

BUMI ARMADA BERHAD
(Company No: 370398-X)
("Bumi Armada" or "Company")

SUMMARY OF KEY MATTERS DISCUSSED

Twenty-Second Annual General Meeting of Bumi Armada Berhad held at 2.30 p.m. on Wednesday, 30 May 2018 at Ballrooms 1 & 2, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia

Directors Present

*YAM Tunku Ali Redhaudin ibni Tuanku Muhriz (Chairman of Board of Directors, Chairperson of Nomination & Corporate Governance Committee)
Independent Non-Executive Director*

*Ms Alexandra Elisabeth Johanna Maria Schaapveld (Chairperson of Remuneration Committee)
Independent Non-Executive Director*

*Mr Uthaya Kumar K Vivekananda (Chairperson of Audit Committee)
Independent Non-Executive Director*

*Mr Gary Neal Christenson (Chairperson of Risk Management Committee)
Independent Non-Executive Director*

*Mr Chan Chee Beng (Chairperson of Executive Committee)
Non-Independent Non-Executive Director*

*Ms Maureen Toh Siew Guat
Non-Independent Non-Executive Director*

*Mr Leon Andre Harland
Executive Director/Chief Executive Officer*

Shareholders Present

971 representing 2,418,536,638 ordinary shares ("Bumi Armada Shares")

Proxies Present

909 representing 1,718,368,908 Bumi Armada Shares of which 862,770,139 Shares have nominated the Chairman as their proxy

By Invitation

44 corporate guests registered

1.0 Introduction

1.1 Chairman

Tunku Ali Redhauddin ibni Tuanku Muhriz, the Chairman of the Board, presided over the Twenty-Second Annual General Meeting of the Company (“Meeting” or “22nd AGM” or “AGM”).

The Chairman welcomed all present to the Meeting. He informed the Members that the total number of valid proxy forms received within the stipulated time was 756 appointing 1,222 proxies and representing a total of 4,429,666,759 shares out of which 145 holders of 862,770,139 shares had appointed the Chairman of the Meeting to be their proxy.

The Chairman declared that the required quorum for the Meeting was present. He then introduced the Board Members, the Senior Management of Bumi Armada and the representatives of the Company’s external legal counsel, external auditors and advisor to the proposal relating to the Management Incentive Plan (“MIP”).

The Chairman informed the Meeting that the Company had announced the appointment of a new Independent Director, Mr Gary Neal Christenson on 2 May 2018 and welcomed him to the Bumi Armada family. At the request of the Chairman, Mr Christenson introduced himself to the Meeting.

The Chairman also recorded his thanks to the Directors who have left the Company since the last Annual General Meeting, namely Mr Saiful Aznir Shahabudin, Mr Steven Leon Newman and Mr Shaharul Rezza Hassan, for their contributions.

The Chairman apologised for the shortcomings in the meeting arrangements including insufficient door gifts and packed food and gave assurance that the Company would consider the suggestions for improvement by the Members for future meetings.

1.2 Safety Moment

The Chairman informed the Meeting that, as part of continuing to promote a strong safety culture at the Company, a safety moment is conducted before the start of each Board and Board Committees meetings.

The Chairman then invited Mr Gary Leong, Head, Health, Safety, Security, Environment and Quality (“HSSEQ”) to brief the Meeting on safety practices at construction sites.

1.3 Presentation by the Chief Executive Officer (“CEO”)

A short video presentation on the organisational and operational developments of the Company for the financial year ended 31 December 2017 (“FY 2017”) was shown to the shareholders.

At the request of the Chairman, Mr Leon Harland (“Mr Harland”), the CEO of Bumi Armada presented an overview of the operational and financial highlights of the Company for FY 2017, which included, among others:

- (i) An overview of Bumi Armada, including the services Bumi Armada provides, namely Floating Production Storage & Offloading (“FPSO”), Floating Storage Unit (“FSU”), Offshore Support Vessels (“OSV”) and Subsea Construction (“SC”), Bumi Armada’s global presence and its revenue contributors.

