BUMIARMADA

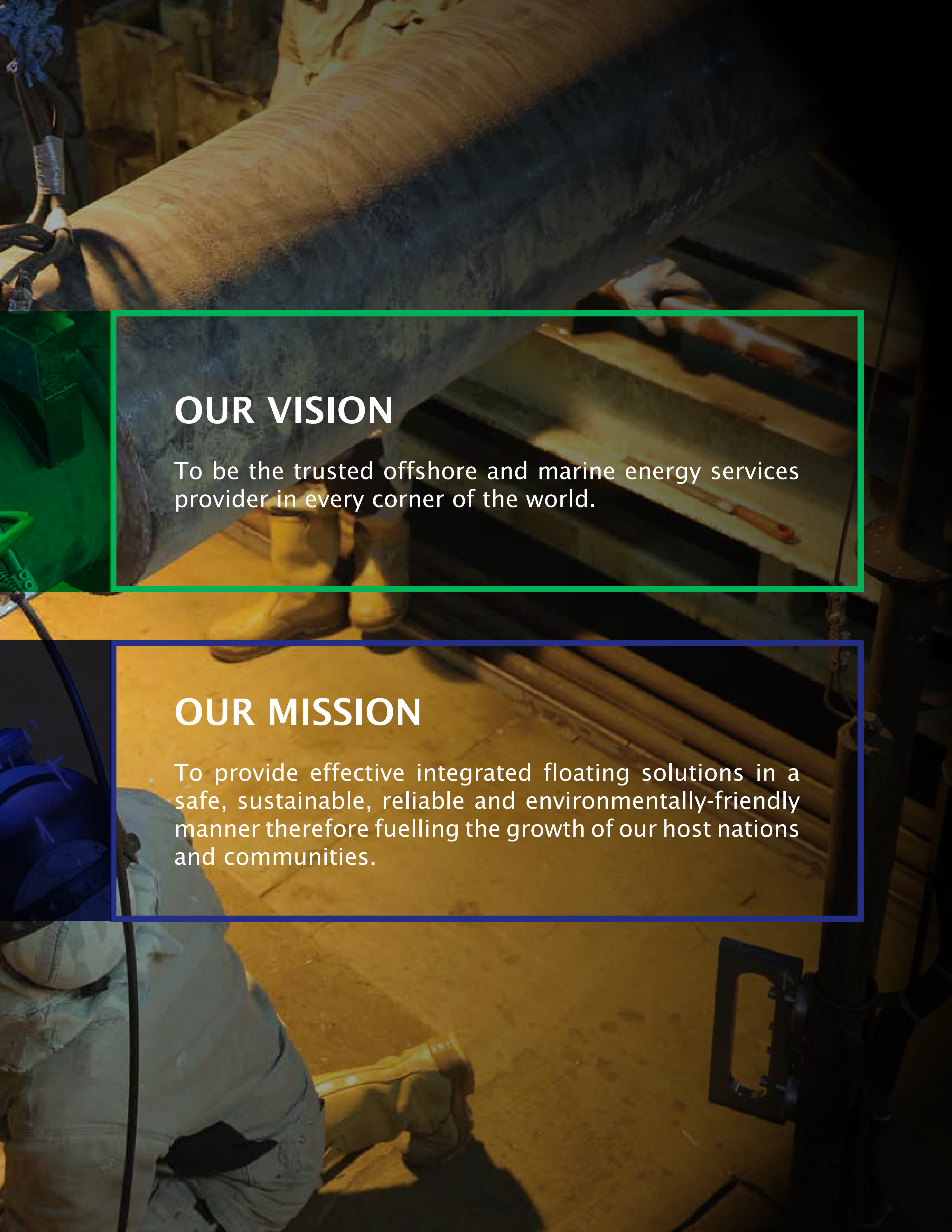
FOCUSED GROWTH ACROSS THE GLOBE

2014 ANNUAL REPORT

FOCUSED GROWTH ACROSS THE GLOBE

The year 2014 was a challenging one for the oil and gas industry across the globe. Amidst a tough market environment, we took the necessary steps to realign our operations to better fit the dynamics of the markets we operate in while maintaining our profitability, productivity and efficiency. Today, as a leaner, financially stable organisation with strong cash balances and a solid order book, Bumi Armada is in a strong position to ride out the industry downturn. Going forward, we will set our sights on focused growth throughout our markets across the globe.


ARMADA STERLING II



OUR VISION

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

OUR MISSION

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

CORPORATE PROFILE

ABOUT BUMI ARMADA BERHAD

Bumi Armada Berhad is a Malaysia-based fully integrated offshore solutions provider that operates across the globe. We offer our clients a suite of inter-related services, ensuring all aspects of the offshore oilfield lifecycle are seamlessly linked and managed.

The Bumi Armada Group today comprises four core Business Units that are divided into the Floaters and Services segments. The Floating Production, Storage and Offloading ("FPSO") Operations business and the Floating Gas Solutions ("FGS") business come under the Floaters segment; whilst the Offshore Support Vessels ("OSV") business and the Transport and Installation ("T&I") business come under the Services segment.

The Business Units are supported by three Support Units, namely the FPSO Sales, Projects, and Technology & Development units. A recent reorganisation of our operations has helped improve the focus of each Business Unit and streamlined our reporting structure.

BUSINESS UNITS — FLOATERS

FPSO OPERATIONS

Floating Production, Storage and Offloading Operations

The FPSO Operations business (formerly known as Asset Management and Operations) specialises in building, leasing and operating FPSO vessels to meet growing demand from global offshore oil and gas players to process hydrocarbons from reservoirs located in increasingly remote, deeper and harsher waters.

Every one of Bumi Armada's FPSOs is designed and developed to meet the specific requirements of individual clients and oilfields.

FPSO Operations oversees asset maintenance, production operations and offshore management using Bumi Armada's proprietary Compliance Assurance Management Systems ("CAMS"). Our CAMS assures the overall integrity of our offshore production facilities' infrastructure, processing equipment and field operational aspects. Our practice of promoting our fully integrated systems and the right culture has strengthened our capability to achieve greater safety, longer lifetimes, improved availability, and higher profitability and returns from our floating production assets.

FGS

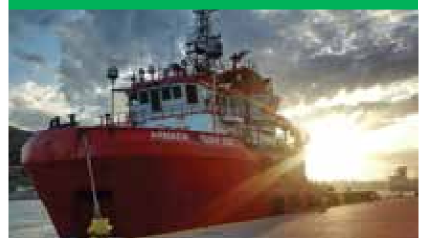
Floating Gas Solutions

The Floating Gas Solutions ("FGS") business (previously known as Gas Development and Technology), is focused on innovative solutions for the offshore liquefied natural gas ("LNG") industry. As a facility owner and operator, FGS is involved in the production and import segments of the LNG value chain, specifically the development of floating liquefaction and storage/regasification solutions.

BUSINESS UNITS — SERVICES

OSV

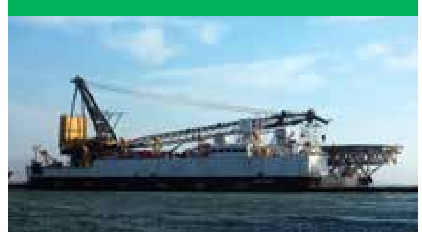
Offshore Support Vessels



Bumi Armada is a leading OSV owner and operator with a fleet comprising 47 vessels with a further seven more undergoing construction. The fleet ranges from Anchor Handling Tug Support ("AHTS") vessels, Workboats/Light Construction Support vessels, Platform Support Vessels ("PSVs"), and Multi-Purpose Support Vessels ("MPSVs"). In 2014, under our fleet expansion/renewal programme, we took delivery of three new PSVs and are today constructing four new MPSVs and three Ice Class OSVs.

