THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Bursa Securities has not perused the contents of this Circular in relation to the Proposed Bonus Issue, the Proposed IASC and the Proposed Amendment (each as defined herein) prior to its issuance, as it is an exempt document pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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This Circular is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The securities described herein have not been registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares (as defined herein) or any securities described herein in the United States or to conduct a public offering of securities in the United States.

BUMIARMADA

BUMI ARMADA BERHAD

(Company No. 370398-X)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

I. PROPOSED BONUS ISSUE OF UP TO 1,479,238,150 NEW ORDINARY SHARES OF RM0.20 EACH IN BUMI ARMADA BERHAD ("BUMI ARMADA") ("SHARES") ("BONUS SHARES") ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF BUMI ARMADA ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE");

II. PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,479,238,150 NEW SHARES ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF BUMI ARMADA ON THE ENTITLEMENT DATE ("PROPOSED RIGHTS ISSUE");

III. PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF BUMI ARMADA FROM RM800,000,000 COMPRISING 4,000,000,000 SHARES TO RM2,000,000,000 COMPRISING 10,000,000,000 SHARES ("PROPOSED IASC"); AND

IV. PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF BUMI ARMADA ("PROPOSED AMENDMENT")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Joint Principal Advisers

Maybank Investment Bank

Maybank Investment Bank Berhad (15938-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

CIMB

CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") and the Form of Proxy for the EGM are enclosed in this Circular. The EGM will be held as follows:

Date and time of EGM	:	**Tuesday, 8 July 2014 at 10.30 a.m.**
Venue of EGM	:	**Conference Hall 2, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia**
Last date and time for lodging of the Form of Proxy	:	**Sunday, 6 July 2014 at 10.30 a.m.**

If you are entitled to attend and vote at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf, subject to the Articles of Association of Bumi Armada Berhad. If you decide to do so, you must deposit the Form of Proxy for the EGM at the office of Bumi Armada Berhad's Share Registrars, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for the EGM or any adjournment thereof. The lodging of the Form of Proxy for the EGM will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

This Circular is dated 23 June 2014

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Abridged Prospectus	:	Abridged prospectus to be issued by our Company in connection with the Proposed Rights Issue
Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
AmInvestment Bank	:	AmInvestment Bank Berhad (23742-V)
Board	:	Board of Directors of our Company
Bonus Shares	:	New Shares to be issued pursuant to the Proposed Bonus Issue
bpd	:	Barrels per day
Bumi Armada or Company	:	Bumi Armada Berhad (370398-X)
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
Business Day	:	Any day (other than a Saturday, Sunday or any other day which is a public holiday in Kuala Lumpur) on which Bursa Securities is open for trading in securities and banks are open for general banking business in Kuala Lumpur
CIMB	:	CIMB Investment Bank Berhad (18417-M)
Circular	:	This circular to the shareholders of our Company dated 23 June 2014 in relation to the Proposals
Closing Date	:	The last day for the acceptance of and payment for the provisional allotment of the Rights Shares and the excess Rights Shares as set out in the Abridged Prospectus or any such other date as may be extended from time to time, in accordance with the Underwriting Agreement
Credit Suisse	:	Credit Suisse Securities (Malaysia) Sdn Bhd (499609-H)
Director	:	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
EGM	:	Extraordinary General Meeting of our Company to be held on Tuesday, 8 July 2014 at 10.30 a.m.
Entitled Shareholders	:	(i) With respect to the Proposed Bonus Issue, our shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on the Entitlement Date; and (ii) With respect to the Proposed Rights Issue, our shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on the Entitlement Date, subject to Section 2.2.3 of the Main Letter of this Circular
Entitlement Date	:	A date to be determined later by our Board and announced by us immediately thereafter, on which the names of our shareholders must appear in our Record of Depositors in order to be entitled to participate in the Proposed Bonus Issue and the Proposed Rights Issue

EOR	:	Enhanced oil recovery
EPS	:	Earnings per share
ESOS	:	The 2011 Employee Share Option Scheme of our Company for the grant of ESOS Options, which came into effect on 28 June 2011
ESOS By-Laws	:	By-laws governing the ESOS
ESOS Options	:	Options granted to the eligible employees of our Group and our Executive Directors to subscribe for new Shares pursuant to the ESOS
Foreign Addressed Shareholders	:	Shareholders of our Company: (i) whose address in our Record of Depositors on the Entitlement Date is not a Malaysian address; or (ii) who failed to notify our Share Registrars of a mailing address in Malaysia, on or before the Entitlement Date
FPE	:	Financial period ended
FPSO	:	Floating production, storage and offloading
FYE	:	Financial year ended/ending
Group	:	Collectively, our Company and our subsidiaries
Joint Global Coordinators	:	Collectively, CIMB, Credit Suisse (Singapore) Limited and Maybank IB
Joint Principal Advisers	:	Collectively, Maybank IB and CIMB
Joint Underwriters	:	Collectively, CIMB, Credit Suisse, Maybank IB, UBS, RHB Investment Bank and AmInvestment Bank
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	:	4 June 2014, being the latest practicable date prior to the date of this Circular
Major Shareholder	:	A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (i) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or (ii) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation. For the purpose of this definition, "interests in shares" has the meaning given in Section 6A of the Act
Market Day	:	Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	:	Assuming all of the Outstanding Options are fully exercised prior to the Entitlement Date

Maybank IB	:	Maybank Investment Bank Berhad (15938-H)
Memorandum	:	Memorandum of Association of our Company
Minimum Scenario	:	Assuming none of the Outstanding Options are exercised prior to the Entitlement Date
NA	:	Net assets
OBSB	:	Objektif Bersatu Sdn Bhd (585367-A)
OFS	:	Oilfield services
OSV	:	Offshore support vessels
Outstanding Options	:	The 25,843,600 ESOS Options, which comprise vested ESOS Options which have yet to be exercised as at the LPD, and unvested ESOS Options which will be vested (or are assumed to be vested) to the respective eligible employees of our Group and our Executive Directors by 31 December 2014 (not taking into account ESOS Options that were forfeited after 30 April 2014)
Person Connected	:	Shall have the same meaning given in Paragraph 1.01 of the Listing Requirements
Price-Fixing Date	:	A date for the fixing of the Rights Issue Price, which date shall be jointly determined by our Board and the Joint Underwriters, and announced by us on or before the date of announcement of the Entitlement Date
Proposals	:	Collectively, the Proposed Bonus Issue, the Proposed Rights Issue, the Proposed IASC and the Proposed Amendment
Proposed Amendment	:	Proposed amendment to our Memorandum as a consequence of the Proposed IASC
Proposed Bonus Issue	:	Proposed bonus issue of up to 1,479,238,150 Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing Shares held by the Entitled Shareholders on the Entitlement Date
Proposed IASC	:	Proposed increase in the authorised share capital of our Company from RM800,000,000 comprising 4,000,000,000 Shares to RM2,000,000,000 comprising 10,000,000,000 Shares
Proposed Rights Issue	:	Proposed renounceable rights issue of up to 1,479,238,150 Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held by the Entitled Shareholders on the Entitlement Date
Record of Depositors	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
RHB Investment Bank	:	RHB Investment Bank Berhad (19663-P)
Rights Issue Price	:	Issue price of the Rights Shares which shall be determined on the Price-Fixing Date
Rights Shares	:	New Shares to be issued pursuant to the Proposed Rights Issue
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA

SC	:	Securities Commission Malaysia
Share Registrars	:	Symphony Share Registrars Sdn Bhd (378993-D)
Shares	:	Ordinary shares of RM0.20 each in our Company
SICDA	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
SURF	:	Subsea umbilicals, risers and flowlines
T&I	:	Transportation and installation
TEAP	:	Theoretical ex-all price after the Proposed Bonus Issue and the Proposed Rights Issue
U.S. Securities Act	:	United States Securities Act of 1933, and the rules and regulations of the United States Securities and Exchange Commission promulgated thereunder, as amended from time to time and any re-enactment thereof
UBS	:	UBS Securities Malaysia Sdn Bhd (253825-X)
Underwriting Agreement	:	Underwriting agreement dated 1 June 2014 entered into between our Company and the Joint Underwriters in relation to the Proposed Rights Issue
United States or U.S.	:	United States of America
VWAMP	:	Volume weighted average market price

CURRENCIES

RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
USD	:	United States Dollar, the lawful currency of the United States

Unless otherwise stated, the information in relation to our Directors, Major Shareholders and Persons Connected is as at the LPD.

All references to "**our Company**" in this Circular mean Bumi Armada Berhad and references to "**our Group**" mean our Company and our subsidiaries. References to "**we**", "**us**", "**our**", "**ourselves**" mean our Company, or where the context otherwise requires, our Company and our subsidiaries. All references to "**you**" and "**your**" in this Circular mean the shareholders of our Company, unless the context otherwise requires.

Words denoting the singular shall include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations and vice versa.

Any reference to any enactment in this Circular is a reference to that enactment, as for the time being amended or re-enacted.

Any discrepancies in any table included in this Circular between the amounts listed, actual figures and the totals thereof in this Circular are due to rounding adjustments.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

This Circular includes forward-looking statements. All statements other than statements of historical facts included in this Circular, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, are forward-looking statements. There is no assurance that such forward-looking statements will materialise, be fulfilled or be achieved.

This Circular also includes statistical data provided by various third (3^{rd}) parties and cites third (3^{rd})-party projections regarding growth and performance of the industries in which we operate. In each such case, the source is acknowledged in this Circular. We believe that the statistical data and projections cited in this Circular are useful in helping you understand the major trends in the industries in which we operate. However, we, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Underwriters and our and their respective directors and officers have not independently verified these data and projections. We, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Underwriters and our and their respective directors and officers do not make any representation as to the correctness, accuracy or completeness of such data and projections and accordingly, you should not place undue reliance on such statistical data and projections cited in this Circular.

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CONTENTS

LETTER TO OUR SHAREHOLDERS CONTAINING:

BUMIARMADA

BUMI ARMADA BERHAD
(Company No. 370398-X)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

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

23 June 2014

Board of Directors

Tunku Ali Redhauddin ibni Tuanku Muhriz *(Independent Non-Executive Chairman)*
Saiful Aznir bin Shahabudin *(Independent Non-Executive Director)*
Alexandra Elisabeth Johanna Maria Schaapveld *(Independent Non-Executive Director)*
Chan Chee Beng *(Non-Independent Non-Executive Director)*
Maureen Toh Siew Guat *(Non-Independent Non-Executive Director)*
Hassan Assad Basma *(Executive Director/Chief Executive Officer)*
Shaharul Rezza bin Hassan *(Executive Director/Head of Offshore Support Vessels Business)*

To: Our Shareholders

Dear Sir/Madam,

I. PROPOSED BONUS ISSUE;
II. PROPOSED RIGHTS ISSUE;
III. PROPOSED IASC; AND
IV. PROPOSED AMENDMENT

1. INTRODUCTION

On 23 May 2014, on behalf of our Board, the Joint Principal Advisers announced that our Company intends to undertake the following proposals:

(i) a bonus issue of up to 1,479,238,150 Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing Shares held by the Entitled Shareholders on the Entitlement Date;

(ii) a renounceable rights issue of up to 1,479,238,150 Rights Shares on the basis of one (1) Rights Share for every two (2) existing Shares held by the Entitled Shareholders on the Entitlement Date;

(iii) an increase in our authorised share capital from RM800,000,000 comprising 4,000,000,000 Shares to RM2,000,000,000 comprising 10,000,000,000 Shares; and

(iv) an amendment to our Memorandum as a consequence of the Proposed IASC.

On 2 June 2014, on behalf of our Company, the Joint Principal Advisers announced that our Company and the Joint Underwriters had, on 1 June 2014, entered into the Underwriting Agreement. It was also announced that CIMB, Credit Suisse (Singapore) Limited and Maybank IB have been appointed as the Joint Global Coordinators for the Proposed Rights Issue. Details of the underwriting arrangement for the Proposed Rights Issue are set out in Section 2.2.4 of this Circular.

On 12 June 2014, on behalf of our Company, the Joint Principal Advisers announced that Bursa Securities had, vide its letter dated 12 June 2014, approved the listing of and quotation for the following:

(i) up to 1,479,238,150 Bonus Shares to be issued pursuant to the Proposed Bonus Issue; and

(ii) up to 1,479,238,150 Rights Shares to be issued pursuant to the Proposed Rights Issue,

subject to the conditions as set out in Section 10 of this Circular. Further, Bursa Securities had also stated that the Bonus Shares must be listed and quoted simultaneously with the Rights Shares.

The purpose of this Circular is to provide you with the relevant information pertaining to the Proposals and to procure your authority for the resolutions in connection with the Proposals to be tabled at the forthcoming EGM. The Notice of the EGM together with the Form of Proxy are enclosed in this Circular.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue

2.1.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue entails an issuance of up to 1,479,238,150 Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing Shares held by the Entitled Shareholders on the Entitlement Date.

For the avoidance of doubt, as the Proposed Bonus Issue is conditional upon the Proposed Rights Issue, the Bonus Shares will be listed and quoted simultaneously with the Rights Shares.

The maximum number of Bonus Shares to be issued was arrived at based on our issued and paid-up share capital as at the LPD of RM586,526,540 comprising 2,932,632,700 Shares, and the following assumptions:

(i) all the Outstanding Options are fully exercised; and

(ii) there will be no further grant of ESOS Options to the eligible employees of our Group and our Executive Directors from the LPD up to the Entitlement Date,

(collectively referred to as "**Assumptions**").

The Outstanding Options comprise vested ESOS Options which have yet to be exercised as at the LPD, and unvested ESOS Options which will be vested (or are assumed to be vested) to the respective eligible employees of our Group and our Executive Directors by 31 December 2014 (not taking into account ESOS Options that were forfeited after 30 April 2014). For the avoidance of doubt, vesting of ESOS Options remains subject to the ESOS By-Laws.

The actual number of Bonus Shares to be issued pursuant to the Proposed Bonus Issue will be determined based on our issued and paid-up share capital as at the Entitlement Date.

The Bonus Shares will be issued in a single tranche and will not be implemented in stages over a period of time.

Any fractional entitlement of the Bonus Shares arising from the Proposed Bonus Issue shall be dealt with in such manner as our Board, in its absolute discretion, thinks fit and expedient, and in the best interest of our Company.

2.1.2 Capitalisation of reserves

Based on our audited financial statements for the FYE 31 December 2013, our share premium stood at RM1,764.61 million. The Proposed Bonus Issue shall be wholly capitalised from our share premium account.

