



chairman's address

Notwithstanding admirable past performance, we recognize the need for us to continue with our proven policy of prudent expansion. Still, in carrying out this policy, the Group will not shut it's eyes to new ideas and creative approaches, in order to keep up with a future full of changes.



Dear Fellow Shareholders,

I am very happy to share with you another good year for the Group. It is also my pleasure to bring you the good news that the Group registered a net profit of RM 44.3 million in 1999, an improvement of 58% over the 1998 results.

While your Board is delighted with the recent performance, it recognizes the continuing need to be prudent as the economy is still in the recovery stage. The management strategy that has worked well, such as maximizing the utilization of assets and improving cost efficiency, will continue to be pursued intensively.

The improvement in oil price was also very encouraging and I could see signs of increasing activities in the oil and gas industry with greater demand for the Group's services.

I am also quite pleased to note that the management's effort to turnaround the performance of Haven has been successful, and the subsidiary was able to make a positive contribution to the Group as opposed to a loss in the previous year. However, the performance of Haven's joint venture company with Smedvig Technologies has been disappointing. To prevent any future potential losses, we have decided to diversify our investment in this venture. I am sure that we can now look forward to Haven's further improvement in the coming years, especially in view of active development programs in the oil and gas sector.

Our marine business under Bumi Armada Navigation had another remarkable year with full employment of its 31 vessels including the FPSO (Floating Production, Storage and Offloading system), Armada Perkasa, and a new accommodation workboat, Armada Iman, delivered in the early part of the year. I can see that we are growing in our stature as a regional owner-operator of marine support services and FPSOs, and I hope the reputation will position us well to seek out more opportunities in the future.

The Group's cash flow situation has also improved compared to the previous year. As a result, I hope you can recall the happy memory of higher dividend paid out in 1999. Notwithstanding, the Group continued to look at various ways to further improve its cash flow and reduce its borrowing costs.