T&I

Transport and Installation



The T&I business undertakes conventional installation (inclusive of pipelines, platform installation, subsea spool tie-ins and shore pulls), floater installation (FSO and FPSO installation including mooring pre-set, and hook-up) and Subsea Umbilicals, Risers and Flowline or SURF installation (relating to umbilicals, risers and flexibles as part of FPSO completion or as stand-alone T&I projects).

T&I's key marine asset, the *Armada Installer*, is a purpose-built Derrick Lay Barge (DLB) operating in the Caspian Sea. The DP2 multi-purpose vessel, the *Armada Hawk*, entered the fleet in 2011 to expand T&I services with SURF capabilities. Our DP2 multi-purpose vessel, the *Armada Condor*, has been operational since 2013. The *Armada KP1*, a DLB, was introduced in 2014 to target key conventional pipelay markets across Asia. Our Caspian Sea undertaking has also led us to procure a Shallow Water Barge and this will be made available in 2015. Post-trenching and backfilling equipment will be installed onto the Shallow Water Barge, boosting our comprehensive solutions in the Caspian Sea region.

SUPPORT UNITS

FPSO SALES

Floating Production, Storage and Offloading Sales

The FPSO Sales unit encompasses business development, proposals, estimating and tender FEED execution activities. Our sales team offers innovative and cost effective FPSO solutions. Our proposal teams consist of highly competent experts in various FPSO disciplines who begin their activities at the tendering stage, from critical concept selection, and move on to the subsequent development phases. They ensure that we accord our clients the best solution in line with the requisite technical specifications in an economical and feasible manner. In recognition of its technical competence and its in-house capability to execute FEED studies, Bumi Armada was selected to participate in several FEED competitions. Two of which resulted in the award of FPSO contracts.

PROJECTS

Projects

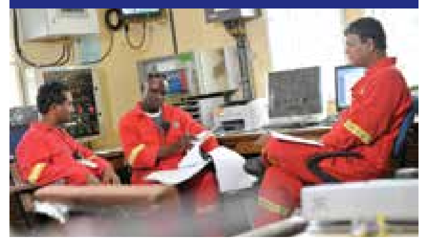
The Projects unit provides extensive Engineering, Procurement, Construction and Commissioning ("EPCC") competencies in managing and delivering large projects such as FPSOs, FSOs, FPUs and early production systems within a stringent work schedule, cost, quality and safety framework.

The Projects Team is equipped with extensive experience in EPCC project management leadership and a systematic approach from conceptual design, detailed engineering, construction, pre-commissioning and start-up, secured with strategic partnership with vendors, yards and key technology providers. This gives us a competitive edge to overcome challenges in providing the desired output and in satisfying our customers.

Our in-house experts leverage on a seamless working relationship with our key partners and suppliers to successfully execute projects. These projects include the FPSOs, namely the *Armada Perkasa*, *Armada Perdana*, *Armada TGT 1*, *Armada Sterling*, *Armada Claire* and *Armada Sterling* II, as well as the pipelay barge DLB *Armada Installer*, and *FSO Sepat*. Currently, three projects are underway and upon completion, these vessels will be deployed to the North Sea, Angola and Indonesia.

T&D

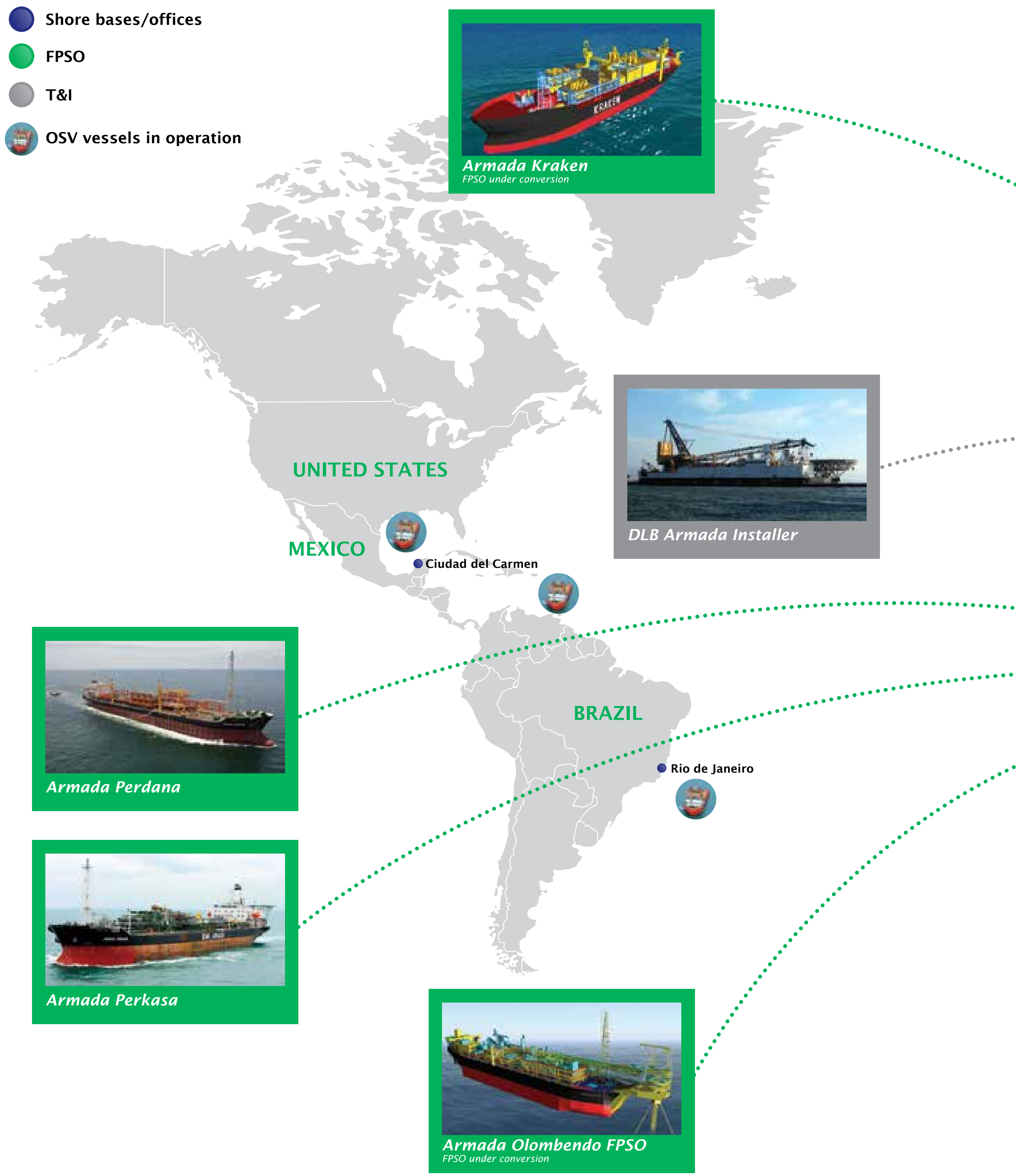
Technology & Development



Technical expertise in established and emerging technologies are critical success factors, as are the timely identification, development and/or acquisition of appropriate technologies. This allows us to deliver safe, environmentally sustainable and competitive outcomes that enhance the value and reputation of our business. Today, Bumi Armada's Technology & Development specialists work closely with our Projects unit to meet the stringent requirements of function, class, safety, quality and flexibility demanded by our worldwide clientele in diverse regulatory regimes.