For illustrative purposes only, based on our audited financial statements for the FYE 31 December 2013 and our unaudited results for the three (3)-month FPE 31 March 2014, our share premium balance upon the implementation of the Proposed Bonus Issue will be as follows:

Company level	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Audited as at 31 December 2013	**1,764,614**	**1,764,614**
Amount to be capitalised for the Proposed Bonus Issue	(293,263)	(295,848)
After the Proposed Bonus Issue	**1,471,351**	**1,468,766**
Unaudited as at 31 March 2014	**1,766,506**	**1,766,506**
Amount to be capitalised for the Proposed Bonus Issue	(293,263)	(295,848)
After the Proposed Bonus Issue	**1,473,243**	**1,470,658**

Note:

The illustration above does not take into account the estimated expenses for the Proposed Bonus Issue of RM20,000 as it is not material.

Pursuant to Paragraph 6.30(1) of the Listing Requirements, a listed issuer intending to make a bonus issue of securities must ensure that the necessary reserves required for capitalisation of the bonus issue is unimpaired by losses on a consolidated basis, where applicable, based on the listed issuer's latest audited financial statements as well as its latest quarterly report.

Our Board confirms that, based on our latest audited financial statements for the FYE 31 December 2013 as well as our latest unaudited results for the three (3)-month FPE 31 March 2014, our Company will have adequate share premium to cover the capitalisation required for the Proposed Bonus Issue, and that our Company's reserves are unimpaired by losses on a consolidated basis in accordance with Paragraph 6.30(1) of the Listing Requirements.

2.1.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank equally in all respects with our then existing Shares, save and except that they shall not be entitled to any dividend, right, allotment and/or other distribution which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Bonus Shares. However, the Bonus Shares will not be entitled to the provisional allotment of the Rights Shares pursuant to the Proposed Rights Issue.

2.1.4 Listing of and quotation for the Bonus Shares

The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the same day as the listing of and quotation for the Rights Shares, details of which, are set out in Section 2.2.7 of this Circular.

2.2 Proposed Rights Issue

2.2.1 Details of the Proposed Rights Issue

The Proposed Rights Issue entails an issuance of up to 1,479,238,150 Rights Shares on a renounceable basis of one (1) Rights Share for every two (2) existing Shares held by the Entitled Shareholders on the same Entitlement Date as the Proposed Bonus Issue. For the avoidance of doubt, the basis of the Proposed Rights Issue is on the existing Shares and will not include the Bonus Shares.

The maximum number of Rights Shares to be issued was arrived at based on our issued and paid-up share capital as at the LPD, and the Assumptions as set out in Section 2.1.1 of this Circular.

The actual number of Rights Shares to be issued pursuant to the Proposed Rights Issue will be determined based on our issued and paid-up share capital as at the Entitlement Date (and prior to the issuance of the Bonus Shares). For the avoidance of doubt, Entitled Shareholders who do not subscribe for the Rights Shares will still be entitled to the Bonus Shares. However, renouncees of the Proposed Rights Issue will not be entitled to the Bonus Shares.

The Proposed Rights Issue is renounceable in full or in part provided that any renunciation is done on or before the last day for the sale and transfer of the provisional allotment of the Rights Shares. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part.

The Rights Shares which are not taken up or cannot be taken up or not validly taken up by the Closing Date, including any fractional entitlements thereof, shall be made available for excess applications by other Entitled Shareholders and/or their renouncees, and thereafter (if applicable) shall be taken up by the Joint Underwriters. The allocation of such excess Rights Shares to other Entitled Shareholders and/or their renouncees shall be made in such manner as our Board may deem fit and expedient, and in the best interest of our Company, which is to be determined by our Board and announced by our Company at a later date. It is the intention of our Board to allot the excess Rights Shares, if any, in a fair and equitable manner.

In determining the entitlement of the Entitled Shareholders to the Rights Shares, any fractional entitlement of the Rights Shares arising from the Proposed Rights Issue shall be dealt with in such manner as our Board, in its absolute discretion, thinks fit and expedient, and in the best interest of our Company (including, without limitation, to disregard such fractional entitlements, if any, and to include such fractional entitlements in the pool of excess Rights Shares to be made available for excess applications).

2.2.2 Basis and justification for the Rights Issue Price

The Rights Issue Price shall be jointly determined by our Board and the Joint Underwriters on the Price-Fixing Date.

In determining the Rights Issue Price, our Board shall take into consideration, among others, the then prevailing market price of our Shares, the TEAP of our Shares based on the five (5)-day VWAMP of our Shares immediately preceding the Price-Fixing Date and the then prevailing market conditions.

The Rights Issue Price is expected to be fixed at a discount of up to 35% to the TEAP of our Shares immediately preceding the Price-Fixing Date (rounded up to the nearest whole sen), but shall in no event be lower than the par value of our Shares of RM0.20 each. Our Board is of the opinion that the discount of up to 35% is reasonably attractive to our shareholders and is generally in line with the market discount rates for major rights issue exercises in Malaysia over the last five (5) years.

For illustrative purposes, should the Rights Shares be issued at an illustrative Rights Issue Price of RM1.38 per Rights Share, it would represent a discount of approximately 34.9% to the TEAP of our Shares of approximately RM2.12, based on the five (5)-day VWAMP of our Shares up to and including the LPD, of RM3.55.

An immediate announcement on the Rights Issue Price, which will include details on the basis and justifications for the Rights Issue Price and justifications for the discount applied, will be made by us on the Price-Fixing Date.

2.2.3 Excluded parties

As the Abridged Prospectus together with the notice of provisional allotment and the subscription form for the Rights Shares (collectively, "**Subscription Documents**"), to be issued in connection with the Proposed Rights Issue, will not be registered in or made to comply with the applicable securities legislation of any country or jurisdiction other than Malaysia, the Subscription Documents will not be sent to the Foreign Addressed Shareholders.

Unless otherwise determined by our Board, the Rights Shares are only available for subscription by our shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on the Entitlement Date and/or their renouncees, other than persons and/or body corporates who are:

(i) Foreign Addressed Shareholders and renouncees purporting to subscribe for the Rights Shares otherwise than from within Malaysia (based on the address of the subscribing Entitled Shareholders and/or renouncees as stated in their subscription forms for the Rights Shares);

(ii) persons and/or body corporates located or resident in countries or jurisdictions outside Malaysia whereby our acceptance of their subscription under the Proposed Rights Issue would result in the contravention of the laws of such country or jurisdiction (whether in the absence of any necessary consent and/or compliance with any registration or other legal requirements or for any other reason); or

(iii) persons and/or body corporates which, in the opinion of our Board (on the advice of legal counsel) would be necessary or expedient to exclude from participating in the Proposed Rights Issue due to legal or regulatory requirements of countries or jurisdictions outside Malaysia,

(collectively, "**Excluded Parties**").

The Excluded Parties shall have no rights or claims whatsoever against us, any of our Directors and officers, the Joint Principal Advisers, the Joint Global Coordinators and the Joint Underwriters, or any of their respective directors and officers or affiliates, and/or any other persons involved in the Proposed Rights Issue in respect of their entitlements or any proceeds in respect of the Proposed Rights Issue. In addition, we, our Directors and officers, the Joint Principal Advisers, the Joint Global Coordinators and the Joint Underwriters, any of their respective directors and officers or affiliates, and/or any other persons involved in the Proposed Rights Issue shall not accept any responsibility or liability in the event that any offer, or subscription and/or excess application under the Proposed Rights Issue is or becomes illegal, unenforceable, voidable or void or contravenes the laws in any country or jurisdiction outside Malaysia.

The Foreign Addressed Shareholders may collect the Subscription Documents from our Share Registrars in Malaysia, in which event our Share Registrars are entitled to satisfy themselves as to the identity and authority of the person collecting the Subscription Documents. Notwithstanding any such collection of the Subscription Documents from our Share Registrars in Malaysia, no offer is made for, and we reserve the right to reject any application for or acceptance of, the Rights Shares or excess Rights Shares (as the case may be), where we believe or have reason to believe that such offer, application and/or acceptance may violate any applicable legislation of any country or jurisdiction. Save as provided herein, and for the avoidance of doubt, Entitled Shareholders (including renouncees) are not entitled to accept or apply for the Rights Shares or excess Rights Shares (as the case may be) unless such acceptance or application is made in Malaysia, on the basis of the address within Malaysia of the applying or accepting Entitled Shareholders (or renouncees, as the case may be) as stated in their respective subscription forms. Notwithstanding anything to the contrary, we will not make or be bound to make any enquiry as to whether our shareholders (including renouncees, as the case may be) have addresses other than as stated in our Record of Depositors as at the Entitlement Date, or other than as stated in their respective subscription forms, and we will not accept or be deemed to accept any liability, whether or not any enquiry or investigation is made in connection therewith.

As we may have certain beneficial shareholders in the United States, we reserve the right to allow a limited number of such shareholders to participate in the Proposed Rights Issue, and in such event, we are limiting such participation to Entitled QIBs (as described below) in order to comply with certain exemptions from registration under the U.S. Securities Act. Such Entitled QIBs (as described below) will be required to provide our Company with a signed investor representation letter, in the form that will be appended to the Abridged Prospectus ("**U.S. Investor Representation Letter**") (with a copy to the Joint Global Coordinators and the Joint Underwriters). Our Company reserves absolute discretion in determining whether to allow such participation of the persons who may be allowed to do so.

For the purposes of this Section 2.2.3, "**Entitled QIBs**" are qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act): (i) who are shareholders of our Company whose names appear in our Record of Depositors as at 5.00 p.m. on the Entitlement Date; (ii) who are not Foreign Addressed Shareholders; and (iii) who have each provided to (and which has been accepted by) our Company a duly signed U.S. Investor Representation Letter on or before the Closing Date (with a copy to the Joint Global Coordinators and the Joint Underwriters).

Entitled Shareholders and/or renouncees are advised that they shall be solely responsible to seek their own advice as to the laws of any country or jurisdiction to which they may be subject. The participation of the Entitled Shareholders and/or renouncees in the Proposed Rights Issue shall be based on their warranty to us that they may lawfully so participate without resulting in our Company, our Directors and officers, the Joint Principal Advisers, the Joint Global Coordinators, the Joint Underwriters and any of their respective directors and officers or affiliates, and/or any other persons involved in the Proposed Rights Issue being in breach of or contravening the laws of any country or jurisdiction outside Malaysia.

By subscribing for all or part of the Rights Shares provisionally allotted to them and/or applying for any excess Rights Shares, the Entitled Shareholders and/or renouncees shall be deemed to have represented and warranted to our Company that they and/or the beneficial owners of those Rights Shares are not Excluded Parties.

2.2.4 Irrevocable undertaking and underwriting arrangements

Undertaking

As at the LPD, OBSB held 1,239,144,000 Shares, representing 42.25% of our issued and paid-up share capital. Based on the number of Shares held by OBSB as at the LPD and the basis of entitlement of the Proposed Rights Issue, OBSB will be entitled to subscribe for 619,572,000 Rights Shares, representing 42.25% and 41.88% of the total issue size of the Proposed Rights Issue under the Minimum Scenario and Maximum Scenario, respectively.

OBSB had, on 22 May 2014, provided to our Company an irrevocable undertaking letter ("**Undertaking Letter**") to subscribe for at least 511,500,000 Rights Shares ("**Undertaking Shares**"), representing 34.88% and 34.58% of the total issue size of the Proposed Rights Issue under the Minimum Scenario and Maximum Scenario, respectively. In view thereof, the expected gross proceeds to be raised from OBSB, based on the Undertaking Shares, will amount to approximately RM705.9 million based on the illustrative Rights Issue Price of RM1.38 per Rights Share.

In addition to the Undertaking Shares, OBSB may elect to subscribe for excess Rights Shares. In the event that it elects to do so, based on its Undertaking Letter, OBSB will subscribe for such number of excess Rights Shares only to the extent that such subscription does not give rise to any obligation on OBSB to undertake any take-over offer pursuant to the Malaysian Code on Take-Overs and Mergers, 2010.

The abovementioned undertaking from OBSB will terminate in the event the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities do not take place on or before 9.00 a.m. on 2 September 2014 (or such later time as the parties to the Underwriting Agreement may agree, but not later than 30 September 2014).

OBSB has confirmed via its Undertaking Letter that sufficient financial resources are available to enable it to subscribe and pay for the Undertaking Shares and the Joint Principal Advisers have verified that OBSB has the financial resources to fulfil its commitment pursuant to the Undertaking Letter.

On 3 June 2014, OBSB had informed us that it may sell a portion of its Shares (which Shares are not covered under the Undertaking Letter) to enhance the trading liquidity of our Shares on Bursa Securities. In the event of any such sale, OBSB intends to use the aggregate net proceeds from such sale to subscribe and pay for the Undertaking Shares.

Underwriting arrangement

Pursuant to the Underwriting Agreement, the Joint Underwriters have severally but not jointly agreed to act as underwriters, to underwrite and subscribe for and/or procure subscribers for the total Rights Shares to be allotted and issued pursuant to the Proposed Rights Issue less the Undertaking Shares (as defined in this Section 2.2.4), which on a combined basis, is up to an aggregate of 967,738,150 Rights Shares ("**Underwritten Shares**"), representing 65.42% of the total issue size of the Proposed Rights Issue under the Maximum Scenario, in the following agreed proportions ("**Agreed Proportions**"), subject to the terms and conditions of the Underwriting Agreement:

Name	No. of Underwritten Shares	Agreed Proportion
		%
CIMB	287,127,950	29.67
Credit Suisse	257,999,000	26.66
Maybank IB	257,999,000	26.66
UBS	96,773,800	10.00
RHB Investment Bank	38,709,500	4.00
AmInvestment Bank	29,128,900	3.01
Total	**967,738,150**	**100.00**

The underwriting commission payable by our Company is 1.50% of the total value of the Underwritten Shares (based on the Rights Issue Price which shall be jointly determined by our Board and the Joint Underwriters at a discount of up to 35% to the TEAP of our Shares immediately preceding the Price-Fixing Date (rounded up to the nearest whole sen), but shall in no event be lower than the par value of our Shares of RM0.20 each). The underwriting commission payable to the Joint Underwriters shall be fully borne by our Company.

