, that there be additional independent representation on the Board. In this regard, a search was to be initiated for a candidate with engineering qualification, offshore oil and gas experience and preferably with exposure to Africa. The Board also believes in promoting diversity in its membership including gender and age. Consideration to women candidates will be given in any search for new candidates to fill Board vacancies. The Board has also recently in early 2013 appointed Tunku Ali, an additional Independent Director in his mid-thirties with significant investment and global client service exposure who adds to age diversity on the Board. Please also refer to item 3.4 herein on the Chairman's role. With Tunku Ali's appointment, the Board presently has four Independent Directors. A formal policy on Board diversity including gender diversity will be developed following an overall review based on needs of the business and the needs at the Board and Board Committee levels.

The Board selection process entails identifying the vacancies and drawing up the specifications for the positions to be filled after determining the needs of the Board and the resultant size. Among other key criteria, commitment to time for Board affairs is an imperative. The search for the candidates could be initiated both through internal and external means. Shortlisted candidates will be met by the Chairman or the Nomination Committee. Once a candidate has been short-listed for selection, the Nomination Committee will deliberate and make the appropriate recommendation to the Board. The Board is responsible for the appointment. The candidate will participate in an induction programme to be familiarised with and have a better understanding of the Group's operations and functional areas. This will include meeting with the other Board members. The Nomination Committee also reviews the Directors who are subject to re-election at the annual general meetings to ensure they continue to contribute.

Directors who are retiring by rotation and are offering themselves for re-election at the forthcoming AGM pursuant to Articles 113 of the Company's Articles of Association ("Articles") are Mr Saiful Aznir bin Shahabudin ("Mr Saiful Aznir") and Mr Chan Chee Beng. Tunku Ali who was appointed by the Board early this year will also be subject to re-election at the AGM, pursuant to Article 120.

The Board has designated Mr Andrew Philip Whittle, the chair of the Nomination Committee as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

The assessment criteria and templates for the Board, Board Committees and independence of Independent Directors in respect of 2012 developed by the Nomination Committee was adopted by the Board.

2.3 Remuneration policies and procedures

i) Policy

The objectives of the Group's policy on Directors' remuneration are to attract and retain Directors of the experience and calibre needed to manage the Group successfully. The remuneration of the Executive Directors are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the remuneration reflects the experience, expertise and level of responsibility undertaken and role played by them in the Board and Board Committees. The Board may draw advice from consultants in determining remuneration.

ii) Remuneration Procedure

The Remuneration Committee comprises three Non-Executive Directors, majority of whom are independent.

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;
- To evaluate the annual performance and reward of the Executive Directors; and
- To review Management remuneration policies and proposals.

The Remuneration Committee's Terms of Reference ("TOR") were also expanded to assume the functions of the Option Committee as provided for under the By-Laws governing the Employee Share Option Scheme ("ESOS" or "Scheme"). The Remuneration Committee reviews and endorses broad parameters and criteria for allocation and grant of options. The day-to-day functions relating to the implementation of the Scheme and the exercise of options is handled by the Management level ESOS Management Committee with its own remit.

The Articles of Association of the Company provide 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 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. Individual Directors do not participate in decisions regarding their own remuneration packages. During the financial year ended 31 December 2012, the Remuneration Committee met eight times which were attended by all members, to deal with deliberations on the CEO's new contract of service, evaluation of performance of Executive Directors for 2011 and setting of KPIs for 2012, review of broad parameters and criteria for employee increments and bonuses and grant of options under the Company's ESOS, as well as initiating review of Directors' remuneration.

A review of the remuneration policy and procedure has been proposed to be undertaken in the course of this year.

iii) Remuneration Package

The details of Directors remuneration (both Executive and Non-executive) is shown under Note 15 of the Company's audited financial statements for the financial year ended 31 December 2012 ("FY 2012"). The aggregate remuneration of Directors for FY 2012 analysed into the appropriate bands of RM50,000 is as follows:

Range of remuneration *	Executive Directors	Non-Executive Directors
RM50,001 – RM100,000	–	1
RM150,001 – RM200,000	–	1
RM200,001 – RM250,000	–	1
RM300,001 – RM350,000	–	1
RM350,001 – RM400,000	–	2
RM400,001 – RM450,000	–	1
RM700,001 – RM750,000	–	1
RM2,850,001 – RM2,900,000	1	–
RM11,550,000 – RM11,600,000	1	–

* Remuneration paid to Executive Directors includes salaries and bonuses, as well as other benefits and incentives approved by the Board, following recommendations made by the Remuneration Committee and subject to the necessary approvals. Share options pursuant to the Company's Employee Share Option Scheme are also granted to incentivise performance of Executive Directors subject to shareholders' approval. Non-Executive Directors remuneration comprises fixed fees and meeting allowances.

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

On the recommendation of the Nomination Committee, the Board has recently adopted a policy and procedure and criteria for the assessment of independence of Independent Directors. An assessment of the independence of the Independent Directors as at the end of 2012 was undertaken early this year, which re-affirmed their independence. The policy and procedure also provides for assessment to be undertaken when new members are to be appointed to the Board in an independent capacity, prior to their appointment. The policy and criteria will be reviewed from time to time.

Based on the re-affirmation of independence, Mr Saiful Aznir, who is also the Audit Committee Chairman, who retires by rotation, will be offering himself for re-election at the forthcoming AGM. He would have served for a period of 6½ years on the Board.

3.2 Tenure of Independent Directors

A limit of nine years service is provided for under the criteria for independence assessment as prescribed under the 2012 Code. None of the Independent Directors has served nine years on the Board.

Although long tenure may incline towards or be perceived as compromising independence, the Board will review its position and criteria from time to time to ensure that Independent Directors who have the necessary knowledge, skills and competencies and exercise independent and objective judgement, play their part effectively on the Board in the best interest of the Company and satisfy the independence criteria are not excluded based merely on the nine year tenure criteria.

3.3 Shareholder approval for re-appointment of Independent Directors who have served for nine years

If the Board is satisfied that an Independent Director meets the qualifications in the preceding paragraph and intends to retain him on the Board, the approval of shareholders will be procured to allow for the continued service beyond nine years, as required. However, the Board will consider the demands of local and global standards of governance in this regard, before making any such recommendation. The Director concerned will abstain from any deliberations at the Board or Board Committee levels on his proposed retention.

3.4 Separation of positions of Chairman and CEO

There is a distinct division of roles and responsibilities of the Chairman of the Board and the CEO. The positions of Chairman and CEO are held by separate individuals, for check and balance. The Chairman is presently a Non-Independent Non-Executive Director.

The Chairman is responsible for creating the conditions necessary for overall Board and individual Directors effectiveness, drawing on their respective knowledge, experience and skills. His role includes providing leadership at Board level, participating in prescribed matters reserved for the Board, setting the Board agenda with input from the CEO (with primary focus on strategy, performance, value creation, governance and accountability) and ensuring timely flow of high quality supporting information. Together with the Board and based on the work of Board Committees, he will also determine the nature and extent of risk appetite of the Company and ensure there is a proper selection, succession and assessment process for Directors and key Management positions. He ensures Management proposals are deliberated and examined by the Directors, taking into account the interests of the Company and its shareholders and other stakeholders and monitors together with the other Board Members the implementation of Board decisions and directions and performance of Management. He chairs shareholder meetings and represents the Company at certain key events.

The CEO, who is an Executive Director, on the other hand has overall responsibilities for the performance of the operational and business units and achievement of the corporate and commercial objectives of the Group. He functions as an intermediary between the Board and Management, working with the Board in defining the strategic, corporate and commercial objectives of the organisation, preparing its business and operational plans and seeing to their implementation as well as the policies, directives and decisions as approved by the Board. He also has direct oversight for the financial performance, and organisational effectiveness which encompasses human resource developments, investor relations and building of brand equity, striving for operational excellence, supporting health, safety, environment and quality performance initiatives as well as commitment to corporate social responsibility.

The annual KPIs set for the CEO are recommended by the Remuneration Committee and approved by the Board.

3.5 Composition of the Board

During the second half of 2012, the Board comprised of nine Directors, three Independent Non-Executive, four Non-Independent Non-Executive and two Executive satisfying the requirement under the MMLR that at least one-third of the Board be comprised of Independent Directors. An additional Independent Director was appointed in January 2013. Independent Directors comprise 40% of the total Board number. On the conclusion of the forthcoming AGM, Dato' Ahmad Fuad bin Md Ali ("Dato' Fuad"), the Deputy Chairman and a Non-Independent Non-Executive Director, who is not seeking re-election will retire. Hence, the Non-Independent Non-Executive number will drop to three.

The Independent Directors provide an effective check and balance in the functioning of the Board. They play a pivotal role in corporate accountability as they provide unbiased and independent views, advice, opinions and judgement at Board and Board Committee deliberations, with regard to the interest of minority shareholders and other stakeholders. None of the Non-Executive Directors participate in the day-to-day management of the Group.

The Independent and Non-Executive Directors play key roles in the various Board Committees viz, the Audit, Risk Management, Nomination & Corporate Governance and Remuneration Committees in developing and strengthening the governance structures and foundations of the Company.

Together, the Directors act in the best interest of the Company and believe that the current Board composition fairly reflects the interests of its shareholders to provide the effective leadership, strategic direction and necessary governance to the Bumi Armada Group. These 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. The Directors' profiles are presented on pages 28 to 31 of this Annual Report.

4. FOSTER COMMITMENT

4.1 Time commitment

All Directors have demonstrated their commitment to the business of the Board and Board Committees by making time for all meetings and key events, towards fulfilling their roles and responsibilities as Directors of the Company. Commitment to the time necessary to carry out their duties as Directors will be a condition of their appointment.

Directors are aware of the limits of directorships they can have in public limited companies quoted on Bursa Securities ("PLC"). The Company Secretaries obtain updates of the other directorships of Directors every quarter to monitor compliance with the limit. Save for two Directors who hold directorships in at least one other PLC, none of the Directors hold directorships in other PLCs.

Board and Board Committee meetings are scheduled at the onset of the calendar year and an annual Schedule of Meetings with an indication of the key business items for each meeting is circulated to all Directors.

The Board meets at least five 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. Normally, Board Committee meetings are held at least one day before the Board meetings, to allow sufficient time to properly deliberate on matters.

During the financial year ended 31 December 2012, the Board met six 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	4/6	67
Dato' Ahmad Fuad bin Md Ali	6/6	100
Saiful Aznir bin Shahabudin	6/6	100
Alexandra Schaapveld	6/6	100
Andrew Philip Whittle	6/6	100
Chan Chee Beng	6/6	100
Lim Ghee Keong	6/6	100
Hassan Assad Basma	6/6	100
Shaharul Rezza bin Hassan	6/6	100
Farah Suhanah binti Ahmad Sarji *(Retired on 21 June 2012)*	4/4*	100

** Total number of meetings held prior to retirement.*

All Directors have complied with the minimum of 50% requirement on attendance at Board meetings as provided for in the MMLR.

4.2 Training

The Directors are fully cognisant of the importance and value of enhancing their knowledge and expertise to keep abreast of latest developments and changes in the industry in which the Group operates and in the area of their respective competencies and in the economic, financial, regulatory, corporate and governance fields. This is to add value to their contributions in their deliberations, discussions and decisions at Board and Board Committee levels. The Directors also feel it is important to develop a better understanding of the business of the Group through visits to the Group's vessels and operating sites where the Group operates from.

All Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities within the stipulated time frame as imposed under the MMLR.

In the course of 2012, the Directors have also attended and participated in various briefings at Board or Board Committee meetings, conferences and other programmes covering topics on finance, governance, corporate and global business and industry developments, which they have individually or collectively considered as relevant and useful in the discharge of their duties.

The Directors also kept up-to-date with market developments and related issues through Board discussions and meetings with the CEO, Chief Financial Officer ("CFO") and other Senior Management members of the Bumi Armada Group as well as the External and Internal Auditors of the Company.

The Company Secretaries facilitate the organisation of internal training programmes and Directors' attendance at external programmes, and keep a complete record of the training received or attended by the Directors.

The following internal and external training programmes, briefings, presentations etc were attended by Directors in 2012:

Training programmes, briefings, courses, seminars, workshops and conferences	Topic	Date in 2012	Attended By
Internal	• Presentation on Nigeria's Political Situation, Social/Economic/Security Landscape, the upcoming Petroleum Industry Bill, etc	16 February	BOD except DSF
	• Presentation on Cloud Computing, Emergency Response and Security	28 May	BOD
	• Remuneration Trends relating to Boards and Management in Malaysia and South East Asia	20 November	RC
	• Briefing on the 2012 Malaysian Code of Corporate Governance	21 November	BOD

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Training programmes, briefings, courses, seminars, workshops and conferences	Topic	Date in 2012	Attended By
External	• Alignment of Corporate Culture with Corporate Vision – "Where It has Worked Successfully"	20 February	CCB
	• APPEA Conference *Australian Petroleum Production & Exploration Association*	13-16 May	AW
	• MICG Investor Relations and Effective Communication - "Enhancing Corporate Reputation Seminar"	18 May	DSF
	• Exploiting Structural Disruptions to Find Opportunities for Growth	29 May	CCB
	• The Malaysian Code on Corporate Governance 2012 - "The Implication and Challenges to Public Listed Companies"	3 July	DSF & DAF
	• MAICSA Annual Conference 2012	9 & 10 July	SA
	• Importance of Organisation as an Enabler for Effective Strategy Execution	24 September	CCB
	• MICPA-Bursa Malaysia Business Forum 2012	16 October	HB & RH
	• Sustainability Training for Directors and Practitioners	22 November	RH
	• Leadership for Sustainable Growth	26 November	CCB
	• MIA International Accountants Conference 2012	27 & 28 November	SA
	• Seminar on Enterprise Risk Management 2012	29 November	DSF

Notes:
1. BOD – Board of Directors
2. RC – Remuneration Committee members
3. CCB – Chan Chee Beng
4. AW – Andrew Philip Whittle
5. DSF – Dato' Sri Mahamad Fathil bin Dato' Mahmood
6. DAF – Dato' Ahmad Fuad bin Md Ali
7. SA – Saiful Aznir bin Shahabudin
8. HB – Hassan Assad Basma
9. RH – Shaharul Rezza bin Hassan

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

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

The Board, assisted by the Audit Committee, oversees the Group's financial reporting process, compliance with applicable accounting standards and the quality of its financial reporting. The details of the membership of the Audit Committee and the qualifications and experience of the members can be found on pages 15 and 28 to 30 of the Annual Report respectively.

The External Auditors provide a quarterly report to the Audit Committee which among others highlights any changes to the reporting regime and any new applicable accounting standards ("AAS") and provide their views on the application of the AAS and report any area where there is divergence of views with Management. Differences in views are then properly debated and resolved with the Audit Committee as an independent arbiter.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 74 of this Annual Report.

5.2 Assessment of suitability and independence of external auditors

The Board maintains a formal and 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 described in the Terms of Reference of the Audit Committee which is available on the Company's website.

The External Auditors are required to declare their independence annually to the Audit Committee as specified by the By-Laws issued by the Malaysian Institute of Accountants. This is also specified in the TOR of the Audit Committee. The External Auditors have provided that declaration in the annual audit plan presented to the Audit Committee. The Audit Committee also makes its own assessment of their suitability and independence in connection with the recommendation to retaining them as auditors. Such assessment is based on their professionalism, their objectivity in relation to the audit and non-audit services rendered by them, and based on the Audit Committee's interaction with them at the Audit Committee meetings and at meetings with them in the absence of Management. A policy and criteria to govern this annual assessment will be formulated in the course of this year.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

The Board has ultimate responsibility for establishing a sound framework to manage risks.

The Company enhanced its resources to strengthen its risk management process. In the course of 2012, a Management level Risk Management Sub-Committee ("RMSC") under the purview of the CEO was fully functional. The CEO has a standing invitation to the Board level Risk Management Committee ("RMC"). The RMC met twice in 2012 to monitor and oversee the adequacy and soundness of the Enterprise Risk Management ("ERM") Framework and project related risk assessment process encompassing the identification, assessment, rating and mitigation measures. This is more specifically articulated in the Statement on Risk Management and Internal Control.

6.2 Internal audit function

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard shareholders investments and Bumi Armada Group's assets.

On the recommendation of the Audit Committee, the Board approved the outsourcing of the internal audit function to an external audit firm late last year. The internal audit function reports directly to the Audit Committee. This initiative goes towards providing the Board and stakeholders further corporate assurance from the review of the internal control systems by an independent party. In addition, the CFO has responsibility to ensure the finance team under him has put in place the necessary processes and controls for an effective, reliable and efficient financial reporting system. Various measures were taken towards this end in the course of 2012 and the Audit Committee is kept updated of these measures.

The Statement on Risk Management and Internal Control set on pages 69 to 71 of this Annual Report provides an overview of the state of internal controls within the Bumi Armada Group.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board understands the need for timely and accurate disclosures in compliance with the MMLR and for proper procedures and processes to be in place in ensuring the maintenance of confidentiality and proper handling of material price sensitive information, prior to them being announced to Bursa Securities. While various procedures and processes are in place to govern different corporate activities including the quarterly and annual results, a comprehensive consolidated document to contain the policy and the requisite procedures towards meeting compliance under the MMLR is currently in progress.

7.2 Leverage on information technology for effective dissemination of information

The Board believes that constructive and effective investor relations are essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders and other stakeholders as widely as possible for equal and fair access. Such information is communicated through the Annual Reports, Circulars to shareholders, the Notice of general meetings, various disclosures and announcements to Bursa Securities, including quarterly and annual results via the Bursa Link as well as through press releases. For ease of access, such information, reports and announcements are also uploaded immediately onto the corporate website of the Company at **www.bumiarmada.com**. More items and sources of information will be identified for accessing via the Company's website going forward to reach a wider audience.

8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

The AGM is the principal forum for dialogue with all shareholders which also offers the Company an opportunity to explain the business and financial performance and operations of the Company. Shareholders' attendance and participation at the AGM is encouraged through several means.

Notice of the Company's AGM is advertised in mainstream newspapers on the date on which they are despatched to shareholders together with the Annual Report and other documents. 23 clear days notice was given for the 2012 AGM, which is more than the minimum number of days of notice required to be given. This year, we expect to give about 25 clear days notice, allowing shareholders sufficient time to make arrangements to attend the meeting.