The T&D unit works together with the Projects and FPSO Sales units to provide guidance towards internal development of technologies, whilst also facilitating peer reviews of concept and basic designs prepared by the Projects and FPSO Sales teams. Besides harnessing innovation and value engineering, the T&D unit team patents the novel designs developed by the Projects unit. Moreover, it enables special projects to be rolled out for the development of innovative technologies such as high-pressure swivels, topsides technologies and others. Our internal tie-ups enable us to also assess globally available technologies. These are geared to cover a wide range of topsides, turret, swivel and marine systems technologies that are applied to the design of floating solutions.

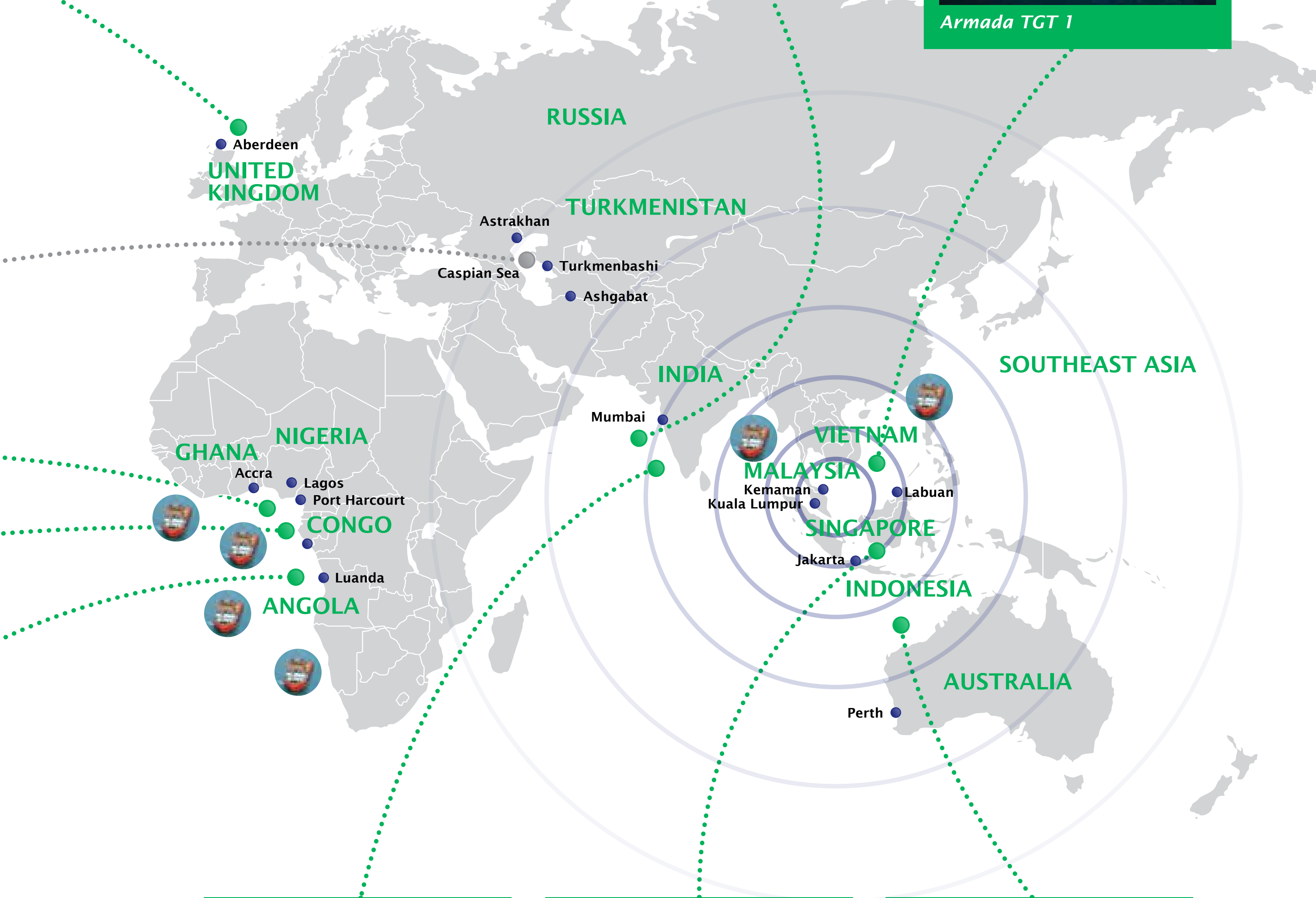
GLOBAL PRESENCE



going FURTHER, DEEPER, HARSHER

Armada Sterling

Armada TGT 1



Armada Sterling II

Rainbow 1
FPSO under conversion

Armada Claire

GLOSSARY OF TECHNICAL AND OTHER TERMS

Term	Description
ACT	Accident Control Techniques
AGM	Annual General Meeting
AHTS	Anchor Handling Towing support, used to provide logistics support to offshore oil rigs, production platforms and other offshore installations, to tow rigs, barges and mobile structures from location to location, as well as making sure their anchors are well placed
AIMS	Asset Integrity Management Systems
BBL Bbl	Barrel(s) of oil
Bbls/day	Barrels per day Barrel is a unit of measure for oil and petroleum products. One barrel is equivalent to about 158.987 litres
bhp	Brake horse power, a measure of an engine's horsepower before the loss in power caused by amongst others, gearbox and other auxiliary components
BOPD	Barrels of oil per day
C7	Cluster-7 field, West Coast of Mumbai, offshore India
CAGR	Compounded Annual Growth Rate
CAMS	Compliance Assurance Management System
CAPEX	Capital Expenditure
CMS	Competency Management System
CO_2	Carbon dioxide
CO_2e	Carbon Dioxide Equivalent Greenhouse gas emissions, including methane emissions, are converted to the quantity of CO2 that would create an equivalent warming effect
CSR	Corporate Social Responsibility
DJSI	Dow Jones Sustainability Index
DLB	Derrick Lay Barge
DP	Dynamic Positioning, a computer-controlled system to automatically maintain a vessel's position and heading by using its propellers and thrusters. The dynamic positioning level (e.g. DP2, DP3) indicates the degree and redundant systems built into the safety system to remove redundancy or failure of the system
DSV	Diving Support Vessel
DWT	Deadweight Tonnes
EBITDA	Earnings before interest, tax, depreciation and amortisation
eni Angola	Eni Angola S.p.A.
EPCC	Engineering, Procurement, Construction and Commissioning
EPIC	Engineering, Procurement, Installation and Commissioning
ESOS	Employee Share Option Scheme established for the grant of options to subscribe for new shares in the Company to eligible employees of our Group and our Executive Directors
FBM KLCI	FTSE Bursa Malaysia Kuala Lumpur Composite Index
FEED	Front End Engineering Design
FGS	Floating Gas Solution
FLNG	Floating Liquefied Natural Gas units
FPSO	Floating Production, Storage & Offloading
FPU	Floating Production Unit
FSO	Floating Storage & Offloading vessel, is similar to a FPSO, but the FSO is not designed and installed with the topsides to process products in the offshore environment
FSRU	Floating Storage and Regasification Units

