

The Board of Directors of Bumi Armada Berhad is pleased to present the report of the Audit Committee for the year ended December 31, 2001.

The Audit Committee was established following a resolution by the Board on November 4, 1997.

MEMBERS

Encik Atarek Kamil Bin Dato' Ibrahim Abdullah

*-Independent Non-Executive Director
Chairman of Committee*

Dr. Abdul Maulud Bin Mohd Yusop

-Independent Non-Executive Director

Dato' Dr. Mohamad Zawawi Bin Ismail

-Independent Non-Executive Director

Encik Mohamed Razeek Bin Md. Hussain

-Non-Independent Non-Executive Director

TERMS OF REFERENCE

MEMBERSHIP

The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than 3 members with a majority of whom shall be independent non-executive directors. The Audit Committee shall include at least one Director who is a member of Malaysian Institute of Accountants (MIA) or if he is not a member of MIA, he must have at least 3 years working experience and:

- i. He must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- ii. He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

A quorum of the meeting shall be 2 members.

No alternate director is appointed as a member of the Audit Committee. In the event of any vacancy in the Audit Committee resulting in the non-compliance of the KLSE listing requirements, the Board shall fill the vacancy within three months from the date of the vacancy.

The Company Secretary shall act as the Secretary to the Committee. The Secretary shall circulate minutes of the Committee to all members of the Board.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee shall meet at least four times annually in order to discuss any matters raised by the Auditors in discharging their functions. However, additional meetings may be called at anytime at the discretion of the Chairman, if any of the Committee member, the Company's Group Managing Director, or the internal or external auditors make a request.

Three meetings were held during the financial year 2001 and the details of attendance of each committee members are as follows.

COMMITTEE MEMBER	NUMBER OF MEETINGS	
	HELD	ATTENDED
Encik Atarek Kamil Bin Dato' Ibrahim Abdullah *	1	1
Dr. Abdul Maulud Bin Mohd Yusop	3	3
Dato' Dr. Mohamad Zawawi bin Ismail	3	2
Encik Mohamed Razeek Bin Md Hussain	3	3

Encik Atarek Kamil Bin Dato' Ibrahim Abdullah was appointed as a Chairman of the Audit Committee following a resolution by the Board on 31st December 2001 to replace Dr. Abdul Maulud Bin Mohd Yusop.

The Group Managing Director, Head of Finance and Head of Internal Audit shall normally attend meetings of the Committee.

The Committee may invite any member of the management, employees and other Directors to be present at meetings of the Committee.

In the absence of the chairman, the members present shall elect from among their members, a chairman, who shall be an independent Director.

* En Atarek Kamil Bin Dato' Ibrahim Abdullah was appointed as Member of Audit Committee following a resolution by the Board on 1st September 2001.

AUTHORITY

The Committee is authorised by the board:

- a) to investigate any matter within its terms of reference.
- b) to request with full and unrestricted access to any information it seeks as relevant to its activities from any employees of the Company or the Group and all employees are directed to co-operate with any request made by the Committee.
- c) to seek and accept independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as deem necessary.

DUTIES

The Committee shall review, appraise and report to the board on its following responsibilities:-

- a) to review with the external auditors:-
 - i. the audit plan, the nature and scope of the audit.
 - ii. their evaluation of the system of internal control
 - iii. their audit reports and ensuring that their recommendations regarding the weaknesses of the management are implemented
 - iv. the management letter and responses, and assistance given by the employees of the Company or Group to them.

- b) to review with Internal Audit Divisions:-
 - i. the adequacy of the scope, functions and resources and its necessary authority to carry out its work.
 - ii. the audit programme, processes, the results of the programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function.
- c) to review the quarterly results and year end financial statement, prior to the approval by the Board of Directors, focusing particularly on:
 - i. changes in or implementation of major accounting policy changes
 - ii. significant and unusual events
 - iii. compliance with accounting standards and other legal requirements
 - iv. the going concern assumption
- d) to oversee any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- e) to oversee the appointment of the external auditors, the audit fees and any question of resignation or dismissal;
- f) to examine whether there is a reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
- g) to recommend the nomination of a person or persons as external auditors.

SUMMARY OF ACTIVITIES

The Audit Committee had undertaken the following activities in the year 2001:

- I. reviewed the audited financial statements for the financial year ended 31 December 2000 for submission to the Board and relevant authorities.
- II. reviewed and discussed with the external auditors on their scope of work, the result of the examination, the auditors' report and management letters in relation to the audit and accounting issues arising from the audit, as well as developments on accounting standards and regulatory requirements.
- III. assessed the capacity of the internal audit department to fulfil its responsibilities for reviewing, amongst other thing, the scope of the internal audit department's charter and the qualification and experience of staf f.
- IV. reviewed and approved the Strategic Audit Plan for the year 2001.
- V. reviewed the internal audit report for the year.

INTERNAL AUDIT FUNCTION

The Group has an Internal Audit function, which is being referred as Internal Audit Division whereby the principal responsibilities are to undertake regular and systematic reviews of the system of control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group.

The Internal Audit Division is independent and performs audit assignments with impartiality, proficiency and due professional care. During the financial year, the Internal Audit Division reviewed compliance with policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's system of internal control. These were carried out in accordance with the Strategic Audit Plan.

The resulting reports of the audits undertaken were presented to the Audit Committee and forwarded to the Management concerned for attention and necessary actions.

Atarek Kamil Bin Dato' Ibrahim Abdullah

Audit Committee Chairman

List of Properties

as at 31 December 2001

Registered owned	Location	Existing Description	Use	Tenure	Approximate Age of Building	Land Area/ Built Up Area (sq.ft)	Net Book Value	Date of Acquisition/ Revaluation
HEM	HS(M) 2231 & 2232 PT 12099 & 12100 Mukim Kapar Sg.Rasa, Klang, Selangor	Double storey semi-detached	Workshop and store	Freehold	19 years	4,620 / 4,130	RM430,793	31.12.95
HAISPL	84, Tuas Avenue 11, Jurong Industrial Estate, Singapore	Double storey terrace factory building	Office and factory	Leasehold building expiring on 31.07.2054	7 years	15,112 / 10,329	SGD1,444,499	30.3.95
BAN	Lot 704, Block 31, Kemena Land District, Sarawak	Double storey detached industrial building	On lease to third party	Leased building expiring on 23.10.2043	18 years	12,809/1,281	RM347,114	24.10.83

List of Vessels

NO.	VESSELS NAME	YEAR BUILT	TYPE	DWT (TON)	FUNCTIONS
1.	ARMADA PERKASA	1975	FPSO (capacity:32,782 gross tonnage)	59474.00	<ul style="list-style-type: none"> For production of crude oil; processing storing and offloading oil to export shuttle tankers
2.	SAZ SUPPLY	1977	Supply vessel	160.00	<ul style="list-style-type: none"> Transport offshore materials
3.	ARMADA 4	1982	Anchor Handler	229.00	<ul style="list-style-type: none"> Anchor handling to offshore rigs and barges
4.	ARMADA 5	1984	Straight supply vessel	905.52	<ul style="list-style-type: none"> Transport offshore materials
5.	ARMADA 6	1984	Straight supply vessel	905.52	<ul style="list-style-type: none"> Transport offshore materials
6.	ARMADA 7	1984	Landing craft	337.93	<ul style="list-style-type: none"> Transport offshore deck cargo Supply of water and diesel
7.	ARMADA 8	1987	Safety area launch	156.86	<ul style="list-style-type: none"> Offshore standby duties
8.	ARMADA 9	1987	Safety area launch	156.86	<ul style="list-style-type: none"> Offshore standby duties
9.	ARMADA 10	1987	Safety area launch	156.86	<ul style="list-style-type: none"> Offshore standby duties
10.	ARMADA HYDRO	1988	Survey vessel	307.55	<ul style="list-style-type: none"> Topographic and seismic survey job in oil and gas exploration
11.	ARMADA CINTA	1990	Oil recovery vessel	432.61	<ul style="list-style-type: none"> Oil recovery vessel for control of oil pollution
12.	ARMADA PUTERI	1990	LPG tanker	3572.88	<ul style="list-style-type: none"> Transport LPG
13.	ARMADA TOPMAN	1991	Accommodation workboat	2336.00	<ul style="list-style-type: none"> Support, maintenance services to offshore rigs and platforms Accommodates up to 90 men
14.	ARMADA GOODMAN	1991	Accommodation workboat	2286.72	<ul style="list-style-type: none"> Offshore standby duties
15.	ARMADA INDAH	1993	Hose handling vessel	163.34	<ul style="list-style-type: none"> Hose handling and piloting of tankers and standby duties
16.	ARMADA PUTERA	1994	LPG tanker (capacity:3,395 gross tonnage)	3,395.00	<ul style="list-style-type: none"> Transport LPG / VCM
17.	ARMADA SATRIA	1995	Safety standby vessel	271.09	<ul style="list-style-type: none"> Offshore standby duties
18.	ARMADAAMAN	1997	Standby vessel / utility	1,042.88	<ul style="list-style-type: none"> Tanker berthing Maintenance support services