The obligations of each of the Joint Underwriters to underwrite the Underwritten Shares under the Underwriting Agreement shall be conditional upon, among others, the fulfilment or waiver of each of the following conditions:

(i) the following approvals in relation to the Proposals having been obtained and remaining in full force and effect by the Closing Date, and none have been withdrawn, revoked, suspended or terminated or lapsed:

   (a) the approval of Bursa Securities for the listing of and quotation for the Bonus Shares and the Rights Shares on the Main Market of Bursa Securities, which approval was obtained on 12 June 2014; and

   (b) the approval of our shareholders for the Proposals at the forthcoming EGM;

(ii) the Abridged Prospectus having been issued not later than three (3) months after the date of the Underwriting Agreement, or such later date as the Joint Global Coordinators and our Company may, from time to time agree in writing; and

(iii) the Joint Underwriters and our Company having mutually agreed on the Rights Issue Price, provided that, in the absence of any mutual agreement, the Rights Issue Price shall be fixed at a discount of 35% to the TEAP of our Shares immediately preceding the Price-Fixing Date (rounded up to the nearest whole sen), but shall in no event be lower than the par value of our Shares of RM0.20 each.

Further, the Joint Underwriters may, if determined by not less than two (2) Joint Underwriters who have agreed to underwrite in aggregate more than 51% of the total Underwritten Shares, in such manner as they shall reasonably determine by notice in writing to our Company by CIMB, in its capacity as coordinator of the Joint Underwriters in respect of the Proposed Rights Issue ("**Coordinator**"), given at any time before the Joint Underwriters are discharged or required to carry out their underwriting obligations under the Underwriting Agreement, terminate, cancel and withdraw their respective commitments under the Underwriting Agreement to underwrite the Underwritten Shares in accordance with their respective Agreed Proportions if:

(i) there is any breach by our Company of any of the representations, warranties or undertakings contained in Clause 9 of the Underwriting Agreement or which is contained in the certificate under or in connection with the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within 15 days from receipt of the notice of such breach being given to the Company by the Coordinator or by the Closing Date, whichever is the earlier; or

(ii) there is a failure on our part to perform any of our obligations contained in the Underwriting Agreement and such obligations have not been complied with within two (2) Business Days of the default and in any event before the Closing Date; or

(iii) there is withholding of information of material nature from the Joint Underwriters which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Joint Underwriters, would have a material adverse effect on the business or operations of our Group or on the success of the Proposed Rights Issue; or

(iv) there shall have occurred or happened any material and adverse change in the business or financial condition of our Group, taken as a whole; or

(v) the Closing Date does not occur within 30 days from the issue date of the Abridged Prospectus, subject to such extension which may be agreed between our Company and two (2) or more Joint Underwriters who have agreed to underwrite in aggregate more than 75% of the total Underwritten Shares ("**Majority Joint Underwriters**"); or

(vi) the occurrence of any of the following events:

(a) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Joint Underwriters, would reasonably be expected to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market) on the value or price of the Rights Shares or a material adverse effect on the Proposed Rights Issue. For the avoidance of doubt, and without prejudice to the foregoing, if the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Business Day:

(aa) on or after the date of the Underwriting Agreement; and

(bb) prior to the Closing Date,

lower than 85% of the level of the Index at the last close of normal trading on the relevant exchange on the Business Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) Business Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event, it shall be deemed a material adverse change in the stock market condition; or

(b) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has or could reasonably be expected to have material adverse effect on our Group, as a whole; or

(c) any force majeure event which is any event or series of events beyond the reasonable control of the Joint Underwriters, including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Proposed Rights Issue or pursuant to the underwriting of the Underwritten Shares; or

(d) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities for a period exceeding three (3) consecutive Business Days whether due to exceptional financial circumstances or otherwise; or

(e) any government requisition or occurrence of any other nature whatsoever which is likely to have a material and adverse effect on the business and/or financial position of our Group taken as a whole, or the success of the Proposed Rights Issue; or

(vii) in the event that the Proposed Rights Issue is withdrawn or not procured or procured but subject to conditions not acceptable to the Coordinator (acting reasonably); or

(viii) if the SC or any other relevant regulatory authority issues an order pursuant to Malaysian laws such as to make it, in the reasonable opinion of the Majority Joint Underwriters, impracticable to market the Proposed Rights Issue or to enforce contracts to sell the Rights Shares.

The Proposed Rights Issue will be undertaken on a full subscription basis.

2.2.5 Ranking of the Rights Shares

The Rights Shares shall, upon allotment and issuance, rank equally in all respects with our then existing Shares, save and except that they shall not be entitled to any dividend, right, allotment and/or other distribution which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares. However, the Rights Shares will not be entitled to the Bonus Shares to be issued pursuant to the Proposed Bonus Issue.

2.2.6 Utilisation of proceeds

Based on the illustrative Rights Issue Price of RM1.38 per Rights Share, the Proposed Rights Issue is expected to raise gross proceeds of up to RM2,041.3 million, which are proposed to be utilised in the following manner:

	Estimated timeframe for utilisation upon listing of the Rights Shares	Minimum Scenario	Maximum Scenario
		RM'mil	RM'mil
Capital expenditure[(1)]	Within 24 months	1,760.0	1,760.0
General working capital[(2)]	Within 24 months	208.5	226.3
Estimated expenses for the Proposals[(3)]	Within 3 months	55.0	55.0
Total gross proceeds		**2,023.5**	**2,041.3**

Notes:

(1) *This is part of our Group's expected capital expenditure of RM6.0 billion over the next 12 to 18 months, which will be funded via a combination of cashflow from operations, existing cash balances, contractual down payments, proceeds from the Proposed Rights Issue and new debt.*

The details of the expected utilisation of proceeds from the Proposed Rights Issue for our Group's capital expenditure requirements are as follows:

Business unit	***Details of proposed utilisation***	***RM'mil***
FPSO	*Subject to award over the next 24 months, contribution to capital expenditure for at least one (1) new FPSO project in either Asia, Africa or Latin America. This includes expenditure for FPSO conversion and deployment. Any FPSO for such project is expected to have a production capacity of approximately 70,000 bpd or more*	*1,400.0*
OSV	*To build or purchase at least two (2) vessels to expand our Group's deepwater capability and offering with premium new vessels aligned to the latest customer and regulatory requirements*	*80.0*
T&I	*To build or purchase at least two (2) SURF vessels to establish and expand our Group's SURF fleet*	*200.0*
OFS	*To build or purchase subsea well intervention equipment for EOR activities*	*80.0*
Total capital expenditure		***1,760.0***

***Notes** (cont'd):*

Any variation to the amounts allocated to any one of the above business units will be adjusted against the amount allocated to the other business units.

Any variation to the total allocation for capital expenditure will be adjusted against the amount allocated for general working capital.

(2) *The general working capital requirements of our Group include, among others, payment to trade creditors, selling and distribution costs and administrative expenses. Selling and distribution costs include, among others, sales, business development and staff related expenses. The administrative expenses of our Group include, among others, corporate and statutory expenses.*

The amount of proceeds to be allocated for each of the general working capital requirement mentioned above cannot be finalised at this juncture as it is dependent on the operating requirements of our Group at the time of utilisation.

(3) *Include estimated professional fees of RM10 million, estimated underwriting commission of RM35 million, and estimated fees to the authorities, printing costs as well as other estimated incidental and miscellaneous expenses in relation to the Proposals amounting to an aggregate of RM10 million. Any variation to the amount of estimated expenses to be incurred in relation to the Proposals will be adjusted against the amount allocated for general working capital.*

The actual gross proceeds to be raised from the Proposed Rights Issue would depend on the Rights Issue Price and the actual number of Rights Shares to be issued. Any variation between the intended gross proceeds and the actual gross proceeds to be raised from the Proposed Rights Issue will be adjusted against the amount allocated for general working capital.

Pending utilisation of the proceeds from the Proposed Rights Issue for the purposes as set out above, the proceeds will be placed in interest-bearing deposits with financial institutions or short term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short term money market instruments will be used for general working capital.

2.2.7 Listing of and quotation for the Rights Shares

The Rights Shares shall be listed and quoted on the Main Market of Bursa Securities on a date falling one (1) clear Market Day after the date of the allotment and issuance of the Rights Shares which shall fall within eight (8) Market Days from the Closing Date.

The Rights Shares shall be listed and quoted simultaneously with the Bonus Shares.

2.3 Proposed IASC

As at the LPD, our authorised share capital is RM800,000,000 comprising 4,000,000,000 Shares of which RM586,526,540 comprising 2,932,632,700 Shares have been issued and are fully paid-up.

In order to accommodate the issuance of the Bonus Shares and the Rights Shares arising from the Proposed Bonus Issue and the Proposed Rights Issue, respectively, as well as any further increase in our share capital pursuant to any future corporate exercise, our Board has proposed to increase our authorised share capital from RM800,000,000 comprising 4,000,000,000 Shares to RM2,000,000,000 comprising 10,000,000,000 Shares.

2.4 Proposed Amendment

As a consequence of the Proposed IASC, our Memorandum is proposed to be amended as follows:

Existing provision	Proposed amendment
<u>Clause 6 of our Memorandum</u> "The share capital of the Company is RM800,000,000.00 divided into 4,000,000,000 ordinary shares of RM0.20 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges or conditions or restrictions as to dividends, capital, voting or otherwise."	 "The share capital of the Company is **RM2,000,000,000.00** divided into **10,000,000,000** ordinary shares of RM0.20 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges or conditions or restrictions as to dividends, capital, voting or otherwise."

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Bonus Issue

Our Board is of the opinion that the Proposed Bonus Issue is the most appropriate form of showing our appreciation to our shareholders for their loyalty and continuing support to our Group while at the same time enhancing our Company's capital base, as the Proposed Bonus Issue will:

(i) increase our Company's issued and paid-up share capital to a level which will be more reflective of our current scale of operations and assets employed;

(ii) enlarge the number of Shares held by our Company's existing shareholders, albeit without increasing their percentage equity interest; and

(iii) encourage trading liquidity of our Shares on Bursa Securities and enhance investors' participation as well as potentially broaden our shareholder base.

3.2 Proposed Rights Issue

After due consideration of the various options available, as well as the capital structure of our Group, our Board is of the view that the Proposed Rights Issue is the most optimal means of raising funds for our Company, as the Proposed Rights Issue will:

(i) enable our Group to raise funds for capital expenditure, which is expected to contribute positively to the earnings potential of our Group in the future. We expect to utilise a significant portion of the proceeds raised from the Proposed Rights Issue for our Group's capital expenditure requirement as described in Section 2.2.6 of this Circular;

(ii) raise equity capital for our Company and strengthen our capital base;

(iii) enable our Company to raise funds without incurring interest expenses as compared to bank borrowings;

(iv) improve our liquidity and financial flexibility as well as optimise our Group's capital structure by strengthening our financial position; and

(v) provide the Entitled Shareholders with an opportunity to further increase their equity participation in our Company via the subscription of the Rights Shares without diluting their respective existing equity interest, provided that such Entitled Shareholders fully subscribe for their respective entitlements to the Rights Shares.

3.3 Proposed IASC

The Proposed IASC is to accommodate the increase in our issued and paid-up share capital pursuant to the Proposed Bonus Issue and the Proposed Rights Issue, as well as any further increase in our share capital pursuant to any future corporate exercise.

3.4 Proposed Amendment

The Proposed Amendment is made as a consequence of the Proposed IASC.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and prospects of the global economy

Global activity strengthened during the second half of 2013 and is expected to improve further in 2014 to 2015. The impulse has come mainly from advanced economies, although their recoveries remain uneven. With supportive monetary conditions and a smaller drag from fiscal consolidation, annual growth is projected to rise above trend in the United States and to be close to trend in the core Euro area economies. In the stressed Euro area economies, however, growth is projected to remain weak and fragile as high debt and financial fragmentation hold back domestic demand. In Japan, fiscal consolidation in 2014 to 2015 is projected to result in some growth moderation. Growth in emerging market economies is projected to pick up only modestly. These economies are adjusting to a more difficult external financial environment in which international investors are more sensitive to policy weakness and vulnerabilities given prospects for better growth and monetary policy normalisation in some advanced economies. As a result, financial conditions in emerging market economies have tightened further compared with the October 2013 World Economic Outlook, while they have been broadly stable in advanced economies.

Downside risks continue to dominate the global growth outlook, notwithstanding some upside risks in the United States, the United Kingdom and Germany. In advanced economies, major concerns include downside risks from low inflation and the possibility of protracted low growth, especially in the Euro area and Japan. While output gaps generally remain large, the monetary policy stance should stay accommodative, given continued fiscal consolidation. In emerging market economies, vulnerabilities appear mostly localised. Nevertheless, a still-greater general slowdown in these economies remains a risk, because capital inflows could slow or reverse. Emerging market and developing economies must therefore be ready to weather market turmoil and reduce external vulnerabilities.

(*Source: World Economic Outlook 2014, International Monetary Fund*)

4.2 Overview and prospects of the oil and gas ("O&G") industry

Global exploration and production ("**E&P**") capital expenditure in 2014 is expected to surpass USD723 billion (based on oil companies' capital expenditure budgets), an estimated annual increase of more than 6% year on year (*Source: Global 2014 E&P Spending Outlook, Barclays Bank PLC, December 2013*). We believe that one of the key drivers behind this increasing trend is that oil is no longer found in relatively easily accessible locations (either on-shore or shallow-water offshore), and increasingly being found in isolated and difficult to access locations. In the offshore O&G market, sites are being located at greater distances from the shore, at increasing water depths and in harsher environments with respect to weather and sea conditions. These projects require increased levels of technology and larger, more robust and more capable assets and services in order to operate efficiently and safely.

Recent years of record capital expenditure spending by International Oil Companies ("**IOCs**") have been fueled by investor pressure to favour "production growth over cash flow growth" (*Source: Global 2014 E&P Spending Outlook, Barclays Bank PLC, December 2013*). However, due to a spate of cost overruns and disappointing cash returns, investors are now demanding capital constraints from IOCs in their capital expenditure budgets. IOCs are now focusing on targeted capital investments to bring key projects to production status in order to improve cash flow growth. This dynamic, coupled with increased social pressure from oil producing countries to safeguard their oil wealth, should see National Oil Companies ("**NOCs**") further exacerbating their growing dominance in the O&G landscape. An emerging trend is for NOCs to expand beyond their home markets and compete alongside IOCs on a global scale. This has given rise to NOCs being responsible for over half of global O&G production today.