- (ii) Year in Review included the key statistics of Bumi Armada which covered production uptime of more than 99%, market capitalisation of RM4.5 billion, firm and option order books of RM22.3 billion and RM12.5 billion respectively, production of oil of 188,000 barrels per day and gas of 195 mmscf per day. The FY 2017 highlights include the delivery of 4 complex Floating Production & Operation (“FPO”) vessels which are currently operating in 4 different countries, the completion of substantial subsea activities in the Caspian Sea, and the positive financial performance compared to the loss recorded in FY 2016.
- (iii) Safety Performance included the FPO operations safety milestones, and the OMS safety awards achieved in 2017.
- (iv) Business Updates included the performance and contract duration of the FPO and OMS, and updates on both the OSV and SC operations.
- (v) Financial Performance for FY 2017 vs FY 2016. For FY 2017, Bumi Armada recorded revenue of RM2.402 billion and net profit attributable to owners of the Company of RM352 million.
- (vi) Outlook and prospect overview.

2.0 Notice of 22nd AGM

The Notice of the Meeting together with the Addendum to the Notice were taken as read.

The Chairman informed the Members that the Resolutions tabled would be determined by poll. The poll voting would be done electronically after all the proposed Resolutions have been tabled to the Members for consideration and questions by Members on the proposed Resolutions have been dealt with.

3.0 Consideration of the Audited Financial Statements for FY 2017 and the Reports of the Directors and Auditors thereon

The Audited Financial Statements for FY 2017 and the Reports of the Directors and Auditors thereon were taken as read.

Questions received by the Company from the Minority Shareholder Watchdog Group (“MSWG”), and the Company’s responses thereto were displayed on the screens in the Meeting Hall and were also read out for the benefit of those present. Bumi Armada’s response letter to MSWG is enclosed in Appendix 1.

The key questions posed by the Members and proxies present and the responses to each such question are set out below:

(i) The position of Chief Financial Officer (CFO)

On the delay of the appointment of the CFO, the Company explained that it was searching for a suitable candidate to meet the specific requirements of the Bumi Armada Group and was hopeful of identifying and appointing a suitable candidate in the near future. The search process has been challenging due to the volatile Oil & Gas sector in the last two years.

(ii) Business Update

The Bumi Armada Group has 56 vessels comprising 9 in the FPO unit, and 47 in the OMS unit. Of the 47 OMS vessels, 3 vessels are in the SC unit and are all on charter. The remaining 44 vessels are in the OSV unit and the utilisation rate is about 50%. In the FPO unit, there are 8 FPSOs and 1 FSU. The 8 FPSOs, other than the Armada Claire and Armada Perdana, are on charter under firm contracts, and generating revenue.

- Updates on final acceptance for Armada Kraken FPSO

The Company was closely monitoring the progress of the project and have a dedicated team working with the client in Aberdeen. The team was working on the outstanding scope of works and target to achieve final acceptance in mid-2018.

The total penalty amount incurred for the delay in completing the vessel was about USD85 million, which was disclosed previously on 21 September 2016.

- Updates on final acceptance for Armada Olombendo FPSO

The Company informed the Meeting that Armada Olombendo FPSO had just been issued the Production Readiness Notice (PRN) confirming its final acceptance.

- Updates on the termination of the Armada Claire FPSO contract by Woodside Energy Julimar Pty Ltd (“Woodside”)

The vessel has been cold stacked in Batam. Management is exploring re-deployment opportunities while waiting for the outcome of the legal proceedings against Woodside.

The vessel has been impaired and the related loan facility has been repaid.

- Updates on the monies owing from the client of Armada Perdana FPSO

The vessel is still in Nigeria with substantially lower manpower on board.

The Company has insisted on payment for each offload and cargo sales. Concurrent with actions for recovery of the amount owed, Management was also exploring other deployment opportunities for the vessel.

The Company is reviewing its legal option, including legal proceedings to recover the amount owing.

(iii) Action plans to improve the Group’s funding position

In managing the Group’s borrowing and finance cost, the Company is currently considering several options to enhance its balance sheet, including the Multi Currency Euro Medium Term Note Programme (EMTN), other debt facilities and/or asset monetisation.

(iv) The liquidity position of the Group

The Company was in net current liabilities position of RM3.3 billion due to the reclassification of the non-current borrowings of Armada Kraken Pte Ltd. ("AKPL") since the project lenders have the right to issue a cancellation notice for full repayment of the loan in view that the Armada Kraken FPSO has not achieved final acceptance. The remaining liabilities were primarily due to other borrowings of RM1.3 billion which will become due in the next 12 months.