NO.	VESSELS NAME	YEAR BUILT	TYPE	DWT (TON)	FUNCTIONS
19.	ARMADA TEJA	1997	Oil terminal support vessel	65.48	<ul style="list-style-type: none"> • Tanker berthing
20.	ARMADA LEKIR	1997	Oil terminal support vessel	167.25	<ul style="list-style-type: none"> • Tanker berthing • Fire fighting
21.	ARMADA LEKIU	1997	Oil terminal support vessel	102.82	<ul style="list-style-type: none"> • Tanker berthing • Fire fighting
22.	ARMADA TUAH	1997	Oil terminal support vessel	200.33	<ul style="list-style-type: none"> • Tanker berthing • Fire fighting
23.	ARMADA TUAH 2	1997	Oil terminal support vessel	200.33	<ul style="list-style-type: none"> • Tanker berthing • Fire fighting
24.	ARMADA MUTIARA	1997	Mooring launch	52.36	<ul style="list-style-type: none"> • Tanker berthing • Piloting services
25.	ARMADA MERAK	1997	Mooring launch	53.80	<ul style="list-style-type: none"> • Tanker berthing • Piloting services
26.	ARMADA TUAH 3	1998	LNG terminal support vessel	149.00	<ul style="list-style-type: none"> • Tanker berthing • Fire fighting
27.	ARMADA TUAH 4	1998	LNG terminal support vessel	149.00	<ul style="list-style-type: none"> • Tanker berthing • Fire fighting
28.	ARMADA TUAH 5	1998	Oil terminal support vessel	82.72	<ul style="list-style-type: none"> • Tanker berthing • Fire fighting
29.	ARMADA TUAH 6	1998	Anchor handler	456.53	<ul style="list-style-type: none"> • FPSO support vessel • Fire fighting
30.	ARMADA IMAN	1999	Accommodation workboat	2,935.00	<ul style="list-style-type: none"> • Support, maintenance services to offshore rigs and platforms • Accommodates up to 140 men
31.	ARMADA TUAH 7	2000	Anchor handling utility vessel	744.56	<ul style="list-style-type: none"> • To support anchor handling, transport of personnel and fire fighting
32.	ARMADA MANIS	2000	Pilot Boat	12.21	<ul style="list-style-type: none"> • Pilotage duties
33.	ARMADA TUAH 8	2001	Anchor Handling supply vessel	1323	<ul style="list-style-type: none"> • Support drilling operations, anchor handling and fire fighting
34.	ARMADA SALMAN	2001	Accommodation workboat	2300 (approx)	<ul style="list-style-type: none"> • Support, maintenance services to offshore rigs and platforms • Accommodates up to 140 men
35.	ARMADA TUAH 9	2001	Anchor Handling supply vessel	1323	<ul style="list-style-type: none"> • Support drilling operations. anchor handling and fire fighting

Authorised share capital : RM100,000,000
Paid-Up share capital : RM63,000,000
Type of share : Ordinary share of RM 1.00 each
Voting right : 1 vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDING

Size of Shareholdings	Shareholders	%	Shareholdings	%
1 - 999	2,229	60.31	117,280	0.19
1,000 - 10,000	1,335	36.12	2,947,425	4.68
10,001 - 100,000	102	2.76	3,291,295	5.22
100,001 and above	30	0.81	56,644,000	89.91
Total	3,696	100.00	63,000,000	100.00

THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

No.	Names	Shareholdings	%
1.	Straits Nominees (Tempatan) Sdn Bhd (Land & General Berhad)	25,703,134	40.80
2.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Wan Ariff Wan Hamzah)	7,091,956	11.26
3.	Cimsec Nominees (Tempatan) Sdn Bhd (Pengurusan Danaharta Nasional Berhad for Wan Ariff & Co. Sdn Bhd)	4,291,195	6.81
4.	Kenanga Nominees (Tempatan) Sdn Bhd (Land & General Berhad)	3,515,030	5.58
5.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Nik Mohd Kamal Nik Yusof)	2,503,000	3.97
6.	Cimsec Nominees (Tempatan) Sdn Bhd (Pengurusan Danaharta Nasional Berhad for Wan Muhamad @ Wan Ariff Bin Wan Hamzah)	2,191,426	3.48
7.	Malaysia Nominees (Tempatan) Sdn Bhd (Amanah SSCM Asset Management Berhad for Amanah Smallcap Fund Berhad)	2,069,000	3.28
8.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tengku Fauziah Tengku Zainal Abidin)	1,408,044	2.23
9.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tengku Fauziah Tengku Zainal Abidin)	1,094,999	1.74
10.	HSBC Nominees (Asing) Sdn Bhd (HSBCIT for Apollo Asia Fund Ltd)	965,000	1.53
11.	Amanah Raya Nominees(Tempatan) Sdn Bhd (Malaysia Progress Fund)	686,000	1.09

THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (CONTINUED)

No.	Names	Shareholdings	%
12.	Arab-Malaysian Nominees(Tempatan) Sdn Bhd <i>(Arab-Malaysian Trustee Bhd for BHLB Pacific Dana Al-Ihsan)</i>	527,000	0.84
13.	HSBC Nominees (Asing) Sdn Bhd <i>(Genesis Malaysia Maju Fund Limited)</i>	512,000	0.81
14.	Citicorp Nominees (Asing) Sdn Bhd <i>(American International Assurance Company Limited (P Trading))</i>	426,000	0.68
15.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Nik Mohd Kamal Nik Yusof)</i>	417,216	0.66
16.	Straits Nominees (Asing) Sdn Bhd <i>(Bestform Limited)</i>	416,000	0.66
17.	Universal Trustee (Malaysia) Berhad <i>(BHLB Pacific Emerging Companies Growth Fund)</i>	412,000	0.65
18.	Alliance Merchant Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Wan Muhamad @ Wan Ariff Bin Wan Hamzah)</i>	389,000	0.62
19.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>(Kuala Lumpur Smallcap Fund)</i>	300,000	0.48
20.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>(Malaysian Trustees Berhad for Alliance Vision Fund)</i>	300,000	0.48
21.	Cartaban Nominees (Asing) Sdn Bhd <i>(State Street Australia Fund for Fullerton (Private) Limited)</i>	249,000	0.40
22.	Mayban Nominees (Tempatan) Sdn Bhd <i>(Mayban Trustee Berhad for Abrar Investment Fund)</i>	201,000	0.32
23.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>(Great Eastern Life Assurance (Malaysia) Berhad)</i>	150,000	0.24
24.	RHB Nominees (Tempatan) Sdn Bhd <i>(Telekom Malaysia Berhad)</i>	150,000	0.24
25.	Abd Karim Bin Ahmad Tarmizi	127,000	0.20
26.	Universal Trustee (Malaysia) Berhad <i>(Alliance First Fund)</i>	123,000	0.20
27.	Quarry Lane Sdn Bhd	120,000	0.19
28.	Mayban Nominees (Tempatan) Sdn Bhd <i>(Mayban Trustees Berhad for Kuala Lumpur Ittikal Fund)</i>	103,000	0.16
29.	Cartaban Nominees (Tempatan) Sdn Bhd <i>(Amanah SSCM Nominees (Tempatan) Sdn Bhd for Kumpulan Wang Amanah Pencen)</i>	102,000	0.16
30.	Nik Haniff Bin Nik Mohd Kamal	101,000	0.16

Analysis of Shareholdings

as at 30 April 2002 (continued)

SUBSTANTIAL SHAREHOLDERS (HOLDING 5% OR MORE OF THE PAID-UP SHARE CAPITAL)

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Land and General Berhad	⁽ⁱ⁾ 29,218,164	46.38	⁽ⁱⁱⁱ⁾ 416,000	0.66
Wan Ariff Wan Hamzah	⁽ⁱⁱⁱ⁾ 9,682,382	15.37	^(iv) 4,291,416	6.81
Wan Ariff & Co Sdn Bhd	⁽ⁱⁱⁱ⁾ 4,291,416	6.81	-	-

Notes:

- (i) Held through nominees companies.
- (ii) Deemed interest in the shares held by Bestform Limited, a wholly owned subsidiary of L&G.
- (iii) Partly held through nominees companies
- (iv) Deemed interest in the shares of BAB held through his substantial shareholdings in Wan Ariff & Co. Sdn. Bhd.

DIRECTORS' SHAREHOLDING

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Wan Ariff Wan Hamzah	⁽ⁱ⁾ 9,682,382	15.37	⁽ⁱⁱ⁾ 4,291,416	6.81
Dr. Ahmad Fauzi Bin Mustapha	12,000	*	-	-
Mohamed Razeek Bin Md Hussain Maricar	5,000	*	-	-
Dr. Abdul Maulud Bin Mohd Yusop	-	-	-	-
Dato' Dr. Mohamad Zawawi Bin Ismail	-	-	-	-
Mr. G. Krishnan	-	-	-	-
Atarek Kamil Bin Dato' Ibrahim Abdullah	-	-	-	-

Notes:

- ⁽ⁱ⁾ Partly held through nominees companies
- ⁽ⁱⁱ⁾ Deemed interest in the share of BAB held through his substantial shareholdings in Wan Ariff & Co. Sdn. Bhd.
- * Percentage negligible

The Board of Directors acknowledged the importance of adopting high standards of corporate governance within the Group. The Board views corporate governance as synonymous with three concepts; namely transparency, accountability as well as corporate performance.