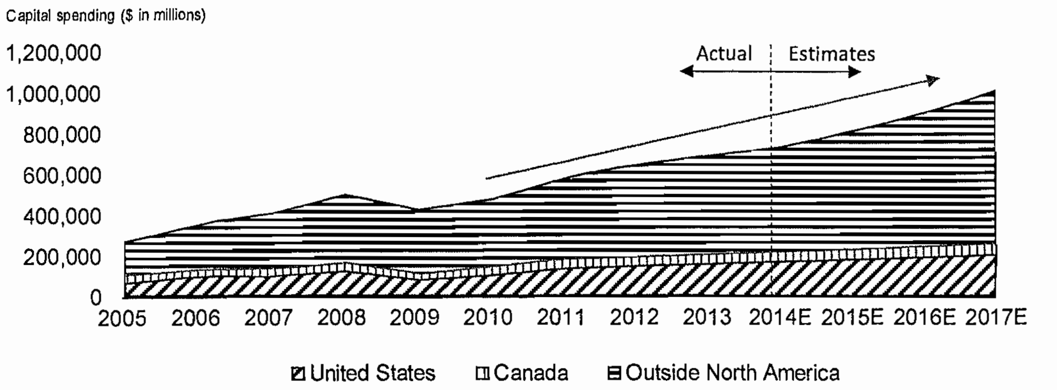
To meet demand growth, world primary energy production is slated to grow at 1.5% per annum from 2012 to 2035. Although oil is expected to be the slowest growing of the major fossil fuels, with demand growing an average of just 0.8% a year, this will result in an increase of 19 million bpd higher in 2035 than in 2012 (*Source: BP Energy Outlook 2035, BP, January 2014*). Therefore, to meet this demand, new production of approximately 1.6 to 2.5 billion barrels of oil must be developed annually, to meet the trend of the current demand development (*Source: BP Statistical Review of World Energy, BP, June 2012*).

E&P capital spending to expand in tandem with total capital expenditure in the O&G industry

There is evidence of a positive correlation between oil price trend and E&P spending level, as strong oil prices and positive fundamental demand/supply dynamics drive better economic returns for oil companies' E&P activities, especially in the offshore oilfield development. With energy demand forecasted to register strong growth over the long term and more discoveries of hydrocarbons being made in increasingly isolated and less accessible locations, oil prices are expected to remain stable due to more capital expenditures required to develop and launch new E&P projects.

Spending growth will likely be driven by the international markets where Barclays estimates capital budgets will jump by 6% as the international and offshore cycles continue to build momentum and commodity prices remain at attractive levels (*Source: Global 2014 E&P Spending Outlook, Barclays Bank PLC, December 2013*). E&P capital spending in North America is expected to accelerate coupled with continued solid growth in other international markets, particularly the Middle East, Latin America and Russia.

Figure 1: Multi-year E&P spending forecast



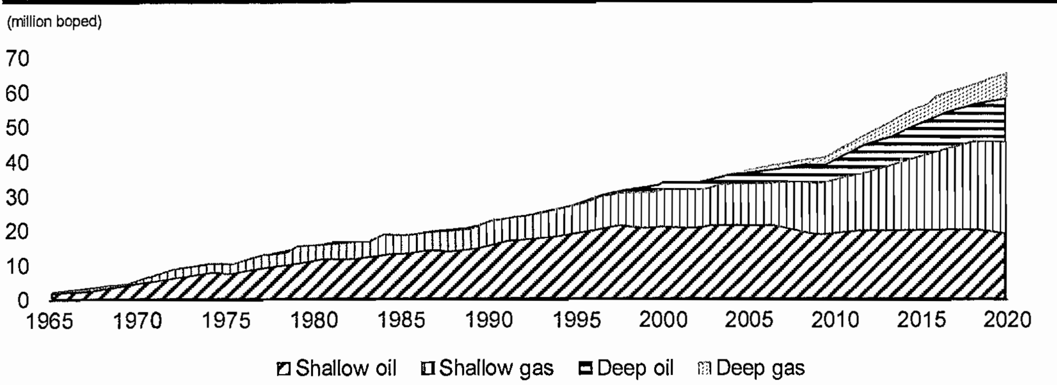
(Source: Global 2014 E&P Spending Outlook, Barclays Bank PLC, December 2013)

Increasing reliance on deepwater offshore O&G production

As conventional onshore and shallow-water oil production growth declines, O&G companies have begun exploration in deepwater offshore sites as a means to supplement reserves and to "lock-in" security of supply for the NOCs. In certain markets, the bulk of the hydrocarbon reservoirs are found offshore, such as in West Africa and Latin America. In Brazil, for example, the focus of E&P activity is on the huge offshore reservoirs located in the Santos Basin. Offshore oil production accounted for 22% of global production in 2000 - 1% of which was from deepwater. In 2010, these figures had risen to 33% and 7%, respectively. The prospects for the future remain positive with total deepwater production expected to account for 11% of global oil production by 2015 (*Source: Offshore Outlook, Infield Systems Limited, 2012*).

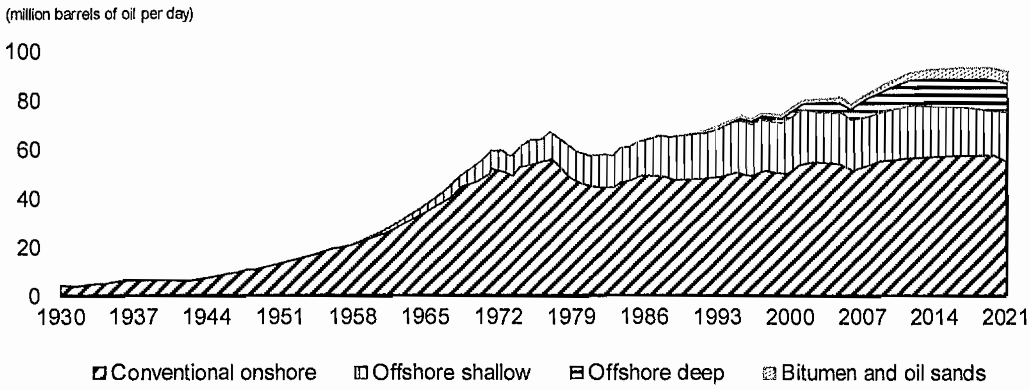
Market analysts expect that more oil companies' capital expenditure will be focused on offshore, deeper waters, more remote fields and in improving the amount of oil and/or gas recovered from existing fields. The trend towards deepwater and offshore production is illustrated in the charts below.

Figure 2: Global deepwater production outlook



(Source: Market Trends in the FPSO Business, Douglas Westwood Ltd, October 2012)

Figure 3: Global oil production onshore vs. offshore



(Source: Market Trends in the FPSO Business, Douglas Westwood Ltd, October 2012)

There are three (3) distinct developments in offshore oilfield development from the mid-1990s, which will likely continue going forward:

- fields are generally smaller than some of the huge discoveries made in the 1970s and 1980s;
- due to the smaller size of the discoveries, there is clear proliferation of the number of discoveries on the back of increased E&P spending in order to generate the necessary increasing volume of oil reserve recovery required; and
- deeper water discoveries are more frequent and prominent as technology improves, providing both better identification of deepwater reservoirs and improved drilling and production technology, allowing oil companies to access and produce the reservoirs in these isolated locations.

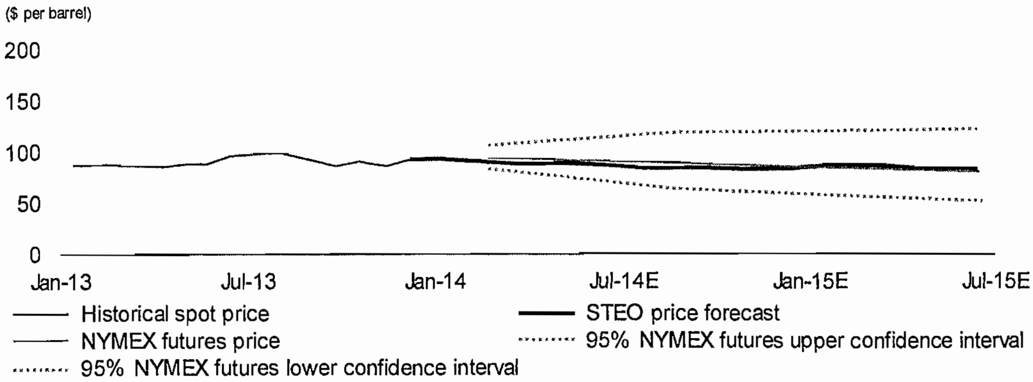
These three (3) factors are likely to translate into higher levels of deepwater activity going forward as increasing levels of exploration will be required to develop the number of oilfields necessary to increase the total oil production required to meet future global demand.

(*Source: Offshore Outlook, Infield Systems Limited, 2012*)

Oil price trend – the leading indicator of the offshore O&G industry

Changes in global oil demand and supply dynamics, and/or expectations of changes in these dynamics can cause oil prices to fluctuate. Oil price fluctuation and volatility, as well as fundamental demand/supply dynamics, provide an important guideline for the future direction of oil prices. Oil prices are the key leading indicator for the offshore O&G industry as the oil price outlook and forecast are the main drivers behind planning future E&P capital expenditure by oil companies. If oil prices drop below an economic feasibility threshold for developing and operating an oilfield for a sustained period, oil companies' development plans may be deferred or delayed. Therefore, oil price expectations provide a major assumption for future capital spending on offshore oilfield development, which is typically more costly than conventional onshore development.

Figure 4: West Texas Intermediate (WTI) crude oil price



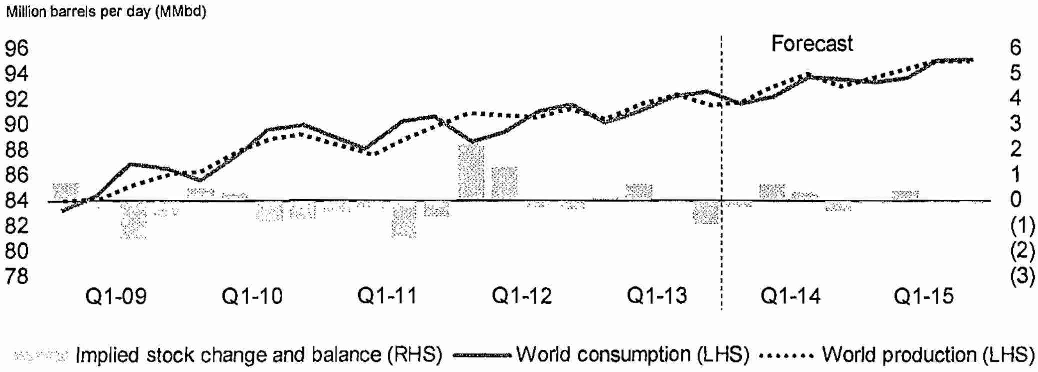
(Source: Short Term Energy Outlook (STEO), U.S. Energy Information Administration, March 2014)

Note:

Confidence interval derived from options market information for the five (5) trading days ending March 6, 2014. Intervals not calculated for months with sparse trading in near-the-money options contracts.

Oil prices have been on a long term upward trend, fed by a combination of robust global oil demand, security of supply (both at national levels and as a consequence of geo-political events in key supply markets), tight capacity levels, as well as increasing production costs per barrel. Market analysts expect oil prices to remain steady, with an average price of approximately USD100 per barrel in 2014 (*Source: Brent crude oil consensus as of 20 May 2014 by Bloomberg*). It is expected that the increasing global demand for oil will support at least the medium term price of crude oil, which should provide a strong backdrop for offshore oilfield development.

Figure 5: World liquid fuels production and consumption balance



(Source: Short Term Energy Outlook (STEO), U.S. Energy Information Administration, March 2014)

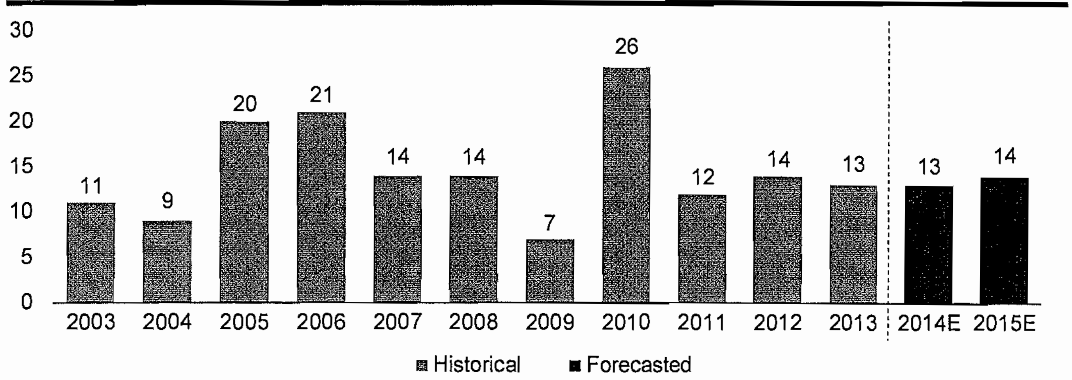
The long term crude oil price will be driven by both the demand for O&G as well as the development of cheaper alternative fuels. In the long term, cheaper alternative fuels are unlikely to significantly offset demand for O&G, which currently account for over 50% of global energy supply (*Source: BP Energy Outlook 2030, BP, January 2013*). The U.S. Energy Information Administration projects that world petroleum and other liquids supply will increase by 1.3 million bpd in both 2014 and 2015, with most of the growth coming from countries outside of the Organisation of the Petroleum Exporting Countries (OPEC). Projected world liquid fuels consumption grows by an annual average of 1.2 million bpd in 2014 and 1.4 million bpd in 2015 (*Source: Short Term Energy Outlook (STEO), U.S. Energy Information Administration, March 2014*).

4.3 Overview and prospects of the FPSO industry

The FPSO industry forms one of the key components of the offshore O&G value chain, with FPSOs serving as production and storage units in an oilfield development. Due to FPSOs' direct exposure to offshore oil production, the underlying drivers for the O&G market significantly affect the level of activity in the FPSO industry. Increased global oil demand, buoyant oil prices, strong E&P spending appetite of oil companies and the increasing level of deepwater exploration activities suggest a robust outlook for the FPSO industry. According to the BP Energy Outlook 2035, growth in energy consumption will rise by 41% by 2035, with 95% of that growth coming from rapidly-growing economies (*Source: BP Energy Outlook 2035, BP, January 2014*). To keep up with this projected future demand, E&P capital spending by oil companies is required to continue to grow and expected to result in a sustained level of future FPSO contract awards. As the era of "easy oil" winds down, FPSOs will continue to become the preferred floating production solution over other methods due to FPSO's deepwater and harsh environment operating capabilities and ability to offer a field storage solution where pipelines to shore are not accessible. FPSOs currently make up approximately 61% of the entire floating production systems market, and its market share is expected to continue to increase going forward (*Source: Floating Production Systems Outlook Report 2014 - 2018, Energy Maritime Associates Pte Ltd, January 2014*).