(v) Dividend policy

In view of the current cash position and the Group bidding for new projects as part of its growth plan, there was no recommendation for any dividend pay-out.

(vi) Outlook for FY 2018

The Company has seen some positive signs in the FPO market as oil companies consider bringing new projects on stream. The upstream sector will be more active if the oil price continues to rise.

Lower oil prices would impact the collection of charter rates. As for the FPSO segment, the downside risk would be mitigated by Bumi Armada working on long-term contracts with financially strong clients. However, for OSV, it will adversely impact vessel utilisation and charter rates.

4.0 Consideration of Proposed Ordinary Resolutions No. 1 to 7 and Special Resolution No. 1

On the proposal of Members and proxies, and seconded by Members and proxies, all 7 proposed Ordinary Resolutions and 1 proposed Special Resolution were tabled to the shareholders for deliberation.

5.0 Polling

There being no other questions from the floor or any other business to be dealt with at the Meeting, the Chairman invited the representative from the Share Registrar, Symphony Share Registrar Sdn Bhd, to brief the Members and proxies on the electronic- polling procedures.

After the briefing, the Chairman invited the Members and proxies to proceed to the poll voting area to cast their votes.

(The Meeting took a break at 4.50 p.m. for the polling process. The Meeting resumed at 5.15 p.m.)

6.0 Declaration of Results

The Chairman announced the results of the poll, which had been verified by the scrutineers, Symphony Corporatehouse Sdn Bhd.

All 7 proposed Ordinary Resolutions and 1 proposed Special Resolution were passed and the detailed results were as follows:

No.	Resolutions	For		Against	
		No. of Shares	%	No. of Shares	%
	Ordinary Resolutions				
1	To re-elect Tunku Ali Redhaudin ibni Tuanku Muhriz who retires by rotation in accordance with Article 113 of the Company's Articles of Association, and who being eligible, offers himself for re-election as a Director of the Company.	4,113,199,806	99.8891	4,566,000	0.1109
2	To re-elect Chan Chee Beng who retires by rotation in accordance with Article 113 of the Company's Articles of Association, and who being eligible, offers himself for re-election as a Director of the Company.	3,611,135,387	99.5052	17,955,250	0.4948
3	To elect Gary Neal Christenson in accordance with Article 120 of the Company's Articles of Association, and who being eligible, offers himself for election as a Director of the Company.	4,116,489,287	99.2384	31,590,950	0.7616
4	To approve the payment of directors' fees and benefits to the Non-Executive Directors up to an amount of RM4.5 million from 31 May 2018 until the conclusion of the next AGM of the Company.	3,787,663,181	91.3536	358,495,025	8.6464
5	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration for that year.	4,154,437,337	99.9999	600	*
6	To authorise the Directors to allot and issue new ordinary shares pursuant to Section 75 and Section 76 of the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.	3,558,308,067	99.2279	27,688,670	0.7721
7	To offer, grant and/or allotment in respect of ordinary shares in the Company to Leon Andre Harland, Executive Director/Chief Executive Officer pursuant to the Company's Management Incentive Plan ("MIP").	3,378,790,901	92.9306	257,030,836	7.0694
	Special Resolution				
1	To approve the alteration of the existing Memorandum & Articles of Association by replacing it with a new Constitution of the Company as per Appendix A.	4,154,212,737	99.9946	225,200	0.0054

* Negligible

7.0 Closure

The Meeting ended at 5.20 p.m. with a vote of thanks to the Members and the Chairman.

**BUMI ARMADA**

30 May 2018

Badan Pengawas Pemegang Saham Minoriti Berhad
(Minority Shareholder Watchdog Group)
Tingkat 11, Bangunan KWSP
No. 3 Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur

Attention: Mr Devanesan Evanson, Chief Executive Officer

Dear Sir,

**BUMI ARMADA BERHAD (“BAB” or the “COMPANY”)
- Twenty-Second Annual General Meeting (“22nd AGM”)**

Thank you for your letter dated 25 May 2018.