The Board is pleased to provide the following statement, which sets out how the Group has applied the principles in Part 1 of the Malaysian Code on Corporate Governance and also outlines the main corporate governance practices that were in place throughout the financial year, unless otherwise specified.

DIRECTORS

Composition of the Board

The Board has seven (7) members, comprising one (1) Chairman, one (1) Managing Director, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. The Board of Directors has diverse experience and expertise required for the effective stewardship of the Group. A brief profile on each and every Director is presented on pages 8 to 10 of this Annual Report.

The three (3) independent non-executive Directors fulfill a pivotal role in corporate accountability. Essentially, independent non-executive Directors provide unbiased and independent views, advice and judgement in the decision making process. As and when a potential conflict of interest arises, the Director concerned would declare his interest and abstain from the decision making process.

Board meetings and Supply of Information to the Board

Board meetings are held quarterly with the exception of year 2001 where only 3 meetings were held. Additional meetings are convened as and when necessary. The meetings serve as a platform to assess and approve the Management's proposal, quarterly financial statements, etc that require the Board's approval. The agenda for each Board meeting, together with detailed reports and proposition papers to be tabled at the Board meeting, are circulated to the Directors for their perusal in advance of the Board meeting date. Senior Management staff may be invited to attend Board meetings to provide the Board with detailed explanation and clarifications on certain matters that are tabled to the Board. Whenever a meeting is unable to be held, a circular resolution may be used to get the Directors' approval on certain issues. All members of the Board have direct access to the advice and services of the Company Secretary.

Directors' Training

All Directors have attended the mandatory accreditation programme organized by Research Institute of Investment Analysts Malaysia. From time to time, the Directors also are encouraged to attend continuous education programmes and seminars held by relevant authorities to keep abreast with developments in the market place at the Company's expense.

Re-election of Directors

In accordance with the Company's Articles of Association, one third (1/3) of the Directors, including the Managing Director, shall retire from office, at least once in three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments. Directors who are over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

For the forthcoming Annual General Meeting, En. Mohamed Razeek Bin Md Hussain Maricar, Mr. G. Krishnan and En. Atarek Kamil Bin Dato' Ibrahim Abdullah will retire by rotation, and being eligible, offer themselves for re-election.

In pursuant to the new Listing Requirement by KLSE whereby the Managing Director must also be subject to retirement by rotation but excluding the Managing Director who enter contract of employment prior to June 2001, the Company's Managing Director shall not be subjected to such retirement by rotation until his contract expires as it was entered into before June 2001.

BOARD COMMITTEES

The Board of Directors delegates certain responsibilities to the Board Committees, namely an Audit Committee, a Nomination Committee and a Remuneration Committee in order to enhance business and operational efficiency as well as efficacy. The Nomination and Remuneration Committee were established on 31 December 2001 in acknowledging the corporate governance practices to further assist the Board in the execution of its duties.

Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors.

The report on the Audit Committee may be found on page 18.

Nomination Committee

The Nomination Committee, established on 31 December 2001, comprises the following members:-

Chairman:	Dr. Abdul Maulud Bin Mohd Yusop	<i>Independent Non-Executive Director</i>
Members:	En. Wan Ariff Wan Hamzah	<i>Non-Independent Non-Executive Chairman</i>
	Dato' Dr. Mohamad Zawawi Bin Ismail	<i>Independent Non-Executive Director</i>
	En. Atarek Kamil Bin Dato' Ibrahim Abdullah	<i>Independent Non-Executive Director</i>

The Nomination Committee recommends to the Board:

- new candidates nominated by the Managing Director or any director or shareholder; and
- new candidacy to the Board

In addition, this Committee shall review:

- the effectiveness of the Board as a whole; and
- the performance and contribution of each individual Director

The Board, through the Nomination Committee, reviews annually its required mix of skills and experience and other qualities, including core competencies, which the non-executive Directors should bring to the Board.

Since the date of setting up of the Committee, the members have yet to conduct a meeting as there has been no new appointment to the Board of Directors.

Remuneration Committee

The Remuneration Committee, established on 31 December 2001, comprises the following members:-

Chairman:	Dato' Dr. Mohamad Zawawi Bin Ismail	<i>Independent Non-Executive Director</i>
Members:	En. Wan Ariff Wan Hamzah	<i>Non-Independent Non-Executive Chairman</i>
	Mr. G. Krishnan	<i>Non-Independent Non-Executive Director</i>
	Dr. Abdul Maulud Bin Mohd Yusop	<i>Independent Non-Executive Director</i>

The terms of reference of the Committee shall be:

- To recommend to the Board the Remuneration policy framework, together with the related parameters and rating of the Remuneration Scheme for the CEO, Executive Directors and Non-Executive Directors;
- To evaluate the performance of the CEO and the Executive Directors based on the derived Remuneration Scheme as approved by the Board;
- To propose to the Board the remuneration of the CEO, Executive Directors and Non-Executive Directors; and
- To determine the remuneration of the Senior Executives.

Statement on Corporate Governance (continued)

In carrying out its terms of reference the Committee may draw outside advice in order to establish evaluation parameters and criteria and also external norms and benchmarks.

The Committee has met once since its inception.

Directors' Remuneration

Details of the remuneration of the Board of Directors are as follows:-

	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees (RM)	-	287	287
Salary (RM)	330	-	330
Bonus (RM)	105	40	145
Other remunerations	67	-	67
Total (RM)	502	327	829
Directors' Remuneration			
0 - RM50,000		3	3
RM 50,001 - RM100,000			
RM100,001 - RM150,000			
RM150,001 - RM200,000			
RM200,001 - RM250,000			
RM250,001 - RM300,000		1	1
RM300,001 - RM350,000			
RM350,001 - RM400,000			
RM400,001 - RM450,000			
RM450,001 - RM500,000	1		1
			5

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company recognizes the importance of communication with its shareholders and does this through the Annual Report, Annual General Meeting and analyst meetings. Shareholders who attend the Company's general meetings are encouraged to raise any questions that they may have in relation to the Company's financial performance and its business operations.

The Company makes public announcements through the Kuala Lumpur Stock Exchange of material information, corporate proposals, financial results, press releases and other announcements that are required to be made pursuant to the Listing Requirements of the Kuala Lumpur Stock Exchange.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee of the Board assists by scrutinizing the information to be disclosed, to ensure accuracy and adequacy.

State of Internal Controls

The Directors acknowledged their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The controls can only provide reasonable but not absolute assurance that assets are safeguarded against material loss or unauthorized use and that transactions are properly authorized and recorded. The board appointed the Audit Committee to review the effectiveness of control procedures and report to the board on all findings for deliberation. The Group is continuously looking into the adequacy and integrity of its system of internal control. The key elements of the Company and Group's internal control system are described below:

- A detailed budgeting process where operating units prepares budgets for the coming year which are approved by the Board of Directors.
- Budgets are monitored against actual and in the event of major variances, appropriate action is taken by management.

- Clearly defined delegation of responsibilities to Committee of the board and to operating units including authorisation levels for all aspects of the business.
- Regular internal audit visits at regular interval to monitor compliance with procedures and assess the integrity of both financial and non-financial information provided.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 18 to 20 of the annual report.

Additional Compliance Information

MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by BAB and its subsidiary companies during the two (2) years immediately preceding the date of this Annual Report.

- i. Share Sale Agreement dated 30 August 2000 between Bumi Armada Navigation Sdn Bhd, a wholly-owned subsidiary of BAB, and Land & General Berhad ("L&G") for the acquisition of the remaining 49% equity interest in the paid-up share capital of Armada Tankers Sdn Bhd from L&G for a cash consideration of RM5,561,839.08 ("Acquisition")

The acquisition was completed by 31 July 2001.

- ii. Bumi Armada Navigation Sdn Bhd, a wholly owned subsidiary of the Company has entered into a Shareholders' Agreement with J Ray McDermott SA on 8 February 2001 to establish a subsidiary company, Barmada McDermott Sdn Bhd, to operate and provide services in oil fields located offshore including services of a derrick barge.



financial statements

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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 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group consist of marine transportation, engineering and support services to offshore oil and gas industries.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after tax	56,240	18,905
Minority interest	(100)	-
Net profit for the year	<u>56,140</u>	<u>18,905</u>

DIVIDENDS

The dividends paid by the Company since 31 December 2000 were as follows:

	RM'000
In respect of the financial year ended 31 December 2001:	
Interim dividend of 30 sen per share on 63,000,000 ordinary shares, tax exempt, paid on 31 December 2001	<u>18,900</u>

The directors do not recommend the payment of a final dividend for the financial year ended 31 December 2001.