The FPSO industry saw considerable restructuring and consolidation during 2009 and 2010 as a result of the financial crisis which led to the changes in the overall FPSO market dynamics and competitive environment. During this period, O&G companies reduced the level of their balance sheet commitment to E&P projects due to the volatility of oil prices and lack of visibility in market direction, leading to the exit from the FPSO market of some smaller FPSO operators, leaving only established FPSO operators with substantial track record and strong financial standing. Due to the changing economics in the market, leasing an FPSO from an FPSO operator instead of owning an FPSO when developing an oilfield has become a more attractive option to many oil companies when pursuing E&P projects. As a result, FPSO operators with a strong balance sheet and project execution track record have been well-positioned to be awarded new contracts. Since 2010, the FPSO industry has steadily recovered and seen a stabilisation of market conditions.

Figure 6: FPSO orders and forward estimate



(Source: Floating Production Systems Outlook Report 2014 - 2018, Energy Maritime Associates Pte Ltd, January 2014)

According to the Energy Maritime Associates Pte Ltd, between 65 and 93 FPSO awards are expected to be made between 2014 and 2018, with demand predominantly driven by West African, Asian and Latin American markets. Provided that FPSO operators engage in contracts that are sustainable and feasible, the FPSO industry is expected to experience steady levels of growth over the medium term.

4.4 Overview and prospects of the OSV industry

The OSV industry is commoditised, multi-regional and fragmented with a few true global owners. A large number of OSV orders for newbuilds were placed prior to the recent financial crisis, which has resulted in a supply and demand imbalance. However, some of the new orders placed during that period were part of the fleet renewal efforts of OSV operators and do not truly represent an increase in the number of vessels in service.

Demand for low-end vessels has stagnated and is confined to shallow-water markets, whereas high-end vessels have been experiencing growth in demand and increased utilisation rates. These high-end vessels are no longer confined to operation in the North Sea, and the push for deepwater offshore exploration off the coast of South America and West Africa has resulted in increased demand for the high-end vessels which are able to withstand the harsh deepwater environment. These high-end vessels will need to be large, DP2/3 capable, fuel efficient and able to offer a multitude of other offshore services such as remotely operated vehicle ("**ROV**") support. Consequently, OSV operators with larger and more advanced vessels are able to command better daily charter rates and utilisation.

Brazil and West Africa are the main drivers for global OSV, particularly platform supply vessel ("**PSV**"), demand. Petróleo Brasileiro S.A. (Petrobras) has historically had a high share of all PSV contract fixtures and is the largest single user of PSVs. As rig activity in Brazil is expected to increase long term (flattish next ~ two (2) years, increase from 2016) and the installed base of production facilities continues upwards, demand for OSVs in Brazil will continue to grow. The West African market has also been a considerable source of vessel absorption in recent years. Drilling activity has been high throughout the west coast, and also the east coast has seen considerable demand as vessel intensive drilling campaigns (large distances to infrastructure) have been conducted in Mozambique, Tanzania and Kenya. Increased field development activity coupled with increasing rig count in the African region will see PSV demand continuing up (*Source: E&P Survey 2013, Pareto Securities Research, August 2013*).

4.5 Overview and prospects of the T&I industry

The T&I industry offers subsea services such as pipelay, installation, SURF and Inspection Repair Maintenance ("**IRM**") activities along the offshore O&G value chain. The T&I industry is a highly technical part of the offshore service industry, as major T&I activities such as SURF cover services spanning across installation, maintenance and decommissioning of complex subsea infrastructure over an entire field development. The SURF industry has been dominated mainly by European players with a long operating history and is currently under-represented in Asia as not many Asian offshore companies have acquired the high level of expertise required to provide subsea services. The overall subsea service industry has seen strong growth over the course of 2011 to 2013, with major SURF operators achieving record levels of orders. This growth is expected to continue as medium to long term market drivers, including deepwater drilling and subsea equipment orders, are experiencing strong demand. Similar to the OSV market, all parts of the subsea value chain will benefit positively from the large influx of ultra deepwater drilling rigs and floating production units entering the market that will require installation, inspection, repair and maintenance services.

The increased E&P activities by E&P companies will continue to drive the demand for the award of SURF contracts. The pipeline of major SURF projects due for award over the next three (3) years is estimated to be over USD25 billion (*Source: E&P Survey 2013, Pareto Securities Research, August 2013*). Growth will primarily come from operations in West Africa, North Sea, Brazil and Asia.

4.6 Overview and prospects of the OFS industry

The rapid growth in subsea assets will increase demand for regular well intervention and work-over services. Subsea growth has been fuelled by a significant increase in the deepwater drilling rig market but has not been matched by the well services market that is supported by well intervention vessels. Following the drilling and completion of deepwater wells, well intervention work is required to maintain and/or increase production levels. Oil companies are realising the large cost savings that are possible through the adoption of relatively new well intervention technology and use of well intervention vessels.

With the decline of new oil discoveries, oil companies are ever more determined to maximise available oil resources. The marginal-field development plans under the Malaysian Economic Transformation Programme ("**ETP**") to develop and produce the oil held in smaller, marginal-field clusters, driven by co-ordination between the Government of Malaysia and Petroliam Nasional Berhad ("**Petronas**"), is one such example.

5. PROSPECTS OF OUR GROUP

Our Group's future plans are as set out below:

5.1 Further penetration in existing markets and expansion into selected new markets

Our Group intends to continue to increase our business presence in existing markets as well as to selectively seek opportunities to expand our business geographically and enter into new markets in Latin America, Africa and Asia, either on a strategic or opportunistic basis by leveraging off our Group's global execution capabilities, local content development skills and long term market view. The expansion of new business is underpinned by the move to "Further, Deeper, Harsher" markets which are progressively becoming the key drivers in offshore O&G activity and demand.

5.2 Continue to grow our FPSO business

Our Group aims to be the fourth (4^{th}) largest FPSO player in the world by fleet size by the end of 2015, focusing on larger and more complex projects. Accordingly, our Group's expansion plans entail a continued focus on Africa, Asia and opportunities in other markets such as Latin America and the North Sea by capitalising on our Group's existing operations and footprints in these areas. In order to facilitate expansion, our Group intends to leverage our branding and reputation, which we believe have been successfully established over the last few years.

Over the longer term, our Group believes that, with the emergence of new technologies and developments, there will be new solutions required in the FPSO market, particularly in respect of new processing systems, applications and regulations. Our Group recognises that offshore/floating liquefied natural gas ("**FLNG**") solutions will be important for our future growth, with the floating storage and regasification unit ("**FSRU**") and FLNG segments seeing strong demand, in the order of 12 to 20 FSRU project awards and seven (7) to 15 FLNG project awards forecasted over the next five (5) years (*Source: Floating Production Systems Outlook Report 2014 - 2018, Energy Maritime Associates Pte Ltd, January 2014*). Our Group has created a small unit to pursue this market. While some solutions to these new developments may be engineered in-house, there will be others that our Group expects to be unable to completely provide and these capabilities may be acquired through licensing and/or partnership agreements. To meet these demands successfully and with a commercially competitive solution, our Group expects that strategic alliances, collaborations and partnerships with key specialist technology providers will be a critical future step for our Group's FPSO business.

5.3 Upscale our OSV fleet and service offerings

The OSV segment has historically been the principal contributor to our Group's profitability and our Group expects it to remain one of our core businesses for the foreseeable future. Our Group believes that our OSV business needs to develop several critical capabilities in order to continue to be successful in expanding both our operational fleet as well as our global footprint in South East Asia, West Africa, Latin America and the Middle East. These capabilities are:

- continued development of fleet scale via the "Steel on Water 2" fleet expansion, adding larger, higher specification, greener, cleaner, safer and more efficient vessels to service broader geographies and cater to high end markets;
- promoting enhanced service offerings to customers off the "steel platform" of the vessel, such as ROV, IRM or light installation services;
- a sustainable and expandable local content programme;
- formalisation of a clear main equipment/third party support structure; and
- building operational excellence that is centred around local content development.

5.4 Grow our T&I capacity with increased SURF capabilities

Our T&I business was originally created as an additional offering to our Group's FPSO clients. Once an FPSO contract was secured, our Group would also offer the installation of the FPSO into the field. This strategy allowed our Group to maximise the scope of work and revenue opportunities with the client for the FPSO and to also ensure delivery and hook up of the FPSO into the field under our Group's control and not be dependent on a third party.

Moving forward, our Group is observing a two (2)-pronged approach in the growth strategy of our T&I business. The first is to ensure high utility of our derrick lay barge, the *Armada Installer*, a main revenue generator of this business unit, in the Caspian Sea. The second is to add new medium to deepwater capable SURF vessels, targeting the Asian, African and South American markets.

Increased offshore O&G developments have created more installation and SURF jobs for subsea contractors with the right assets. Our Group plans to pursue mid-size installation and SURF opportunities with other clients as we move to expand our SURF capabilities beyond working on installation jobs for our own FPSOs. The boom in offshore O&G infrastructure developments has also resulted in the demand for life of field type services. As the offshore O&G infrastructure begins to age, our T&I business unit is also targeting to offer IRM services to clients. This along with other life of field type services will underpin future expansion of our T&I business unit. As such, the nature of our T&I business continues to be asset intensive and we generally expect to continue to acquire or build appropriate vessels for potential projects.

5.5 Continue to build our OFS platform

The OFS business was established by our Group in response to a growing demand for well intervention/work-over services, marginal oilfield development and brownfield production such as EOR in our Group's key operating locations and with our key clients. With the rapid growth in subsea assets in these markets comes the requirement for regular intervention and work-over services. This subsea growth has been fuelled by a significant increase in the deepwater drilling rig market but has not been matched in the well services market.

Our OFS business unit plans to pursue opportunities in the Atlantic corridor (West Africa and Brazil) where the up cycle of drilling activity in those regions in recent years has yielded the need for regular well intervention work utilising light well intervention vessels. In order to capture this market in the most capital effective manner, our OFS business unit plans to deploy an 'asset light' strategy focusing mainly on offering services (i.e. slickline, wireline, ROV, safety integrity level) while exploring synergistic options with our Group's OSV and T&I assets as a platform to deliver these services.

In addition to the well services offering, our OFS business unit is also looking to offer EOR solutions locally for the marginal-field development plans under the Malaysian ETP, which was sparked by the Government of Malaysia and Petronas, to develop and produce the oil held in smaller, marginal-field clusters. This comes as offshore field owners and operators look to maximise their oil recovery for the existing reserve. We see this as a service that has a market in any country which has existing offshore fields which have been produced past their peak via traditional production methods (such as Malaysia, Indonesia, Vietnam and Mexico).

In view of the foregoing, we remain confident in the underlying fundamentals of our business over the long term.

6. CONDITIONALITY OF THE PROPOSALS

The Proposed Bonus Issue is conditional upon the Proposed Rights Issue, but not vice versa. The Proposed Bonus Issue and the Proposed Rights Issue are conditional upon the Proposed IASC and the Proposed Amendment. However, the Proposed IASC and the Proposed Amendment are not conditional upon the Proposed Bonus Issue and the Proposed Rights Issue. The Proposed Amendment is to give effect to the Proposed IASC.

For implementation purposes, the Proposed Bonus Issue will be completed at the same time as the Proposed Rights Issue.

The Proposals are not conditional or inter-conditional upon any other corporate exercise/scheme by our Company.

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7. EFFECTS OF THE PROPOSALS

The Proposed IASC and the Proposed Amendment will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings in our Company, as well as the NA per Share, gearing, earnings and EPS of our Group.

For illustrative purposes, the pro forma effects of the Proposed Bonus Issue and the Proposed Rights Issue are set out below:

7.1 Issued and paid-up share capital

The pro forma effects of the Proposed Bonus Issue and the Proposed Rights Issue on our issued and paid-up share capital are as follows:

Minimum Scenario

	No. of Shares '000	Share capital RM'000
Issued and paid-up share capital as at the LPD	2,932,633	586,527
To be issued pursuant to the Proposed Bonus Issue	1,466,316	293,263
To be issued pursuant to the Proposed Rights Issue	1,466,316	293,263
Enlarged issued and paid-up share capital after the Proposals	**5,865,265**	**1,173,053**

Maximum Scenario

	No. of Shares '000	Share capital RM'000
Issued and paid-up share capital as at the LPD	2,932,633	586,527
Assuming full exercise of all the Outstanding Options	25,843	5,168
	2,958,476	591,695
To be issued pursuant to the Proposed Bonus Issue	1,479,238	295,848
To be issued pursuant to the Proposed Rights Issue	1,479,238	295,848
Enlarged issued and paid-up share capital after the Proposals	**5,916,952**	**1,183,391**

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7.2 NA per Share and gearing

Based on our latest audited consolidated statement of financial position as at 31 December 2013, the pro forma effects of the Proposed Bonus Issue and the Proposed Rights Issue on the NA per Share and gearing of our Group are as follows:

Minimum Scenario

		(I)	(II)
	Audited as at 31 December 2013	**After adjusting for the exercise of ESOS Options[1]**	**After (I), the Proposed Bonus Issue and the Proposed Rights Issue[2],[3]**
	RM'000	**RM'000**	**RM'000**
Share capital	586,318	586,527	1,173,053
Share premium	1,764,614	1,768,391	3,160,381
Foreign exchange reserve	51,713	51,713	51,713
Other reserves	(7,786)	(7,786)	(7,786)
Share option reserve	30,633	29,571	29,571
Hedging reserve	(10,355)	(10,355)	(10,355)
Retained earnings	1,941,522	1,941,877	1,931,877
Equity/NA attributable to owners of our Company	**4,356,659**	**4,359,938**	**6,328,454**
Non-controlling interest	23,576	23,576	23,576
Total equity/NA	**4,380,235**	**4,383,514**	**6,352,030**
No. of Shares in issue ('000)	2,931,591	2,932,633	5,865,265
NA per Share (RM)[4]	1.49	1.49	1.08
Total borrowings (RM'000)[5]	3,777,314	3,777,314	3,777,314
Total deposits, cash and bank balances (RM'000)	634,538	637,817	2,606,333
Gearing ratio (times)[6]	0.87	0.87	0.60
Net gearing ratio (times)[7]	0.72	0.72	0.19

Notes:

(1) *For the period commencing from 1 January 2014 and up to the LPD, 872,000 ESOS Options and 169,800 ESOS Options have been exercised at the exercise price of RM3.03 and RM3.75, respectively, whilst 682,680 ESOS Options have been forfeited.*

(2) *The effects of the Proposed Bonus Issue and the Proposed Rights Issue are collectively illustrated as the Proposed Bonus Issue is conditional upon the Proposed Rights Issue.*

(3) *Based on an illustrative Rights Issue Price of RM1.38 per Rights Share and after deducting the estimated expenses of RM55.0 million to be incurred in relation to the Proposals.*