When the AGM Notice is despatched it will also incorporate detailed advice and instructions on members' entitlement to appoint proxies and the address for lodgement of proxy forms. An Administrative Guide that is sent with the AGM Notice and Proxy Form also provides pertinent information on the venue of the meeting, parking, directions to the registration and meeting halls and the registration process, to facilitate their attendance.

While the Company's Articles have been amended in 2012 to accept electronic lodgement of Proxy Forms, the Company has been exploring with its Share Registrars the mechanics of such lodgement. The Company will allow the electronic lodgement of Proxy Forms as soon as the facility is available but such means will not be available this year. There is no qualification for a proxy and the provisions of Section 149 of the Companies Act, 1965 prescribing certain qualifications are not applicable. A proxy need not be a member. In addition, the Company's Articles were also amended to allow for exempt authorised nominees for multiple beneficial owners in one omnibus account to appoint multiple proxies.

Members present in person or by proxy or via a corporate representative or attorney have the right to attend, speak and vote at the meeting by on both a show of hands or a poll, pursuant to its Articles. The Chairman also explicitly mentions the members' and proxies' voting rights and their right to demand a poll, during the meeting.

Shareholders are 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.

8.2 Encourage Poll Voting

No poll was demanded on any resolutions tabled at the 2012 AGM and Extraordinarary General Meeting. Going forward, the Board will consider whether any resolutions at such meetings should be submitted to a poll particularly if they are of a substantive nature. The Company will consider providing facilities for voting on a poll via electronic means for more expeditious verification and counting of votes for substantive resolutions at the general meetings.

8.3 Effective communication and proactive engagement

The Group values dialogues and effective communication with shareholders and investors and constantly strives to improve transparency that enables 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 relationship with all investors is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to the investor community and shareholders.

The Company maintains a corporate website at **www.bumiarmada.com** which provides quick access to information about the Group which includes amongst others, the Company's corporate profile, Directors' profiles, senior management profiles, share and dividend information, financial reports, annual reports, announcements, press releases and investor presentations.

The Company's annual report provides a comprehensive report of the Group's operations and financial performance.

In addition at the 2012 AGM, the CEO gave a presentation to give an overview and explain the operational and financial performance of the Group, the corporate strategies, trends and the outlook for the future. This precedent will be continued for future AGMs. Directors are allocated responsibility to respond to questions that may be raised by shareholders in accordance with their Board or Board Committee roles. Directors are also encouraged to have direct interaction with the shareholders before and after the AGM.

Further, apart from the announcements and public statements required by Bursa Securities, the Company issues press releases and conducts media and analysts briefings in conjunction with the release of the Group's half yearly and full yearly financial results announcements. Apart from providing comprehensive insights into its financial performance, the Group also recognises the importance of communicating its business strategies, updates on the progress of the Group's current business initiatives as well as its financial performance during these briefings.

The Group's Investor Relations function plays an important role in providing a direct communication channel to engage with shareholders, investors and the investment community broadly, both in Malaysia and internationally.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

The Company has in place an Investor Relations Policy which deals with the following:

- To provide timely, transparent, consistent and credible information on corporate events, strategies, trends and financial data to the investing public;
- To attend to shareholders or investor enquiries or requests for information;
- Attendance at investor presentations, conferences or road-shows 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;
- Ensure that information provided and distributed by the Company to the investing public is in accordance with the regulatory requirements and in accordance with the best practices; and
- Execute its function with integrity and responsibility to all shareholders and stakeholders of Bumi Armada.

The Investor Relations unit has frequent one-on-one and group meetings, both domestically and internationally with analysts, investors and potential investors throughout the year to provide constant communications with the investment community. The Investor Relations Activities undertaken in 2012 are as follows:

Forum	Total
Investors Conferences/Forums/Roadshows	10
Direct one-on-one Meetings*	182
Teleconferences hosted*	7

* with analysts and investors

COMPLIANCE STATEMENT

The Principles and Recommendations of the 2012 Code have been considered in making this Statement, and the Board is pleased to note that in most circumstances, compliance with the Code has been met. Nonetheless, the Board recognises that there are still areas for further enhancement towards full compliance and efforts are being made to do so once the necessary processes, procedures and mechanisms have been properly reviewed and deliberated.

This Statement is made in accordance with a resolution of the Board of Directors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Bumi Armada (the "Board") is pleased to provide the following Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2012 in compliance with the applicable provisions of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Statement of Risk Management & Internal Control – Guidance for Directors of Listed Issuers as well as the 2012 Malaysian Code on Corporate Governance.

BOARD RESPONSIBILITY

The 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 controls and its effectiveness, as well as reviewing its adequacy and integrity. The system of risk management and 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 enhancing the adequacy and effectiveness of the risk management and internal control system. The ongoing process of identification, evaluation and management of significant risk has been in place during the financial year under review. Summarised below are the main features of the Group's risk management and internal control system.

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. The Risk Management Committee met twice during 2012. Given the Board's recognition of the importance of risk management, the Risk Management Committee is supported by the Risk Management Sub-Committee and the Commercial and Risk Management Department. The Risk Management Committee champions and promotes Enterprise Risk Management to ensure risk management processes and culture are embedded throughout the Group. It considers matters relating to the identification, assessment, monitoring and management of risks associated with the operations of the Group at the appropriate strategic and policy levels. The Risk Management Sub-Committee and the Commercial and Risk Management Department are tasked with leading the drive to embed risk management processes at all levels within the Group.

   The Group has in place a Risk Management Framework with the aim of providing a consistent approach for identifying, evaluating and managing the significant risks faced by the Group and facilitating a reasonably accurate perception of acceptable risk by all employees. Risk management is continuously embedded within the system of internal controls and business environment. Managing risks is a shared responsibility and is integrated within the Group's governance, business processes and operations.

   The Risk Management Framework as endorsed by the Risk Management Committee contains the following key elements:

   - Risk focals are assigned for each operating unit and are responsible for deriving the risk profile of that unit.
   - The Enterprise Risk Management Framework is in place, which specifies roles and responsibilities and provides guidance on the identification and reporting of risks.
   - Risk categories and parameters are also in place to guide the assessment process.
   - The risks are collated and reported on a quarterly basis to the Risk Management Committee and thence to the Board. The collation and reporting are carried out by the Commercial and Risk Management Department.

   During the year, the Board had decided to enhance its risk management framework. Various awareness sessions were held to help inculcate risk awareness among all levels within the Group. The Group risk profiles are also being refreshed through risk assessment sessions being conducted for all operating functions. This exercise is on-going and is expected to increase risk awareness and enable the development of risk profiles for each operating function within the Group.

2. **Internal Control Environment and Structure**
   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 and other responsibilities namely the Audit, Nomination & Corporate Governance, Remuneration and Executive committees. Each committee has clearly defined terms of reference.

2. Internal Control Environment and Structure (Cont'd)

- **Organisation Structure (Cont'd)**
  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 and support services 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 Executive Committee and Board approvals to ensure accountability, segregation of duties and control over the Group's financial commitments. The LOA is reviewed and updated periodically to reflect business, operational and structural changes and needs.

- **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 Group's strategy and risk profile. The policy provides guidelines to mitigate risks and unplanned events which would jeopardize 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. Ultimate approvals are obtained from the Board in accordance with the LOA directive.

- **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**
  The Group Internal Procurement procedures provide the guidelines to 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 have been established to provide the check and balance, oversight and approval functions on procurement amounts as stipulated in the LOA.

- **Vessel Operations**
  The respective operating units and country locations are responsible for identifying, tracking and monitoring compliance with all class requirements and maritime regulations in respect of all vessels located in various countries of operations.

- **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")**
  The HSSE Committee is responsible for setting the overall direction on HSSE implementation within the Group and also drives strategies and monitors performance to ensure HSSE risks are managed to as low as reasonably practicable. During the year, the Group achieved one LTI.

2. Internal Control Environment and Structure (Cont'd)

- **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. It also reviews internal control issues identified by internal auditors, external auditors and Management on a quarterly basis. 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 the Internal Audit Plan during the financial year.

- **Internal Audit**
  The Internal Audit department provided an independent review over key processes, monitoring the compliance of policies and procedures, evaluating the adequacy and effectiveness of internal control and risk management systems, and highlighting 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 reported directly to the Chairman of the Audit Committee.

  Internal audit reports are presented to the Audit Committee during its quarterly meetings. Findings together with recommendations are presented to management and follow ups from previous quarter's audit are performed to ensure management action plans are carried out effectively.

  In addition to this internal mechanism, the Group also received extensive and detailed reports vide management letters from its external auditors that primarily focuses on financial controls. The management letters were also presented to the Audit Committee for deliberations.

  As of 21 November 2012, the Group has outsourced the activities and function of the internal audit to a professional service provider.

REVIEW OF EFFECTIVENESS

The Board reviews the effectiveness of the risk management and internal control systems through the Group's actual versus planned performance and other key financial and operational performance indicators to determine if the underlying risk management and internal control systems continue to be effective.

Specific transactions, projects or opportunities are also discussed with the Board when required. This allows the Board to determine if new risks have arisen and need to address or action plans and internal controls need to be enhanced to improve results.

The Board does not regularly review the risk management and internal control systems 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.

CONCLUSION

In the year under review, based on inquiry, information and assurance provided by the Chief Executive Officer and Chief Financial Officer, the Board is of the view that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects. There were no significant internal control failures or weaknesses that would have resulted in material losses, contingencies or uncertainties requiring separate disclosure in the Annual Report. The internal control procedures will continue to be reviewed 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 2013.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

The Board of Directors of Bumi Armada Berhad ("Bumi Armada" or the "Company") is pleased to present the Audit Committee Report (the "Committee") for the financial year ended 31 December 2012.

COMPOSITION AND ATTENDANCE

The Audit Committee (the "Committee") comprises four members, all of whom are Non-Executive Directors ("NEDs"), three being independent NEDs.

The members and details of attendance of each member at committee meetings during 2012 are set out below:

Name	Status	Independent	Meetings Attended
Saiful Aznir bin Shahabudin	Chairman, Independent Non-Executive Director	Yes	6 out of 6
Alexandra Schaapveld	Independent Non-Executive Director	Yes	6 out of 6
Andrew Phillip Whittle *(Appointed as a member on 27.02.2012)*	Independent Non-Executive Director	Yes	4 out of 4*
Chan Chee Beng	Non-Executive Director	No	6 out of 6

* Total number of meetings held subsequent to appointment.

TERMS OF REFERENCE

The Committee is governed by its own terms of reference ("TOR"), which was approved by the Board on 18 June 2011. The TOR is available on the Company's website at www.bumiarmada.com.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

During the financial year ended 31 December 2012, the Committee undertook the following activities:

- Reviewed the quarterly financial results and annual audited financial statements before recommending for the Board's consideration and approval;
- Reviewed the 2011 Statement of Internal Control, the 2011 Corporate Governance Statement, the 2011 Audit Committee Report and the 2011 Directors' Responsibility Statement and recommended their approval by the Board;
- Reviewed the External Auditors' scope of work and audit plan for financial year 2012 and their proposed fee;
- Reviewed and discussed the External Auditors' audit report and areas of concern and recommended solutions to address the concerns;
- Reviewed the Internal Auditors Report and the status of past internal audit recommendations;
- Reviewed and recommended to the Board the policy and procedures for related party transactions and the proposed Shareholders' Mandate for the recurrent related party transactions;
- Reviewed proposed related party transactions of the Bumi Armada Group;
- Reviewed and recommended for the Board's approval, the terms of reference of the Whistle Blowing Committee and its Policy & Procedure;

SUMMARY OF ACTIVITIES OF THE COMMITTEE (CONT'D)

- Reviewed reports on instances of Whistle Blowing in accordance with the approved Policy & Procedure; and
- Reviewed the quarterly Risk Management Committee reports which included the risk profile of the business unit and support functions as assessed by the Management level Risk Management Sub-Committee.

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

As required under Paragraph 8.17(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Committee has verified the allocation of options granted pursuant to the Company's ESOS during the financial year and is satisfied that it complies with the criteria for allocation of options in accordance with the By-Laws governing the ESOS and as further defined by Management.

INTERNAL AUDIT FUNCTION

The Company's Internal Audit function which was internally resourced up to November 2012 has since then been outsourced to an external audit firm. The primary responsibility of the Internal Audit function 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 2012, the then Internal Audit Department conducted a total of 7 audits covering FPSO operations, FSO operations, OSV operations, Nigeria operations and Tender Committee activities of 2011. The activities carried out by the Internal Audit Department included 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 reported directly to the Chairman of the Committee. The internal audit activities were conducted by the in-house audit team and the team was independent of the activities it audited.

The total cost incurred for the internal audit function for the financial year ended 31 December 2012 amounted to RM940,148.

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 Financial Reporting Standards and the International Financial Reporting Standards, 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 2012 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 76 to 165 of this Annual Report are the financial statements of the Group and the Company for the financial year ended 31 December 2012.

This Statement is made in accordance with a resolution of the Board of Directors dated 16 April 2013.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

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. Further details are provided in Note 21 to the financial statements.

There have been no significant changes in the nature of 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	385,828	38,314
- Non-controlling interests	2,190	–
	388,018	38,314

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2011 as disclosed in the Directors' report of that year:	
Final single tier tax exempt cash dividend of 2.5 sen per share paid on 17 July 2012	73,212

Subsequent to the year end, the Directors have recommended a final cash dividend comprising a single tier tax exempt dividend of 3.0 sen per share and a dividend of 0.14 sen per share less 25% income tax in respect of the financial year ended 31 December 2012 subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. If approved, the total net cash dividend payable will be RM90,950,670.

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 2013.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

EMPLOYEE SHARE OPTION SCHEME

On 18 June 2011, the Company's shareholders approved the establishment of an Employee Share Option Scheme ("ESOS" or "Scheme") to eligible employees of the Group, including Executive Directors of the Company for a period of 10 years, from 28 June 2011.

The salient features and other terms of the ESOS are disclosed in Note 38 to the financial statements.

During the financial year, 17,477,200 options over unissued ordinary shares of the Company under the Scheme were granted and accepted by eligible employees. These options expire on 2 September 2017 and are exercisable as per the terms as detailed in Note 38 (b) to the financial statements.

The relevant details of options granted during the financial year are set out below:

Vesting date	Exercise price RM per share	Number of options '000
3.9.2013	3.75	5,243
3.9.2014	3.75	5,243
3.9.2015	3.75	6,991

None of the Non-Executive Directors of the Company were 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 relief pursuant to Section 169 (11) of the Companies Act, 1965 by the Companies Commission of Malaysia via a letter dated 20 March 2013 from having to disclose in this report the names of option holders who have been granted options to subscribe in aggregate for less than 550,000 unissued ordinary shares of RM0.20 each.

The names of individual employees who have been granted options to subscribe in aggregate for 550,000 or more unissued ordinary shares of RM0.20 each during the financial year are as follows:

				← Number of options →		
Name	Grant date	Expiry date	Exercise price RM per share	Granted '000	Exercised '000	31.12.2012 '000
Alvin Archibald Strang	3.9.2012	2.9.2017	3.75	550	–	550
Choong Guan Huat	3.9.2012	2.9.2017	3.75	650	–	650
Jesse Van De Korput Andriaan Petrus	3.9.2012	2.9.2017	3.75	550	–	550
Lamshed Andrew Day	3.9.2012	2.9.2017	3.75	550	–	550
Madasery Balan Madhusudanan	3.9.2012	2.9.2017	3.75	650	–	650
Massimiliano Bellotti	3.9.2012	2.9.2017	3.75	550	–	550
Noor Azmi bin Abdul Malek	3.9.2012	2.9.2017	3.75	550	–	550

DIRECTORS' REPORT (Cont'd)

DIRECTORS

The Directors of the Company in office during the period since the date of the last report and at the date of this report are as follows:

Dato' Sri Mahamad Fathil bin Dato' Mahmood	
Dato' Ahmad Fuad bin Md Ali	
Tunku Ali Redhauddin ibni Tuanku Muhriz	(Appointed on 17 January 2013)
Saiful Aznir bin Shahabudin	
Alexandra Elisabeth Johanna Maria Schaapveld*	
Andrew Philip Whittle	
Chan Chee Beng	
Lim Ghee Keong	
Hassan Assad Basma	
Shaharul Rezza bin Hassan	
Farah Suhanah binti Ahmad Sarji	(Retired on 21 June 2012)

**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 any 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' INTERESTS IN SHARES

According to the Register of Directors' shareholdings, the interests of the Directors in office at the end of the financial year, in shares and options over unissued shares in the Company during the financial year were as follows:

In the Company – Direct Interests

	Number of ordinary shares of RM0.20 each			
	As at 1.1.2012	Acquired	Disposed	As at 31.12.2012
Dato' Sri Mahamad Fathil bin Dato' Mahmood	750,000	–	–	750,000
Dato' Ahmad Fuad bin Md Ali	750,000[1]	–	–	750,000
Chan Chee Beng [2]	750,000	–	–	750,000
Saiful Aznir bin Shahabudin [2]	738,000	–	(25,000)	713,000
Alexandra Schaapveld [3]	750,000	–	–	750,000
Andrew Philip Whittle [3]	750,000	–	–	750,000
Lim Ghee Keong [2]	750,000	–	–	750,000
Hassan Assad Basma [3]	10,000,000[4]	–	–	10,000,000[5]
Shaharul Rezza bin Hassan [2]	1,200,000	–	–	1,200,000

DIRECTORS' INTERESTS IN SHARES (CONT'D)

In the Company – Direct Interests (Cont'd)

(1) Includes interest of 450,000 shares in the Company held by his spouse and child (which are treated as his interest pursuant to Section 134(12)(c) of the Companies Act, 1965 (the "Act").
(2) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn Bhd.
(3) Held through a nominee, namely CIMSEC Nominees (Asing) Sdn Bhd.
(4) These shares comprise the preferential allocation of 2,500,000 shares under the Initial Public Offering ("IPO"), 2,500,000 shares acquired pursuant to the exercise of call options under the Call Option Agreements dated 18 June 2011 ("COA") and 5,000,000 existing shares which are yet to be exercised under the COA.
(5) These shares comprise the preferential allocation of 2,500,000 shares under the IPO, 5,000,000 shares acquired pursuant to the exercise of call options under the COA and 2,500,000 existing shares which are yet to be exercised under the COA
.