RESERVES AND PROVISIONS

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

DIRECTORS

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

Wan Ariff Wan Hamzah	
Dr. Ahmad Fauzi Bin Mustapha	
Mohamed Razeek Bin Md Hussain Maricar	
Dr. Abdul Maulud Bin Mohd Yusop	
Dato' Dr. Mohamad Zawawi Bin Ismail	
M.R. Gopala Krishnan C.R.K Pillai	(appointed on 1.9.2001)
Atarek Kamil Bin Dato' Ibrahim Abdullah	(appointed on 1.9.2001)
Dato' Abdul Karim Bin Ahmad Tarmizi	(resigned on 31.8.2001)

DIRECTORS (CONTINUED)

In accordance with Article 102 of the Company's Articles of Association, Mohamed Razeek Bin Md Hussain Maricar retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with the Article 109 of the Company's Article of Association, M.R. Gopala Krishnan C.R.K Pillai and Atarek Kamil Bin Dato' Ibrahim Abdullah retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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.

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 6 and 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES

According to the register of directors' shareholdings, particulars of interests of directors who held office at the end of the financial year in shares in the Company and its related companies are as follows:

Shareholdings in the name of the director: Bumi Armada Berhad	Number of ordinary shares of RM1 each			
	At <u>1 January 2001</u>	<u>Bought</u>	<u>Sold</u>	At <u>31 December 2001</u>
Wan Ariff Wan Hamzah	13,973,798	-	-	13,973,798
Dr. Ahmad Fauzi Bin Mustapha	12,000	-	-	12,000
Mohamed Razeek Bin Md Hussain Maricar	5,000	-	-	5,000

No other directors in office at the end of the financial year held any interest in shares or debentures in the Company and its related corporations.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and the Company were made out, the directors took reasonable steps:

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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 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 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 the Company misleading or inappropriate.

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 substantially affect the ability of the Group and the Company to meet its obligations when they fall due.

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

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION

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 operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 6 to 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 and the Company for the financial year in which this report is made.

AUDITORS

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

In accordance with a resolution of the Board of Directors dated 12 April 2002.

WAN ARIFF WAN HAMZAH
DIRECTOR

DR. AHMAD FAUZI BIN MUSTAPHA
DIRECTOR

Kuala Lumpur

Income Statements

for the financial year ended 31 December 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue	4	425,845	230,938	18,900	-
Cost of sales		(325,144)	(144,354)	-	-
Gross profit		100,701	86,584	18,900	-
Other operating income		2,206	3,003	1,846	1,516
Selling and distribution costs		(6,350)	(3,558)	-	-
Administrative expenses		(21,098)	(15,105)	(1,677)	(1,090)
Profit from operations	6	75,459	70,924	19,069	426
Finance cost	8	(11,967)	(16,107)	(14)	(3)
Profit from ordinary activities before tax		63,492	54,817	19,055	423
Tax	9	(7,252)	(2,599)	(150)	(136)
Profit from ordinary activities after tax		56,240	52,218	18,905	287
Minority interest		(100)	(660)	-	-
Net profit for the year		56,140	51,558	18,905	287
Earnings per share (sen)	10	89.11	81.83		
Dividends per share (sen)	11	30.00	12.50		

Balance Sheets

- 31 December 2001

		Group		Company	
	Note	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	336,542	330,137	835	762
Intangible assets	13	990	1,210	-	-
Investment in subsidiary companies	14	-	-	43,835	43,835
		337,532	331,347	44,670	44,597
CURRENT ASSETS					
Inventories	15	9,801	2,646	-	-
Amounts due from customers on contracts	16	4,863	3,252	-	-
Trade debtors	17	44,949	54,302	-	-
Other debtors, deposits and prepayments	18	18,789	11,830	48	43
Amounts due from subsidiary companies		-	-	62,086	61,848
Fixed deposits with licensed banks		26,589	12,516	-	-
Cash and bank balances		26,036	11,112	18,970	251
		131,027	95,658	81,104	62,142
CURRENT LIABILITIES					
Amounts due to customers on contracts	16	1,620	1,001	-	-
Trade creditors		25,822	18,571	-	-
Trade accruals		17,138	5,290	-	-
Other creditors and accruals	19	10,046	6,560	256	263
Hire purchase creditors	20	170	252	47	29
Borrowings	21	59,743	70,284	-	-
Current tax liabilities		3,879	2,058	199	70
Dividend payable	11	18,900	-	18,900	-
		137,318	104,016	19,402	362
NET CURRENT (LIABILITIES)/ASSETS		(6,291)	(8,358)	61,702	61,780

Balance Sheets

- 31 December 2001 (continued)

		Group		Company	
	Note	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
LESS: NON CURRENT LIABILITIES					
Borrowings	21	107,867	137,163	138	148
Deferred taxation	22	5,489	395	-	-
		113,356	137,558	138	148
		217,885	185,431	106,234	106,229
CAPITAL AND RESERVES					
Share capital	23	63,000	63,000	63,000	63,000
Reserves	24	153,566	115,557	43,234	43,229
Shareholders' equity		216,566	178,557	106,234	106,229
Minority interest		1,319	6,874	-	-
		217,885	185,431	106,234	106,229

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2001

		Issued and fully paid ordinary shares of RM1 each			Non-distributable				Distributable		
Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Reserve on consolidation RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Capital redemption reserve RM'000	Merger reserve RM'000	Retained earnings RM'000	Total	
2000											
At 1 January	63,000	63,000	40,898	488	532	1,811	-	(37,235)	65,604	135,098	
Currency translation differences	-	-	-	-	-	7	-	-	-	7	
Disposal of a subsidiary company	5	-	-	(231)	-	-	-	-	-	(231)	
Net gain/(loss) not recognised in income statement	-	-	-	(231)	-	7	-	-	-	(224)	
Net profit	-	-	-	-	-	-	-	-	51,558	51,558	
Dividends	11	-	-	-	-	-	-	-	(7,875)	(7,875)	
At 31 December	63,000	63,000	40,898	257	532	1,818	-	(37,235)	109,287	178,557	
2001											
At 1 January	63,000	63,000	40,898	257	532#	1,818	-	(37,235)	109,287	178,557	
Redemption of preference shares in a subsidiary company	-	-	-	-	-	-	5	-	(5)	-	
Arising during the year	-	-	-	-	773*	-	-	-	-	773	
Currency translation differences	-	-	-	-	-	(4)	-	-	-	(4)	
Net gain not recognised in income statement	-	-	-	-	773	(4)	5	-	(5)	769	
Net profit	-	-	-	-	-	-	-	-	56,140	56,140	
Dividends	11	-	-	-	-	-	-	-	(18,900)	(18,900)	
At 31 December	63,000	63,000	40,898	257	1,305	1,814	5	(37,235)	146,522	216,566	

*

Fair value adjustment on earlier piecemeal acquisition.

#

Surplus on revaluation of building under short lease of a subsidiary company (Note 12)

* Fair value adjustment on earlier piecemeal acquisition.

Surplus on revaluation of building under short lease of a subsidiary company (Note 12)

Company Statement of Changes in Equity
for the financial year ended 31 December 2001

		Issued and fully paid ordinary shares of RM1 each	Non- distributable	Distributable		
	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Retained earnings RM'000	
					Total RM'000	
2000						
At 1 January		63,000	63,000	40,898	9,919	113,817
Net profit		-	-	-	287	287
Dividends	11	-	-	-	(7,875)	(7,875)
At 31 December		63,000	63,000	40,898	2,331	106,229
2001						
At 1 January		63,000	63,000	40,898	2,331	106,229
Net profit		-	-	-	18,905	18,905
Dividends	11	-	-	-	(18,900)	(18,900)
At 31 December		63,000	63,000	40,898	2,336	106,234

Cash Flow Statements

for the financial year ended 31 December 2001

	Note	Group		Company	
		2001	2000	2001	2000
		RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES					
Net profit for the year		56,140	51,558	18,905	287
Adjustments to reconcile net profit for the year to cash from operations:					
Special dry-docking expenses written off		-	522	-	-
Goodwill on consolidation written off		4,064	-	-	-
Amortisation of licence fees		220	220	-	-
Amortisation of preliminary expenses		-	32	-	-
Depreciation of property, plant and equipment		28,424	27,172	231	99
Gain on disposal of property, plant and equipment		(250)	(1,004)	-	-
Interest income		(649)	(696)	-	-
Interest expense		11,967	16,107	14	3
Loss on disposal of subsidiary company	5	-	107	-	-
Allowance for doubtful debts		1,501	571	-	-
Unrealised foreign exchange loss		-	35	-	-
Minority interest		100	660	-	-
Tax		7,252	2,599	150	136
Inventories		(7,155)	714	-	-
Amounts due to/from customers on contracts		(992)	2,528	-	-
Trade and other debtors		(2,849)	(14,350)	(5)	10,011
Trade and other creditors		40,038	(3,453)	18,892	(3,224)
Amounts due from subsidiary companies		-	-	(237)	1,432
Cash from operations		137,811	83,322	37,950	8,744
Interest paid		(10,714)	(16,257)	(14)	(3)
Tax paid		(2,475)	(647)	(21)	(113)
Tax recovered		326	-	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES		124,948	66,418	37,915	8,628

Cash Flow Statements

for the financial year ended 31 December 2001 (continued)

	Note	Group		Company	
		2001	2000	2001	2000
		RM'000	RM'000	RM'000	RM'000
INVESTING ACTIVITIES					
Disposal of a subsidiary company	5	-	(2,037)	-	-
Additions of property, plant and equipment		(33,250)	(19,666)	(255)	(580)
Proceeds from disposal of property, plant and equipment		401	1,527	-	-
Interest received		649	696	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES		(32,200)	(19,480)	(255)	(580)
FINANCING ACTIVITIES					
Release of fixed deposits pledged		-	800	-	-
Proceeds from bank borrowings		9,218	72,751	-	-
Repayment of bank borrowings		(50,370)	(81,376)	-	-
Repayment of hire purchase liabilities		(309)	(369)	(41)	(57)
Dividends paid to Company's shareholders		(18,900)	(7,875)	(18,900)	(7,875)
Issue to minority interest:					
- ordinary shares of a subsidiary company		490	-	-	-
- redeemable cumulative participating preference shares of a subsidiary company		100	-	-	-
Redemption of preference shares		(5,390)	-	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES		(65,161)	(16,069)	(18,941)	(7,932)
NET INCREASE IN CASH AND CASH EQUIVALENTS		27,587	30,869	18,719	116
CURRENCY TRANSLATION DIFFERENCES		139	168	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		20,300	(10,737)	251	135
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	26	48,026	20,300	18,970	251

1 GENERAL INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are set out in Note 14 to the financial statements. There have been no significant changes to these activities during the financial year.