Term	Description
H2S	Hydrogen Sulphide Toxic and flammable gas with an obnoxious odor, formed during decomposition of organic (animal and plant) matter, but generated largely by oil burning and refining processes
Husky-CNOOC	Husky-CNOOC Madura Limited
HSE	Health, Safety and Environment
HSEQ	Health, Safety, Environment and Quality
HSSEQ	Health, Safety, Security, Environment and Quality
IPO	Initial Public Offering
ISO	International Organisation for Standardisation
JV	Joint Venture
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas; naturally occurring gas that has been cooled to a temperature of -160°C at normal atmospheric pressure in order to condense the gas into liquid, which can be more easily stored, handled and transported. One metric tonne of LNG is equivalent to 1,400 cubic metres of natural gas at normal temperature and pressure
LOI	Letter of Intent
LTI/LTIF	Lost Time Injury/Lost Time Injury Frequency A work-related injury or illness that renders the injured person unable to return to work on the next morning after the day of the injury or illness
Metric tonne, mt	Equivalent to 1,000 kilos, 2,204.61 lbs; 7.5 barrels
MMscf	Million standard cubic feet
MPSV	Multi-Purpose Support Vessel
Net profit	Profit attributable to the Owners of the Company
NOx	Nitrogen Oxide
O&G	Oil and Gas
OFS	Oilfield Services
ONGC	Oil and Natural Gas Corporation Limited, India
OPEX	Operating Expenditure
OSV	Offshore Support Vessels
PETROBRAS	Petróleo Brasileiro S.A.
PETRONAS	Petroliam Nasional Berhad
PSV	Platform Support Vessel, designed to supply offshore oil platforms and used for transportation of goods and personnel to and from offshore oil platforms and other offshore structures
RM	Ringgit Malaysia, the lawful currency of Malaysia
ROV	Remotely Operated Vehicles
SEA	Southeast Asia
SPCL	Shapoorji Pallonji And Company Private Limited
SPINT	Shapoorji Pallonji International FZE
SURF	Subsea Umbilicals, Risers and Flowlines
T&I	Transport & Installation
TRIF	Total Recordable Injuries Frequency
UK	United Kingdom
USA	United States of America
USD or US Dollar	United States Dollar, the lawful currency of the US
VLCC	Very Large Crude Carrier

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Form of Proxy

DIRECTING
OUR EFFORTS TOWARDS FOCUSED GROWTH

As Bumi Armada ventures forth amidst a challenging oil and gas industry environment, we remain focused on executing and delivering our FPSO projects, as well as managing our OSV, T&I and FGS businesses. We have also broadened our range of opportunities by expanding our focus from our current oil activities to include gas.

CORPORATE INFORMATION
as at 16 April 2015

BOARD OF DIRECTORS

Tunku Ali Redhauddin ibni Tuanku Muhriz
Chairman
Independent Non-Executive Director

Saiful Aznir bin Shahabudin
Independent Non-Executive Director

Alexandra Elisabeth Johanna Maria Schaapveld*
Independent Non-Executive Director

Maureen Toh Siew Guat
Non-Independent Non-Executive Director

Shapoorji Pallonji Mistry*
Non-Independent Non-Executive Director

Chan Chee Beng
Executive Director
Acting Chief Executive Officer

Shaharul Rezza bin Hassan
Executive Director
Head of Offshore Support Vessels Business

Ravi Shankar Srinivasan*
(Alternate Director to Shapoor Mistry)

AUDIT COMMITTEE

Saiful Aznir bin Shahabudin *(Chairperson)*
Alexandra Schaapveld
Maureen Toh Siew Guat

NOMINATION & CORPORATE GOVERNANCE COMMITTEE

Tunku Ali Redhauddin ibni Tuanku Muhriz *(Chairperson)*
Alexandra Schaapveld
Saiful Aznir bin Shahabudin

REMUNERATION COMMITTEE

Alexandra Schaapveld *(Chairperson)*
Saiful Aznir bin Shahabudin
Maureen Toh Siew Guat

RISK MANAGEMENT COMMITTEE

Maureen Toh Siew Guat *(Chairperson)*
Alexandra Schaapveld
Shapoor Mistry

EXECUTIVE COMMITTEE

Chan Chee Beng *(Chairperson)*
Shaharul Rezza bin Hassan
Maureen Toh Siew Guat

** In the other sections of the Annual Report:*
- *she is also referred to as Alexandra Schaapveld*
- *he is also referred to as Shapoor Mistry*
- *he is also referred to as Ravi Shankar*

COMPANY SECRETARY

Noor Hamiza binti Abd Hamid
(MAICSA 7051227)

REGISTERED OFFICE

Level 21, Menara Perak
24, Jalan Perak
50450 Kuala Lumpur, Malaysia
Tel : +603 2171 5799
Fax : +603 2163 5799

HEAD/MANAGEMENT OFFICE

Level 21, Menara Perak
24, Jalan Perak
50450 Kuala Lumpur, Malaysia
Tel : +603 2171 5799
Fax : +603 2163 5799
Website : www.bumiarmada.com
Email : bumiarmada@bumiarmada.com

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603 7841 8000
Fax : +603 7841 8151/52
Helpdesk No. : +603 7849 0777

AUDITORS

PricewaterhouseCoopers
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia
Tel : +603 2173 1188
Fax : +603 2173 1288

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Listed since 21 July 2011
Sector : Trading/Services
Stock Code : 5210
Stock Name : ARMADA

DETAILS OF MEMBERSHIP IN BOARD COMMITTEES

as at 16 April 2015

DIRECTORS	BOARD COMMITTEES				
	AUDIT COMMITTEE	NOMINATION & CORPORATE GOVERNANCE COMMITTEE	REMUNERATION COMMITTEE	RISK MANAGEMENT COMMITTEE	EXECUTIVE COMMITTEE
Tunku Ali Redhauddin ibni Tuanku Muhriz	–	Chairperson	–	–	–
Saiful Aznir bin Shahabudin	Chairperson	Member	Member	–	–
Alexandra Schaapveld	Member	Member	Chairperson	Member	–
Maureen Toh Siew Guat	Member	–	Member	Chairperson	Member
Shapoor Mistry	–	–	–	Member	–
Chan Chee Beng	–	–	–	–	Chairperson
Shaharul Rezza bin Hassan	–	–	–	–	Member