	Number of options over unissued ordinary shares of RM0.20 each			
	As at 1.1.2012	Granted	Exercised	As at 31.12.2012
Hassan Assad Basma	17,500,000[1]	-	-	17,500,000[1]
Shaharul Rezza bin Hassan	4,000,000[1]	-	-	4,000,000[1]

(1) These relate to options over unissued shares of RM0.20 each of BAB pursuant to the 2011 Employee Share Option Scheme of Bumi Armada Berhad. Save for 10% of the options granted to Shaharul Rezza bin Hassan, none of the options have vested.

In the Company – Indirect Interests

	Number of ordinary shares			
	As at 1.1.2012	Acquired	Disposed	As at 31.12.2012
Dato' Sri Mahamad Fathil bin Dato' Mahmood [1]	340,277,700	-	(9,500,000)	330,777,700
Dato' Ahmad Fuad bin Md Ali [1]	340,277,700	-	(9,500,000)	330,777,700

(1) Deemed interest by virtue of their respective shareholdings in Ombak Damai Sdn Bhd ("ODSB") 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.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of income, statements of comprehensive income and statements of financial position of the Group and of the 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 of the Company had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT (Cont'd)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

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 of the 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 of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the 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 of the 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 of the 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 of the 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 of the 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 of the Company for the financial year in which this report is made.

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 2013.

HASSAN ASSAD BASMA
DIRECTOR

SHAHARUL REZZA BIN HASSAN
DIRECTOR

STATEMENTS OF INCOME
for the financial year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	7	**1,659,184**	1,543,896	**196,619**	328,266
Cost of sales	8	**(972,503)**	(883,095)	**(125,803)**	(117,742)
Gross profit		**686,681**	660,801	**70,816**	210,524
Other operating income	9	**52,014**	37,593	**11,971**	39,960
Selling and distribution costs		**(84,211)**	(88,209)	**-**	-
Administrative expenses		**(102,724)**	(91,929)	**(45,672)**	(57,280)
Operating profit		**551,760**	518,256	**37,115**	193,204
Finance costs	10	**(123,411)**	(109,186)	**(1,077)**	(23,844)
Share of results of jointly controlled entities	12	**40,268**	26,820	**-**	-
Profit before taxation	13	**468,617**	435,890	**36,038**	169,360
Taxation	16	**(80,599)**	(70,559)	**2,276**	(346)
Profit for the financial year		**388,018**	365,331	**38,314**	169,014
Attributable to:					
Owners of the Company		**385,828**	359,672		
Non-controlling interests		**2,190**	5,659		
		388,018	365,331		
Earnings per share (sen)	17				
- basic		**13.17**	14.63		
- diluted		**13.17**	14.63		

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 2012

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	**388,018**	365,331	**38,314**	169,014
Other comprehensive (expense)/income:				
- Loss on fair value change on available-for-sale financial asset	**(2,791)**	–	**–**	–
- Fair value loss on cash flow hedges	**(4,120)**	(13,558)	**–**	–
- Foreign currency translation differences	**(96,714)**	72,139	**–**	–
Other comprehensive (expense)/income for the financial year, net of tax	**(103,625)**	58,581	**–**	–
Total comprehensive income for the financial year	**284,393**	423,912	**38,314**	169,014
Total comprehensive income attributable to:				
- Owners of the Company	**281,945**	418,959	**38,314**	169,014
- Non-controlling interests	**2,448**	4,953	**–**	–
	284,393	423,912	**38,314**	169,014

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2012

	Note	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	19	**4,734,845**	4,201,167	3,714,989
Goodwill	20	**1,411**	1,411	1,411
Jointly controlled entities	12	**170,700**	151,258	9,799
Available-for-sale financial assets	22	**56,044**	7,427	3,778
Accrued lease rentals	23	**508,792**	409,458	292,256
Derivative financial instruments	24	**2,209**	1,240	10,312
Deferred tax assets	25	**8,121**	3,811	4,190
TOTAL NON-CURRENT ASSETS		**5,482,122**	4,775,772	4,036,735
CURRENT ASSETS				
Inventories	26	**10,750**	1,550	1,123
Amounts due from customers on contract	28	**15,835**	53,205	-
Trade receivables	29	**332,150**	320,637	189,643
Accrued lease rentals	23	**398,488**	415,898	218,017
Other receivables, deposits and prepayments	30	**130,254**	82,392	36,193
Tax recoverable		**5,547**	8,948	9,135
Amounts due from jointly controlled entities	32	**48,782**	27,682	25,123
Derivative financial instruments	24	**2,104**	1,102	1,814
Deposits, cash and bank balances	33	**500,500**	1,247,416	277,684
TOTAL CURRENT ASSETS		**1,444,410**	2,158,830	758,732
Non-current asset/disposal group held for sale	27	**3,227**	1,640	-
TOTAL ASSETS		**6,929,759**	6,936,242	4,795,467

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2012 (Cont'd)

	Note	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
LIABILITIES				
LESS: CURRENT LIABILITIES				
Amounts due to customers on contract	28	**20,289**	–	30,377
Trade payables		**228,463**	120,068	227,376
Other payables and accruals	34	**142,928**	183,627	222,445
Hire purchase creditors	35	**170**	382	402
Borrowings	36	**614,807**	457,620	1,397,746
Derivative financial instruments	24	**12,976**	10,749	6,035
Taxation		**16,831**	27,644	10,825
TOTAL CURRENT LIABILITIES		**1,036,464**	800,090	1,895,206
Liabilities of disposal group classified as held-for-sale	27	**161**	–	–
NET CURRENT ASSETS/(LIABILITIES)		**411,012**	1,360,380	(1,136,474)
LESS: NON-CURRENT LIABILITIES				
Hire purchase creditors	35	**209**	422	819
Borrowings	36	**2,052,866**	2,559,826	2,019,890
Derivative financial Instruments	24	**16,031**	15,774	2,664
Deferred tax liabilities	25	**57,017**	17,415	1,786
TOTAL NON-CURRENT LIABILITIES		**2,126,123**	2,593,437	2,025,159
NET ASSETS		**3,767,011**	3,542,715	875,102
Share capital	37	**585,834**	585,692	63,000
Reserves	39	**3,164,032**	2,942,326	811,535
		3,749,866	3,528,018	874,535
NON-CONTROLLING INTERESTS		**17,145**	14,697	567
TOTAL EQUITY		**3,767,011**	3,542,715	875,102

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

STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Note	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	19	**15,731**	15,045	15,600
Investments in subsidiaries	21	**1,905,858**	1,093,277	1,212,582
Jointly controlled entities	12	**118,829**	118,673	3,907
Available-for-sale financial assets	22	**2,027**	7,427	3,778
Deferred tax assets	25	**8,121**	3,811	4,176
TOTAL NON-CURRENT ASSETS		**2,050,566**	1,238,233	1,240,043
CURRENT ASSETS				
Other receivables, deposits and prepayments	30	**22,781**	4,128	1,969
Dividend receivable		**8,364**	11,670	6,170
Tax recoverable		**540**	1,498	1,236
Amounts due from subsidiaries	31	**508,628**	382,101	139,690
Amounts due from jointly controlled entities	32	**16,768**	14,663	18,322
Deposits, cash and bank balances	33	**11,313**	920,137	77,503
TOTAL CURRENT ASSETS		**568,394**	1,334,197	244,890
TOTAL ASSETS		**2,618,960**	2,572,430	1,484,933

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

STATEMENT OF FINANCIAL POSITION
as at 31 December 2012 (Cont'd)

	Note	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
LIABILITIES				
LESS: CURRENT LIABILITIES				
Other payables and accruals	34	**46,570**	48,900	61,270
Amounts due to subsidiaries	31	**90,467**	19,516	484,221
Hire purchase creditors	35	**170**	330	330
Borrowings	36	**–**	–	848,335
TOTAL CURRENT LIABILITIES		**137,207**	68,746	1,394,156
NET CURRENT ASSETS/(LIABILITIES)		**431,187**	1,265,451	(1,149,266)
LESS: NON-CURRENT LIABILITIES				
Hire purchase creditors	35	**209**	357	687
NET ASSETS		**2,481,544**	2,503,327	90,090
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	37	**585,834**	585,692	63,000
Reserves	39	**1,895,710**	1,917,635	27,090
TOTAL EQUITY		**2,481,544**	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 2012

2012	Note	Number of shares	Nominal value	Share premium 39(a)	Foreign exchange reserve 39(b)	Other capital reserve 39(c)	Share option reserve 39(d)	Hedging reserve 39(e)	Retained earnings 39(f)	Total	Non-controlling interests	Total equity
		Attributable to Owners of the Company										
		'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January		2,928,462	585,692	1,753,586	(99,115)	6,561	5,535	(12,852)	1,288,611	3,528,018	14,697	3,542,715
Profit for the financial year		-	-	-	-	-	-	-	385,828	385,828	2,190	388,018
Other comprehensive (expense)/income for the financial year		-	-	-	(96,714)	(2,791)	-	(4,378)	-	(103,883)	258	(103,625)
Total comprehensive (expense)/income for the financial year		-	-	-	(96,714)	(2,791)	-	(4,378)	385,828	281,945	2,448	284,393
Transactions with owners:												
- Dividend paid	18	-	-	-	-	-	-	-	(73,212)	(73,212)	-	(73,212)
- Employee share options exercised	37,38	706	142	2,459	-	-	(459)	-	-	2,142	-	2,142
- Employee share options granted	38	-	-	-	-	-	10,973	-	-	10,973	-	10,973
At 31 December		2,929,168	585,834	1,756,045	(195,829)	3,770	16,049	(17,230)	1,601,227	3,749,866	17,145	3,767,011

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 2012 (Cont'd)

2011	Note	Number of shares '000	Nominal value RM'000	Share premium 39(a) RM'000	Foreign exchange reserve 39(b) RM'000	Other capital reserve 39(c) RM'000	Share option reserve 39(d) RM'000	Hedging reserve 39(e) RM'000	Retained earnings 39(f) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		← Attributable to Owners of the Company								→		
At 1 January (date of transition)		63,000	63,000	10,898	(171,254)	311	-	-	971,580	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
- Dilution of interest in a subsidiary		-	-	-	-	-	-	-	(9,699)	(9,699)	9,699	-
- Employee share options granted	38	-	-	-	-	-	5,535	-	-	5,535	-	5,535
Issuance of a subsidiary shares to non-controlling interests		-	-	-	-	-	-	-	-	-	5,220	5,220
Dividend paid by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	-	(5,742)	(5,742)
At 31 December		2,928,462	585,692	1,753,586	(99,115)	6,561	5,535	(12,852)	1,288,611	3,528,018	14,697	3,542,715

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

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2012

	Note	Number of shares	Nominal value	Share premium 39(a)	Other capital reserve 39(c)	Share option reserve 39(d)	Retained earnings 39(f)	Total
		Attributable to Owners of the Company						
		'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2012								
At 1 January		2,928,462	585,692	1,753,586	6,550	5,535	151,964	2,503,327
Total comprehensive income for the financial year		–	–	–	–	–	38,314	38,314
Employee share options exercised	37,38	706	142	2,459	–	(459)	–	2,142
Dividends	18	–	–	–	–	–	(73,212)	(73,212)
Employee share options granted	38	–	–	–	–	10,973	–	10,973
At 31 December		2,929,168	585,834	1,756,045	6,550	16,049	117,066	2,481,544
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

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 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
OPERATING ACTIVITIES					
Profit for the financial year		**388,018**	365,331	**38,314**	169,014
Adjustments for non cash items:					
Share of results of jointly controlled entities		**(40,268)**	(26,820)	**–**	–
Depreciation of property, plant and equipment		**355,994**	326,835	**8,727**	7,928
Gain from a bargain purchase of subsidiary	21(b)	**(6,740)**	–	**–**	–
Fair value through profit or loss on derivative financial instruments		**(3,311)**	13,657	**–**	–
Gain on disposal of property, plant and equipment		**(48)**	(8,888)	**(6)**	(1)
Impairment of property, plant and equipment		**1,397**	–	**–**	–
Impairment of available-for-sale financial assets		**5,400**	–	**5,400**	–
Allowance for doubtful debts		**3,058**	3,538	**–**	–
Allowance for doubtful debts written back		**–**	(22)	**–**	–
Unrealised foreign exchange loss/(gain)		**8,612**	1,458	**(7,279)**	3,803
Share-based payments		**10,973**	11,785	**10,973**	11,785
Interest income		**(10,217)**	(11,170)	**(9,356)**	(30,843)
Interest expense		**124,578**	105,413	**1,077**	23,844
Dividend income		**(2,864)**	–	**(66,692)**	(204,500)
Taxation		**80,599**	70,559	**(2,276)**	346
Operating profit/(loss) before changes in working capital		**915,181**	851,676	**(21,118)**	(18,624)
Changes in working capital:					
Inventories		**(9,207)**	(418)	**–**	–
Trade and other receivables		**(163,966)**	(584,350)	**(58,666)**	(10,051)
Trade and other payables		**1,178**	252,656	**(87,485)**	(8,054)
Cash from operations		**743,186**	519,564	**(167,269)**	(36,729)
Interest paid		**(123,411)**	(140,846)	**(1,077)**	(27,689)
Tax refund		**2,525**	–	**157**	–
Tax paid		**(55,218)**	(48,472)	**(1,137)**	(280)
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**567,082**	330,246	**(169,326)**	(64,698)

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

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	**(893,267)**	(1,061,621)	**(5,908)**	(7,382)
Proceeds from disposal of property, plant and equipment		**52**	2,881	**6**	10
Interest received		**10,426**	10,947	**6,693**	30,646
Acquisition of subsidiary	21(b)	**(843)**	–	**(1,750)**	–
Investment in quoted shares		**(56,808)**	–	**–**	–
Investment in jointly controlled entities		**–**	(116,173)	**–**	(114,766)
Investment in unquoted preference shares		**–**	(3,649)	**–**	(3,649)
Dividends received		**–**	–	**69,998**	192,830
Advances to subsidiaries		**–**	–	**(810,830)**	(569,490)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(940,440)**	(1,167,615)	**(741,791)**	(471,801)
FINANCING ACTIVITIES					
Proceeds from bank borrowings		**143,809**	1,601,949	**–**	385,587
Decrease in deposit pledged as security		**3,465**	–	**3,465**	–
Repayment of bank borrowings		**(438,000)**	(2,001,285)	**–**	(1,219,482)
Repayment of hire purchase creditors		**(425)**	(417)	**(308)**	(330)
Exercise of rights issue		**–**	200,000	**–**	200,000
Issuance of shares		**2,601**	–	**2,601**	–
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		**(73,212)**	–		
Dividend paid to non-controlling interests		**–**	(5,742)	**–**	–
NET CASH FLOWS (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(361,762)**	1,832,163	**5,758**	1,398,213

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2012 (Cont'd)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(735,120)**	994,794	**(905,359)**	861,714
CURRENCY TRANSLATION DIFFERENCES		**(8,331)**	3,359	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**1,243,051**	244,898	**915,772**	54,058
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	B	**499,600**	1,243,051	**10,413**	915,772

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 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash	**893,267**	1,061,621	**5,908**	7,382
Movement in property, plant and equipment creditors	**82,706**	(332,624)	**3,508**	-
Interest expense capitalised for construction of vessels	**-**	23,831	**-**	-
	975,973	752,828	**9,416**	7,382

B Cash and cash equivalents consist of:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Deposits with licensed banks	**427,591**	1,174,111	**9,550**	907,402
Cash and bank balances	**72,909**	73,305	**1,763**	12,735
	500,500	1,247,416	**11,313**	920,137
Designated deposits placed with licensed banks	**(900)**	(4,365)	**(900)**	(4,365)
	499,600	1,243,051	**10,413**	915,772

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

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. Further details are provided in Note 21.

There have been no significant changes in the principal activities of the Group and 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and the Company for the financial year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 “First-time adoption of Malaysian Reporting Standards”. Subject to transition election disclosed in Note 3.2, the Group and Company have consistently applied the same accounting policies in its opening MFRS statements of financial position at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. Subsequent to the transition in the financial reporting framework to MFRS on 1 January 2012, the restated comparative information has not been audited under MFRS. However, the comparative statements of financial position as at 31 December 2011, comparative statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended have been audited under the previous financial reporting framework, Financial Reporting Standards in Malaysia. Note 3.3 discloses the impact of the transition to MFRS on the Group and Company’s reported financial position, financial performance and cash flows.

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 preparation of financial statements in conformity with MFRS 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 period. It also requires Directors to exercise their judgment in the process of applying the Group and Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

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

(i) Financial year beginning on/after 1 January 2013

- MFRS 10 "Consolidated financial statements" 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.

- MFRS 12 "Disclosures of Interest 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 MFRS128, "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.

- Amendment to MFRS 119 "Employees benefits" (effective 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gain and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

(ii) Financial year beginning on/after 1 January 2014

- 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.

(iii) Financial year beginning on/after 1 January 2015

- 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 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.

Unless otherwise disclosed, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Group and of the Company in the year of initial application.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern 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 fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Subsidiaries are consolidated using acquisition method of accounting except for certain subsidiaries as disclosed in Note 21, where the Group applies predecessor method of merger accounting to account for business combinations under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities as of the date of combination is recorded as an adjustment to equity. The acquired entity's results, assets and liabilities are consolidated as if both the acquirer and acquiree had always been combined. Consequently, the consolidated financial statements reflect both entities' full year's results. The corresponding amounts for the previous year reflect the combined results of both entities.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the successive acquisition dates at each stage, and the changes in fair value is taken through profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in statement of income.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Consolidation (Cont'd)

(d) 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 one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entities is accounted for in the financial statements by the equity method of accounting. Equity accounting involves recognising the Group's share of the post-acquisition results of jointly controlled entities in profit or loss and its share of post-acquisition changes of the investee's reserves in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of the investment and include goodwill 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 that result 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 the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

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

(e) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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

The Group's share of post-acquisition profit or loss is recognised in the statement of income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of an associate" in the statement of income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of the unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 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 2.9). 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.

2.4 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. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see accounting policy Note 2.10).

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 MFRS 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 30 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 2.9).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. 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 2.7).

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's loans and receivables comprise "trade and other receivables", "dividend receivable", "intercompany balances" and "cash and cash equivalents" in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(b) 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.

(c) Subsequent measurement - gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets 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.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss as "gains and losses from investment securities".