Please find our response to the questions raised by you, which will also be highlighted to those who attend our 22nd AGM scheduled to be held on 30 May 2018:

Strategic and Financial Matters		
No.	Question	Bumi Armada’s response
1.	<p>It was stated on page 28 of the Annual Report that the Group can expect to see further improvements in FPO revenue as they finalise Olombendo and Kraken in the first half of 2018.</p> <p>How significantly will these projects contribute to the FPO revenue in FY2018?</p>	<p>Upon the final acceptance of Armada Olombendo and Armada Kraken FPSOs, the Group is entitled to receive contractual charter rates pursuant to charter agreements.</p>
2.	<p>As disclosed on page 150 of the Annual Report, trade receivables that are past due but not impaired amount to RM345.1 million for FY2017. These amounts relate to a number of customers with no recent history of default but remain slow paying. Out of RM345.1 million, 44.7% or RM154.3 million comprise receivables that are more than a year past due for FY2017.</p> <p>(i) Has there been any settlement by these customers subsequent to financial year end 2017? If yes, how much has been settled todate?</p>	<p>30% of the amount past due but not impaired as at FY 2017 was settled in Q1 2018. We are currently actively pursuing collections for the other customers.</p>

Strategic and Financial Matters		
No.	Question	Bumi Armada's response
	<p>(ii) What are the measures taken by the Group to expedite the settlements?</p> <p>(iii) The impairment of trade receivables amounted to RM294.8 million in FY2017. What is the likelihood of recovery of these amounts?</p>	<p>We continue to have dedicated resources to work with these clients to resolve the outstanding debts as soon as possible.</p> <p>We are exhausting all means to recover the amounts outstanding but cannot comment on the likelihood of recovery of these amounts, as it relates to customers who have financial constraints due to the current market conditions in the oil and gas industry.</p>
3.	<p>In the Management Discussion and Analysis, the Group stated that it is assessing various options to raise funds to strengthen its balance sheet and fund growth.</p> <p>What options are the Group considering to strengthen its balance sheet?</p>	<p>The Group is currently considering several options to enhance its balance sheet, including issuance of medium term notes through the Multi-Currency Euro Medium Term Note Programme, other debt facilities and/or asset monetisation.</p>
4.	<p>In the Key Audit Matters, it was stated that the Group's current liabilities position exceeded its current assets by RM3.3 billion as at 31 December 2017. Of this, RM2.1 billion was due to the reclassification of the non-current borrowings of Armada Kraken Pte Ltd. ("AKPL"). The amount was reclassified because the project lenders have the right to issue a cancellation notice for full repayment of the loan as the Kraken FPSO has not achieved final acceptance by the scheduled date. AKPL has sought waiver from the project lenders to comply with certain obligations under the facility agreement and is still in discussion as at the date of the audit report.</p> <p>(i) Please provide an update on the matter.</p> <p>(ii) How will the Group improve its working capital ratio?</p>	<p>Lenders have not responded to the waivers and an all-lenders' meeting together with AKPL has been tentatively set on 4th June 2018 for AKPL to provide more information on the progress of the project for lenders' consideration.</p> <p>Once final acceptance is achieved and the Group receive full charter revenue from 1506 and Kraken, we expect working capital ratio to improve.</p>

Strategic and Financial Matters		
No.	Question	Bumi Armada's response
5.	<p>In the announcement to Bursa Malaysia on 17 April 2018, the Company stated that on 11 April 2018, Bumi Armada (Singapore) Pte Ltd ("BASPL"), a wholly-owned subsidiary of the Company received a notice from Erin Petroleum Nigeria Limited ("EPNL"), among others, advising of a purported "Force Majeure Event" and requesting immediate, orderly shutdown of operations on the FPSO Armada Perdana ("Armada Perdana").</p> <p>The Company has also received a Notice of Seizure/ Attachment of Goods from a third party informing that the entire crude oil produced and to be produced and stored in Armada Perdana has been seized/attached by a Writ of Attachment of the Federal High Court, Lagos, in relation to legal proceedings to which the Bumi Armada Group is not a party. The Company has sought clarification from EPNL on such Notice of Seizure/ Attachment of Goods but EPNL has not responded to the Company despite numerous reminders.</p> <p>The Company is reviewing its legal options, including commencement of legal proceedings against EPNL, to uphold the contractual rights of AOL and BASPL under the Contracts.</p> <p>(i) How much is the total outstanding amount from EPNL?</p> <p>(ii) How soon will the Company be able to complete its review on the legal options and hence, the necessary actions be taken?</p>	<p>The amount above has been fully impaired as at 31 December 2017.</p> <p>The situation is continuously changing and we are working with internal and external counsel to best protect BAB's interests and pursue legal action. There should be a clearer picture in the next four to eight weeks.</p>