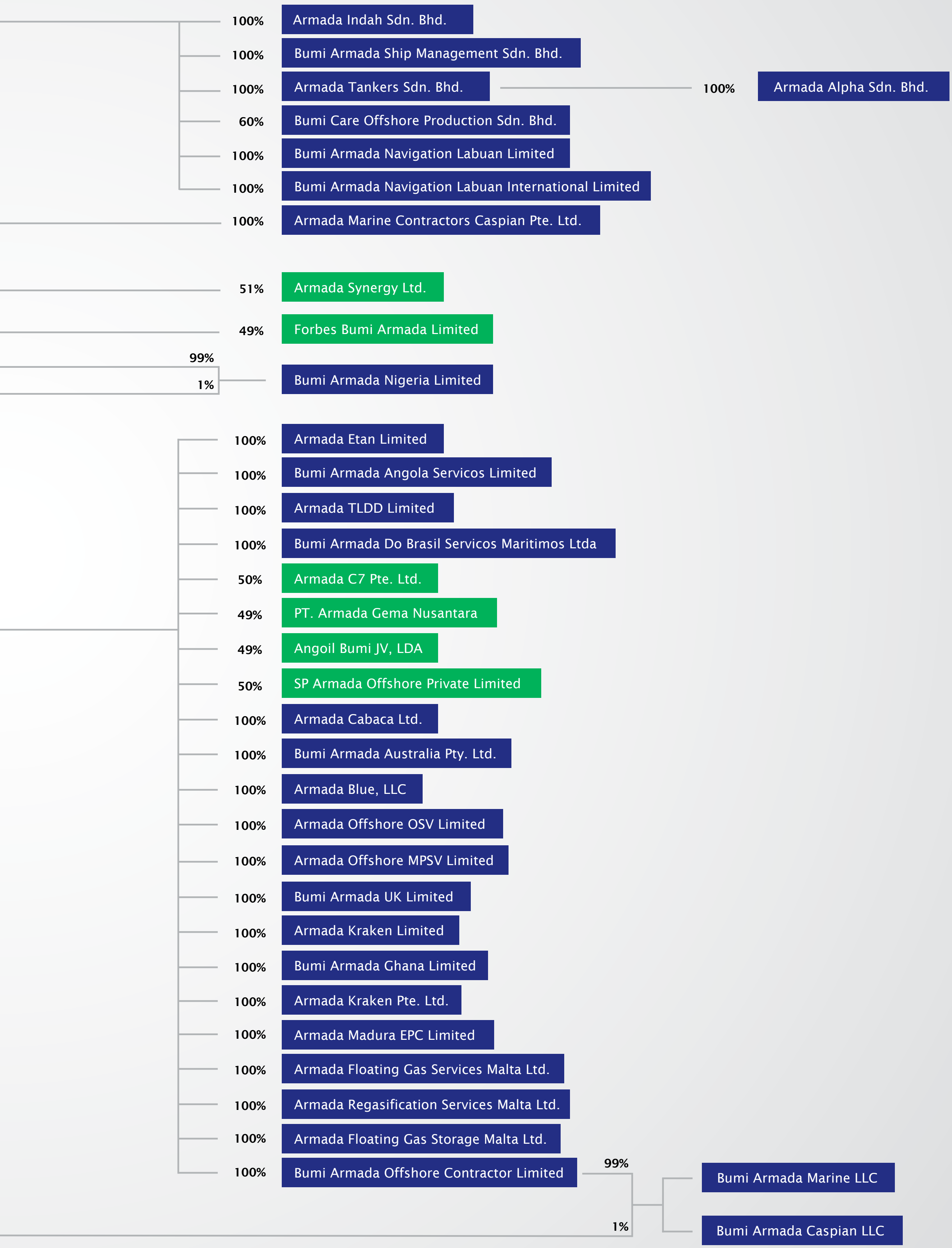
GROUP CORPORATE STRUCTURE
as at 16 April 2015

BUMIARMADA

95%	Bumi Armada Navigation Sdn. Bhd.
100%	Bumi Armada Engineering Sdn. Bhd.
100%	Bumi Armada Automation International Sdn. Bhd.
100%	Offshore Marine Ventures Sdn. Bhd.
100%	Bumi Armada Holdings Labuan Ltd.
100%	Bumi Armada (Labuan) Ltd.
100%	Armada Marine Contractors Caspian Ltd.
100%	Armada Ship Management (S) Pte. Ltd.
100%	Armada Kamelia Sdn. Bhd.
49%	Armada Century Ltd.
100%	Bumi Armada (Singapore) Pte. Ltd.
40%	Century Bumi Limited
100%	Bumi Armada Capital Malaysia Sdn. Bhd.
100%	Armada Balnaves Pte. Ltd.
50%	Armada D1 Pte. Ltd.
50%	Forbes Bumi Armada Offshore Limited
100%	Armada Floating Solutions Limited
100%	Armada Mahakam Limited
100%	Bumi Armada Offshore Holdings Limited
100%	Armada Offshore DMCEST
100%	Armada TGT Ltd.
100%	Armada Oyo Ltd.
100%	Tera Sea Limited
100%	Bumi Armada Capital Offshore Ltd.
50%	SP Armada Oil Exploration Private Limited
100%	Bumi Armada Russia Holdings Limited
100%	Bumi Armada Marine Holdings Limited

Subsidiaries

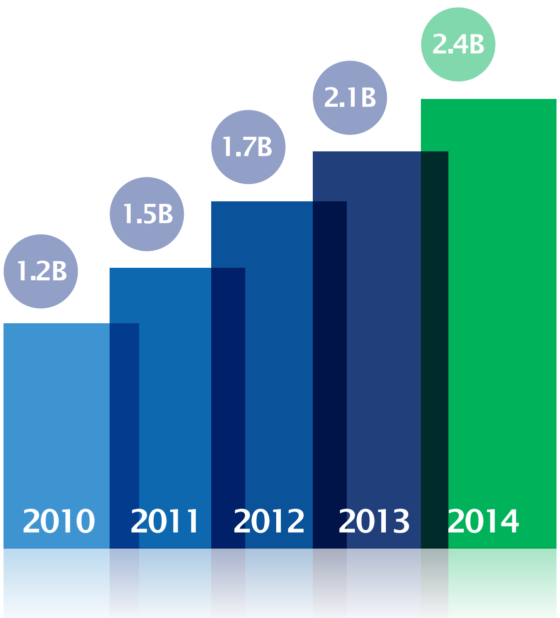
Joint Ventures


100%
Armada Indah Sdn. Bhd.
100%
Bumi Armada Ship Management Sdn. Bhd.
100%
Armada Tankers Sdn. Bhd.
100%
Armada Alpha Sdn. Bhd.
60%
Bumi Care Offshore Production Sdn. Bhd.
100%
Bumi Armada Navigation Labuan Limited
100%
Bumi Armada Navigation Labuan International Limited
100%
Armada Marine Contractors Caspian Pte. Ltd.
51%
Armada Synergy Ltd.
49%
Forbes Bumi Armada Limited
99%
1%
Bumi Armada Nigeria Limited
100%
Armada Etan Limited
100%
Bumi Armada Angola Servicos Limited
100%
Armada TLDD Limited
100%
Bumi Armada Do Brasil Servicos Maritimos Ltda
50%
Armada C7 Pte. Ltd.
49%
PT. Armada Gema Nusantara
49%
Angoil Bumi JV, LDA
50%
SP Armada Offshore Private Limited
100%
Armada Cabaca Ltd.
100%
Bumi Armada Australia Pty. Ltd.
100%
Armada Blue, LLC
100%
Armada Offshore OSV Limited
100%
Armada Offshore MPSV Limited
100%
Bumi Armada UK Limited
100%
Armada Kraken Limited
100%
Bumi Armada Ghana Limited
100%
Armada Kraken Pte. Ltd.
100%
Armada Madura EPC Limited
100%
Armada Floating Gas Services Malta Ltd.
100%
Armada Regasification Services Malta Ltd.
100%
Armada Floating Gas Storage Malta Ltd.
100%
Bumi Armada Offshore Contractor Limited
99%
1%
Bumi Armada Marine LLC
Bumi Armada Caspian LLC