(4) *Calculated as NA attributable to owners of our Company divided by number of Shares in issue.*

(5) *Comprises interest-bearing borrowings (including hire purchase payables).*

(6) *Calculated as total borrowings divided by equity/NA attributable to owners of our Company.*

(7) *Calculated as total borrowings less total deposits, cash and bank balances divided by equity/NA attributable to owners of our Company.*

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Maximum Scenario

	Audited as at 31 December 2013	(I) After adjusting for the exercise of ESOS Options[(1)]	(II) After (I) and assuming full exercise of the Outstanding Options[(2)]	(III) After (II), the Proposed Bonus Issue and the Proposed Rights Issue[(3),(4)]
	RM'000	RM'000	RM'000	RM'000
Share capital	586,318	586,527	[(5)]588,318	1,176,637
Share premium	1,764,614	1,768,391	1,804,054	3,200,433
Foreign exchange reserve	51,713	51,713	51,713	51,713
Other reserves	(7,786)	(7,786)	(7,786)	(7,786)
Share option reserve	30,633	29,571	23,760	23,760
Hedging reserve	(10,355)	(10,355)	(10,355)	(10,355)
Retained earnings	1,941,522	1,941,877	1,941,877	1,931,877
Equity/NA attributable to owners of our Company	**4,356,659**	**4,359,938**	**4,391,581**	**6,366,279**
Non-controlling interest	23,576	23,576	23,576	23,576
Total equity/NA	**4,380,235**	**4,383,514**	**4,415,157**	**6,389,855**
No. of Shares in issue ('000)	2,931,591	2,932,633	[(5)]2,941,592	5,883,183
NA per Share (RM)[(6)]	1.49	1.49	1.49	1.08
Total borrowings (RM'000)[(7)]	3,777,314	3,777,314	3,777,314	3,777,314
Total deposits, cash and bank balances (RM'000)	634,538	637,817	669,460	2,644,158
Gearing ratio (times)[(8)]	0.87	0.87	0.86	0.59
Net gearing ratio (times)[(9)]	0.72	0.72	0.71	0.18

Notes:

(1) *For the period commencing from 1 January 2014 and up to the LPD, 872,000 ESOS Options and 169,800 ESOS Options have been exercised at the exercise price of RM3.03 and RM3.75, respectively, whilst 682,680 ESOS Options have been forfeited.*

(2) *For the purposes of pro forma (II), only the Outstanding Options which have been vested to the eligible employees of our Group and our Executive Directors as at 31 December 2013 are taken into account and excluding any Outstanding Options which were vested (or are assumed to be vested) after 31 December 2013.*

(3) *The effects of the Proposed Bonus Issue and the Proposed Rights Issue are collectively illustrated as the Proposed Bonus Issue is conditional upon the Proposed Rights Issue.*

(4) *Based on an illustrative Rights Issue Price of RM1.38 per Rights Share and after deducting the estimated expenses of RM55.0 million to be incurred in relation to the Proposals.*

(5) *Assuming 2,792,500 Outstanding Options, 3,841,350 Outstanding Options, 1,950,000 Outstanding Options and 375,000 Outstanding Options which have been vested as at 31 December 2013 but have yet to be exercised as at the LPD, are exercised at the exercise price of RM3.03, RM3.75, RM3.77 and RM3.80, respectively.*

(6) *Calculated as NA attributable to owners of our Company divided by number of Shares in issue.*

(7) *Comprises interest-bearing borrowings (including hire purchase payables).*

(8) *Calculated as total borrowings divided by equity/NA attributable to owners of our Company.*

(9) *Calculated as total borrowings less total deposits, cash and bank balances divided by equity/NA attributable to owners of our Company.*

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7.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Bonus Issue and the Proposed Rights Issue on our substantial shareholders' shareholdings are as set out below:

Minimum Scenario

					(I)				(II)			
	Existing as at the LPD				After the Proposed Bonus Issue				After (I) and the Proposed Rights Issue[9]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
OBSB	1,239,144,000	42.25	-	-	1,858,716,000	42.25	-	-	2,478,288,000	42.25	-	-
Ombak Damai Sdn Bhd ("**ODSB**")	225,277,700	7.68	-	-	337,916,550	7.68	-	-	450,555,400	7.68	-	-
Karisma Mesra Sdn Bhd ("**KMSB**")	157,519,100	5.37	-	-	236,278,650	5.37	-	-	315,038,200	5.37	-	-
Dato' Sri Mahamad Fathil bin Dato' Mahmood	750,000	0.03	(1)225,277,700	7.68	1,125,000	0.03	(1)337,916,550	7.68	1,500,000	0.03	(1)450,555,400	7.68
Dato' Ahmad Fuad bin Md Ali	300,000	0.01	(1)225,277,700	7.68	450,000	0.01	(1)337,916,550	7.68	600,000	0.01	(1)450,555,400	7.68
Datuk Abdul Farish bin Abd Rashid	125,000	*	(1)225,277,700	7.68	187,500	*	(1)337,916,550	7.68	250,000	*	(1)450,555,400	7.68
Saluran Abadi Sdn Bhd ("**SASB**")	-	-	(2)180,001,300	6.14	-	-	(2)270,001,950	6.14	-	-	(2)360,002,600	6.14
Farah Suhanah binti Ahmad Sarji	32,700	*	(3)180,001,300	6.14	49,050	*	(3)270,001,950	6.14	65,400	*	(3) 360,002,600	6.14
Mutu Saluran Sdn Bhd ("**MSSB**")	-	-	(4)1,239,144,000	42.25	-	-	(4)1,858,716,000	42.25	-	-	(4)2,478,288,000	42.25
Usaha Tegas Sdn Bhd ("**UTSB**")	-	-	(5)1,239,144,000	42.25	-	-	(5)1,858,716,000	42.25	-	-	(5)2,478,288,000	42.25
Pacific States Investment Limited ("**PSIL**")	-	-	(6)1,239,144,000	42.25	-	-	(6)1,858,716,000	42.25	-	-	(6)2,478,288,000	42.25
Excorp Holdings N.V.	-	-	(7)1,239,144,000	42.25	-	-	(7)1,858,716,000	42.25	-	-	(7)2,478,288,000	42.25
PanOcean Management Limited ("**PanOcean**")	-	-	(7)1,239,144,000	42.25	-	-	(7)1,858,716,000	42.25	-	-	(7)2,478,288,000	42.25
Ananda Krishnan Tatparanandam ("**TAK**")	-	-	(8)1,239,144,000	42.25	-	-	(8)1,858,716,000	42.25	-	-	(8)2,478,288,000	42.25

					(I)				(II)			
	Existing as at the LPD				After the Proposed Bonus Issue				After (I) and the Proposed Rights Issue[(9)]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Employees Provident Fund Board	248,317,600	8.47	-	-	372,476,400	8.47	-	-	496,635,200	8.47	-	-
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	177,003,800	6.04	-	-	265,505,700	6.04	-	-	354,007,600	6.04	-	-

Notes:

The separate illustrations for pro forma (I) and pro forma (II) are for ease of reference only. The Proposed Bonus Issue is conditional upon the Proposed Rights Issue and as such, the Proposed Bonus Issue will be completed at the same time as the Proposed Rights Issue.

* *Negligible.*

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

(2) *Deemed interested by virtue of its shareholdings in the SASB subsidiaries, namely KMSB and Wijaya Baiduri Sdn Bhd (collectively, "**SASB Subsidiaries**") pursuant to Section 6A of the Act. The Shares held via the SASB Subsidiaries are held under discretionary trusts for Bumiputera objects. As such, SASB does not have any economic interest in the Shares held by the SASB Subsidiaries, as such interest is held subject to the terms of such discretionary trusts.*

(3) *Deemed interested by virtue of her shareholding in SASB pursuant to Section 6A of the Act. However, she does not have any economic interest in the Shares held via the SASB Subsidiaries, as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects. See Note (2) above for SASB's deemed interest in the Shares.*

(4) *Deemed interested by virtue of its shareholding in OBSB pursuant to Section 6A of the Act.*

(5) *UTSB is deemed to have an interest in all of the Shares in which MSSB has an interest, by virtue of UTSB being entitled to exercise 100% of the votes attached to the voting shares of MSSB. See Note (4) above for MSSB's deemed interest in the Shares.*

(6) *PSIL is deemed to have an interest in all of the Shares in which UTSB has an interest, by virtue of PSIL being entitled to exercise 99.999% of the votes attached to the voting shares of UTSB. See Note (5) above for UTSB's deemed interest in the Shares.*

(7) *The shares in PSIL are held by Excorp Holdings N.V. which is in turn held 100% by PanOcean. See Note (6) above for PSIL's deemed interest in the Shares. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations including those for charitable purposes. Although PanOcean is deemed to have an interest in the Shares, it does not have any economic or beneficial interest over such Shares, as such interest is held subject to the terms of the discretionary trust.*

(8) *TAK is deemed to have an interest in the Shares, by virtue of his deemed interest in PanOcean. See Note (7) above for PanOcean's deemed interest in the Shares. Although TAK is deemed to have an interest in the Shares, he does not have any economic or beneficial interest over such Shares, as such interest is held subject to the terms of the discretionary trust referred to in Note (7) above.*

(9) *Assuming all the Entitled Shareholders subscribe in full for their respective entitlements to the Rights Shares.*

Maximum Scenario

Name	Existing as at the LPD				(I) Assuming full exercise of all the Outstanding Options			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
OBSB	1,239,144,000	42.25	-	-	1,239,144,000	41.88	-	-
ODSB	225,277,700	7.68	-	-	225,277,700	7.61	-	-
KMSB	157,519,100	5.37	-	-	157,519,100	5.32	-	-
Dato' Sri Mahamad Fathil bin Dato' Mahmood	750,000	0.03	(1)225,277,700	7.68	750,000	0.03	(1)225,277,700	7.61
Dato' Ahmad Fuad bin Md Ali	300,000	0.01	(1)225,277,700	7.68	300,000	0.01	(1)225,277,700	7.61
Datuk Abdul Farish bin Abd Rashid	125,000	*	(1)225,277,700	7.68	125,000	*	(1)225,277,700	7.61
SASB	-	-	(2)180,001,300	6.14	-	-	(2)180,001,300	6.08
Farah Suhanah binti Ahmad Sarji	32,700	*	(3)180,001,300	6.14	32,700	*	(3)180,001,300	6.08
MSSB	-	-	(4)1,239,144,000	42.25	-	-	(4)1,239,144,000	41.88
UTSB	-	-	(5)1,239,144,000	42.25	-	-	(5)1,239,144,000	41.88
PSIL	-	-	(6)1,239,144,000	42.25	-	-	(6)1,239,144,000	41.88
Excorp Holdings N.V.	-	-	(7)1,239,144,000	42.25	-	-	(7)1,239,144,000	41.88
PanOcean	-	-	(7)1,239,144,000	42.25	-	-	(7)1,239,144,000	41.88
TAK	-	-	(8)1,239,144,000	42.25	-	-	(8)1,239,144,000	41.88
Employees Provident Fund Board	248,317,600	8.47	-	-	248,317,600	8.39	-	-
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	177,003,800	6.04	-	-	177,003,800	5.98	-	-

Maximum Scenario *(cont'd)*

	(II)				(III)			
	After (I), and the Proposed Bonus Issue				After (II), and the Proposed Rights Issue[9]			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
OBSB	1,858,716,000	41.88	-	-	2,478,288,000	41.88	-	-
ODSB	337,916,550	7.61	-	-	450,555,400	7.61	-	-
KMSB	236,278,650	5.32	-	-	315,038,200	5.32	-	-
Dato' Sri Mahamad Fathil bin Dato' Mahmood	1,125,000	0.03	(1)337,916,550	7.61	1,500,000	0.03	(1)450,555,400	7.61
Dato' Ahmad Fuad bin Md Ali	450,000	0.01	(1)337,916,550	7.61	600,000	0.01	(1)450,555,400	7.61
Datuk Abdul Farish bin Abd Rashid	187,500	*	(1)337,916,550	7.61	250,000	*	(1)450,555,400	7.61
SASB	-	-	(2)270,001,950	6.08	-	-	(2)360,002,600	6.08
Farah Suhanah binti Ahmad Sarji	49,050	*	(3)270,001,950	6.08	65,400	*	(3)360,002,600	6.08
MSSB	-	-	(4)1,858,716,000	41.88	-	-	(4)2,478,288,000	41.88
UTSB	-	-	(5)1,858,716,000	41.88	-	-	(5)2,478,288,000	41.88
PSIL	-	-	(6)1,858,716,000	41.88	-	-	(6)2,478,288,000	41.88
Excorp Holdings N.V.	-	-	(7)1,858,716,000	41.88	-	-	(7)2,478,288,000	41.88
PanOcean	-	-	(7)1,858,716,000	41.88	-	-	(7)2,478,288,000	41.88
TAK	-	-	(8)1,858,716,000	41.88	-	-	(8)2,478,288,000	41.88
Employees Provident Fund Board	372,476,400	8.39	-	-	496,635,200	8.39	-	-
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	265,505,700	5.98	-	-	354,007,600	5.98	-	-

Notes:

The separate illustrations for pro forma (II) and pro forma (III) are for ease of reference only. The Proposed Bonus Issue is conditional upon the Proposed Rights Issue and as such, the Proposed Bonus Issue will be completed at the same time as the Proposed Rights Issue.

* *Negligible.*

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

(2) *Deemed interested by virtue of its shareholdings in the SASB Subsidiaries pursuant to Section 6A of the Act. The Shares held via the SASB Subsidiaries are held under discretionary trusts for Bumiputera objects. As such, SASB does not have any economic interest in the Shares held by the SASB Subsidiaries, as such interest is held subject to the terms of such discretionary trusts.*

***Notes** (cont'd):*

(3) *Deemed interested by virtue of her shareholding in SASB pursuant to Section 6A of the Act. However, she does not have any economic interest in the Shares held via the SASB Subsidiaries, as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects. See Note (2) above for SASB's deemed interest in the Shares.*

(4) *Deemed interested by virtue of its shareholding in OBSB pursuant to Section 6A of the Act.*

(5) *UTSB is deemed to have an interest in all of the Shares in which MSSB has an interest, by virtue of UTSB being entitled to exercise 100% of the votes attached to the voting shares of MSSB. See Note (4) above for MSSB's deemed interest in the Shares.*

(6) *PSIL is deemed to have an interest in all of the Shares in which UTSB has an interest, by virtue of PSIL being entitled to exercise 99.999% of the votes attached to the voting shares of UTSB. See Note (5) above for UTSB's deemed interest in the Shares.*

(7) *The shares in PSIL are held by Excorp Holdings N.V. which is in turn held 100% by PanOcean. See Note (6) above for PSIL's deemed interest in the Shares. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations including those for charitable purposes. Although PanOcean is deemed to have an interest in the Shares, it does not have any economic or beneficial interest over such Shares, as such interest is held subject to the terms of the discretionary trust.*

(8) *TAK is deemed to have an interest in the Shares, by virtue of his deemed interest in PanOcean. See Note (7) above for PanOcean's deemed interest in the Shares. Although TAK is deemed to have an interest in the Shares, he does not have any economic or beneficial interest over such Shares, as such interest is held subject to the terms of the discretionary trust referred to in Note (7) above.*

(9) *Assuming all the Entitled Shareholders subscribe in full for their respective entitlements to the Rights Shares.*

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7.4 Earnings and EPS

The Proposed Bonus Issue and the Proposed Rights Issue are not expected to have any material effect on the earnings of our Group for the FYE 31 December 2014 as they are only expected to be completed by the third (3^{rd}) quarter of 2014.