Dividends on available-for-sale equity instruments are recognised in the profit or loss as part of other income when the Group's right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial assets (Cont'd)

(d) 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. in the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

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.

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.

Assets classified as available-for-sale

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group uses criteria and measurement of impairment loss applicable for "assets carried at amortised cost" above.

In the case of equity securities classified as available-for-sale, in addition to the criteria for "assets carried at amortised cost" above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial assets (Cont'd)

(e) 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.

2.6 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.

2.7 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 2.5. 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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Derivative financial instruments and hedge activities (Cont'd)

(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.

2.8 Financial guarantee contracts

Financial guarantee contracts are contracts that require the entity 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 MFRS 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 at inception is recognised as part of the cost of investment in subsidiaries by the Company and are recorded as contribution from the parent by the subsidiaries.

2.9 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 statement of income 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Borrowings

(a) 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.

(b) 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.

2.11 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.

2.12 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.13 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.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. 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 contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Construction contracts (Cont'd)

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 are included within "trade and other 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).

2.14 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 recognise 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 base 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:

(a) 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 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.

(b) Interest, rental and dividend income

The Group and Company earn 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.

(c) Vessel construction and engineering services

Revenue from construction contracts are accounted for under the percentage of completion method (see accounting policy Note 2.13).

(d) 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.

(e) Central overhead fees

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Foreign currencies

(a) 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.

(b) 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 2.5).

(c) 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 equity interest.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 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.

(a) 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 accounting policy set out in Note 2.4. 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.

(b) 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 where 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 or loss on a straight line basis over the lease period.

2.17 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Current and deferred income taxes (Cont'd)

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.

2.18 Employee benefits

(a) 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.

(b) Defined contribution plan

The Group's and Company's contributions to 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.

(c) 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.

2.19 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.

2.20 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.

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 2.27).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Goodwill (Cont'd)

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 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.

2.21 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.

2.22 Provisions

A provision is recognised when the Group has 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 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.

2.23 Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities, but disclose 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 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. The Group 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 measure 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 MFRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with MFRS 118 "Revenue".

2.24 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Share capital

(a) 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.

(b) 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.

(c) Dividends

Distributions to holders of an equity instrument are 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.

2.26 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 or loss 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 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 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.

2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer. The Chief Executive Officer, 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.

3 TRANSITION FROM FRS TO MFRS

3.1 MFRS 1 mandatory exceptions

(a) Estimates

MFRS estimates as at transition date is consistent with the estimates as at the same date made in conformity with FRS.

(b) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to a hedging relationship that qualifies for hedge accounting under MFRS 139 "Financial instruments: Recognition and measurement" at that date. Hedging relationships cannot be designated retrospectively.

3 TRANSITION FROM FRS TO MFRS (CONT'D)

3.2 MFRS 1 exemption options

Exemption for previous revaluation as deemed cost – property, plant & equipment

Previously, the Group revalued a leasehold building of a subsidiary and the surplus on revaluation was credited to the revaluation reserve. In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board ("MASB") on adoption of MFRS 116 "Property, Plant and Equipment", the valuation of leasehold building was not updated and it continues to be stated at its existing carrying amount less depreciation as its deemed cost.

Upon transition to MFRS, the Group elected to apply the optional exemption to use the previous revaluation as deemed cost. Accordingly, the revaluation surplus of RM390,414 was transferred to retained earnings on date of transition to MFRS on 1 January 2011.

3.3 Explanation of transition from FRS to MFRS

MFRS 1 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from FRS to MFRS for the respective periods noted for equity and total comprehensive income.

Reconciliation of equity

	1 January 2011		31 December 2011	
Group	Under the FRS Framework RM'000	Under the MFRS Framework RM'000	Under the FRS Framework RM'000	Under the MFRS Framework RM'000
Revaluation reserve	390	–	390	–
Retained earnings	971,190	971,580	1,288,221	1,288,611

Other than the above, the transition from FRS to MFRS had no impact on the Group's and the Company's statement of financial position, financial performance, statement of comprehensive income and statement of cash flows.

The transition from FRS to MFRS had no impact to the Company's statement of changes in equity.

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:

4.1 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 MFRS 117 "Leases". Classifications 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:

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Revenue (Cont'd)

(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 MFRS 117 "Leases" and operation of vessels is accounted for under MFRS 118 "Revenue". 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.

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 2.9. 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 other than as disclosed in Note 19.

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.

The useful lives of selected offshore support vessels ("OSV") and the derrick lay barge were revised from 20 to 25 years and 25 to 30 years respectively to reflect the design and operating capabilities of these vessels. Arising from this change in useful lives, the depreciation charge of the Group decreased by RM24.5 million for the current financial year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.4 Taxation

The Group is subject to income and withholding taxes in numerous jurisdictions in which the Group operates. Significant judgement is required in determining the worldwide 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's 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.

<u>Foreign currency exchange risk</u>

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 2012, if the Group's reporting currency had weakened/strengthened by 5% against the USD with all other variables held constant, the change to the Group's equity would have been RM93.2 million lower/higher arising from the impact to the Group's net investments.

<u>Interest rate risk</u>

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 derivative financial instruments and borrowings 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.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (Cont'd)

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

Group	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Fixed rate instruments			
Financial assets, comprising deposits with licensed banks	**427,591**	1,174,111	24,384
Financial liabilities, comprising term loans and hire purchase creditors	**64,327**	50,804	253,285
	491,918	1,224,915	277,669
Variable rate instruments			
Financial liabilities, comprising term loans, bridging loans and revolving credits	**2,603,725**	2,967,446	3,165,572
Less: Interest rate swap contracts	**(1,483,598)**	(1,067,923)	(452,808)
Less: Cross currency interest rate swap contract	**(164,025)**	(197,064)	(220,500)
	956,102	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 in Malaysia and United States with all other factors held constant and based on composition of liabilities with floating interest rates at the reporting date are as follows:

	Impact on profit before taxation			Impact on equity [1]		
Group	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
RM						
- increased by 0.5% (31.12.2011: 0.5%; 01.01.2011: 0.5%)	**(1,330)**	13	(7,925)	**(476)**	(1,998)	–
- decreased by 0.5% (31.12.2011: 0.5%; 01.01.2011: 0.5%)	**1,330**	(13)	7,925	**476**	1,998	–
USD						
- increased by 0.5% (31.12.2011: 0.5%; 01.01.2011: 0.5%)	**(5,968)**	(6,476)	(4,515)	**2,992**	–	–
- decreased by 0.5% (31.12.2011: 0.5%; 01.01.2011: 0.5%)	**5,968**	6,476	4,515	**(2,992)**	–	–

[1] Represents cash flow hedging reserve

The impact on profit before taxation for the financial year is 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.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (Cont'd)

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

Company	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Fixed rate instruments			
Financial assets, comprising deposits with licensed banks	**9,550**	907,402	4,365
Financial liabilities, comprising term loans and hire purchase creditors	**379**	687	151,017
	9,929	908,089	155,382
Variable rate instruments			
Financial liabilities, comprising term loans, bank overdrafts and revolving credits	**-**	-	698,335

At 31 December 2012, the Company did not have any financial assets or liabilities with a floating interest rate that are exposed to interest rate risks.

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.

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies.

Liquidity risk

The Group and Company adopt 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.

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (Cont'd)

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	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2012					
Borrowings	**703,795**	**575,275**	**1,459,511**	**207,750**	**2,946,331**
Hire purchase creditors	**193**	**243**	**–**	**–**	**436**
Net settled derivative financial instruments					
- interest rate swaps	**12,976**	**9,721**	**7,026**	**(121)**	**29,602**
- cross currency interest rate swaps	**(2,134)**	**(1,200)**	**(1,236)**	**103**	**(4,467)**
Trade payables	**228,463**	**–**	**–**	**–**	**228,463**
Other payables and accruals	**142,928**	**–**	**–**	**–**	**142,928**
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 and accruals	183,627	–	–	–	183,627
1 January 2011					
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

5 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (Cont'd)

The table below analyses the Company's non-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	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2012					
Hire purchase creditors	**193**	**243**	**–**	**–**	**436**
Other payables and accruals	**46,570**	**–**	**–**	**–**	**46,570**
Amounts due to subsidiaries	**90,467**	**–**	**–**	**–**	**90,467**
31 December 2011					
Hire purchase creditors	371	371	37	–	779
Other payables and accruals	48,900	–	–	–	48,900
Amounts due to subsidiaries	19,516	–	–	–	19,516
1 January 2011					
Borrowings	862,514	–	–	–	862,514
Hire purchase creditors	371	520	259	–	1,150
Other payables and accruals	61,270	–	–	–	61,270
Amounts due to subsidiaries	484,221	–	–	–	484,221

Capital risk management

The Group's and Company's objectives when managing capital are to safeguard the Group's 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:

- OSV
- 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 operations of the Group 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 (CONT'D)

	OSV RM'000	FPSO RM'000	T&I RM'000	OFS RM'000	Others RM'000	Corporate and elimination RM'000	Group RM'000
2012							
External revenue	**551,040**	**715,978**	**388,488**	**3,678**	**–**	**–**	**1,659,184**
Inter-segment revenue	**–**	**–**	**–**	**–**	**20,951**	**(20,951)**	**–**
Total revenue	**551,040**	**715,978**	**388,488**	**3,678**	**20,951**	**(20,951)**	**1,659,184**
Results							
Segment results	**130,870**	**244,009**	**120,453**	**4,414**	**2,857**	**(2,857)**	**499,746**
Other operating income							**52,014**
Share of results of jointly controlled entities							**40,268**
Finance costs							**(123,411)**
Taxation							**(80,599)**
Profit for the financial year							**388,018**
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

The external revenue reported to the Chief Executive Officer 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.

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

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

6 SEGMENT INFORMATION (CONT'D)

	Group	
	2012	2011
	RM'000	RM'000
Malaysia	**290,066**	543,375
Asia (excluding Malaysia)	**786,640**	494,192
Africa	**472,767**	417,132
Latin America	**109,711**	89,197
	1,659,184	1,543,896

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 RM646.0 million (2011: RM701.8 million).

7 REVENUE

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Vessel charter fees and support services rendered	**1,659,184**	1,543,896	**–**	–
Dividend income	**–**	–	**66,692**	204,500
Central overhead fees	**–**	–	**129,927**	123,766
	1,659,184	1,543,896	**196,619**	328,266

8 COST OF SALES

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Vessel charter fees and support services rendered	**972,503**	883,095	**–**	–
Central overhead expenses	**–**	–	**125,803**	117,742
	972,503	883,095	**125,803**	117,742

9 OTHER OPERATING INCOME

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	**48**	8,888	**6**	1
Interest income	**10,217**	11,170	**9,356**	30,843
Rental income	**41**	41	**–**	–
Gain from a bargain purchase	**6,740**	–	**–**	–
Insurance claims	**17,586**	5,818	**–**	–
Dividend income	**2,864**	–	**–**	–
Commission	**2,151**	1,740	**–**	–
Gain on disposal of scrap materials	**128**	891	**–**	–
Vessel sundry income and others	**12,239**	9,045	**2,609**	9,116
	52,014	37,593	**11,971**	39,960

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

10 FINANCE COSTS

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest expense	**124,578**	105,413	**1,077**	23,844
Fair value (gains)/losses on interest rate swaps	**(1,167)**	3,773	**–**	–
	123,411	109,186	**1,077**	23,844

11 SHARE OF RESULTS OF AN ASSOCIATE

Details of the associate are as follows:

		Group's effective interest			Country of
Name of Company	Principal activities	31.12.2012	31.12.2011	01.01.2011	incorporation
		%	%	%	
Barmada McDermott Sdn Bhd	Provision of construction and installation of offshore pipelines and structures	**–**	43	45	Malaysia

		Group	
	31.12.2012	31.12.2011	01.01.2011
	RM'000	RM'000	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)
	–	–	–

11 SHARE OF RESULTS OF AN ASSOCIATE (CONT'D)

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

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 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 18 September 2012, the Company's subsidiary, Bumi Armada Navigation Sdn Bhd entered into a deed of settlement and release with J Ray McDermott ("JRM") in relation to the disposal of its associate, Barmada McDermott Sdn Bhd ("BMD") to JRM.

12 JOINTLY CONTROLLED ENTITIES

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

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Revenue	**99,071**	54,184	5,647
Profit after taxation	**40,268**	26,820	(17)
Non-current assets	**436,446**	134,133	32,561
Current assets	**205,088**	148,206	9,115
Current liabilities	**(87,480)**	(122,408)	(21,897)
Non-current liabilities	**(383,354)**	(8,673)	(9,980)
Net assets	**170,700**	151,258	9,799

	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Group			
Share of net assets of jointly controlled entities	**170,700**	151,258	9,799
Company			
Unquoted shares at cost	**118,829**	118,673	3,907

12 JOINTLY CONTROLLED ENTITIES (CONT'D)

Details of the jointly controlled entities are as follows:

Name of company	Principal activities	Group's effective interest 31.12.2012 %	31.12.2011 %	01.01.2011 %	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**	49	51	British Virgin Islands
Armada C7 Pte. Ltd.	Dormant	**50**	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**	50	–	Singapore
Century Bumi Limited (formerly known as Century Bumi JV Limited)	Oil and gas exploration, and product and marine services	**40**	40	40	Federal Republic of Nigeria
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	49	India
Forbes Bumi Armada Offshore Limited	Dormant	**50**	50	–	India
Offshore Marine Ventures Sdn. Bhd.	Provision of integrated service solutions for the supply, operation and maintenance of support vessels and logistics and maritme transportation services to the oil and gas industry	**–(1)**	50	50	Malaysia
PT Armada Gema Nusantara	Ship owner and operator	**49**	49	–	Indonesia
SP Armada Oil Exploration Private Limited	Marine support and other services to the oil and gas industry	**50(2)**	–	–	India

12 JOINTLY CONTROLLED ENTITIES (CONT'D)

(1) Offshore Marine Ventures Sdn. Bhd. became a wholly-owned subsidiary of the Company following completion of the acquisition of the remaining shares not already owned by the Company, on 30 November 2012. (For details of the event please refer to Note 21 (b)).

(2) On 3 January 2012, the Company acquired 24,999 ordinary shares, representing 49.998% of equity interest in SP Armada Oil Exploration Private Limited ("SP Armada"). Arising therefrom, SP Armada became a jointly controlled entity of the Company.

13 PROFIT BEFORE TAXATION

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Allowance for doubtful debts	**3,058**	3,538	**–**	–
Auditors' remuneration:				
- fees for statutory audit				
- PricewaterhouseCoopers Malaysia	**764**	970	**195**	280
- member firm of PricewaterhouseCoopers International Limited	**170**	149	**–**	–
- fees for audit related services	**394**	240	**394**	240
- fees for non-audit services	**444**	2,595	**381**	2,595
Allowance for doubtful debt written back	**–**	(22)	**–**	–
Impairment:				
- available-for-sale financial asset	**5,400**	–	**5,400**	–
- property, plant and equipment	**1,397**	–	**–**	–
Depreciation of property, plant and equipment	**355,994**	326,835	**8,727**	7,928
Gain on disposal of property, plant and equipment	**(48)**	(8,888)	**(6)**	(1)
Travelling and freight	**27,195**	20,665	**9,119**	9,418
Repairs and maintenance	**56,935**	56,477	**2,818**	2,214
Management fees and commission	**5,033**	4,515	**5,033**	4,512
Insurance	**49,642**	28,991	**50**	35
Fuel and oil	**26,918**	14,513	**–**	–
Advertisement and recruitment	**2,824**	4,142	**2,676**	4,050
Staff costs (Note 14)	**377,555**	300,521	**107,836**	105,327
Other crew costs	**6,018**	5,784	**–**	–
Rental of buildings	**7,692**	5,785	**4,851**	3,581
Hiring of equipment	**31,412**	6,473	**–**	–
Dividend income from subsidiaries:				
- tax exempt	**–**	–	**(66,692)**	(204,500)
Interest income:				
- deposits with a licensed bank	**(10,217)**	(11,170)	**(6,496)**	(10,932)
- loan to subsidiaries	**–**	–	**(2,860)**	(19,911)
Agency fee	**64,646**	17,333	**–**	–
Commission income	**(2,151)**	(1,740)	**–**	–
Rental income	**(41)**	(41)	**–**	–
Net exchange (gain)/loss:				
- realised	**(4,496)**	(31,143)	**704**	(2,416)
- unrealised	**8,612**	1,458	**(7,279)**	3,803
IPO listing expenses	**6**	21,476	**6**	21,476
Maintenance and services cost	**40,070**	58,945	**–**	–
Survey fee	**6,330**	4,414	**–**	–
Consultancy fee	**7,609**	7,833	**7,272**	5,020
Communication expense	**2,808**	1,263	**–**	–

14 STAFF COSTS

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Wages, salaries and bonuses	**310,632**	256,818	**85,830**	86,006
Defined contribution plan	**10,464**	8,082	**2,155**	1,770
Share-based payment	**10,973**	11,785	**10,973**	11,785
Other staff related cost	**45,486**	23,836	**8,878**	5,766
	377,555	300,521	**107,836**	105,327

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 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-executive Directors:				
- fees	**2,666**	1,756	**2,429**	1,756
Executive Directors*:				
- salaries and bonuses	**5,761**	10,894	**4,831**	9,855
- defined contribution plan	**118**	126	**–**	–
- share-based payment	**8,502**	9,284	**8,502**	9,284
	17,047	22,060	**15,762**	20,895

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

Benefits in kind received by the Directors of the Company amounted to RM98,805 (2011: RM71,602) from the Group and the Company.

Included in the share-based payment are 7.75 million options in favour of the Executive Directors in respect of their performance for the current financial year.

16 TAXATION

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Malaysian tax	**7,476**	2,252	**2,034**	(19)
- foreign tax	**40,637**	52,558	**–**	–
Deferred tax (Note 25)	**32,486**	15,749	**(4,310)**	365
	80,599	70,559	**(2,276)**	346
Income tax:				
- current financial year	**45,500**	52,151	**2,034**	–
- under/(over) provision in respect of prior financial years	**2,613**	2,659	**–**	(19)
	48,113	54,810	**2,034**	(19)
Deferred tax:				
- origination and reversal of temporary differences (Note 25)	**32,486**	15,749	**(4,310)**	365
	80,599	70,559	**(2,276)**	346

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

	Group		Company	
	2012	2011	2012	2011
	%	%	%	%
Malaysian tax rate	**25**	25	**25**	25
Tax effects of:				
- exempt income	**(20)**	(21)	**(46)**	(30)
- difference in tax rates in other countries	**(1)**	–	**–**	–
- withholding tax on foreign sourced income	**7**	5	**–**	–
- expenses not deductible for tax purposes	**4**	6	**18**	5
- under/(over) provision in prior years	**2**	1	**(3)**	–
	17	16	**(6)**	–

The Group's effective tax rate for the financial year ended 31 December 2012 was 17%, 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 2012 was (6%) 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.