The number of employees at the end of the financial year amounted to 855 (2000: 732) employees in the Group and 10 (2000: 8) employees in the Company respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office of the Company is as follows:

1st Floor, Rumah Rohas
61, Jalan Raja Abdullah
Kampung Baru
50300 Kuala Lumpur

2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified by the revaluation of building under short lease and investment in a subsidiary company) unless otherwise indicated in the individual policy statements in note 3 to the financial statements.

The financial statements comply with the applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the applicable approved accounting standards and the provisions of the Companies Act require the directors to make 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. Actual results could differ from those estimates.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Group accounting

Subsidiary companies are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Subsidiary companies are consolidated using the acquisition method of accounting except for certain subsidiaries, as disclosed in note 14, which were consolidated prior to 1 January 1996 using the merger method of accounting in accordance with Malaysian Accounting Standard No. 2 "Accounting for Acquisition and Mergers" the generally accepted accounting principles prevailing at that time.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiary companies identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Group accounting (continued)

In a piecemeal acquisition, the fair value adjustment attributable to previously held equity interests is accounted for as post-acquisition revaluation.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous financial periods. On consolidation, the difference between the carrying value of the investment in these subsidiaries over the nominal value of the shares acquired is taken to merger reserve.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation of property, plant and equipment other than freehold land, is calculated on the straight-line basis to write off the cost of the assets over their estimated useful lives at the following annual rates:

Building	3 1/3%
Short leasehold land and building	2%
Vessels	4% - 10%
Plant and machinery	20% - 50%
Office equipment, furniture and fittings, equipment	10% - 50%
Motor vehicles	20%

Depreciation on vessels under construction commences when the assets are ready for their intended use.

(c) Investment in subsidiary companies

Investment in subsidiary companies is stated at cost or at director's valuation and written down when the directors are of the opinion that there is a permanent diminution in the value. Permanent diminution in the value of investment in subsidiary companies is recognised as an expense in the period in which the diminution is identified.

(d) Interest capitalisation

Interest costs on borrowings to finance the construction of property, plant and equipment 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 expensed.

(e) 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.

Work in progress comprises direct labour, materials and other direct costs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Construction contracts

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

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a given period; the stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total costs for the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. When cost incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contracts. Where progress billings exceed cost incurred plus recognised profits (less recognised cost), the balance is shown as amounts due to customers on contracts.

(g) Revenue recognition

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.

Other revenues earned by the Group are recognised on the following bases:

(i) Charter hire income

Charter hire income is recognised upon services rendered to customers.

(ii) Interest, rental and dividend income

Interest and rental income are recognised on accrual basis. Dividend income is recognised when the Group's right to receive payment is established.

(iii) Contracts

Accounted for under the percentage of completion method - see accounting policy Note (f) on construction contracts.

(h) Foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates ruling at the transaction dates. Foreign currency denominated monetary assets and liabilities at balance sheet date are translated into Ringgit Malaysia at exchange rates ruling at that date. All exchange differences are dealt with through the income statement.

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Income statements of foreign entities are translated into Ringgit Malaysia at average exchange rates for the year and the balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities are taken to 'translation reserve' in shareholders equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Foreign currencies (continued)

The principal closing rates used in translation of foreign currency amounts were as follows:

Foreign currency	2001 RM	2000 RM
1 US Dollar	3.80	3.80
1 Singapore Dollar	2.07	2.18
1 Brunei Dollar	2.05	2.18

(i) Deferred taxation

The tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation is recognised for timing differences except when there is reasonable evidence that such timing differences will not reverse in the foreseeable future. The tax effect of timing differences that result in a debit balance or a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of its realisation.

The potential tax saving relating to a tax loss carry forward is only recognised if there is assurance beyond any reasonable doubt that future taxable income will be sufficient for the benefit of the loss to be realised.

Where there is intention to dispose of revalued assets, the deferred tax relating to such assets is recognised through a transfer from the related revaluation surplus. No provision nor disclosure is made of this tax effect where the Group intends to hold such assets for the foreseeable future.

Additional taxes have been recognised to the extent that dividends from subsidiary companies, are expected to result in such taxes. No taxes have been recognised for other unremitted earnings since these amounts are considered to be permanently reinvested by the companies concerned.

(j) Hire purchase and finance lease

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance lease.

Assets held under hire purchase and finance lease agreements are capitalised in the balance sheets and are depreciated in accordance with the policy set out in Note 3(b). Outstanding obligations due under the hire purchase agreements after deducting finance expenses are included as liabilities in the financial statements. The finance expenses of the lease rentals are charged to the income statements over the period of the lease.

Operating lease rentals are charged to the income statements in the period in which they are incurred.

(k) Trade debtors

Trade debtors are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debtors based on a review of all outstanding amounts at the year end.

(l) Intangible assets

(i) Licence fee

Licence fee represents purchase consideration for acquisition of license by a subsidiary company. The licence fee will be amortised using the straight line method over a period of 10 years commencing in 1996.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Intangible assets (continued)

(ii) Preliminary expenses

The preliminary expenses are amortised using the straight line method over a period of 10 years.

(iii) Special dry docking expenses

Special dry docking expenses are deferred and amortised over dry docking cycle of five years. Upon disposal of vessels, any relevant unamortised costs are written off to the income statement.

(iv) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiary companies over the fair value of the Group's share of their identifiable net assets at the date of acquisition. Goodwill is written off in the financial year of acquisition.

Reserve on consolidation (negative goodwill) represents the excess of the fair value of the Group's share of identifiable net assets acquired over the cost of acquisition.

(m) Vessel repairs and surveys

Vessel repairs and survey costs are expensed off as incurred.

(n) Cash and cash equivalents

For the purpose of the cashflow statements, cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts and 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.

(o) Share capital

(i) Classification

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

(ii) Share issue costs

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

(iii) Dividends

Dividends on ordinary shares are recognised as liabilities when declared.

(iv) Purchase of own shares

Where the Company or its subsidiaries purchases the Company's equity share capital, the consideration paid, including any attributable transaction costs is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

4 REVENUE AND COST OF SALES

Note	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Analysis of revenue:				
Marine transportation	232,278	164,802	-	-
Sale of goods	14,075	12,908	-	-
Construction contracts	42,775	39,649	-	-
Performance of services	136,717	13,579	-	-
Dividends (unquoted investment in a subsidiary company)	-	-	18,900	-
	<u>425,845</u>	<u>230,938</u>	<u>18,900</u>	<u>-</u>

5 DISPOSAL OF A SUBSIDIARY COMPANY

Haven Technologies Sdn Bhd, an investment holding subsidiary company, which is 51% owned by a wholly owned subsidiary company, was disposed of on 27 January 2000 for a cash consideration of RM1,000,000.