However, upon completion of the Proposed Bonus Issue, the EPS of our Group will be immediately diluted proportionately as a result of the increase in the number of Shares in issue, assuming that the earnings of our Group remain unchanged and before taking into consideration the effect of the Proposed Rights Issue.

Moving forward, the Proposed Rights Issue is expected to contribute positively to the earnings of our Group for ensuing financial years, when the benefits from the utilisation of proceeds for capital expenditure, as set out in Section 2.2.6 of this Circular, are realised. However, there may be a corresponding dilution in our Group's EPS as a result of the increase in the number of our Shares in issue upon completion of the Proposed Rights Issue.

7.5 Convertible securities

Save for the ESOS Options granted to the eligible employees of our Group and our Executive Directors pursuant to the ESOS, we do not have any existing convertible securities as at the LPD.

Pursuant to the ESOS By-Laws, our Board may make or provide for such adjustments in the exercise price and/or in the number of Shares covered under such outstanding ESOS Options as our Board, in its discretion, may in good faith determine to be equitably required in order to prevent dilution, or enlargement of the rights of the holders of such outstanding ESOS Options, and otherwise in accordance with the ESOS By-Laws. Further, our Board may, in its discretion, provide in substitution for any or all outstanding ESOS Options such alternative consideration as our Board may, in good faith, determine to be equitable in the circumstances and may require in connection therewith the surrender of all such outstanding ESOS Options so replaced.

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8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of our Shares as traded on the Main Market of Bursa Securities for the past 12 months from June 2013 to May 2014 are as follows:

	High	Low
	RM	RM
2013		
June	4.16	3.68
July	4.00	3.80
August	4.02	3.73
September	3.99	3.84
October	4.00	3.84
November	4.12	3.79
December	4.07	3.85
2014		
January	4.12	3.97
February	4.06	3.85
March	4.07	3.80
April	4.07	3.90
May	4.02	3.52

The closing market price on Bursa Securities on 22 May 2014, being the last full trading day before the announcement of the Proposals	RM3.90
The closing market price on Bursa Securities on 20 June 2014, being the latest practicable date before the printing of this Circular	RM3.69

(Source: Bloomberg)

9. OUTSTANDING CORPORATE EXERCISES/SCHEMES ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below and the Proposals as set out in this Circular, we do not have any other outstanding corporate exercise/scheme which has been announced but pending completion as at 20 June 2014, being the latest practicable date before the printing of this Circular:

(i) On 26 March 2014, we announced that our wholly-owned subsidiary, Bumi Armada Capital Malaysia Sdn Bhd ("**BACM**"), received authorisation from the SC for the establishment of an unrated Sukuk issuance programme of up to RM1.5 billion in nominal value under the Shariah principle of Murabahah (via a Tawarruq arrangement) ("**Sukuk Programme**") and the issuance of Sukuk Murabahah thereunder.

Further, on 12 June 2014, we announced that BACM and our Company had, on even date, entered into documentation for the establishment of the Sukuk Programme.

BACM intends to use the proceeds raised from the Sukuk Programme for Shariah compliant purposes: (a) to finance the capital expenditure, working capital, general funding and financing requirements and general corporate purposes of our Group, including start-up and investment costs for our Group's projects; (b) to refinance our Group's indebtedness (including Islamic financing); and (c) to finance profit, fees and expenses relating to the Sukuk Programme and the Sukuk Murabahah.

The Sukuk Programme will provide BACM with the flexibility to raise funds via the issuance of Sukuk Murabahah from time to time, with varying tenors to meet the requirements of our Group as set out above. No Sukuk Murabahah has been issued yet under the Sukuk Programme; and

(ii) On 13 August 2013, we announced that our wholly-owned subsidiary, Bumi Armada Capital Offshore Ltd had, on 6 August 2013, entered into documentation for the establishment of a Multi Currency Euro Medium Term Note Programme ("**EMTN Programme**") with a programme size of USD1.5 billion (or its equivalent in other currencies).

An application has been made to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for permission to deal in, and for quotation of, any medium term notes ("**Notes**") that may be issued pursuant to the EMTN Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. An application may also be submitted to Bursa Securities for listing of the Notes under the Exempt Regime. The Notes to be issued under the EMTN Programme may be listed on Bursa Securities and, if so listed, will not be quoted for trading. No Notes have been issued yet under the EMTN Programme.

The Proposals are not conditional or inter-conditional upon the abovementioned corporate exercises/schemes and/or any other corporate exercise/scheme announced by our Company.

10. APPROVALS REQUIRED

The Proposed Bonus Issue and the Proposed Rights Issue are subject to the following approvals being obtained:

(i) Bursa Securities for the listing of and quotation for the Bonus Shares and the Rights Shares on the Main Market of Bursa Securities, which was obtained vide Bursa Securities' letter dated 12 June 2014, subject to the following conditions:

No.	Condition imposed	Status of compliance
1.	Our Company and the Joint Principal Advisers must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue and the Proposed Rights Issue;	To be complied
2.	Our Company and the Joint Principal Advisers to inform Bursa Securities upon the completion of the Proposed Bonus Issue and the Proposed Rights Issue;	To be complied
3.	Our Company to furnish Bursa Securities with a written confirmation of the Company's compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue and the Proposed Rights Issue are completed;	To be complied
4.	Our Company and the Joint Principal Advisers to furnish to Bursa Securities a certified true copy of the relevant resolution passed by shareholders in a general meeting approving the Proposed Bonus Issue and the Proposed Rights Issue; and	To be complied
5.	In respect of the Proposed Bonus Issue, our Company and the Joint Principal Advisers are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) and (b), and 6.35(4) of the Listing Requirements	To be complied

Further, Bursa Securities had also stated in their letter that the Bonus Shares must be listed and quoted simultaneously with the Rights Shares;

(ii) our shareholders at the forthcoming EGM; and

(iii) approval, waiver or consent of any other relevant authority or party, if required.

The Proposed IASC and the Proposed Amendment are subject only to your approval at the forthcoming EGM.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of our Directors and/or Major Shareholders and/or Persons Connected with them have any interest, whether direct or indirect, in the Proposals, save for their respective entitlements to the Bonus Shares and their rights to subscribe for the Rights Shares (including any excess Rights Shares) as our shareholders, which entitlements and rights are similarly available to all other existing shareholders of our Company on the Entitlement Date based on the terms as set out in this Circular.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposals, including the rationale for and the effects of the Proposals, is of the opinion that the Proposals are in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstance and subject to all relevant approvals being obtained, the Proposals are expected to be completed by the third (3rd) quarter of 2014.

The tentative timetable in respect of the implementation of the Proposals is as follows:

Event	Tentative timeline
Price-Fixing Date	Mid July 2014
Announcement of the Entitlement Date for the Proposed Bonus Issue and the Proposed Rights Issue	Mid July 2014
Entitlement Date for the Proposed Bonus Issue and the Proposed Rights Issue	Early August 2014
Despatch of the Abridged Prospectus together with the notice of provisional allotment and the subscription form for the Rights Shares	Early August 2014
Commencement of trading of the provisional allotment of the Rights Shares	Early August 2014
Last day for sale and transfer of the provisional allotment of the Rights Shares	Mid August 2014
Closing Date	Mid August 2014
Allotment and issuance of the Bonus Shares and the Rights Shares	End August 2014
Listing of and quotation for the Bonus Shares and the Rights Shares on the Main Market of Bursa Securities	Early September 2014

14. EGM

Our EGM will be held on Tuesday, 8 July 2014 at 10.30 a.m. at Conference Hall 2, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia for the purpose of considering and, if thought fit, passing the resolutions as set out in the Notice of EGM enclosed herein to approve and give effect to the Proposals. You are advised to refer to the Notice of EGM and Form of Proxy which are enclosed in this Circular.

Subject to our Articles of Association, you may appoint a proxy or proxies to attend and vote on your behalf. If you decide to do so, you are requested to complete and return the enclosed Form of Proxy, in accordance with the instructions contained therein as soon as possible and in any event, so as to arrive at the office of our Share Registrars, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for the forthcoming EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming EGM should you subsequently decide to do so.

15. FURTHER INFORMATION

You are advised to refer to the attached appendix for further information.

Yours faithfully
for and on behalf of the Board of
Bumi Armada Berhad

Tunku Ali Redhauddin ibni Tuanku Muhriz
Independent Non-Executive Chairman

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Directors who collectively and individually accept full responsibility for the accuracy of the information contained herein. Our Directors confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or facts which, if omitted, would make any statement herein false or misleading.

2. CONSENTS

2.1 Maybank IB and CIMB, being the Joint Principal Advisers for the Proposed Bonus Issue and the Proposed Rights Issue have given and have not subsequently withdrawn their written consent to the inclusion of their names in this Circular and all references thereto, in the form and context in which they appear in this Circular.

2.2 CIMB, Credit Suisse (Singapore) Limited and Maybank IB, being the Joint Global Coordinators for the Proposed Rights Issue have given and have not subsequently withdrawn their written consent to the inclusion of their names in this Circular and all references thereto, in the form and context in which they appear in this Circular.

2.3 CIMB, Credit Suisse, Maybank IB, UBS, RHB Investment Bank and AmInvestment Bank, being the Joint Underwriters for the Proposed Rights Issue have given and have not subsequently withdrawn their written consent to the inclusion of their names in this Circular and all references thereto, in the form and context in which they appear in this Circular.

3. DECLARATIONS OF CONFLICT OF INTEREST

3.1 Maybank IB

Maybank IB and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles as set out in this Circular. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders, our and/or their affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese walls between different business divisions.

As at the LPD, our Group has credit facilities with the Maybank Group. The said credit facilities have been extended by the Maybank Group in its ordinary course of business. We have no intention of utilising the proceeds to be raised from the Proposed Rights Issue to repay the said credit facilities granted by the Maybank Group.

Notwithstanding the foregoing, Maybank IB is of the opinion that the aforesaid lending relationship would not give rise to a conflict of interest situation in respect of its capacities as set out in this Circular as:

(i) the extension of such credit facilities arose in the ordinary course of business of the Maybank Group;

(ii) the conduct of the Maybank Group in its banking business is strictly regulated by the Financial Services Act, 2013, the Islamic Financial Services Act, 2013 and the Maybank Group's own internal controls and checks; and

(iii) the total aggregate outstanding amount owed by our Group to the Maybank Group is not material when compared to the audited total assets of the Maybank Group as at 31 December 2013 of RM397.8 billion.

Save as disclosed above, Maybank IB has also confirmed that as at the LPD, it is not aware of any circumstance that exists or is likely to exist that may be reasonably expected to give rise to a possible conflict of interest in its capacity as a Joint Principal Adviser for the Proposed Bonus Issue and the Proposed Rights Issue, as well as a Joint Global Coordinator and a Joint Underwriter for the Proposed Rights Issue.

3.2 CIMB

CIMB, its subsidiaries and associated companies, as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles as set out in this Circular. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group or our shareholders or their affiliates or any other entity or person, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of our Company and our affiliates. This is a result of the businesses of the CIMB Group generally acting independent of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest in or take actions that may conflict with the interests of our Company.

As at the LPD, the CIMB Group has extended credit facilities to our Group. The credit facilities comprise term loans, trade and hedging facilities. We have no intention of utilising the proceeds to be raised from the Proposed Rights Issue to repay the said facilities granted by the CIMB Group.

CIMB Group is of the view that the abovementioned extension of credit facilities does not result in a conflict of interest situation in respect of its capacities as set out in this Circular as these facilities are not material when compared to the audited total assets of the CIMB Group of RM370.91 billion as at 31 December 2013. Furthermore, the extension of such credit facilities arose in the ordinary course of business of the CIMB Group in view of the CIMB Group's extensive participation in the Malaysian capital market and banking industry.

Save as disclosed above, CIMB is not aware of any possible conflict of interest which exists or is likely to exist, in its capacity as a Joint Principal Adviser for the Proposed Bonus Issue and the Proposed Rights Issue, as well as a Joint Global Coordinator and a Joint Underwriter for the Proposed Rights Issue.

3.3 Credit Suisse (Singapore) Limited

Credit Suisse (Singapore) Limited is of the view that it has no conflict of interest in its capacity as a Joint Global Coordinator for the Proposed Rights Issue in view of the fact that Credit Suisse (Singapore) Limited has not made any loan to our Group, and in its capacity as a Joint Global Coordinator, Credit Suisse (Singapore) Limited will not receive any proceeds from the Proposed Rights Issue.

3.4 Credit Suisse

Credit Suisse is of the view that it has no conflict of interest in its capacity as a Joint Underwriter for the Proposed Rights Issue in view of the fact that Credit Suisse has not made any loan to our Group, and in its capacity as a Joint Underwriter, Credit Suisse will not receive any proceeds from the Proposed Rights Issue, except with respect to the commission and expenses payable under the Underwriting Agreement.

3.5 UBS

UBS and its relevant affiliates and associates ("**UBS Group**"), in its capacity as principal or agent, is and may be, in the future, involved in a wide range of commercial banking and investment banking activities globally (including investment advisory, asset management, wealth management, research, securities issuance, trading (customer and proprietary) and brokerage) from which conflicting interests or duties may arise. The UBS Group has engaged, and may in the future engage, in transactions with, and has performed, and may in the future perform, services for members of our Group, our shareholders and persons with relationships with members of our Group and/or our shareholders, in addition to the roles as set out in this Circular.

In addition, in the ordinary course of its global investment banking and commercial banking activities, UBS and other members of the UBS Group may at any time offer or provide services to or engage in any transaction (on its own account or otherwise) with members of our Group and/or any other persons, or hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of its customers, in debt or equity securities (or related derivative instruments) or senior loans of members of our Group.