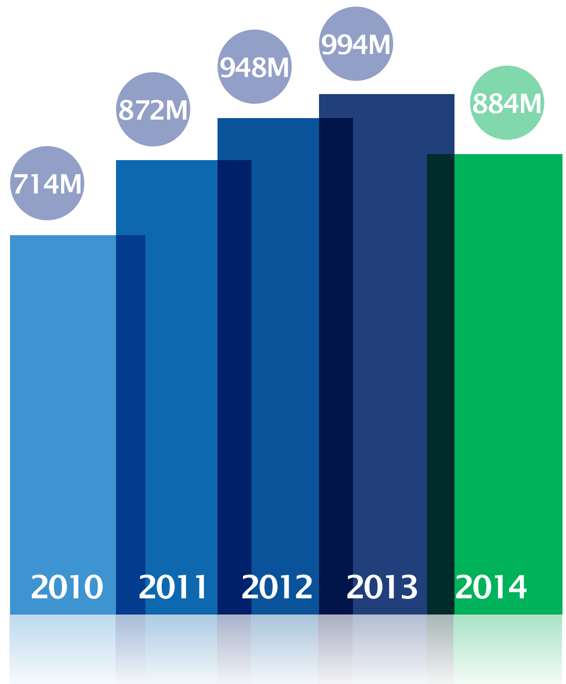
FIVE-YEAR PERFORMANCE HIGHLIGHTS

Financial Performance (RM'000)	2014	2013	2012	2011	2010
Revenue	**2,397,339**	2,073,004	1,659,184	1,543,896	1,241,383
EBITDA	**884,385**	994,184	948,022	871,911	714,109
Profit for the financial year	**224,365**	435,098	388,018	365,331	350,755
Profit attributable to the Owners of the Company	**218,690**	431,191	385,828	359,672	350,755
Total assets	**14,451,890**	8,809,665	6,929,759	6,936,242	4,795,467
Total equity	**6,717,525**	4,380,235	3,767,011	3,542,715	875,102

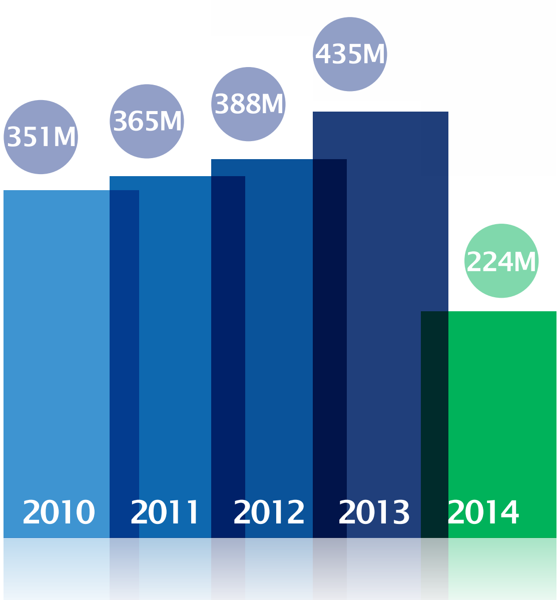
REVENUE
RM2,397 MILLION



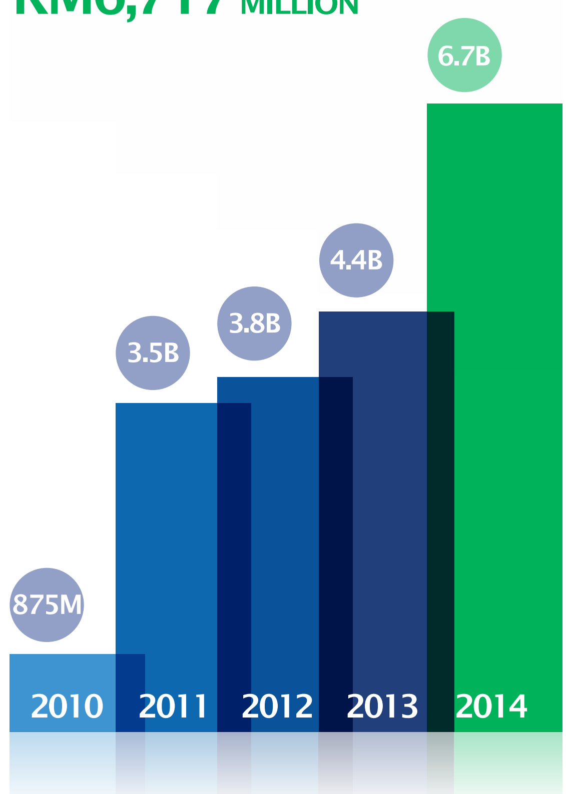
EBITDA
RM884 MILLION



PROFIT FOR THE FINANCIAL YEAR
RM224 MILLION



TOTAL EQUITY
RM6,717 MILLION



SHARE PERFORMANCE

2014 was a challenging year as certain countries in Europe headed into recession and the US , India and Chinese economies stagnated. These global economic challenges, coupled with a rapid decline in oil prices in the second half of 2014, took their toll on O&G related companies around the world. With OPEC refusing to reduce production levels as US tight oil reached record levels of production, there was a significant supply/demand imbalance, which led to Brent oil prices falling 49% between July and December 2014.

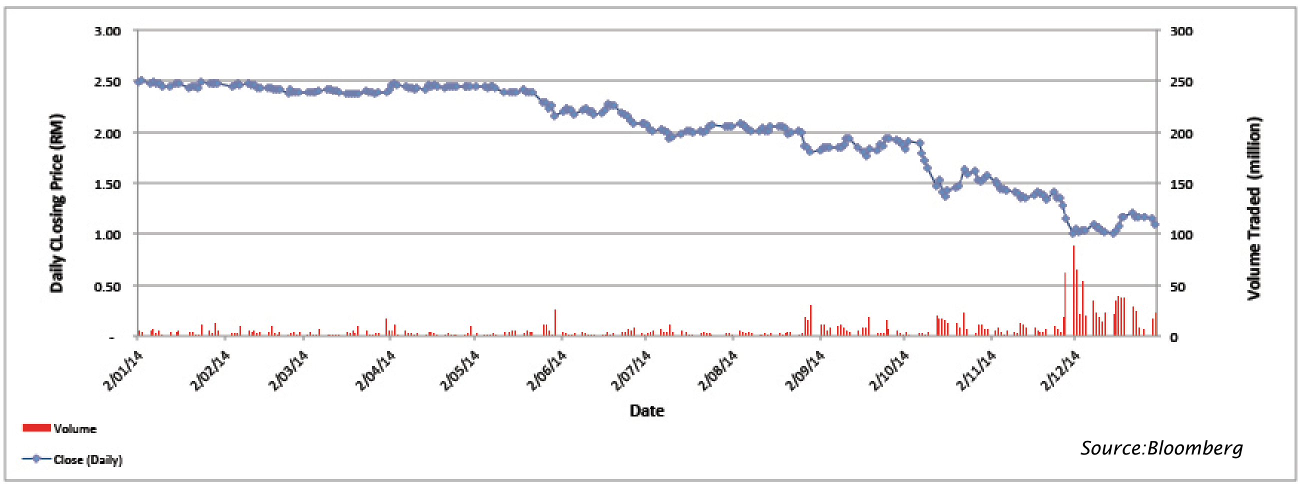
As a result, Bumi Armada's share price had a less than stellar year, declining 55.7% over the course of the year and underperforming the KLCI by 54% during 2014.

Nevertheless, there were some strong positives during the year despite the weak share price. Foreign shareholding ownership increased from 12.0% at the end of 2013 to 12.9% at the end of 2014. There was also a significant increase in the number of total shareholders during the same period, from 5,840 shareholders at end-2013 to 17,719 at end-2014. This increase in total shareholders was a result of increased liquidity of Bumi Armada's shares from the Bonus Issue and Rights Issue that were both completed in October 2014, which doubled the number of shares from 2,933 million to 5,866 million.