Effect on consolidated financial statements

The effect of the disposal on the results of the Group in last financial year to the date of disposal was as follows:

	Period from 1.1.2000 to 27.1.2000 RM'000
Revenue	-
Operating costs	-
Loss on disposal of subsidiary	(107)
Loss before and after tax	(107)
Minority interest	-
Net loss for the year	<u>(107)</u>

The effect of the disposal of HTSB on the financial position of the Group was as follows:

	At date of disposal RM'000
Property, plant and equipment (Note 12)	424
Trade and other debtors	4,095
Fixed deposits with licensed banks	564
Cash and bank balances	2,473
Other creditors and accruals	(4,444)
Provision for taxation	(891)
Minority interest	(883)
Group's share of net assets	1,338
Reserve on consolidation	(231)
Proceed from disposal	<u>(1,000)</u>
Loss on disposal	<u>107</u>

5 DISPOSAL OF A SUBSIDIARY COMPANY (CONTINUED)

The effect of the disposal of HTSB on the financial position of the Group was as follows:

	At date of disposal RM'000
Total proceeds from disposal	1,000
Cash and cash equivalents in subsidiary disposed	(3,037)
Net cash outflow on disposal	(2,037)

6 PROFIT FROM OPERATIONS

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Profit from operations is arrived at after charging/(crediting):				
Special dry-docking expenses written off	-	522	-	-
Goodwill on consolidation written off	4,064	-	-	-
Amortisation of licence fees	220	220	-	-
Amortisation of preliminary expense	-	32	-	-
Auditors' remuneration	180	180	4	4
Non audit fees to external auditors	81	73	49	49
Depreciation of property, plant and equipment	28,424	27,172	231	99
Amount paid for professional services rendered by a firm of which a director is a member	111	62	64	-
Staff cost (including remuneration of executive directors)	23,645	20,903	350	232
Cost of contract workers	7,024	16,375	-	-
Allowance for doubtful debts	1,826	755	-	-
Rental of equipment	22	45	-	-
Rental of premises	1,151	1,130	-	-
Inventories write down	172	42	-	-
Dividend income received and receivable from a subsidiary company	-	-	(18,900)	-
Gain on disposal of property, plant and equipment	(250)	(1,004)	-	-
Interest income on fixed deposits	(649)	(696)	-	-
Rental income	(42)	(38)	(121)	(205)
Allowance for doubtful debts written back	(325)	(184)	-	-
Net exchange (gain)/loss:				
- Realised	(218)	(255)	-	-
- Unrealised	-	35	-	-
Loss on disposal of subsidiary company	-	(107)	-	-

Construction contract cost recognised as an expense in the Group during the financial year amounted to RM37,741,000 (2000: RM36,129,000). Cost of inventories recognised in the Group as an expense during the financial year amounted to RM10,764,000 (2000: RM9,456,000).

7 DIRECTORS' REMUNERATION

The aggregate amount of emoluments receivable by Directors of the Company during the period were as follows:

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Non-executive Directors:				
- fees	287	271	287	271
- emoluments	40	-	40	-
Executive Directors:				
- emoluments	502	403	-	-
	829	674	327	271

8 FINANCE COST

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- term loans	11,543	15,155	-	-
- bank overdrafts and bankers' acceptances	358	878	-	-
- hire purchase and finance lease	66	74	14	3
	11,967	16,107	14	3

9 TAX

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
In Malaysia				
Income tax - current	2,128	2,504	150	136
Income tax - prior years	22	-	-	-
Deferred taxation (Note 22)	5,021	46	-	-
	7,171	2,550	150	136
Outside Malaysia				
Income tax - prior years	-	7	-	-
Deferred taxation (Note 22)	81	42	-	-
	81	49	-	-
	7,252	2,599	150	136

9 TAX (CONTINUED)

	Group	
	2001	2000
	RM'000	RM'000
Tax losses		
Tax saving from the utilisation of tax losses brought forward from previous years for which the related credit is recognised during the year	326	9,522
Tax losses for which the related tax credit has not been recognised in the financial statements	8,159	-

The effective tax rate of the Group for the year was lower than the statutory tax rate in Malaysia because income arising from Malaysian sea-going ships of certain subsidiary companies are exempted under Section 54A of the Income Tax Act, 1967. The effective tax rate of the Company for the year was lower than the statutory tax rate because of tax exempt dividend.

10 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group net profit attributable to shareholders of RM56,140,000 (2000: RM51,558,000) by the weighted average number of ordinary shares of the Company in issue during the financial year of 63,000,000 (2000: 63,000,000).

11 DIVIDENDS

Dividends declared or proposed in respect of the year ended 31 December 2001 are as follows:

	Group and Company			
	2001		2000	
	Gross	Amount of	Gross	Amounts of
	per share	tax exempt	per share	tax exempt
	sen	dividend	sen	dividend
		RM'000		RM'000
Interim dividend declared	30.0	18,900	12.50	7,875

12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Short leasehold land and building RM'000	Building RM'000	Building under short lease RM'000	Vessels RM'000	Plant and machinery under hire purchase RM'000	Motor vehicles RM'000	Motor vehicles under hire purchase RM'000	Equipment, furniture and fittings and office equipment RM'000	Vessels under construction RM'000	Total RM'000
Net book value at 1 January 2000	210	360	208	3,420	327,446	1,528	289	780	3,878	-	338,119
Additions	-	-	-	3	477	1,218	463	486	1,451	16,204	20,302
Disposals	-	-	-	-	(173)	(4)	(138)	(80)	(128)	-	(523)
Disposal of subsidiary	-	-	-	-	-	-	-	-	(424)	-	(424)
Reclassification	-	-	-	-	-	-	115	(115)	-	-	-
Currency translation differences	-	-	-	(154)	-	-	(2)	-	(9)	-	(165)
Depreciation charge	-	(7)	(8)	(61)	(24,738)	(944)	(160)	(306)	(948)	-	(27,172)
Net book value at 31 December 2000	210	353	200	3,208	303,012	1,798	567	765	3,820	16,204	330,137
Additions	-	-	29	-	229	325	249	236	1,463	31,097	33,628
Disposals	-	-	-	-	-	(99)	-	(35)	(17)	-	(151)
Reclassification	-	-	-	-	19,350	-	-	-	-	(19,350)	-
Currency translation differences	-	-	-	(153)	-	-	(1)	(3)	(5)	-	(162)
Fair value adjustment on earlier piecemeal acquisition	-	-	-	-	1,514	-	-	-	-	-	1,514
Depreciation charge	-	(7)	(8)	(59)	(25,818)	(780)	(214)	(315)	(1,223)	-	(28,424)
Net book value at 31 December 2001	210	346	221	2,996	298,287	1,244	601	648	4,038	27,951	336,542
At 31 December 2000											
Cost	210	401	240	-	439,443	9,448	1,353	1,671	8,020	16,204	476,990
Valuation - 1995	-	-	-	4,130	-	-	-	-	-	-	4,130
Accumulated depreciation	-	(48)	(40)	(922)	(136,431)	(7,650)	(786)	(906)	(4,200)	-	(150,983)
Net book value	210	353	200	3,208	303,012	1,798	567	765	3,820	16,204	330,137
At 31 December 2001											
Cost	210	401	269	-	460,242	8,361	1,565	1,643	9,429	27,951	510,071
Valuation - 1995	-	-	-	4,130	-	-	-	-	-	-	4,130
Accumulated depreciation	-	(55)	(48)	(1,134)	(161,955)	(7,117)	(964)	(995)	(5,391)	-	(177,659)
Net book value	210	346	221	2,996	298,287	1,244	601	648	4,038	27,951	336,542

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment furniture and fittings RM'000	Motor vehicles RM'000	Motor vehicles under hire purchase RM'000	Total RM'000
Net book value at 1 January 2000	47	-	-	47
Additions	230	350	234	814
Depreciation charge	(53)	(36)	(10)	(99)
Net book value at 31 December 2000	224	314	224	762
Additions	246	-	58	304
Depreciation charge	(116)	(63)	(52)	(231)
Net book value at 31 December 2001	354	251	230	835
At 31 December 2000				
Cost	316	350	234	900
Accumulated depreciation	(92)	(36)	(10)	(138)
Net book value	224	314	224	762
At 31 December 2001				
Cost	562	350	292	1,204
Accumulated depreciation	(208)	(99)	(62)	(369)
Net book value	354	251	230	835

Interest capitalised as part of the cost of vessels under construction of the Group amounted to RM171,000 (2000: RM150,000).

During the financial year, the Group acquired property, plant and equipment with an aggregate of RM33,628,000 of which RM207,000 secured by means of hire purchase leases. Cash payments of RM33,250,000 were made to purchase property, plant and equipment.

In 1995, the directors revalued the building under short lease of a subsidiary company, Haven Automation Industries (S) Pte. Ltd., a company incorporated in the Republic of Singapore based on an independent valuation done by a firm of professionals valuers (on an open market value for existing use basis). The surplus on revaluation of RM532,000 was credited to revaluation reserve.

In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board ('MASB') on adoption of MASB Standard No. 15, Property, Plant and Equipment, the valuation of building under short lease has not been updated and they continue to be stated at their existing carrying amounts less depreciation.

The net book value of this revalued building under short lease, had it been carried at cost less accumulated depreciation amounted RM2,466,579 (2000: RM2,650,926)

The net book value of property, plant and equipment pledged as security for borrowings as set out in Note 21 to the financial statements amounted to RM281,344,000 (2000: RM305,252,000) for the Group.

The net book value of a motor vehicle in the Group held under trust by directors amounted to RM344,166 (2000: RM313,541).