17 EARNINGS PER SHARE (CONT'D)

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 conversion of options) by the weighted average number of ordinary shares as adjusted for the basic earnings per share and includes all potential dilutive shares on the options granted by the reporting date as if the options had been exercised on the first day of the financial year or the date of the grant, if later.

The basic and diluted weighted average numbers of shares have been presented 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 MFRS 133 "Earnings per Share".

	Basic		Diluted	
	2012	2011	2012	2011*
Profit attributable to the Owners of the Company for the financial year ended 31 December (RM'000)	**385,828**	359,672	**385,828**	359,672
Weighted average number of shares in issue ('000)	**2,928,698**	2,457,973	**2,928,698**	2,457,973
Adjusted for potential ordinary shares on conversion of options under ESOS ('000)	**–**	–	**501**	–
Adjusted weighted average number of shares in issue ('000)	**2,928,698**	2,457,973	**2,929,199**	2,457,973
Earnings per share (sen)	**13.17**	14.63	**13.17**	14.63

* The options granted pursuant to the ESOS were anti-dilutive for 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

	Group and Company	
	2012	2011
	RM'000	RM'000
Dividends paid		
In respect of the financial year ended 31 December 2011:		
- Single tier tax exempt final cash dividend of 2.5 sen per ordinary share	**73,212**	–

Subsequent to the year end, the Directors have recommended a final cash dividend comprising a single tier tax exempt dividend of 3.0 sen per share and a dividend of 0.14 sen per share less 25% income tax in respect of the financial year ended 31 December 2012 subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. If approved, the total net cash dividend payable will be RM90,950,670.

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 2013.

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
31.12.2012								
Net book value								
At 1 January	4,844	41,689	4,097,738	31,119	4,128,857	1,271	24,506	4,201,167
Additions	-	60,720	843,167	48,173	891,340	346	23,567	975,973
Disposals	-	-	(14,980)	-	(14,980)	(173)	(4)	(15,157)
Depreciation charge	(127)	-	(327,345)	(13,783)	(341,128)	(530)	(14,209)	(355,994)
Impairment	-	-	(1,397)	-	(1,397)	-	-	(1,397)
Acquisition of subsidiary (Note 21)	-	-	36,527	2,636	39,163	-	-	39,163
Transfer from non-current asset held for sale (Note 27(b))	-	-	1,640	-	1,640	-	-	1,640
Transfer to disposal group (Note 27(a))	(2,904)	-	-	-	-	-	(323)	(3,227)
Currency translation differences	158	-	(107,223)	(245)	(107,468)	(5)	(8)	(107,323)
At 31 December	1,971	102,409	4,528,127	67,900	4,596,027	909	33,529	4,734,845
At 31 December								
Cost	2,309	102,409	5,786,963	104,067	5,891,030	3,475	79,157	6,078,380
Accumulated depreciation	(338)	-	(1,258,836)	(36,167)	(1,295,003)	(2,566)	(45,628)	(1,343,535)
Net book value	1,971	102,409	4,528,127	67,900	4,596,027	909	33,529	4,734,845

Included in property, plant and equipment were equipment, furniture and fittings, and office equipment amounting to RM17.4 million which have been fully depreciated.

(1) The net book value of vessels at 31 December 2012 under operating lease agreements with charterers was RM1.9 billion.
(2) The net book value of motor vehicles at 31 December 2012 under finance lease agreements was RM436,971.

19 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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
31.12.2011								
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	5,354	41,689	5,036,777	50,887	5,087,664	3,847	58,161	5,196,715
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 RM17.3 million 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 (CONT'D)

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
At 1 January 2011								
Cost	5,203	121,235	4,152,061	50,026	4,202,087	3,590	46,828	4,378,943
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 RM11.7 million which have been fully depreciated.

[1] The net book value of vessels at 1 January 2011 under operating lease agreements with charterers was RM2.4 billion.
[2] The net book value of motor vehicles at 1 January 2011 under finance lease agreements was RM1.3 million.

19 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office equipment, furniture and fittings RM'000	Motor vehicles under hire purchase RM'000	Total RM'000
31.12.2012			
Net book value at 1 January	**14,298**	**747**	**15,045**
Additions	**9,416**	**–**	**9,416**
Disposals	**(3)**	**–**	**(3)**
Depreciation charge	**(8,418)**	**(309)**	**(8,727)**
Net book value at 31 December	**15,293**	**438**	**15,731**
At 31 December			
Cost	**43,165**	**1,845**	**45,010**
Accumulated depreciation	**(27,872)**	**(1,407)**	**(29,279)**
Net book value	**15,293**	**438**	**15,731**
31.12.2011			
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
At 1 January 2011			
Cost	26,418	1,902	28,320
Accumulated depreciation	(11,934)	(786)	(12,720)
Net book value	14,484	1,116	15,600

(a) A fixed charge has been created over certain vessels of the Group with net book values amounting to approximately RM2.5 billion (31.12.2011: RM2.7 billion, 01.01.2011: RM1.7 billion) as security for term loans (Note 36).

(b) Included in vessels are borrowing costs amounting to RM Nil (31.12.2011: RM23.8 million, 01.01.2011: RM34.7 million) which are capitalised during the financial year as these were directly attributable to the conversion and construction of these vessels.

(c) The FPSO contracts include options for the charterers 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		
	31.12.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
As at 1 January / 31 December	**1,411**	1,411	1,411

Goodwill has been allocated to 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% (31.12.2011:5%, 01.01.2011: 5%) for 2013 to 2017;
- Expenses to increase by an average annual rate of 5% (31.12.2011: 5%, 01.01.2011:5%); and
- Pre-tax discount factor used is 8% (31.12.2011: 8%, 01.01.2011:8%), 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 2012, there is no significant impact to the goodwill.

21 INVESTMENTS IN SUBSIDIARIES

	Company		
	31.12.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
Unquoted shares, at cost	**48,853**	47,102	47,102
7% Redeemable Convertible Preference Shares, at cost	**16,000**	16,000	16,000
Less: Accumulated impairment losses	**(22,130)**	(22,130)	(22,130)
	42,723	40,972	40,972
Amounts due from subsidiaries	**1,863,135**	1,052,305	1,171,610
	1,905,858	1,093,277	1,212,582

(a) Incorporation of subsidiaries:

(i) On 2 February 2012, the Company incorporated a wholly owned subsidiary in Russia by the name of Bumi Armada Caspian Limited Liability Company ("BAC") with a charter capital of Russian Ruble ("RUB") of which the Company's wholly-owned subsidiaries, Bumi Armada Offshore Contractor Limited ("BAOCL") and Bumi Armada Russia Holdings Limited ("BARHL") have contributed RUB9,900 and RUB100 respectively. BAC is a 99% direct subsidiary of BAOCL and an indirect wholly-owned subsidiary of the Company.

(ii) On 2 April 2012, Bumi Armada Offshore Holdings Limited ("BAOHL"), a wholly-owned subsidiary of the Company, formed a wholly-owned subsidiary in the United States of America by the name of Armada Blue LLC ("Armada Blue") as a limited liability company in accordance with laws of the State of Texas. Arising therefrom, Armada Blue became an indirect subsidiary of the Company.

(iii) On 23 April 2012, BAOHL incorporated a wholly-owned subsidiary in the Republic of the Marshall Islands under the name Armada Offshore OSV Limited ("Armada OSV"). The authorised capital of Armada OSV is USD50,000 comprising of 50,000 shares of USD1.00 each, of which 10,000 shares have been issued. Arising therefrom, Armada OSV became an indirect subsidiary of the Company.

(iv) On 12 July 2012, BAOHL incorporated a wholly-owned subsidiary in the Republic of the Marshall Islands by the name of Armada Offshore MPSV Limited ("Armada MPSV"). The authorised capital of Armada MPSV is USD50,000 comprising 50,000 shares of USD1.00 each, of which 10,000 shares have been issued and paid up. Arising therefrom, Armada MPSV became an indirect subsidiary of the Company.

21 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Incorporation of subsidiaries (Cont'd):

(v) On 3 September 2012, the Company incorporated a wholly-owned subsidiary in the Federal Territory of Labuan, Malaysia under the name of Bumi Armada Holdings Labuan Ltd ("BAHL") with an issued and paid-up share capital of USD1.00 consisting of 1 ordinary share.

(vi) On 28 September 2012, Bumi Armada Navigation Sdn. Bhd. incorporated two wholly-owned subsidiaries in the Federal Territory of Labuan, Malaysia under the name of Bumi Armada Navigation Labuan Limited ("BANLL") and Bumi Armada Navigation Labuan International Limited ("BANLI"). The issued and paid up capital each of BANLL and BANLI is USD1.00 consisting of 1 ordinary share.

(vii) On 5 October 2012, BAOHL incorporated a wholly-owned subsidiary in the United Kingdom under the name of Bumi Armada UK Limited with an issued and paid up share capital of £1.00 consisting of 1 ordinary share.

(b) Acquisition of a subsidiary:

On 30 November 2012, Offshore Marine Ventures Sdn. Bhd. ("OMV") completed the acquisition of the remaining 3,750,001 ordinary shares of RM1.00 each in OMV by the Company from FPSO Ventures Sdn. Bhd. ("FPSO Ventures") for a cash purchase consideration of RM1,750,000 (the "Acquisition").

Prior to the acquisition, the Company owned 3,750,000 ordinary shares of RM1.00 each representing 50% of the issued capital of OMV. Following the Acquisition, the Company owns 100% of the issued share capital of OMV, resulting in OMV becoming a wholly-owned subsidiary of the Company.

The following table summarises the fair value of consideration paid for OMV, the fair value of assets acquired and the liabilities assumed at the acquisition date.

	RM'000
Consideration at 30 November 2012	
Cash, representing the total consideration transferred	1,750
Fair value of the 50% equity interest in OMV held before the business combination	8,486
Total consideration	10,236
Fair value of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	907
Property, plant and equipment	39,163
Trade and other receivables	2,163
Trade and other payables	(7,940)
Borrowings	(13,600)
Deferred tax liability (Note 25)	(3,717)
Total identifiable net assets	16,976
Gain arising from bargain purchase	(6,740)
Total	10,236

The effect of the acquisition on cash flows is as follows:

Total cost of the business combination	10,236
Less: Non-cash consideration	(8,486)
Consideration settled in cash	1,750
Less: Cash and cash equivalents of subsidiary acquired	(907)
Net cash outflow on acquisition	843

21 INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Acquisition of a subsidiary (Cont'd):

Acquisition-related cost of RM59,000 has been charged to administrative expenses in the consolidated statement of income for the financial year ended 31 December 2012. The fair value of the property, plant and equipment of RM39.1 million was estimated based on market valuation report conducted by an independent valuer. Fair value of the trade and other receivables were based on the contractual amount collectible and fair value of the trade, other payables and borrowings were based on contractual liability which existed on acquisition date.

The Group recognised a bargain purchase gain of RM6.7 million as a result of acquiring the remaining 50% equity interest in OMV.

(c) Disposal of an indirect wholly-owned subsidiary:

On 20 November 2012, the Company's wholly-owned subsidiary, Bumi Armada Automation International Sdn Bhd ("Bumi Armada Automation") had entered into a Conditional Sale and Purchase Agreement ("SPA") with Dyna-Mac Holdings Ltd ("Dyna-Mac") for the disposal of its entire 100% equity interest in Haven Automation Industries (S) Pte Ltd ("Haven") to Dyna-Mac for a cash consideration of SGD5.0 million (the "Disposal").

Following a mutually agreed extension of the period for completion of the Disposal on 19 February 2013, the Disposal was completed on 26 March 2013 and accordingly, Haven has ceased as a wholly-owned subsidiary of the Company.

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

Name of company	Principal activities	Group's effective interest 31.12.2012 %	31.12.2011 %	01.01.2011 %	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**	100	–	Singapore
Armada Floating Solutions Limited [3]	Bareboat charter of a floating production storage and offloading unit	**100**	100	100	The 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	100	The British Virgin Islands

21 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Group's effective interest 31.12.2012 %	31.12.2011 %	01.01.2011 %	Country of incorporation
Direct subsidiaries (Cont'd):					
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	100	The British Virgin Islands
Armada Offshore DMCEST (1)	Dormant	**100**	100	100	Dubai, UAE
Armada Oyo Ltd (3)	Bareboat charter of a floating production storage and offloading unit	**100**	100	100	The British Virgin Islands
Armada Project Pte. Ltd. (2)	Dormant	**100**	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	100	Republic of the Marshall Islands
Armada Kamelia Sdn. Bhd.	Dormant	**100**	100	–	Malaysia
Bumi Armada (Labuan) Ltd	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	100	Federal Territory of Labuan, Malaysia
Bumi Armada (Singapore) Pte Ltd ("BASPL") (2)	Ship management and chartering operation and maintenance of FPSO	**100**	100	100	Singapore

21 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Group's effective interest 31.12.2012 %	31.12.2011 %	01.01.2011 %	Country of incorporation
Direct subsidiaries (Cont'd):					
Bumi Armada Automation International Sdn Bhd ("BAAI") (5)	Investment holding	**100**	100	100	Malaysia
Bumi Armada Engineering Sdn Bhd ("BAE") (4)	Provision of engineering consultancy services	**100**	100	100	Malaysia
Bumi Armada Navigation Sdn Bhd ("BAN")	Provision of marine transportation, and support services to offshore oil and gas companies and vessel construction	**95**	95	100	Malaysia
Bumi Armada Offshore Holdings Limited (3)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	100	Republic of the Marshall Islands
Bumi Armada Russia Holdings Limited (3)	Dormant	**100**	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	100	Republic of the Marshall Islands

21 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Group's effective interest 31.12.2012 %	31.12.2011 %	01.01.2011 %	Country of incorporation
Direct subsidiaries (Cont'd):					
Bumi Armada Holdings Labuan Ltd.	Provision of loans, advances and other facilities, and cash and debt management services, investment and financial risk management and other treasury management services to the members of its Group.	**100**	–	–	Federal Territory of Labuan, Malaysia
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	**100**(7)	50	50	Malaysia
Subsidiaries of AMCCL:					
Armada Marine Contractors Caspian Pte Ltd (2) & (4)	Chartering of ships, barges and boats with crew (freight)	**100**	100	100	Singapore
Subsidiary of BAAI:					
Haven Automation Industries (S) Pte Ltd (2)	Repairers of ships, tankers and other ocean-going vessels and manufacture and repair of marine engine and ship parts	**100**	100	100	Singapore
Subsidiaries of BAN:					
Armada Indah Sdn Bhd	Sea charter transportation	**95**	95	100	Malaysia

21 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Group's effective interest 31.12.2012 %	31.12.2011 %	01.01.2011 %	Country of incorporation
Subsidiaries of BAN (Cont'd):					
Armada Tankers Sdn Bhd ("ATSB")	Dormant	**95**	95	100	Malaysia
Bumi Armada Ship Management Sdn Bhd	Dormant	**95**	95	100	Malaysia
Bumi Care Offshore Production Sdn Bhd	Dormant	**57**	57	60	Malaysia
Bumi Armada Navigation Labuan Limited	Shipping on bare boat or time charter basis	**95**	–	–	Federal Territory of Labuan, Malaysia
Bumi Armada Navigation Labuan International Limited	Shipping on bare boat or time charter basis	**95**	–	–	Federal Territory of Labuan, Malaysia
Subsidiaries of BAOHL:					
Armada TLDD Limited [(3)]	Dormant	**100**	100	–	Republic of the Marshall Islands
Bumi Armada Angola Servicos Limited [(3)]	Dormant	**100**	100	–	Republic of the Marshall Islands
Bumi Armada Australia Pty Ltd	Dormant	**100**	100	–	Australia
Bumi Armada Do Brasil Servicos Maritimos Ltda. [(6)]	Dormant	**100**	100	–	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**	100	–	Republic of the Marshall Islands
Armada Blue LLC	Dormant	**100**	–	–	United States of America

21 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Group's effective interest 31.12.2012 %	31.12.2011 %	01.01.2011 %	Country of incorporation
Subsidiaries of BAOHL (Cont'd):					
Armada Offshore OSV Limited	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	–	–	Republic of the Marshall Islands
Armada Offshore MPSV Limited	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	–	–	Republic of the Marshall Islands
Bumi Armada UK Limited	Offshore oil and gas marine services	**100**	–	–	United Kingdom
Subsidiary of BASPL:					
Bumi Armada Nigeria Limited (2)	Dormant	**99**	99	99	Federal Republic of Nigeria
Subsidiary of ATSB:					
Armada Alpha Sdn Bhd	Dormant	**95**	95	100	Malaysia
Subsidiary of BAOCL:					
Bumi Armada Caspian Limited Liability Company	Activities relative to oil and gas industry	**100**	–	–	Russia

(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) Consolidated using predecessor method of merger accounting.
(6) The effective interest of the Company is 99.99%.
(7) Offshore Marine Ventures Sdn. Bhd. became a wholly-owned subsidiary of the Company following completion of the acquisition of the remaining shares not already owned by the Company, on 30 November 2012.

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Quoted equity securities, outside Malaysia				
As at 1 January	–	–	–	–
Additions	56,808	–	–	–
	56,808	–	–	–
Less: fair value loss transfer to equity (Note 39(c))	(2,791)	–	–	–
	54,017	–	–	–
Unquoted debt securities - preference shares - outside Malaysia				
As at 1 January	7,427	3,778	7,427	3,778
Additions	–	3,649	–	3,649
	7,427	7,427	7,427	7,427
Less: Impairment	(5,400)	–	(5,400)	–
	2,027	7,427	2,027	7,427
	56,044	7,427	2,027	7,427

On 16 October 2012, Armada Project Pte Ltd, a wholly-owned subsidiary of the Company, subscribed for 45,000,000 placement shares of Dyna-Mac Holdings Ltd ("Dyna-Mac"), a listed entity on Singapore Exchange at a placement price of SGD0.50 for each placement share pursuant to Dyna-Mac's placement exercise. The total purchase consideration amounted to SGD22.5 million. The fair value of these quoted securities is determined by reference to published price quotations.