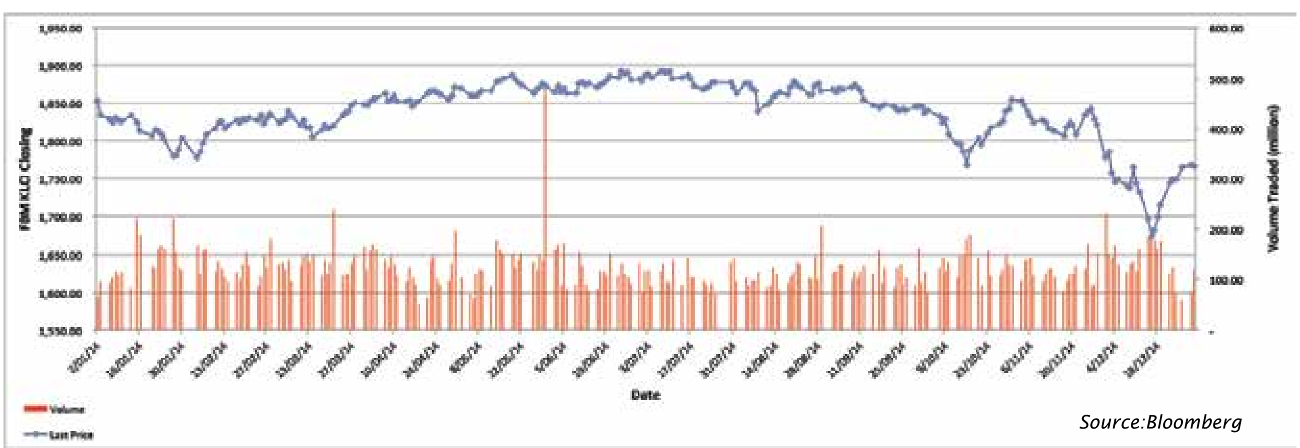
Bumi Armada Berhad Share Price	2014 (RM)	2013 (RM)
Year High	**2.50**	2.50
Year Low	**1.01**	2.23
Year Closing	**1.09**	2.46

Note: Share prices reflect post-Rights Issue adjustment
Share prices in the table are closing prices

Market Capitalisation *(Actual as at financial year end)*	**6.4B**	11.8B



Share Price and Volume Traded for Year 2014



FBM KLCI and Volume Traded for Year 2014

2014 MILESTONES

JAN

23 JAN 2014

Secured firm Platform Support Vessel ("PSV") charter contracts in Angola.

FEB

8 FEB 2014

Ceremony to mark the sailaway of the *Armada Claire* to the Balnaves field, off Western Australia, from the Keppel Shipyard in Singapore.

19 FEB 2014

Two contracts were signed with Oceanic Consultants Nigeria Limited for the continued deployment of the *Armada Perdana* at the Oyo Field Development located offshore Nigeria.

MAR

12 MAR 2014

Bumi Armada took delivery of PSV, *Armada Tuah 307*.

28 MAR 2014

Bumi Armada took delivery of derrick pipelay barge, *Armada KP1*.

31 MAR 2014

Armada Kraken Pte. Ltd. secured a syndicated bridge loan facility of USD750 million for the financing of the construction of a FPSO to be chartered and deployed at the Kraken Field located in the United Kingdom sector of the North Sea.

APR

23 APR 2014

Ms Maureen Toh Siew Guat appointed as a Non Independent Non-Executive Director of the Company.

MAY

23 MAY 2014

Bumi Armada announced the proposed Bonus Issue and Renounceable Rights Issue of up to 1,479,238,150 new ordinary shares in respect of each issue.

JUN

10 JUN 2014

Dato' Sri Mahamad Fathil Bin Dato' Mahmood, Mr Andrew Philip Whittle and Mr Lim Ghee Keong ceased to be Directors of the Company.

12 JUN 2014

Bumi Armada and its wholly-owned subsidiary, Bumi Armada Capital Malaysia Sdn. Bhd. entered into documentation 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").

AUG

12 AUG 2014

Bumi Armada took delivery of PSV, *Armada Tuah 308*.

20 AUG 2014

The consortium of Bumi Armada Offshore Holdings Limited ("BAOHL") and Angoil Bumi JV, Lda ("ABJL") signed a contract with eni Angola for the chartering, operation and maintenance of a FPSO tanker facility complete with Mooring System at the Block 15/06 East Hub field, located in deep water offshore Angola, for a firm charter period of 12 years with options of 8 yearly extensions ("Contract").

SEP

4 SEP 2014

Issuance of Sukuk Murabahah under the Sukuk Programme for the full aggregate nominal value of RM1.5 billion for a tenure of 10 years.

OCT

11 OCT 2014

Ceremony to mark the sailaway of the *Armada Sterling II* to the ONGC Cluster-7 field, West Coast of Mumbai, offshore India from Keppel Shipyard in Singapore.

13 OCT 2014

Bumi Armada announced the completion of the Bonus Issue and the Renounceable Rights Issue. The Company raised total gross proceeds of RM2.0 billion from the Renounceable Rights Issue, which was oversubscribed.

27 OCT 2014

Mr Shapoor Mistry appointed as a Non Independent Non-Executive Director of the Company.

Mr Ravi Shankar Srinivasan appointed as an Alternate Director to Mr Shapoor Mistry.

DEC

2 DEC 2014

Bumi Armada took delivery of the *Armada Intrepid*, formerly known as FPSO BP Schiehallion to be used as a candidate vessel for future FPSO projects.

5 DEC 2014

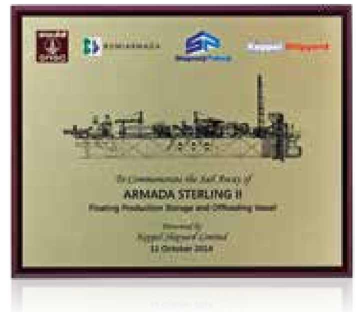
Mr Hassan Assad Basma, Chief Executive Officer ("CEO") tendered his resignation as Executive Director/CEO of the Company, to take effect from 1 January 2015.

Mr Chan Chee Beng appointed as Acting CEO and redesignated as an Executive Director of the Company, to take effect from 1 January 2015.

10 DEC 2014

The unincorporated consortium of BAOHL and PT Armada Gema Nusantara ("PT AGN") signed a Contract with Husky CNOOC Madura Limited ("HCML") for the chartering, operation and maintenance of one FPSO at the BD Field in the Madura Strait, offshore East Java, Indonesia, for a firm charter period of 10 years with options of 5 yearly extensions.

AWARDS & RECOGNITION



2014

Sailaway of *Armada Sterling II* (Floating Production Storage and Offloading Vessel) by Keppel Shipyard Limited in 2014

2014

Marine Contractor Performance Award (League Table Position 2013) by Shell

2014

3371 Goal Zero Days Award for 2014 by Sarawak Shell Berhad/Sabah Shell Petroleum Co.

2014

365 Goal Zero Days Award for 2013 by Sarawak Shell Berhad/ Sabah Shell Petroleum Co.

2014

Excellence in Employee Development (Bronze) in 2014

STRENGTHENING
OUR FOUNDATIONS TODAY FOR TOMORROW

Bumi Armada is well positioned due to the long-term nature of the FPSO contracts we have in hand today. Our longest contract, if extended to its full term, will run until the year 2041. With a total order book of RM37.2 billion (inclusive of RM12.7 billion of extension options), we will be able to derive solid long-term earnings and ensure the Group’s sustainable growth whilst riding out short-term systemic shocks to the industry.