13 INTANGIBLE ASSETS

	<u>License fee</u> RM'000	<u>Preliminary expenses</u> RM'000	<u>Special dry-docking expenses</u> RM'000	<u>Goodwill on consolidation</u> RM'000	<u>Total</u> RM'000
Group					
Net book value					
As at 1 January 2000	1,483	32	522	-	2,037
Amortisation charge	(220)	(32)	-	-	(252)
Written off	-	-	(522)	-	(522)
Currency translation difference	(53)	-	-	-	(53)
As at 31 December 2000	1,210	-	-	-	1,210
Arose during the year	-	-	-	4,064	4,064
Amortisation charge	(220)	-	-	-	(220)
Written off	-	-	-	(4,064)	(4,064)
Currency translation difference	-	-	-	-	-
As at 31 December 2001	990	-	-	-	990
As at 31 December 2000					
Cost	1,786	425	522	-	2,733
Accumulated amortisation	(576)	(425)	(522)	-	(1,523)
Net book value	1,210	-	-	-	1,210
As at 31 December 2001					
Cost	1,786	-	-	-	1,786
Accumulated amortisation	(796)	-	-	-	(796)
Net book value	990	-	-	-	990

14 INVESTMENT IN SUBSIDIARY COMPANIES

	<u>Company</u>	
	<u>2001</u> RM'000	<u>2000</u> RM'000
Unquoted investments, at cost	43,835	43,835

14 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The Group's equity interest in the subsidiary companies, their respective principal activities and country of incorporation are shown below:

Name of company	Principal activities	Group's effective interest		Country of incorporation
		2001 %	2000 %	
Subsidiary companies:				
# Bumi Armada Navigation Sdn Bhd (BAN)	Provision of marine transportation, tanker operations and support services to the offshore oil and gas companies.	100	100	Malaysia
# Haven Automation Industries Sdn Bhd (Haven)	Installation and servicing of rotating equipment, provision of maintenance services for oil and gas industry and investment holding.	100	100	Malaysia
Subsidiary companies of BAN:				
Armada Indah Sdn Bhd	Sea charter transportation	100	100	Malaysia
Armada Tankers Sdn Bhd	Investment holding	100	51	Malaysia
Armada Alpha Sdn Bhd	Specialised gas tankers business	100	51	Malaysia
Bumi Care Offshore Production Sdn Bhd	Provision of floating, production storage and offloading (FPSO) vessel to the oil and gas industry	60	60	Malaysia
Bumi Armada Ship Management Sdn Bhd	Dormant	100	100	Malaysia
Barmada McDermott Sdn Bhd	Provision of construction and installation of offshore pipelines and structure	51	-	Malaysia
Subsidiary companies of Haven:				
Haven Automation (Malaysia) Sdn Bhd	Supply, installation and servicing of level and flow measuring instruments, process control, fire and gas detection and shutdown systems.	100	100	Malaysia
Haven Engineering (Malaysia) Sdn Bhd	Provision of workshop and topside maintenance services including installation and commissioning of electrical and instrumentation systems.	100	100	Malaysia
Haven Automation Industries (S) Pte Ltd*	Supply of measuring and process control instrumentation.	100	100	Singapore

14 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

<u>Name of company</u>	<u>Principal activities</u>	<u>Group's effective interest</u>		<u>Country of incorporation</u>
		<u>2001</u> %	<u>2000</u> %	
Subsidiary companies of Haven: (continued)				
Haven Corrosion Engineering Sdn Bhd	Providing consultancy services and engineering of cathodic protection projects and trading in anti-corrosion equipment and materials.	70	70	Malaysia
@ Haven System Integration Pte Ltd*	Design, engineering, fabrication, assembly and commissioning of safety control system.	50	50	Singapore
Haven Engineering Works (M) Sdn Bhd	Contract piping and structural services	70	70	Malaysia

* Not audited by PricewaterhouseCoopers, Malaysia.

@ This Company is deemed a subsidiary company under Section 5 of the Companies Act 1965 by virtue of control in the composition of the board of directors.

Consolidated using merger accounting

15 INVENTORIES

	Group	
	2001 RM'000	2000 RM'000
At cost		
Goods in transit	-	163
Work in progress	326	124
Spares and raw materials	9,333	2,128
Food and beverage	105	107
	9,764	2,522
At net realisable value		
Spares and supplies	37	124
	9,801	2,646

16 AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2001 RM'000	2000 RM'000
Aggregate costs incurred and recognised profits (less losses) to date	19,992	54,629
Less: Progress billings	(16,749)	(52,378)
	3,243	2,251
Amounts due from customers on contracts	4,863	3,252
Amounts due to customers on contracts	(1,620)	(1,001)
	3,243	2,251

17 TRADE DEBTORS

	Group	
	2001	2000
	RM'000	RM'000
Trade debtors	49,032	57,184
Add: Retention monies from customers on contracts	2,336	2,036
	51,368	59,220
Less: Allowance for doubtful debts	(6,419)	(4,918)
	44,949	54,302

18 OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Amounts due from a related party	9,822	-	-	-
Advances to a substantial shareholder	-	5,562	-	-
Loan to a director of a subsidiary company	100	123	-	-
Other debtors	361	886	8	5
Advances to ship manager	3,614	2,569	-	-
Deposits and prepayments	3,291	2,094	40	38
Tax recoverable	1,601	596	-	-
	18,789	11,830	48	43

Amounts due from a related party is in respect of services provided to Malmac Sdn. Bhd.

The advances to a substantial shareholder of the Group is in respect of payments made to Land and General Berhad for the acquisition of 49% equity interest in Armada Tankers Sdn Bhd.

The loan to a director of a subsidiary company was given under the subsidiary company's employee share incentive scheme which was approved at an Extraordinary General Meeting held on 10 August 1998.

19 OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Other creditors	415	680	133	155
Amount due to substantial corporate shareholders of subsidiary companies	1,330	767	-	-
Accruals	6,964	5,113	123	108
Advanced billings	1,337	-	-	-
	10,046	6,560	256	263

Inclusive in amount due to substantial shareholders is RM510,000 paid on behalf by a substantial shareholder. This is in respect of cost of acquisition of 51% interest in the shares of Barmada McDermott Sdn Bhd.

20 HIRE PURCHASE CREDITORS

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Analysis of hire purchase commitments:				
Payable within one year	207	321	59	45
Payable between one and two years	190	373	117	177
Payable between two and five years	178	15	55	-
Payable more than five years	7	-	-	-
	582	709	231	222
Less: Interest in suspense	(107)	(130)	(46)	(45)
	475	579	185	177
Representing hire purchase liabilities:				
Due within 12 months	170	252	47	29
Due after 12 months (Note 21)	305	327	138	148
	475	579	185	177

21 BORROWINGS

	Group		Company	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Current (secured):				
Bank overdrafts (Note 26)	4,599	3,328	-	-
Revolving credits	-	2,500	-	-
Trust receipts and banker acceptance	-	1,828	-	-
Term loans	55,144	62,628	-	-
	59,743	70,284	-	-
Non current (secured):				
Term loans	107,462	136,836	-	-
Hire purchase creditors (Note 20)	305	327	138	148
Redeemable cumulative participating preference shares	100	-	-	-
	107,867	137,163	138	148
	167,610	207,447	138	148

The borrowings are secured as follows:

- Fixed charges over certain vessels of the subsidiary companies.
- Corporate guarantees by the Company and certain subsidiary companies.
- Joint and several guarantee by certain directors of a subsidiary company.
- An open mortgage on a leasehold building of a subsidiary company.
- Debentures containing a fixed and floating charge over the existing and future assets of a subsidiary company.
- Fixed and floating charges over all the assets of certain subsidiary companies.
- Personal guarantee by a director of a subsidiary company.

21 BORROWINGS (CONTINUED)

The borrowings are secured as follows: (continued)

- (h) Assignment of insurance policies of certain vessels of the subsidiary companies.
- (i) Assignment of charter proceeds of certain vessels of the subsidiary companies.
- (j) Assignment of ship building contracts of a subsidiary company.

The term loans bear interest at rates ranging from 3.47% to 9.00% (2000: 4.20% to 9.00%) per annum and are repayable by fixed monthly or quarterly instalments. The repayment periods are analysed as follows:

	Group	
	2001	2000
	RM'000	RM'000
Within one year	55,144	62,628
Between one and two years	51,251	43,887
Between two and five years	45,517	76,659
More than five years	10,694	16,290
	162,606	199,464

On 7 August 2001, the subsidiary of the Company issued 100,000 Redeemable Cumulative Participating Preference Shares ('RCPPS') at normal value of RM1.00 each to J Ray McDermott S.A. for cash.

The rights and privileges to the holder of the RCPPS are as follows:

- (a) the right to receive a fixed cumulative preferential dividend at the rate of eight (8) per cent per annum on the capital of the RCPPS for the time being paid up there on;
- (b) the right, whenever the distributable profits of any year (available for dividend) shall be more than sufficient to pay:
 - (i) the fixed cumulative preferential dividend; and
 - (ii) a dividend to the Ordinary Shareholders at a rate declared by the Company;
 to participate in the remaining amount of the distributable profit and/or to have their RCPPS redeemed to the extent and amount to be determined at the discretion of the directors, for the year available for dividend;
- (c) the right to receive notices of, the right to attend and speak at general meetings of the Company, but have no right to vote at such general meetings save for matters which deal with matters that affect the rights and privileges of the holders of the RCPPS as a class; and
- (d) the right in the event of the winding up of the Company, to have the surplus assets applied first to in paying off the capital paid up on the RCPPS and secondly, in paying off the arrears, if any, of the fixed cumulative preferential dividend aforesaid whether earned or declared or not down to the commencement of the winding up.

22 DEFERRED TAXATION

	Group	
	2001	2000
	RM'000	RM'000
At beginning of the financial year	395	310
Charged to income statements (Note 9)	5,102	88
Currency translation differences	(8)	(3)
At end of the financial year	5,489	395

22 DEFERRED TAXATION (CONTINUED)

Deferred taxation of the Group comprises the tax effects of the excess of capital allowances over depreciation.