Investment in unquoted preference shares represents the investment in 2,400,000 units redeemable convertible preference shares ("RCPS"). The RCPS of USD1 each expire 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 as at the reporting date.

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.

23 ACCRUED LEASE RENTALS

	Group		
	31.12.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000
Current	398,488	415,898	218,017
Non-current	508,792	409,458	292,256
	907,280	825,356	510,273

23 ACCRUED LEASE RENTALS (CONT'D)

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

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
No later than 1 year	**533,854**	582,640	417,428
Later than 1 year and no later than 5 years	**2,215,674**	2,692,973	1,935,787
Later than 5 years	**319,962**	511,414	774,085
	3,069,490	3,787,027	3,127,300

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

24 DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	31.12.2012		31.12.2011		01.01.2011	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Cash flow hedges						
- Interest rate swaps	**–**	**(29,007)**	–	(26,523)	–	(8,699)
- Cross currency interest rate swaps	**4,313**	**–**	2,342	–	12,126	–
Total	**4,313**	**(29,007)**	2,342	(26,523)	12,126	(8,699)
Less: non-current portion						
Cash flow hedges						
- Interest rate swaps	**–**	**(16,031)**	–	(15,774)	–	(2,664)
- Cross currency interest rate swaps	**2,209**	**–**	1,240	–	10,312	–
	2,209	**(16,031)**	1,240	(15,774)	10,312	(2,664)
Current portion	**2,104**	**(12,976)**	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 arose from cash flow hedges amounting to a gain of RM3.3 million (31.12.2011: loss of RM13.7 million, 01.01.2011: 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 2012 were RM164.0 million (31.12.2011: RM197.1 million, 01.01.2011: RM220.5 million).

24 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest rate swaps

The interest rate swap contracts are used to hedge the floating interest rate risk arising from bank borrowings amounted to RM1,483.6 million (31.12.2011: RM1,067.9 million, 01.01.2011: RM452.8 million) (Note 36). These contractual interest rate swap contracts receives fixed rate interest ranging from 0.99% to 4.69% (31.12.2011: 1.68% to 4.69%, 01.01.2011: 2.01% to 4.69%) and 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		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Deferred tax assets						
- recoverable after more than 12 months	**74,830**	17,625	11,007	**10,648**	6,206	6,934
Deferred tax liabilities						
- recoverable after more than 12 months	**(123,726)**	(31,229)	(8,603)	**(2,527)**	(2,395)	(2,758)
Deferred tax (liability)/ asset (net)	**(48,896)**	(13,604)	2,404	**8,121**	3,811	4,176
Subject to income tax:						
Deferred tax assets						
- receivables	**9,807**	316	–	**–**	–	–
- payables	**23,114**	4,925	7,007	**6,825**	4,476	6,918
- unutilised tax losses	**962**	447	2,686	**962**	447	–
- property, plant and equipment	**30,633**	10,618	–	**–**	–	–
- unabsorbed capital allowances	**10,314**	1,319	1,314	**2,861**	1,283	16
	74,830	17,625	11,007	**10,648**	6,206	6,934
Offsetting	**(66,709)**	(13,814)	(6,817)	**(2,527)**	(2,395)	(2,758)
Deferred tax assets (after offsetting)	**8,121**	3,811	4,190	**8,121**	3,811	4,176
Deferred tax liabilities						
- property, plant and equipment	**(25,932)**	(7,902)	(8,603)	**(2,527)**	(2,395)	(2,758)
- receivables	**(62,384)**	(23,327)	–	**–**	–	–
- payables	**(4,472)**	–	–	**–**	–	–
- amount due from customer on contract	**(30,938)**	–	–	**–**	–	–
Offsetting	**66,709**	13,814	6,817	**2,527**	2,395	2,758
Deferred tax liabilities (after offsetting)	**(57,017)**	(17,415)	(1,786)	**–**	–	–

25 DEFERRED TAXATION (CONT'D)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	**(13,604)**	2,404	**3,811**	4,176
Credited/(charged) to the profit or loss (Note 16)				
- property, plant and equipment	**10,469**	11,319	**(132)**	363
- unutilised tax losses	**567**	(2,239)	**515**	447
- receivables	**(29,566)**	(22,752)	**-**	-
- payables	**13,717**	(2,082)	**2,349**	(2,442)
- unabsorbed capital allowances	**3,265**	5	**1,578**	1,267
- amount due from customer on contract	**(30,938)**	-	**-**	-
	(32,486)	(15,749)	**4,310**	(365)
- transfer to disposal group (Note 27 (a))	**146**	-	**-**	-
- acquisition of subsidiary (Note 21)	**(3,717)**	-	**-**	-
Exchange differences	**765**	(259)	**-**	-
At 31 December	**(48,896)**	(13,604)	**8,121**	3,811

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		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Deductible temporary differences	**-**	-	-	**-**	-	236
Unutilised tax losses	**2,785**	-	845	**-**	-	-

26 INVENTORIES

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Spares and raw materials	**2,507**	1,388	961
Fuel	**8,243**	162	162
	10,750	1,550	1,123

27 NON-CURRENT ASSET/DISPOSAL GROUP HELD FOR SALE

(a) Disposal group held-for-sale

On 20 November 2012, the Company's wholly-owned subsidiary, Bumi Armada Automation International Sdn Bhd ("Bumi Armada Automation") had entered into a Conditional Sale and Purchase Agreement ("SPA") with Dyna-Mac Holdings Ltd ("Dyna-Mac") for the disposal of its entire 100% equity interest in Haven Automation Industries (S) Pte Ltd ("Haven") to Dyna-Mac for a cash consideration of SGD5.0 million (the "Disposal").

Arising therefrom, the assets and liabilities related to Haven (part of the others segment) have been presented as held for sale as at 31 December 2012.

Statement of financial position disclosures

The major classes of assets and liabilities of Haven classified as held for sale as at 31 December 2012 are as follows:

	RM'000
(i) Assets of disposal group classified as held for sale	
Property, plant and equipment (Note 19)	**3,227**
(ii) Liabilities of disposal group classified as held for sale	
Deferred tax liability (Note 25)	**(146)**
Provision for tax	**(15)**
Total	**(161)**

Following a mutually agreed extension of the period for completion of the Disposal on 19 February 2013, the Disposal was completed on 26 March 2013 and accordingly, Haven has ceased as a wholly-owned subsidiary of the Company.

(b) Non-current asset held-for-sale

The movement during the financial year relating to non-current assets held-for-sale are as follows:

	Group and Company	
	2012	2011
	RM'000	RM'000
At 1 January	**1,640**	–
Transfer from property, plant and equipment (Note 19)	**–**	4,558
Transfer to property, plant and equipment (Note 19)	**(1,640)**	–
Disposals	**–**	(2,918)
At 31 December	**–**	1,640

As the intended disposal of the above asset did not materialise during the financial year, this was subsequently transfer back to property, plant and equipment.

28 AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACT

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Aggregate costs incurred	**377,130**	244,666	23,500
Profit recognised to-date	**133,179**	102,317	11,182
Cumulative contract revenue recognised	**510,309**	346,983	34,682
Less: Progress billings	**(514,763)**	(293,778)	(65,059)
	(4,454)	53,205	(30,377)
Represented by:			
Amounts due from customers on contract	**15,835**	53,205	–
Amounts due to customers on contract	**(20,289)**	–	(30,377)
	(4,454)	53,205	(30,377)

29 TRADE RECEIVABLES

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Trade receivables	**346,379**	331,514	197,004
Less: Impairment	**(14,229)**	(10,877)	(7,361)
	332,150	320,637	189,643

Past due but not impaired

As at 31 December 2012, RM181.6 million (31.12.2011: RM161.0 million, 01.01.2011: 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		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Less than 30 days past due	**57,752**	50,864	28,839
Between 31 and 60 days past due	**39,978**	28,851	11,792
Between 61 and 90 days past due	**37,439**	45,004	6,187
Between 91 days and 1 year past due	**46,426**	36,044	7,968
More than 1 year past due	**–**	208	14,267
	181,595	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 believes that no impairment is required as at 31 December 2012.

29 TRADE RECEIVABLES (CONT'D)

Impaired and provided for

During the financial year, trade receivables totalling RM3.1 million (31.12.2011: RM3.5 million) were impaired and charged to the profit or loss. The amount of the provision was RM14.2 million as of 31 December 2012 (31.12.2011: RM10.9 million, 01.01.2011: RM7.4 million). The individually impaired receivables mainly relate to a number of customers, which are in unexpectedly difficult economic situations.

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

	Group	
	2012	2011
	RM'000	RM'000
At 1 January	**10,877**	7,361
Amounts written back	**–**	(22)
Charged to the profit or loss	**3,058**	3,538
Currency translation differences	**294**	–
At 31 December	**14,229**	10,877

30 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group			Company		
	31.12.2012	31.12.2011	01.01.2011	31.12.2012	31.12.2011	01.01.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other receivables	**66,369**	35,582	19,281	**4,625**	200	–
Deposits and prepayments	**62,356**	45,152	13,425	**17,717**	3,396	1,438
Staff loans	**1,529**	1,658	3,487	**439**	532	531
	130,254	82,392	36,193	**22,781**	4,128	1,969

As at 31 December 2012 (31.12.2011: RM Nil, 01.01.2011: RM Nil), 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 2012, there was no impairment (31.12.2011: RM Nil, 01.01.2011: RM Nil) on amounts 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 2012, there was no impairment (31.12.2011: RM Nil, 01.01.2011: RM Nil) on amount due from jointly controlled entities.

Past due but not impaired

As at 31 December 2012, RM24.5 million (31.12.2011: RM8.0 million, 01.01.2011: RM3.7 million) of amounts due from jointly controlled entities were past due but not impaired. The ageing analysis of these receivables is as follows:

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Less than 30 days past due	**2,334**	2,261	393
Between 30 and 60 days past due	**2,730**	754	799
Between 61 and 90 days past due	**50**	3,506	462
Between 91 days and 1 year past due	**19,394**	1,440	1,128
More than 1 year past due	**–**	–	912
	24,508	7,961	3,694

33 DEPOSITS, CASH AND BANK BALANCES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Cash and bank balances	**72,909**	73,305	253,300	**1,763**	12,735	73,138
Deposits with licensed banks	**427,591**	1,174,111	24,384	**9,550**	907,402	4,365
	500,500	1,247,416	277,684	**11,313**	920,137	77,503

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

	Group			Company		
	31.12.2012 %	31.12.2011 %	01.01.2011 %	31.12.2012 %	31.12.2011 %	01.01.2011 %
Deposits with licensed banks	**1.85**	1.48	2.67	**2.94**	1.74	2.55

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

Included in deposits with licensed banks were RM0.9 million for the Group and the Company (31.12.2011: RM4.4 million, 01.01.2011: RM4.4 million) which have been designated for specific purposes.

34 OTHER PAYABLES AND ACCRUALS

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Other payables	**52,700**	62,527	51,700	**17,383**	26,673	23,713
Amount due to a related company	**–**	–	1,711	**–**	–	1,711
Accruals	**90,228**	121,100	169,034	**29,187**	22,227	35,846
	142,928	183,627	222,445	**46,570**	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 RM47.0 million in the current year (31.12.2011: RM81.5 million, 01.01.2011: RM65.9 million).

35 HIRE PURCHASE CREDITORS

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Analysis of hire purchase commitments:						
- payable within one year	**193**	429	445	**193**	371	371
- payable between one and two years	**243**	400	676	**243**	371	520
- payable between two and five years	**–**	86	259	**–**	37	259
	436	915	1,380	**436**	779	1,150
Less: Interest in suspense	**(57)**	(111)	(159)	**(57)**	(92)	(133)
	379	804	1,221	**379**	687	1,017
Representing hire purchase liabilities						
- due within 12 months	**170**	382	402	**170**	330	330
- due after 12 months	**209**	422	819	**209**	357	687
	379	804	1,221	**379**	687	1,017

36 BORROWINGS

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Current						
Term loans - secured	**364,419**	361,080	213,335	**-**	-	-
Term loans - unsecured	**138,900**	96,540	274,869	**-**	-	150,000
	503,319	457,620	488,204	**-**	-	150,000
Revolving credits - unsecured	**88,682**	-	210,196	**-**	-	154,255
Bridging loan - unsecured	**22,806**	-	670,925	**-**	-	525,000
Bank overdraft - unsecured	**-**	-	24,140	**-**	-	19,080
Bank overdraft - secured	**-**	-	4,281	**-**	-	-
	614,807	457,620	1,397,746	**-**	-	848,335
Non-current						
Term loans - secured	**1,223,166**	1,604,826	969,890	**-**	-	-
Term loans - unsecured	**829,700**	955,000	1,050,000	**-**	-	-
	2,052,866	2,559,826	2,019,890	**-**	-	-
Total borrowings	**2,667,673**	3,017,446	3,417,636	**-**	-	848,335

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

	Group		
	31.12.2012 %	31.12.2011 %	01.01.2011 %
Bridging loan	**1.15**	-	6.87
Revolving credits	**1.46**	-	3.62
Term loans	**3.58**	3.69	3.47

36 BORROWINGS (CONT'D)

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 2012							
Unsecured:							
- term loans	Fixed rates depending on disbursement of tranches	RM	**63,948**	**6,748**	**6,400**	**50,800**	**-**
	Floating rates varies based on cost of funds	RM	**905,683**	**133,183**	**157,500**	**522,500**	**92,500**
- revolving credit	Floating rates varies based on London Interbank Offer Rate ("LIBOR")	USD	**88,682**	**88,682**	**-**	**-**	**-**
- bridging loans	Floating rates varies based on LIBOR	USD	**22,806**	**22,806**	**-**	**-**	**-**
Secured:							
- term loans	Floating rates varies based on LIBOR	USD	**1,421,664**	**330,554**	**301,084**	**699,330**	**90,696**
	Floating rates varies based on cost of funds	RM	**164,890**	**32,834**	**27,688**	**83,063**	**21,305**
			2,667,673	**614,807**	**492,672**	**1,355,693**	**204,501**
At 31 December 2011							
Unsecured:							
- term loans	Fixed rates depending on disbursement of tranches	RM	50,000	-	-	50,000	-
	Floating rates varies based on cost of funds	RM	1,001,540	96,540	132,500	497,500	275,000
Secured:							
- term loans	Floating rates varies based on LIBOR	USD	1,767,926	327,125	338,086	798,901	303,814
	Floating rates varies 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

36 BORROWINGS (CONT'D)

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 1 January 2011							
Unsecured:							
- revolving credits	Floating rates varies based on LIBOR	RM	55,941	55,941	-	-	-
	Floating rates varies based on LIBOR	USD	154,255	154,255	-	-	-
- term loans	Fixed rates depending on disbursement of tranches	RM	102,064	52,064	-	50,000	-
	Floating rates varies based on cost of funds	RM	1,070,000	70,000	95,000	460,000	445,000
	Floating rates varies based on Singapore Interbank Offer Rate ("SIBOR")	USD	2,805	2,805	-	-	-
	Fixed rates	RM	150,000	150,000	-	-	-
- bridging loans	Floating rates varies based on LIBOR	USD	145,925	145,925	-	-	-
	Floating rates varies based on cost of funds	RM	525,000	525,000	-	-	-
- bank overdrafts	Floating rates varies based on base lending rate	RM	24,140	24,140	-	-	-
Secured:							
- term loans	Floating rates varies based on LIBOR	USD	962,725	189,900	215,283	403,019	154,523
	Floating rates varies based on cost of funds	RM	220,500	23,435	33,022	87,347	76,696
- bank overdrafts	Floating rates varies 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 subsidiaries are held as securities against borrowings.

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

36 BORROWINGS (CONT'D)

There were no borrowings by the Company as at 31 December 2012 and 31 December 2011.

Company	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 1 January 2011							
Unsecured:							
- revolving credits	Floating rates varies based on LIBOR	USD	154,255	154,255	-	-	-
- term loans	Fixed rates	RM	150,000	150,000	-	-	-
	Floating rates varies based on cost of funds	RM	525,000	525,000	-	-	-
- bank overdrafts	Floating rates varies based on base lending rate	RM	19,080	19,080	-	-	-
			848,335	848,335	-	-	-

37 SHARE CAPITAL

		Group and Company			
		Number of shares		Nominal value	
	Par value	2012	2011	2012	2011
	RM	'000	'000	RM'000	RM'000
Authorised:					
Ordinary shares					
At 1 January	0.20/1.00	**4,000,000**	95,000	**800,000**	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**	4,000,000	**800,000**	800,000
Redeemable preference shares					
At 1 January		**-**	5,000	**-**	5,000
Reorganisation		**-**	(5,000)	**-**	(5,000)
At 31 December		**-**	-	**-**	-
		4,000,000	4,000,000	**800,000**	800,000
Issued and fully paid:					
Ordinary shares					
At 1 January	0.20/1.00	**2,928,462**	63,000	**585,692**	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
Issue of new shares from exercise of employee share option	0.20	**706**	-	**142**	-
At 31 December	0.20	**2,929,168**	2,928,462	**585,834**	585,692

38 EMPLOYEE SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS" or "Scheme") 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 Scheme became effective.

(c) No option shall be granted pursuant to the ESOS on or after the 10th anniversary of the date on which the Scheme became 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 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("LR") 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:

	2012	2011
Dividend yield (%)	**2.00%**	2.20%
Expected volatility (%)	**29% to 38%**	25% to 40%
Risk-free interest rate (%)	**3.06% to 3.23%**	2.93% to 3.50%
Expected life of option (years)	**1 to 5 years**	1 to 5 years
Share price at date of grant (RM)	**3.75**	3.03
Exercise price of option (RM)	**3.75**	3.03

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.