Sustainability Matter		
No.	Question	Bumi Armada's response
1.	<p>As reported on page 34 of the Annual Report, there has been a higher occurrence of Lost Time Injury, which has resulted in an increase in Total Recordable Injury Frequency ("TRIF") score from 0.73 in FY2016 to 1.05 in FY2017.</p> <p>What are the steps taken to address the increase in TRIF?</p>	<p>The increase in TRIF is believed to be influenced by the high level of start-up activities across the Group in 2017. As those activities have been completed, we observed a reduction of the TRIFs in recent periods. Where possible we have tried to learn from these incidents and incorporated into our guidelines and procedures. Furthermore, we have heightened our attention on governance and reporting as we continue to strive for opportunities to better manage HSE risks across its business and projects. For information, the company has also strengthened in the following areas last year:</p> <ol style="list-style-type: none"> 1. Embarked on improvement of HSSEQ Management System through ISO certification for the following standards (certification achieved for 11th Mar 2018 to 11th Mar 2021): <ol style="list-style-type: none"> a. Environmental Management System standard: ISO 14001:2015; b. Occupational Health and Safety Management System standard: OHSAS 18001:2007; and c. Quality Management System standard: ISO 4001:2015. 2. Reinforced High Potential Incident reporting and investigation related to critical activities. 3. Increased HSE communications and campaign to raise awareness among employees and contractors on HSE risks and impacts to self and others.

Corporate Governance Matter		
No.	Question	Bumi Armada's response
1.	<p>The Company has tabled Special Resolution 1 for shareholders' approval to adopt the new Constitution of the Company as set out in the Circular to Shareholders dated 27 April 2018.</p> <p>Could the Board highlight the material changes in the new Constitution?</p>	<p>The changes contained in the new Constitution set out in Appendix A have been proposed with a view of bringing the provisions in line with the provisions of the Companies Act 2016 (CA 2016") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").</p> <p>The material changes in the proposed new Constitution are:</p>

Corporate Governance Matter		
No.	Question	Bumi Armada's response
		<ul style="list-style-type: none"> (i) removal of the concept of "authorised share capital" and "par value, consistent with the CA 2016; (ii) widen the modes of communication between the Company and its shareholders, as allowed under the CA 2016 and the MMLR. For example, the new provisions expressly allow the Company to send documents such as its annual reports, circulars and notices of meeting to its shareholders via electronic means, including the publication of the same on the Company's website; (iii) subjecting the payment of fees and benefits payable to directors to shareholders' approval, in compliance with the CA 2016; (iv) introducing provisions to reflect the solvency requirements to be met by the Company when carrying out distributions of dividends and share buy-backs, in compliance with the CA 2016; and (v) introducing the provision requiring that all meetings of the Company to be conducted by way of poll, in compliance with the MMLR.
2.	<p>We also noted that the salaries, bonuses, allowances and other staff related costs for the Executive Directors increased from RM2.9 million in FY2016 to RM8 million in FY2017.</p> <p>What was the reason for the increase?</p>	<p>Rationale for the difference is the fact that the ED/CEO started with us in May 16, 2016 and hence the FY2016 cost is a pro-rated cost for the salaries and allowances. FY2017 cost consist of fully year salary, allowances and bonuses.</p>
3.	<p>Under Practice 11.2 of MCCG, large companies are encouraged to adopt integrated reporting on a globally recognised framework. The Company stated that the Board will continuously improve on the reporting in the Annual Report in creating value to the Company and shareholders.</p>	<p>As disclosed in the Company's Corporate Governance Report, the Company is continuously reviewing its reporting with emphasis on substance rather than form.</p> <p>Adopting integrated reporting is not a straight forward process and requires proper review and assessment. Currently, the Company's priority is the consolidation of business and operations to ensure value creation for the Company and its shareholders.</p>

Corporate Governance Matter		
No.	Question	Bumi Armada's response
	Please note that under Paragraph 3.2C(b), Practice Note 9 of the Main Market Listing Requirements, a Large Company must disclose the timeframe required to achieve the application of the Practice.	

We trust the above clarifies. Kindly acknowledge receipt of this letter by signing and returning to us the duplicate copy of the same.

Thank you.

Yours faithfully
for **BUMI ARMADA BERHAD**


NOREEN MELINI BINTI MUZAMLI
 Joint Company Secretary