The deferred tax effects of revalued assets are not provided for because the Group has no intention to dispose of these revalued assets in the foreseeable future.

	Group	
	2001	2000
	RM'000	RM'000
In respect of timing differences that are not expected to reverse in the foreseeable future:		
- arising in current year	7,178	6,176
- as at year end	7,692	18,371
The tax effects of these timings differences:		
- arising in current period/year	2,010	1,729
- as at year end	2,154	5,144

23 SHARE CAPITAL

	Group and Company	
	2001	2000
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1.00 each	100,000	100,000
Issued and fully paid:		
Ordinary shares of RM1.00 each	63,000	63,000

24 RESERVES

The difference between the nominal value of shares of the Company issued as consideration and the nominal value of BAN and Haven's shares transferred to the Company has been classified as a merger deficit and included in non-distributable reserves in the consolidated financial statements.

The merger reserves as at 1 January 1997 represent reserves of BAN and Haven as at 31 December 1995 as shown in their respective audited balance sheets, combined using merger accounting principles as follows:

	31 December 1995
	RM'000
Merger reserve	
BAN	32,705
Haven	4,530
	37,235

24 RESERVES (CONTINUED)

31 December 1995
RM'000

The merger deficit is derived from the following:

Nominal value of shares acquired	6,600
Less: Nominal value of shares issued for acquisition of BAN and Haven	(43,835)
	<u>(37,235)</u>

25 RETAINED EARNINGS

There are sufficient tax exempt income for distribution of all retained earnings as tax exempt income.

26 CASH AND CASH EQUIVALENTS

	Group		Company	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	RM'000	RM'000	RM'000	RM'000
Cash on hand and balances with banks	26,036	11,112	18,970	251
Fixed deposits with licensed banks	26,589	12,516	-	-
Bank overdrafts (Note 21)	(4,599)	(3,328)	-	-
	<u>48,026</u>	<u>20,300</u>	<u>18,970</u>	<u>251</u>

27 NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The future minimum lease payments under non cancellable operating leases are as follows:

	Group	
	<u>2001</u>	<u>2000</u>
	RM'000	RM'000
Payable within one year	256	408
Payable later than one year and not later than two years	551	212
Payable later than two years and not later than five years	243	310
	<u>1,050</u>	<u>930</u>

28 CAPITAL COMMITMENTS

Group
2001 2000
RM'000 **RM'000**

Authorised capital expenditure for property, plant and equipment not provided for in the financial statements:

- authorised and contracted	20,635	21,097
- authorised but not contracted	61,510	-
	<u>82,145</u>	<u>21,097</u>

29 SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

		Group	
		2001	2000
		RM'000	RM'000
(a)	Sales of services		
	Sales of services to an associated company of a corporate shareholder of a subsidiary company, Malmac Sdn Bhd	18,439	-
(b)	Technical fee		
	Technical fee for a corporate shareholder of a subsidiary company, Care Production Inc ('CPI')	9,893	5,687
(c)	Redemption of preference shares from a former substantial corporate shareholder of a subsidiary company, Land and General Berhad		
	- Preference shares redeemed	5	-
	- Share premium redeemed	5,385	-
(d)	Purchase of services		
	Purchase of technical services from an associated company of a substantial corporate shareholder of a subsidiary company, Malmac Sdn Bhd	120,442	-
(e)	Individually significant outstanding balances arising from sale/purchase of goods and services (other than normal trade transactions) during the financial year.		

30 SEGMENT REPORTING

The Group's operations are substantially conducted within Malaysia.

By industry	Profit/(loss) from ordinary activities		Gross assets
	Revenue	before tax	
	RM'000	RM'000	
2001			
Marine transportation, tanker operations and support services to oil and gas industry	232,279	64,814	409,981
Engineering and maintenance	193,566	(132)	38,724
Investment holding	-	(1,190)	19,854
	<u>425,845</u>	<u>63,492</u>	<u>468,559</u>
2000			
Marine transportation, tanker operations and support services to oil and gas industry	164,802	56,565	382,828
Engineering and maintenance	66,136	(655)	43,127
Investment holding	-	(1,093)	1,050
	<u>230,938</u>	<u>54,817</u>	<u>427,005</u>

Inter segment sales are conducted on an arms length basis.

31 CONTINGENT LIABILITY - UNSECURED

- (a) The management of a subsidiary company discovered in 1986 certain information indicating that a liability could arise under relevant legislation in respect of payments made in prior years to certain employees. No provision has been made in the financial statement to meet this liability should such liability were to arise. The liability if any and the quantum thereof is still subject to determination by the relevant authorities.

In 1994, the subsidiary company received undertaking from one of its directors and the holding company that should liabilities were to arise as determined by the relevant authorities, such liabilities will be borne in full without limitation by the said director and the holding company.

- (b) As at 31 December 2001, the subsidiary company, Haven Automation Industries Sdn Bhd is contingently liable for guarantees totalling SGD7,400,000 and USD1,500,000 (2000: SGD 7,400,000 and USD1,500,000) issued in favour of a foreign bank for banking facilities given to subsidiary companies.
- (c) A Third Party action has been taken against a subsidiary company in 1998 to indemnify any monies that may become payable by a defendant to a Bank. The estimated claim inclusive interest and cost amounted to RM750,000.
- (d) A writ of summons was served on Bumi Armada Navigation Sdn Bhd, a wholly owned subsidiary of the Company on 13 April 2001 by a third party in respect of a damaged platform. On 18 June 2001, the amended writ of summons in action in rem was served on the Company and summons for third party directions was filed and served to the Company on 10 December 2001 claiming damages, interest and costs of RM2,961,000. Based on legal opinion obtained, the Directors are of the view that no provision is required in the financial statements.

Statement by Directors

pursuant to section 169(15) of the Companies Act, 1965

We, Wan Ariff Wan Hamzah and Dr. Ahmad Fauzi Bin Mustapha, two of the directors of Bumi Armada Berhad, state that, in our opinion, the financial statements set out on pages 37 to 64 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2001 and of the results of the Group and the Company and the cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provision of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 12 April 2002.

WAN ARIFF WAN HAMZAH
DIRECTOR

DR. AHMAD FAUZI BIN MUSTAPHA
DIRECTOR

Kuala Lumpur

Declaration

pursuant to section 169(16) of the Companies Act, 1965

I, Zubaidah Abd Karim, the officer primarily responsible for the financial management of Bumi Armada Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 64 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.

ZUBAIDAH ABD KARIM

Subscribed and solemnly declared by the abovenamed Zubaidah Abd Karim in Kuala Lumpur on 12 April 2002, before me .

COMMISSIONER FOR OATHS

Report of the Auditors
to the members of Bumi Armada Berhad

We have audited the financial statements set out on pages 37 to 64. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and the Company as at 31 December 2001 and of the results and cash flows of the Group and the Company for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 14 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiary companies 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of section 174 of the Act.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)

Chartered Accountants

THAYAPARAN A/L S. SANGARAPILLAI

(No. 2085/09/02 (J))

Partner of the firm

Kuala Lumpur

12 April 2002

Proxy Form



BUMIARMADA
BUMI ARMADA BERHAD
(370398-X)

I/We, _____

of _____

being a member/members of BUMI ARMADA BERHAD hereby appoint _____

or failing him The Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 6th ANNUAL GENERAL MEETING OF THE COMPANY be held at Ballroom 3, 10th Floor, Crown Princess Hotel, Jalan Tun Razak, 50400 Kuala Lumpur on Tuesday, 25 June 2002 at 10.00 a.m. and at any adjournment thereof.

No.	RESOLUTION		FOR	AGAINST
1.	Adoption of Reports and Accounts	Resolution 1		
2.	Payment of Directors' Fees	Resolution 2		
3.	Re-election of the following Director:- En. Mohamed Razeek Md. Hussain Maricar	Resolution 3		
4.	Re-election of the following Directors:- Mr. G. Krishnan	Resolution 4		
	En. Atarek Kamil Bin Dato' Ibrahim Abdullah	Resolution 5		
5.	Re-appointment of Auditors	Resolution 6		
6.	Approval of Section 132D, Companies Act, 1965	Resolution 7		

No of Shares	
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Signature: _____

Date: _____

(Please indicate with an "x" in the space provided how you wish your votes to be casted on the resolution specified. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Notes

- A member entitled to attend and vote at this Meeting is entitled to appoint a Proxy to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be presented by each proxy.
- The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
- The Proxy Form, duly completed, must be deposited at the Registered Office of the Company, 1st Floor, Rumah Rohas, 61 Jalan Raja Abdullah, Kampung Baru 50300 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

Notes on Special Business

Ordinary Resolution 7 under item 6, if passed, will give the directors of the Company, from the date of the above meeting, authority to allot, and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

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Then fold here

AFFIX
STAMP

REGISTERED OFFICE
BUMI ARMADA BERHAD
1st Floor, Rumah Rohas
61, Jalan Raja Abdullah
Kampong Baru
50300 Kuala Lumpur

Then fold here