38 EMPLOYEE SHARE OPTION SCHEME (CONT'D)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2012		2011	
	Average exercise price per share option (RM)	Options ('000)	Average exercise price per share option (RM)	Options ('000)
At 1 January	**3.03**	**33,000**	–	–
Granted	**3.75**	**17,477**	3.03	33,000
Forfeited	**3.19**	**(2,435)**	–	–
Exercised	**3.03**	**(706)**	–	–
At 31 December	**3.29**	**47,336**	3.03	33,000

Out of the 47,335,900 outstanding options (2011: 33,000,000 options), 2,633,500 options (2011: Nil) were exercisable. Options exercised in 2012 resulted in 706,500 shares (2011: Nil shares) being issued at a weighted average price of 3.03 each (2011: Nil each). The related weighted average share price at the time of exercise was RM3.76 (2011: Nil) per share. The related transaction costs amounting to approximately of RM10,000 (2011: Nil) have been netted off with the proceeds received.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant/Vest	Expiry date	Exercise price in RM per share option	Share options ('000) 2012	2011
2011/2012	2016	3.03	**2,634**	3,850
2011/2013	2016	3.03	**3,653**	4,250
2011/2014	2016	3.03	**10,504**	11,300
2011/2015	2016	3.03	**13,600**	13,600
2012/2013*	2017	3.75	**5,084**	–
2012/2014*	2017	3.75	**5,084**	–
2012/2015*	2017	3.75	**6,777**	–
			47,336	33,000

* Options granted during the period.

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) Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities.

(c) 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 (31.12.2011: RM6.3 million, 01.01.2011: Nil), preference share redemption reserve for the Company and a subsidiary amounting to RM0.3 million (31.12.2011: RM0.3 million, 01.01.2011: RM0.3 million) and fair value change in available-for-sale financial assets amounting to (RM2.8 million) (31.12.2011: Nil, 01.01.2011: Nil).

(d) 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.

(e) Hedging reserve

The effective portion of the fair value changes on derivatives which were designated for hedge accounting under cash flow hedges.

(f) 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 2012, subject to agreement with the tax authorities, the Company has sufficient Section 108 tax credits and tax exempt income to pay all (31.12.2011: all, 01.01.2011: all) of the retained earnings of the Company as franked dividends.

40 COMMITMENTS

	Group	
	2012	2011
	RM'000	RM'000
(i) Capital expenditure for property, plant and equipment not provided for in the financial statements:		
- authorised and contracted	**153,929**	189,633
- authorised but not contracted	**1,075,498**	1,031,958
	1,229,427	1,221,591
(ii) Commitments for amounts payable under operating leases for rental of premises:		
- payable within one year	**7,090**	6,008
- payable later than one year and not later than five years	**27,140**	22,965
- payable later than five years	**17,126**	19,961
	51,356	48,934

The Group has entered into lease arrangements (classified as operating leases) for offices with durations varying from 1 to 8 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) 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.

(c) 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 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. The ultimate holding company of UTSB is PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have an interest in the shares of the Company through UTSB's deemed interest in OBSB, they do not have any economic or beneficial interest in the shares as such interest is held subject to the terms of the discretionary trust.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012 (Cont'd)

41 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

		Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(i)	Transactions with UTSB Management Sdn Bhd ("UTSBM") [1]				
	- reimbursable costs incurred in respect of an Executive Director	**4,750**	9,855	**4,750**	9,855
	- management fees	**4,737**	4,515	**4,737**	4,512
	- provision of corporate and project-related advisory services	**–**	18,582	**–**	15,900
(ii)	Interest expense to Pilihan Tegas Sdn Bhd [1]	**–**	701	**–**	701
(iii)	Telecommunication expenses to Maxis Berhad [2]	**3,268**	2,319	**3,260**	2,291
(iv)	Rental to Malaysian Landed Property Sdn Bhd ("MLP") [3]	**5,575**	4,689	**5,575**	4,689
(v)	Transactions with jointly controlled entities:				
	- ship management fee from Offshore Marine Ventures Sdn Bhd [4]	**(180)**	(197)	**–**	–
	- ship management fee to Century Bumi Limited	**10,989**	11,966	**–**	–
	- vessel hiring fee from Century Bumi Limited	**(5,656)**	(3,861)	**–**	–
	- sale of vessel to PT Armada Gema Nusantara	**(18,459)**	–	**–**	–
	- sale 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	**17,941**	22,865	**17,011**	20,828
	- defined contribution plan	**1,555**	478	**1,444**	233
	- share-based payment	**10,283**	10,485	**10,283**	10,485
(vii)	Acquisition of remaining 50% of the issued capital of OMV[4]	**1,750**	–	**1,750**	–
(viii)	Central overheads fees charged				
	- subsidiaries	**–**	–	**114,925**	118,451
	- jointly controlled entities	**–**	–	**15,002**	5,315
(ix)	Payment on behalf				
	- subsidiaries	**–**	–	**265,649**	906,307
	- jointly controlled entities	**42,159**	145,996	**33,558**	142,583
(x)	Repayment on behalf by subsidiaries	**–**	–	**(79,051)**	(94,683)

(1) Subsidiary of UTSB, a substantial shareholder of the Company
(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 in OMV became a wholly-owned subsidiary of the Company following completion of the acquisition of the remaining shares not already owned by the Company on 30 November 2012. The details of the event are disclosed in Note 21 (b).

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:

	Carrying amount			Fair value		
	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Group						
Fixed rate term loans (Note 36)	**63,948**	50,000	252,064	**55,409**	51,510	253,817
Company						
Fixed rate term loans (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 RM2,062 million (31.12.2011: RM2,084 million, 01.01.2011: RM2,438 million) for banking facilities extended to subsidiaries. The carrying amounts of the related financial guarantee contracts was approximately RM1,184 million (31.12.2011: RM1,387 million, 01.01.2011: RM1,770 million) as at 31 December 2012.

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	Available-for-sale RM'000	Loans and receivables RM'000	Assets at fair value through profit and loss RM'000	Total RM'000
At 31 December 2012				
Financial assets:				
Available-for-sale financial asset	**56,044**	**-**	**-**	**56,044**
Amounts due from customers on contracts	**-**	**15,835**	**-**	**15,835**
Trade receivables	**-**	**332,150**	**-**	**332,150**
Other receivables excluding prepayments	**-**	**86,535**	**-**	**86,535**
Derivative financial assets	**-**	**-**	**4,313**	**4,313**
Deposits with licensed banks	**-**	**427,591**	**-**	**427,591**
Cash and bank balances	**-**	**72,909**	**-**	**72,909**
	56,044	**935,020**	**4,313**	**995,377**

44 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Group	Financial liabilities at amortised costs RM'000	Derivatives used for hedge accounting RM'000	Total RM'000
At 31 December 2012 (Cont'd)			
Financial liabilities:			
Trade payables	**228,463**	**–**	**228,463**
Other payables and accruals	**142,928**	**–**	**142,928**
Borrowings	**2,667,673**	**–**	**2,667,673**
Hire purchase creditors	**379**	**–**	**379**
Derivative financial liabilities	**–**	**29,007**	**29,007**
	3,039,443	**29,007**	**3,068,450**

Group	Available-for-sale RM'000	Loans and receivables RM'000	Assets at fair value through profit and loss RM'000	Total RM'000
At 31 December 2011				
Financial assets:				
Available-for-sale financial asset	7,427	–	–	7,427
Amounts due from customers on contracts	–	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
	7,427	1,683,856	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			
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 (CONT'D)

Group	Available-for-sale RM'000	Loans and receivables RM'000	Assets at fair value through profit and loss RM'000	Total RM'000
At 1 January 2011				
Financial assets:				
Available-for-sale financial assets	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
	3,778	494,130	12,126	510,034

Group	Financial liabilities at amortised costs RM'000	Derivatives used for hedge accounting RM'000	Total RM'000
At 1 January 2011			
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 analyses 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 (CONT'D)

The following table presents the Group's financial assets and liabilities that were measured at fair value as at 31 December 2012:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets:				
Available-for-sale financial asset	**54,017**	**–**	**2,027**	**56,044**
Financial assets at fair value through profit or loss				
- Cross currency interest rate swaps	**–**	**4,313**	**–**	**4,313**
Financial liabilities:				
Derivatives used for hedging				
- Interest rate swaps	**–**	**(29,007)**	**–**	**(29,007)**

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:				
Available-for-sale financial asset	–	–	7,427	7,427
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)

The following table presents the Group's financial assets and liabilities that were measured at fair value as at 1 January 2011:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets:				
Available-for-sale financial asset	–	–	3,778	3,778
Financial assets at fair value through profit or loss				
- Cross currency interest rate swaps	–	12,126	–	12,126
Financial liabilities:				
Derivatives used for hedging				
- Interest rate swaps	–	(8,699)	–	(8,699)

44 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Analysis of the financial instruments for the Company is as follows:

Company	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Financial assets classified as loans and receivables:			
Other receivables excluding prepayments	**16,239**	2,035	1,578
Dividend receivable	**8,364**	11,670	6,170
Amounts due from subsidiaries	**508,628**	382,101	139,690
Amounts due from jointly controlled entities	**16,768**	14,663	18,322
Deposits with licensed banks	**9,550**	907,402	4,365
Cash and bank balances	**1,763**	12,735	73,138
	561,312	1,330,606	243,263
Financial assets classified as available-for-sale:			
Available-for-sale financial assets	**2,027**	7,427	3,778
Financial liabilities classified at amortised costs:			
Other payables and accruals	**46,570**	48,900	61,270
Amounts due to subsidiaries	**90,467**	19,516	484,221
Borrowings	**–**	–	848,335
Hire purchase creditors	**379**	687	1,017
	137,416	69,103	1,394,843

The following table presents the Company's financial assets that were measured at fair value, using Level 3 valuation method, at reporting date:

Company	31.12.2012 RM'000	31.12.2011 RM'000	01.01.2011 RM'000
Available-for-sale financial assets	**2,027**	7,427	3,778

45 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 2013.

46 SUPPLEMENTARY INFORMATION

The following analysis of realised and unrealised retained profits at the legal entity level is prepared 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 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.

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and subsidiaries				
- realised	**1,597,218**	1,296,553	**116,223**	144,350
- unrealised	**(53,195)**	(39,243)	**843**	7,614
	1,544,023	1,257,310	**117,066**	151,964
Total share of retained earnings from jointly controlled entities				
- realised	**66,241**	32,549	**-**	-
- unrealised	**(9,037)**	(1,638)	**-**	-
	57,204	30,911	**-**	-
Total retained earnings	**1,601,227**	1,288,221	**117,066**	151,964

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

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 81 to 162 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and of the results of the Group and of the Company and the cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965.

The supplementary information set out in Note 46 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 of the Directors dated 16 April 2013.

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 81 to 162 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 2013, 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 81 to 162, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of income, statements of comprehensive income, statements of 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 45.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of 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 2012 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 21 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.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 46 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

1. As stated in Note 3 to the financial statements, Bumi Armada Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

2. This report is made solely to the members of the 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. 1455/06/14 (J))
Chartered Accountant

Kuala Lumpur
16 April 2013

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), the following additional information is provided:

1. **Non-audit Fees**
   The amount of non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2012 by the Company's external auditors were RM0.4 million.

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 2012, 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 Company's public issue as at 31 December 2012 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	592,000	Within 24 months	–
Working capital	562,000	570,985	Within 24 months	(8,985)
Listing expenses	100,000	91,015	Within 3 months	8,985
	2,029,000	2,029,000		–

   The actual utilisation of the proceeds for the listing expenses was lower than budgeted. Hence, the unutilised balance has been used for general working capital requirements of the Group as disclosed in the Company's prospectus dated 30 June 2011.

4. **Material Contracts**
   There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries which involved the interests of Directors and Major Shareholders, either still subsisting at the end of the financial year ended 31 December 2012 or entered into since the end of the previous financial year.

5. **Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")**
   At an Extraordinary General Meeting held on 21 June 2012, the Company obtained a mandate from its shareholders ("Shareholders' Mandate") for the Company and/or its subsidiaries to provide financial assistance to Bumi Armada Navigation Sdn Bhd ("BAN") ("Advances") and in the form of interest income receivable thereon by Bumi Armada and/or its subsidiaries from BAN ("Interest Income") (collectively "Transactions").

   In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR, the Company is required to disclose in the Annual Report the aggregate value of RRPTs conducted pursuant to the Shareholders' Mandate during the financial year 2012 ("Year 2012"), where such value is equal to or more than, the higher of RM1 million or 1% of the relevant percentage ratio for such transactions.

The aggregate value of the Advances made and Interest Income received pursuant to the Shareholders' Mandate for Year 2012 is as follows:

Nature of transactions undertaken by Bumi Armada and/or its subsidiaries	Transacting Party	Year 2012 Actual Aggregate Transaction Value RM'000	Interested Related Parties	Nature of relationship
Advances from Bumi Armada and/or our subsidiaries to BAN [(i)]	BAN [(ii)]	265,702	Please refer to Note 1	Please refer to Note 1
Interest income on the advances given		2,850		

Notes:

[(i)] The Advances and Interest Income (collectively "Transactions") are part of the provision of financial assistance related principally to the pooling of funds via the centralised treasury management function of our Group which is non-trade in nature and has no fixed term of repayment.

[(ii)] Bumi Armada holds 48.92% of the ordinary share capital of BAN. However, BAN is treated as our subsidiary in our financial statements as we control the composition of the Board, and the financial and operating policies of BAN pursuant to a shareholders' agreement entered between BAN, the shareholders of BAN and us on 25 March 2011. As the holder of redeemable preference shares ("RPS") issued by BAN, we maintain the right to participate in the economic interests in BAN in accordance to capital contributed. The ordinary shares and RPS which we hold in BAN give us an effective economic interest of 94.80% in BAN.

1. **Interested Related Parties of our Company and/or our subsidiaries**

The names of the related parties involved in the Transactions and their relationship with our Company is set out below:
(a) Farah Suhanah binti Ahmad Sarji ("Farah")[(aa)], a Director and Major Shareholder of our Company;
(b) Saluran Abadi Sdn Bhd ("SASB")[(bb)], a Major Shareholder of our Company; and
(c) Karisma Mesra Sdn Bhd, Wijaya Baiduri Sdn Bhd and Wijaya Sinar Sdn Bhd (collectively, "SASB Subsidiaries"), the Persons Connected with our Major Shareholders viz Farah and SASB[(cc)];
(d) Chan Chee Beng[(dd)], a Director of our Company;
(e) Hassan Assad Basma[(dd)], a Director of our Company; and
(f) Shaharul Rezza bin Hassan[(dd)], a Director of our Company.

[(aa)] *Farah retired as a Director of the Company upon the conclusion of the Company's 16th Annual General Meeting held on 21 June 2012 and ceased to be regarded as a Director within the meaning given under Paragraph 10.02(c) of the MMLR with effect from 20 December 2012. Farah whose major shareholding interest in Bumi Armada subsisted via SASB's major shareholding interest in Bumi Armada also ceased to be a Major Shareholder with effect from 26 October 2012 within the meaning given under Paragraph 10.02(f) of the MMLR. See Note (bb) below.*

[(bb)] *SASB ceased to be a Major Shareholder with effect from 26 October 2012 within the meaning given under Paragraph 10.02(f) of the MMLR.*

[(cc)] *By virtue of SASB ceasing to be a Major Shareholder, the SASB Subsidiaries are no longer Persons Connected to a Major Shareholder of the Company.*

[(dd)] *They are common directors of our Company and BAN and do not have any direct or deemed interest in the shares of BAN or have or receive any other interests such as commissions or other kinds of benefit from the Company or its subsidiaries in relation to the Transactions. Accordingly, the Transactions are not regarded as related party transactions of the Company by virtue of their common directorships in our Company and BAN. As such, following the events in Notes [(aa), (bb)] and [(cc)] above, the Transactions are no longer regarded as related party transactions and the Company is not seeking any renewal of the Shareholders' Mandate at the forthcoming Annual General Meeting of the Company.*

ANALYSIS OF SHAREHOLDINGS
as at 16 April 2013

Authorised Share Capital	:	RM800,000,000 divided into 4,000,000,000 ordinary shares of RM0.20 each
Issued and Paid-up Share Capital	:	RM585,948,720 divided into 2,929,743,600 ordinary shares of RM0.20 each
Class of Shares	:	Ordinary shares of RM0.20 each ("Shares")
Voting Right	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS BASED ON THE RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders		No. of Shares Held		% of Total Issued Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	109	–	1,038	–	0.00	0.00
100 – 1,000	1,860	19	1,603,216	15,000	0.06	0.00
1,001 – 10,000	3,225	73	13,509,811	439,015	0.46	0.01
10,001 – 100,000	673	102	22,386,500	4,084,974	0.77	0.14
100,001 – 146,487,179*	148	169	481,204,072	328,621,274	16.42	11.22
146,487,180 and above**	5	–	2,077,878,700	–	70.92	0.00
Total	6,020	363	2,596,583,337	333,160,263	88.63	11.37
Grand Total	6,383		2,929,743,600		100.00	

* Less than 5% of total issued Shares
** 5% and above of total issued Shares

ANALYSIS BY CATEGORY OF SHAREHOLDERS BASED ON THE RECORD OF DEPOSITORS

Category of Shareholders	No. of Shareholders		No. of Shares Held		% of Total Issued Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Individual	4,621	58	28,106,252	1,163,500	0.96	0.04
Banks/Finance Companies	41	–	507,579,210	–	17.33	0.00
Investment Trusts/ Foundations/Charities	1	–	180,000	–	0.01	0.00
Other Types of Companies	119	4	1,434,477,800	3,854,700	48.96	0.13
Government Agencies/ Institutions	4	–	11,215,600	–	0.38	0.00
Nominees	1,234	301	615,024,475	328,142,063	20.99	11.20
Total	6,020	363	2,596,583,337	333,160,263	88.63	11.37
	6,383		2,929,743,600		100.00	

DIRECTORS' INTERESTS

Directors' Direct and Indirect Interests in the shares and options over unissued shares in the Company and in its subsidiaries based on the Register of Directors' Shareholdings maintained under Section 134 of the Companies Act, 1965 (the "Act") of the Company and its subsidiaries.

1. In the Company – Issued Ordinary Shares ("Shares")

Name	No. of Shares of RM0.20 each		% of Total Issued Shares	
	Direct	Indirect	Direct	Indirect
Dato' Sri Mahamad Fathil bin Dato' Mahmood	750,000	330,777,700[1]	0.03	11.29
Dato' Ahmad Fuad bin Md Ali	750,000[2]	330,777,700[1]	0.03	11.29
Tunku Ali Redhauddin ibni Tuanku Muhriz	10,000	–	Negligible	0.00
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
Lim Ghee Keong	750,000	–	0.03	0.00
Hassan Assad Basma	10,000,000[3]	–	0.34	0.00
Shaharul Rezza bin Hassan	1,200,000	–	0.04	0.00

[1] Deemed interest by virtue of their respective shareholdings in Ombak Damai Sdn Bhd ("ODSB") pursuant to Section 6A of the Act.