UBS has confirmed that, notwithstanding the above, it does not have a conflict of interest which prevents it from acting in its capacity as a Joint Underwriter for the Proposed Rights Issue.

3.6 RHB Investment Bank

RHB Investment Bank and its related companies ("**RHB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The RHB Group has engaged and may in the future, engage in transactions with and perform services for our Group in addition to the role set out in this Circular. In addition, in the ordinary course of business, any member of the RHB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Group, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Group. This is a result of the businesses of the RHB Group generally acting independently of each other and accordingly there may be situations where parts of the RHB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group.

As at the LPD, our Group has credit facilities with the RHB Group. The credit facilities mainly consist of term loans. We have no intention of utilising the proceeds to be raised from the Proposed Rights Issue to repay the above facilities granted by the RHB Group.

RHB Group is of the view that the abovementioned extension of credit facilities do not result in a conflict of interest situation in respect of its capacity as a Joint Underwriter for the Proposed Rights Issue as these facilities are not material when compared to the audited total assets of the RHB Group of RM191.1 billion as at 31 December 2013. Furthermore, the extension of such credit facilities arose in the ordinary course of business of the RHB Group in view of the RHB Group's extensive participation in the Malaysian capital market and banking industry.

Save as disclosed above, RHB Investment Bank is not aware of any possible conflict of interest which exists or is likely to exist, in its capacity as a Joint Underwriter for the Proposed Rights Issue.

3.7 AmInvestment Bank

AmInvestment Bank and/or its related and associated companies ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of transactions relating to among others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of the AmBank Group may at any time extend its services to our Group as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of our Group. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of our Group.

As at the LPD, our Group has credit facilities with the AmBank Group. The said credit facilities have been extended by the AmBank Group in its ordinary course of business. We have no intention of utilising the proceeds to be raised from the Proposed Rights Issue to repay the said credit facilities granted by the AmBank Group.

Save as disclosed above, AmInvestment Bank is not aware of any existing conflict of interest or of any circumstances which would or is likely to give rise to a possible conflict of interest by virtue of its appointment as a Joint Underwriter for the Proposed Rights Issue.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material commitments

The material commitments contracted or known to be contracted by our Group as at 31 March 2014 are as follows:

	RM'000
Capital expenditure for property, plant and equipment not provided for in our unaudited consolidated financial statements as at 31 March 2014:	
- authorised and contracted	587,838
- authorised but not contracted	3,064,089
	3,651,927
Commitments for amounts payable under operating leases for rental of premises:	
- payable within one (1) year	11,006
- payable later than one (1) year and not later than five (5) years	40,170
- payable later than five (5) years	1,181
	52,357

Save as disclosed above, our Directors are not aware of any other material commitments contracted or known to be contracted by our Group as at 31 March 2014 which may have a material effect on our Group's financial position.

4.2 Contingent liabilities

The contingent liabilities of our Group as at 31 March 2014 are as follows:

	RM'000
Bank guarantees extended to third parties	482,546

Save as disclosed above, our Directors are not aware of any other contingent liabilities of our Group as at 31 March 2014 which, upon becoming enforceable, may have a material effect on our Group's financial position.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither our Company nor any of our subsidiaries is involved in any material litigation, claims or arbitration, and our Company and our subsidiaries are not aware of any material litigation, claims or arbitration pending or threatened against our Company and our subsidiaries.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Level 21, Menara Perak, 24, Jalan Perak, 50450 Kuala Lumpur, Malaysia, between 9.00 a.m. and 5.00 p.m. from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:

(i) our existing Memorandum and Articles of Association;

(ii) our audited consolidated financial statements for the FYE 31 December 2012 and FYE 31 December 2013;

(iii) our unaudited condensed consolidated financial results for the three (3)-month FPE 31 March 2014;

(iv) letters of consent referred to in Section 2 of this Appendix;

(v) Undertaking Letter referred to in Section 2.2.4 of the Main Letter of this Circular; and

(vi) Underwriting Agreement referred to in Section 2.2.4 of the Main Letter of this Circular.

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BUMIARMADA

BUMI ARMADA BERHAD
(Company No. 370398-X)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of Bumi Armada Berhad ("**Bumi Armada**" or "**Company**") will be held at **10.30 a.m. on Tuesday, 8 July 2014 at Conference Hall 2, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia** for the purpose of considering and if thought fit, passing the following resolutions, with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF BUMI ARMADA BERHAD ("BUMI ARMADA" OR "COMPANY") FROM RM800,000,000 COMPRISING 4,000,000,000 ORDINARY SHARES OF RM0.20 EACH IN BUMI ARMADA ("SHARES") TO RM2,000,000,000 COMPRISING 10,000,000,000 SHARES ("PROPOSED IASC")

PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF BUMI ARMADA ("PROPOSED AMENDMENT")

"**THAT**, the authorised share capital of the Company be increased from RM800,000,000 comprising 4,000,000,000 Shares to RM2,000,000,000 comprising 10,000,000,000 Shares;

THAT, Clause 6 of the Memorandum of Association of the Company shall be amended to read as "The share capital of the Company is **RM2,000,000,000.00** divided into **10,000,000,000** ordinary shares of RM0.20 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges or conditions or restrictions as to dividends, capital, voting or otherwise." in substitution for the existing Clause 6 of the Memorandum of Association of the Company;

AND THAT, authority be and is hereby given to the Directors of the Company to sign and execute on behalf of the Company all necessary documents and to do all things and acts as may be required to give full effect to the Proposed IASC and the Proposed Amendment with full power to assent to any condition, variation, modification and/or amendment in any manner as may be required or permitted by the relevant authorities and to deal with all matters relating thereto and to take all such steps and to do all such acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed IASC and the Proposed Amendment."

ORDINARY RESOLUTION 2

PROPOSED BONUS ISSUE OF UP TO 1,479,238,150 NEW ORDINARY SHARES OF RM0.20 EACH IN BUMI ARMADA BERHAD ("BUMI ARMADA" OR "COMPANY") ("SHARES") ("BONUS SHARES") ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF BUMI ARMADA, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED BONUS ISSUE")

"**THAT**, subject to the passing of Ordinary Resolutions 1 and 3, the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities and the approvals of any other relevant authorities and/or parties (if required), approval and authority be and is hereby given for and to the Directors of the Company ("**Directors**") to capitalise up to RM295,847,630 from the Company's share premium account for the purpose of the Proposed Bonus Issue;

THAT, the Directors are hereby authorised to apply such capitalised sums to pay for in full the nominal value of RM0.20 per Bonus Share for up to 1,479,238,150 Bonus Shares and for such Bonus Shares to be allotted, issued and credited as fully paid-up, to the Entitled Shareholders (as defined in the Circular to shareholders of the Company dated 23 June 2014) on the basis of one (1) Bonus Share for every two (2) existing Shares held;

THAT, any fractional entitlements of the Bonus Shares arising from the Proposed Bonus Issue shall be dealt with in such manner as the Directors in their absolute discretion think fit and expedient, and in the best interest of the Company;

THAT, the Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that the Bonus Shares shall not be entitled to any dividend, right, allotment and/or other distribution which may be declared, made or paid to the shareholders of Bumi Armada, the entitlement date of which is prior to the date of allotment and issuance of the Bonus Shares;

AND THAT, authority be and is hereby given to the Directors to sign and execute on behalf of the Company all necessary documents and to do all things and acts as may be required to give full effect to the Proposed Bonus Issue with full power to assent to any condition, variation, modification and/or amendment in any manner as may be required or permitted by the relevant authorities and to deal with all matters relating thereto and to take all such steps and to do all such acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue."

ORDINARY RESOLUTION 3

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,479,238,150 NEW ORDINARY SHARES OF RM0.20 EACH IN BUMI ARMADA BERHAD ("BUMI ARMADA" OR "COMPANY") ("SHARES") ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF BUMI ARMADA, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE")

"**THAT**, subject to the passing of Ordinary Resolution 1, the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities and the approvals of any other relevant authorities and/or parties (if required), the Directors of the Company ("**Directors**") be and are hereby authorised to offer, allot (whether provisionally or otherwise) and/or issue by way of a renounceable rights issue of up to 1,479,238,150 Rights Shares, to the Entitled Shareholders (as defined in the Circular to shareholders of the Company dated 23 June 2014 ("**Circular**")) and/or their renouncees, on the basis of one (1) Rights Share for every two (2) existing Shares held, at an issue price to be determined later (which shall not be lower than the Company's par value of RM0.20 each);

THAT, any fractional entitlements of the Rights Shares arising from the Proposed Rights Issue shall be dealt with in such manner as the Directors in their absolute discretion think fit and expedient, and in the best interest of the Company (including, without limitation, to disregard such fractional entitlements, if any, and to include such fractional entitlements in the pool of excess Rights Shares to be made available for excess applications);

THAT, the Rights Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that the Rights Shares shall not be entitled to any dividend, right, allotment and/or other distribution which may be declared, made or paid to the shareholders of Bumi Armada, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares;

THAT, the Directors be and are hereby authorised to make available Rights Shares which are not taken up or cannot be taken up or not validly taken up, including any fractional entitlements thereof, for excess applications in such manner as the Directors in their absolute discretion deem fit and expedient and in a fair and equitable manner, and thereafter (if applicable) for such excess Rights Shares to be taken up by the underwriters participating in the Proposed Rights Issue;

THAT, approval be and is hereby given for the proceeds for the Proposed Right Issue to be utilised by the Company for the purposes as set out in Section 2.2.6 of the Circular, and the Directors be and are hereby authorised with full powers to vary the manner, timing and/or purpose of utilisation of such proceeds in such manner as the Directors shall in their absolute discretion think fit and in the best interest of the Company;

AND THAT, authority be and is hereby given to the Directors to sign and execute on behalf of the Company all necessary documents and to do all things and acts as may be required to give full effect to the Proposed Rights Issue with full power to assent to any condition, variation, modification and/or amendment in any manner as may be required or permitted by the relevant authorities and to deal with all matters relating thereto and to take all such steps to enter into all agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties and to do all such acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue."

BY ORDER OF THE BOARD OF DIRECTORS OF BUMI ARMADA BERHAD

Noor Hamiza binti Abd Hamid
(MAICSA 7051227)
Company Secretary

Chew Ann Nee
(MAICSA 7030413)
Joint Company Secretary

Kuala Lumpur
23 June 2014

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one (1) or more proxies to attend and vote for him/her provided that the number of proxies appointed shall not be more than two (2) except in the circumstances set out in Note 2. A proxy may but need not be a member of the Company, and the provision of Section 149(1)(b) of the Companies Act, 1965 (the "**Act**") shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.

2. Where a member of the Company is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting. For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. The instrument appointing a proxy shall:
   (i) in the case of an individual, be signed by the appointor or by his/her attorney; and
   (ii) in the case of a corporation, be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

5. The instrument appointing a proxy must be deposited at the office of the **Company's Share Registrars, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the meeting** or adjourned meeting or in the case of a poll, not less than 24 hours before the taking of the poll; otherwise the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof. Fax copies of the duly executed Form of Proxy are not acceptable.

6. A proxy may vote on a show of hands and on a poll. If the Form of Proxy is returned without an indication as to how the proxy shall vote on any particular matter, the proxy may exercise his discretion as to whether to vote on such matter and if so, how.

7. The lodging of a Form of Proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting and the instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

8. For the purpose of determining members who shall be entitled to attend the EGM, only the Company's members whose names appear in the Record of Depositors of the Company maintained by Bursa Malaysia Depository Sdn Bhd on 2 July 2014 shall be entitled to attend the said meeting or appoint proxies to attend and vote on their behalf.

BUMIARMADA

FORM OF PROXY

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

*I/*We ______________________________ *NRIC (new and old)/*Passport/
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

*Company No. ______________ of ______________________________
(COMPULSORY) (ADDRESS)

____
(ADDRESS)

______________________________ and
(ADDRESS)

telephone no. ______________ being a member of Bumi Armada Berhad (the "**Company**"),

hereby appoint ______________________________ *NRIC/*Passport No.
(FULL NAME IN BLOCK LETTERS)

______________ of ______________________________
(COMPULSORY) (ADDRESS)

____
(ADDRESS)

and/or ______________________________ *NRIC/*Passport No. ______________
(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

of ______________________________
(ADDRESS)

____
(ADDRESS)

or failing *him/*her, THE CHAIRMAN OF THE MEETING as *my/*our *proxy/*proxies to vote for *me/*us on *my/*our behalf at the **Extraordinary General Meeting of the Company to be held at 10.30 a.m. on Tuesday, 8 July 2014 at Conference Hall 2, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia** or any adjournment thereof. *I/*We have indicated with an "X" in the spaces below how *I/*we wish *my/*our vote to be cast:

No.	Resolutions	For	Against
1.	Ordinary Resolution 1 - Proposed IASC and Proposed Amendment		
2.	Ordinary Resolution 2 - Proposed Bonus Issue		
3.	Ordinary Resolution 3 - Proposed Rights Issue		

Subject to the abovestated voting instructions, *my/*our *proxy/*proxies may vote and abstain from voting on any resolutions as *he/*she/*they may think fit.

<table>
<tr>
<td>If appointment of proxy by an individual or a corporation is under hand

____
Signed by *individual member/*officer or attorney of member/*authorised nominee of*

____
(beneficial owner)</td>
<td>No. of shares held : _______________

Securities Account No. _______________
(CDS Account No.) (Compulsory)

Date :</td>
<td rowspan="2">The proportions of *my/*our holding to be represented by *my/*our proxies are as follows :

First Proxy
No. of shares : _______________
Percentage : _______________%

Second Proxy
No. of shares : _______________
Percentage : _______________%</td>
</tr>
<tr>
<td>If appointment of proxy by a corporation is under seal

The Common Seal of

____
was hereto affixed in accordance with its Articles of Association in the presence of :-

_____________ _____________
Director *Director/*Secretary

in its capacity as *member/*attorney of member/*authorised nominee of

____
(beneficial owner)</td>
<td>Seal

No. of shares held : _______________

Securities Account No. _______________
(CDS Account No.) (Compulsory)

Date :</td>
</tr>
</table>

**Delete if not applicable*

NOTES:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one (1) or more proxies to attend and vote for him/her provided that the number of proxies appointed shall not be more than two (2) except in the circumstances set out in Note 2. A proxy may but need not be a member of the Company, and the provision of Section 149(1)(b) of the Companies Act, 1965 (the "**Act**") shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.

2. Where a member of the Company is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting. For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE SHARE REGISTRARS OF
BUMI ARMADA BERHAD
(Company No. 370398-X)

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st fold here