[2] Includes deemed interest of 450,000 shares in the Company held by his spouse and child (which are treated as his interest pursuant to Section 134(12)(c) of the Act).

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

2. In the Company – Unissued Shares

Name	No. of Unissued Shares of RM0.20 each	
	Direct	Indirect
Hassan Assad Basma	24,000,000[1]	–
Shaharul Rezza bin Hassan	4,000,000[2]	–

[1] These relate to options over unissued Shares of the Company pursuant to the 2011 Employee Share Option Scheme of the Company, of which 1,950,000 options are exercisable. None of these options has been exercised.

[2] These relate to options over unissued Shares of the Company pursuant to the 2011 Employee Share Option Scheme of the Company, of which 400,000 options are exercisable. None of these options has been exercised.

Save as disclosed above, none of the Directors have interests in the shares of the Company or its subsidiaries.

ANALYSIS OF SHAREHOLDINGS
as at 16 April 2013 (Cont'd)

Substantial Shareholders' interests based on the Register of Substantial Shareholders of the Company

Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
Objektif Bersatu Sdn Bhd	1,240,492,000	42.34	–	0.00
Ombak Damai Sdn Bhd	330,777,700	11.29	–	0.00
Karisma Mesra Sdn Bhd	157,740,500	5.38	–	0.00
Dato' Sri Mahamad Fathil bin Dato' Mahmood	750,000	0.03	330,777,700[1]	11.29
Dato' Ahmad Fuad bin Md Ali	750,000[2]	0.03	330,777,700[1]	11.29
Datuk Abdul Farish bin Abd Rashid	125,000	Negligible	330,777,700[1]	11.29
Saluran Abadi Sdn Bhd	–	0.00	180,653,300[3]	6.17
Farah Suhanah binti Ahmad Sarji	257,700	0.01	180,653,300[4]	6.17
Mutu Saluran Sdn Bhd	–	0.00	1,240,492,000[5]	42.34
Usaha Tegas Sdn Bhd	–	0.00	1,240,492,000[6]	42.34
Pacific States Investment Limited	–	0.00	1,240,492,000[7]	42.34
Excorp Holdings N.V.	–	0.00	1,240,492,000[8]	42.34
PanOcean Management Limited	–	0.00	1,240,492,000[8]	42.34
Ananda Krishnan Tatparanandam	–	0.00	1,240,492,000[9]	42.34
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	177,003,800	6.04	–	0.00
Employees Provident Fund Board	194,111,500	6.63	–	0.00

Notes:

(1) *Deemed interest by virtue of their respective shareholdings in ODSB pursuant to Section 6A of the Act.*

(2) *Includes deemed interest of 450,000 shares in the Company held by his spouse and child (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 Saluran Abadi Sdn Bhd's ("SASB") subsidiaries, Wijaya Sinar Sdn Bhd, Karisma Mesra Sdn Bhd and Wijaya Baiduri Sdn Bhd (collectively, "SASB Subsidiaries") pursuant to Section 6A of the Act. The Shares held via the SASB Subsidiaries are held under discretionary trusts 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 such discretionary trusts.*

(4) *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 the SASB Subsidiaries, as such interest is held subject to the terms of the 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.*

TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS BASED ON THE RECORD OF DEPOSITORS

No.	Name	No. of Shares Held	% of Total Issued Shares
1.	Objektif Bersatu Sdn Bhd	1,240,492,000	42.34
2.	RHB Nominees (Tempatan) Sdn Bhd Ombak Damai Sdn Bhd	330,777,700	11.29
3.	AmanahRaya Trustees Berhad Skim Amanah Saham Bumiputera	177,003,800	6.04
4.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	171,864,700	5.87
5.	Karisma Mesra Sdn Bhd	157,740,500	5.38
6.	Lembaga Tabung Haji	79,494,000	2.71
7.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	78,886,600	2.69
8.	Valuecap Sdn Bhd	64,018,800	2.19
9.	AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	61,247,900	2.09
10.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt AN for Eastspring Investments Berhad	46,956,300	1.60
11.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	33,288,201	1.14
12.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank Luxembourg S.A.	30,494,100	1.04
13.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	27,151,581	0.93
14.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	25,439,800	0.87
15.	AmanahRaya Trustees Berhad Amanah Saham Didik	25,241,510	0.86
16.	Wijaya Baiduri Sdn Bhd	22,615,000	0.77
17.	AmanahRaya Trustees Berhad AS 1Malaysia	20,760,000	0.71
18.	Kumpulan Wang Persaraan (Diperbadankan)	20,030,600	0.68
19.	Permodalan Nasional Berhad	14,438,200	0.49
20.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	12,164,800	0.42
21.	Lembaga Tabung Angkatan Tentera	11,045,600	0.38
22.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	7,580,000	0.26
23.	CIMSEC Nominees (Asing) Sdn Bhd CIMB Bank for Hassan Assad Basma (MH4788)	7,500,000	0.26
24.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for City of New York Group Trust	7,477,000	0.26
25.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AM INV)	7,316,800	0.25
26.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Bank of New York Mellon (MELLON ACCT)	5,259,325	0.18
27.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund ZVMY for Malaysia MSCI Index Common Trust Fund	4,269,600	0.15
28.	Citigroup Nominees (Asing) Sdn Bhd Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	4,166,400	0.14
29.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund GPE6 for State of Minnesota	3,951,800	0.13
30.	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	3,657,700	0.12

LIST OF PROPERTIES
as at 31 December 2012

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	31	12,809	2-storey office building and showhouse	28	221
2.	Lot 2395, Block 4, Miri Concession Land, District Piasau, 98000 Miri, Sarawak	Leasehold	46	11,755	4-storey office building	7	1,750
3.	No. 84, Tuas Avenue 11, 639098 Singapore*	Leasehold	46	15,110	2-storey office building	7	2,904

** The property was classified as held for sale as at 31 December 2012*

NOTICE OF ANNUAL GENERAL MEETING

Date/Time : Tuesday, 18 June 2013 at 2.30 p.m.

Venue : Grand Ballroom, Level 1, Renaissance Kuala Lumpur Hotel, Corner of Jalan Sultan Ismail & Jalan Ampang, 50450 Kuala Lumpur, Malaysia

NOTICE IS HEREBY GIVEN that the Seventeenth ("17th") Annual General Meeting of Bumi Armada Berhad ("Bumi Armada" or the "Company") will be held at **2.30 p.m.** on **Tuesday, 18 June 2013** at the **Grand Ballroom, Level 1, Renaissance Kuala Lumpur Hotel, Corner of Jalan Sultan Ismail & Jalan Ampang, 50450 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 2012 and the Reports of the Directors and Auditors thereon. ***(Please see Explanatory Note 1)***
2. To declare a final cash dividend comprising a single tier tax exempt dividend of 3.0 sen per share and a dividend of 0.14 sen per share less 25% income tax in respect of the financial year ended 31 December 2012 to the members of the Company, as recommended by the Directors. RESOLUTION 1
(Please see Explanatory Note 2)
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) Saiful Aznir bin Shahabudin RESOLUTION 2
   (ii) Chan Chee Beng RESOLUTION 3
4. To elect Tunku Ali Redhauddin ibni Tuanku Muhriz who retires pursuant to Article 120 of the Company's Articles of Association and who being eligible, offers himself for re-election. RESOLUTION 4
(Please see Explanatory Note 3)
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the financial year ending 31 December 2013 and to authorise the Directors to fix their remuneration for that year. RESOLUTION 5
(Please see Explanatory Note 4)

AS SPECIAL BUSINESS*

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

6. Authority to issue ordinary shares pursuant to Section 132D of the Companies Act, 1965

"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 required, the Directors be and are hereby authorised and empowered to issue and allot new ordinary shares in the Company: RESOLUTION 6

(i) at any time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit; and/or

(ii) in pursuance of any offer, agreement, option, or any other instruments (collectively the "Instruments") to be made, granted, or issued by them (as the case may be), while the approval under this resolution remains in force, AND THAT the Directors be and are hereby further authorised to make, grant or issue such Instruments which would or might require new ordinary shares in the Company to be issued after the expiration of the approval hereof;

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 the 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 to be or so issued on Bursa Malaysia Securities Berhad." ***(Please see Explanatory Note 5)***

7. Proposed offer and grant of options to subscribe for new ordinary shares of RM0.20 each in the Company ("Shares") ("Options") under the Company's Employee Share Option Scheme ("ESOS") to the Executive Director/Chief Executive Officer and the Executive Director/Chief Financial Officer of Bumi Armada Berhad.

"THAT authority be and is hereby given to the Directors of the Company to: RESOLUTION 7

(i) offer, grant and/or issue to Hassan Assad Basma, Executive Director/Chief Executive Officer of the Company, at any time and from time to time, commencing from the date of the shareholders' approval ("**Approval Date**") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held ("**Mandate Period**"), up to 7,500,000 Options pursuant to the provisions of the Company's ESOS, and

(ii) issue and allot to him, up to a maximum of 7,500,000 new Shares in the Company upon exercise by him of such Options which were offered, granted and/or issued to him during the Mandate Period."

"THAT authority be and is hereby given to the Directors of the Company to: RESOLUTION 8

(i) offer, grant and/or issue to Shaharul Rezza bin Hassan, Executive Director/Chief Financial Officer of the Company, at any time and from time to time, commencing from the date of the shareholders' approval ("**Approval Date**") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held ("**Mandate Period**"), up to 1,250,000 Options pursuant to the provisions of the Company's ESOS, and

(ii) issue and allot to him, up to a maximum of 1,250,000 new Shares in the Company upon exercise by him of such Options which were offered, granted and/or issued to him during the Mandate Period." ***(Please see Explanatory Note 6)***

** 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 17th Annual General Meeting to be held on 18 June 2013, a final cash dividend comprising a single tier tax exempt dividend of 3.0 sen per share and a dividend of 0.14 sen per share less 25% income tax in respect of the financial year ended 31 December 2012 will be paid on 16 July 2013 to the Company's members whose names appear in the Record of Depositors maintained by Bursa Malaysia Depository Sdn Bhd on 27 June 2013.

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 27 June 2013 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
23 May 2013

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 Note 2. 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 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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 a meeting of the Company 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 Seventeenth Annual General Meeting ("17th AGM") for consideration of the shareholders. There is no requirement for the shareholders to approve such documents and hence, the matter will not be put forward for voting.

2) Final cash dividend

The Directors have recommended a final cash dividend comprising a single tier tax exempt dividend of 3.0 sen per share and a dividend of 0.14 sen per share less 25% income tax in respect of the financial year ended 31 December 2012, which if approved, will be paid on 16 July 2013 to those shareholders on the record of the Company at the close of business on 27 June 2013.

3) Re-election/Election of Directors

In accordance with Article 113 of the Company's Articles of Association, 3 Directors viz Dato' Ahmad Fuad bin Md Ali, Encik Saiful Aznir bin Shahabudin and Mr Chan Chee Beng are due for retirement by rotation at this AGM and being eligible, may offer themselves for re-election. Of the 3, Dato' Ahmad Fuad bin Md Ali has decided not to offer himself for re-election. Accordingly, he will cease to be a Director of the Company on the conclusion of the 17th AGM. Encik Saiful Aznir bin Shahabudin and Mr Chan Chee Beng have offered themselves for re-election as Directors of the Company.

Tunku Ali Redhauddin ibni Tuanku Muhriz who was appointed to the Board on 17 January 2013, being eligible, has offered himself for re-election pursuant to Article 120 of the Company's Articles of Association.

The Board is satisfied that following the Nomination Committee's review of the assessment feedback from Directors, the Directors standing for re-election will continue to bring to bear their knowledge, experience and skills and contribute effectively to the Board discussions, deliberations and decisions.

An assessment of the independence of the Independent Directors including Encik Saiful Aznir bin Shahabudin as at 31 December 2012 was undertaken as part of the Board and Board Committees assessment. Based on the assessment, the Board upon the recommendation of the Nomination Committee, has concluded that Encik Saiful continues to demonstrate his independence and objectivity in the conduct of the Board and Board Committees business and in his conduct and behaviour pursuant to the ingredients imperative for such independence and that he continues to fulfill the criteria for independence not only in the MMLR but also as set in the 2012 Malaysian Code on Corporate Governance. An assessment was conducted for Tunku Ali Redhauddin ibni Tuanku Muhriz who joined the Board as an Independent Director on 17 January 2013, prior to his appointment and the Board is satisfied that he meets the criteria for independence.

None of the Independent Non-Executive Directors' tenure exceeds a cumulative term of nine years. The Board recommends and supports their re-election/election.

The details of the Directors who are standing for re-election/election pursuant to Articles 113 and 120 of the Company's Articles of Association are set out in the Directors' Profiles on pages 28 to 31. Their interests in the shares of the Company and its related corporations are disclosed in the Analysis of Shareholdings under Directors' Interests on page 169 of the Annual Report.

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 2013. The Audit Committee has reviewed their suitability and independence and has recommended that they be retained.

5) **Authority to issue ordinary shares pursuant to Section 132D of the Companies Act 1965**

The proposed **Resolution 6** is to seek a renewal of the general authority pursuant to Section 132D of the Companies Act, 1965 for the issue and allotment of new ordinary shares in the Company.

As at the date of this Notice, the Company has issued 1,247,000 new shares from the exercise of options by employees under the ESOS pursuant to the previous mandate. The proceeds from the issuance of the shares of RM3,778,410 were used for working capital purposes. The previous mandate will expire at the conclusion of the 17th AGM to be held on 18 June 2013.

The proposed **Resolution 6**, 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.

6) **Proposed offer and grant of options to subscribe for new ordinary shares of RM0.20 each in the Company ("Shares") ("Options") under the Employee Share Option Scheme ("ESOS") to the Executive Director/Chief Executive Officer and Executive Director/Chief Financial Officer of Bumi Armada Berhad**

The proposed **Resolutions 7 and 8** are to seek authority in respect of the offer and grant of options to subscribe for new Shares in the Company under the ESOS to the Executive Director/Chief Executive Officer ("ED/CEO") and Executive Director/ Chief Financial Officer ("ED/CFO") of the Company ("Proposed Offer and Grant of Options to EDs").

The ESOS which came into effect on 28 June 2011, was established in conjunction with our listing on the Main Market of Bursa Securities on 21 July 2011. The ESOS was established for the grant of Options to eligible employees of our Group and our Executive Directors to subscribe for new Shares, not exceeding in aggregate 10% of the enlarged issued and paid-up share capital of our Company during the subsistence of the ESOS.

The approval for the listing of the new Shares to be issued pursuant to the exercise of the Options under the ESOS has been obtained from Bursa Securities on 28 June 2011.

On 21 June 2012, we had obtained your approval for the authority to offer, grant and/or issue to the Executive Director/ Chief Executive Officer, up to 7,500,000 Options pursuant to the provisions of the ESOS and to issue and allot to him, of up to 7,500,000 new Shares in the unissued share capital of the Company, during the period from the last Extraordinary General Meeting up to the forthcoming AGM. On 19 March 2013, he was offered 6,500,000 Options based on that authority.

The details on the Proposed Offer and Grant of Options to EDs and their interests are set out in the Circular to Shareholders dated 23 May 2013 which accompanies this Notice. The ED/CEO and ED/CFO will abstain from voting on the proposed **Resolution 7** and **Resolution 8** respectively.

This page is intentionally left blank.

This page is intentionally left blank.

BUMIARMADA

FORM OF PROXY

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

*I/*We ______________________ [FULL NAME IN BLOCK LETTERS] *NRIC (new and old)/*Passport/*Company No. ____________ [COMPULSORY]

of ______________________ [ADDRESS] and telephone no. ____________

being a member of Bumi Armada Berhad (the "Company"), hereby appoint ______________________ [FULL NAME IN BLOCK LETTERS]

*NRIC/*Passport No. ____________ [COMPULSORY] of ______________________ [ADDRESS]

and/or ______________________ [FULL NAME IN BLOCK LETTERS] *NRIC/*Passport No. ____________ [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 **Seventeenth Annual General Meeting of the Company to be held at 2.30 p.m. on Tuesday, 18 June 2013 at the the Grand Ballroom, Level 1, Renaissance Kuala Lumpur Hotel, Corner of Jalan Sultan Ismail & Jalan Ampang 50450 Kuala Lumpur, Malaysia** and at any adjournment thereof. *I/*We indicate with an "X" in the spaces below how *I/*We wish *my/*our vote to be cast:

No.	Resolutions	For	Against
1	To declare a final cash dividend comprising a single tier tax exempt dividend of 3.0 sen per share and a dividend of 0.14 sen per share less 25% income tax.		
2	To re-elect Saiful Aznir bin Shahabudin.		
3	To re-elect Chan Chee Beng.		
4	To elect Tunku Ali Redhauddin ibni Tuanku Muhriz.		
5	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company.		
6	To authorise the Directors to allot and issue new ordinary shares pursuant to Section 132D of the Company Act, 1965.		
7	To authorise the Directors to offer, grant and/or issue to Hassan Assad Basma, Executive Director/ Chief Executive Officer of the Company, during the Mandate Period up to 7,500,000 Options pursuant to the provision of the Company's ESOS.		
8	To authorise the Directors to offer, grant and/or issue to Shaharul Rezza bin Hassan, Executive Director/Chief Financial Officer of the Company, during the Mandate Period up to 1,250,000 Options pursuant to the provision of the Company's ESOS.		

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	No. of shares held : ____________	The proportions of *my/*our holding to be represented by *my/*our proxies are as follows :
______________________ Signed by *individual member/*officer or attorney of member/*authorised nominee of ______________________ (beneficial owner)	Securities Account No. ____________ (CDS Account No.) (Compulsory) Date :	**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 :	

** 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 Note 2. 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 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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 a meeting of the Company 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

BUMI ARMADA BERHAD (370398-X)
Level 21, Menara Perak
24, Jalan Perak, 50450 Kuala Lumpur
Malaysia
Tel +603 2171 5799
Fax +603 2163 5799

www.bumiarmada.com