BOARD OF DIRECTORS
as at 16 April 2015

Seated

Chan Chee Beng

Left to Right

Shaharul Rezza bin Hassan

Saiful Aznir bin Shahabudin

Alexandra Schaapveld

Seated

Tunku Ali Redhauddin ibni Tuanku Muhriz

Left to Right

Maureen Toh Siew Guat

Shapoor Mistry

Ravi Shankar

BOARD OF DIRECTORS (Cont'd)
as at 16 April 2015

Tunku Ali Redhauddin ibni Tuanku Muhriz
Aged 37, Malaysian

Chairman/Independent Non-Executive Director/
Chairperson of Nomination & Corporate Governance Committee

DATE OF APPOINTMENT:
Director – 17 January 2013
Chairman – 18 June 2013

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

Saiful Aznir bin Shahabudin
Aged 55, Malaysian

Independent Non-Executive Director/
Chairperson of Audit Committee/
Member of Remuneration and Nomination & Corporate Governance Committees

DATE OF APPOINTMENT:
Director – 1 December 2006

Saiful Aznir bin Shahabudin has wide general management experience, having served as the chief executive officer of two companies for an aggregate of more than 10 years. Currently, he is the group chief executive officer of Sharikat Permodalan Kebangsaan Berhad which he joined in 2002. Prior to that, he was the chief executive officer of Encorp Group, a company involved in property development and media and a partner of Andersen Worldwide where he specialised in privatisation and corporate finance. He qualified as a Member of the American Institute of Certified Public Accountants and is a member of The Malaysian Institute of Certified Public Accountants. He holds a Master of Business Administration from the University of Chicago in the USA and a Bachelor of Business Administration degree from Western Michigan University in the USA.

Alexandra Schaapveld

Aged 56, Dutch

Independent Non-Executive Director/
Chairperson of Remuneration Committee/
Member of Audit, Risk Management and Nomination & Corporate Governance Committees

DATE OF APPOINTMENT:
Director – 8 June 2011

Alexandra Schaapveld spent her entire career at ABNAMRO Bank, which she joined in 1984. The first 8 years were spent in Corporate Banking and the subsequent 8 years in Investment Banking: equity capital markets and mergers and acquisitions. She has always been a strong advocate of client relations at the Bank. In 2001, she was made senior executive vice president responsible for sector expertise and in 2004 she became the head of the business unit global clients and investment banking. After the acquisition of ABNAMRO Bank by a consortium of banks, she became head of Europe for Royal Bank of Scotland during 2008. She is presently a non-executive director of Vallourec S.A. in France, a member of the supervisory board of Holland Casino N.V. and a member of the boards of FMO N.V. Development Bank and Société Générale S.A. She was educated at the Lycee Francais in many countries, graduated with a degree in Politics, Philosophy and Economics from Oxford University in the UK and subsequently obtained a Master in Development Economics at Erasmus University in the Netherlands.

Chan Chee Beng

Aged 59, Malaysian

Executive Director/Acting Chief Executive Officer/
Chairperson of Executive Committee

DATE OF APPOINTMENT
Director – 2 June 2003

Chan Chee Beng has more than 30 years of experience in investment banking, financial management and accounting including stints with Ernst & Young and Morgan Grenfell & Co. Ltd prior to joining the Usaha Tegas Sdn Bhd (UTSB) group in 1992 as head of corporate finance. He is presently an executive director of UTSB and serves on the boards of several other companies in which UTSB has significant interests, such as Maxis Communications Berhad (holding company of Maxis) and Binariang GSM Sdn Bhd, having an operational base in Malaysia, Sri Lanka Telecom PLC (listed on the Colombo Stock Exchange) and Mobitel (Pvt) Ltd, having an operational base in Sri Lanka. He is also a director of MEASAT Satellite Systems Sdn Bhd (MSS), a regional satellite operator and a director in a non-executive capacity on the board of MEASAT Global Berhad (MGB), the holding company of MSS. He is also a Trustee of Yu Cai Foundation. He is a member of the Audit Committee of MGB. He was appointed the Acting Chief Executive Officer of the Company with effect from 1 January 2015 succeeding from the previous Chief Executive Officer, Mr Hassan Basma. He holds a degree in Economics and Accounting from the University of Newcastle-upon-Tyne in the UK and is a Fellow of the Institute of Chartered Accountants in England and Wales.

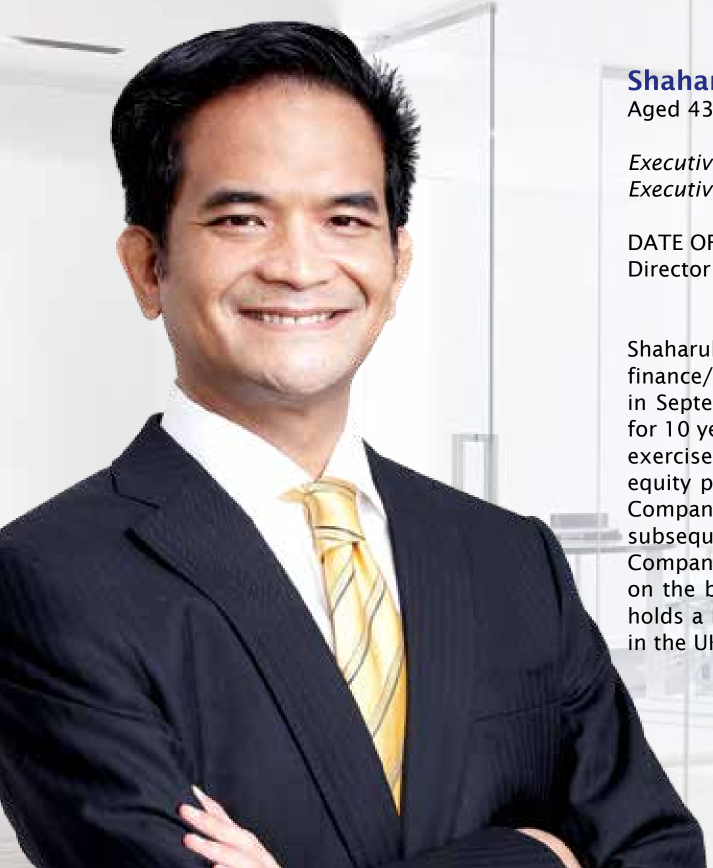
BOARD OF DIRECTORS (Cont'd)
as at 16 April 2015

Maureen Toh Siew Guat
Aged 49, Malaysian

Non-Independent Non-Executive Director/
Chairperson of Risk Management Committee/
Member of Audit, Remuneration and Executive Committees

DATE OF APPOINTMENT:
Director – 23 April 2014

Maureen Toh Siew Guat has more than 20 years of legal experience, primarily in corporate, commercial and banking matters and equity/capital markets, including stints with law firms in Kuala Lumpur and Singapore. Currently, she is the Group General Counsel of Usaha Tegas Sdn Bhd (UTSB), a Malaysian based investment holding company which has significant interests in companies operating across diverse industries such as telecommunications, media and entertainment, energy and real estate and leisure, including the following companies which are listed on Bursa Malaysia Securities Berhad – Maxis Berhad (intergrated communications services group), Bumi Armada Berhad (international offshore services provider) and Astro Malaysia Holdings Berhad (integrated consumer media entertainment group). She is also a director of MEASAT Satelite Systems Sdn Bhd, a regional satellite operator. She holds a Bachelor of Law (LL.B) from University Malaya, Malaysia and a Master of Law (LL.M) from Harvard Law School, USA.



Shaharul Rezza bin Hassan
Aged 43, Malaysian

Executive Director/Head of Offshore Support Vessels Business/Member of Executive Committee

DATE OF APPOINTMENT:
Director – 2 June 2003

Shaharul Rezza bin Hassan has over 15 years of experience in corporate finance/fund raising and financial management. Prior to joining the Company in September 2005, he worked in the corporate finance department of UTSB for 10 years. During his tenure with UTSB, he was involved in various corporate exercises such as mergers and acquisitions, restructurings, fund raising and equity public offerings, including the reverse take-over of Malaysian Tobacco Company Bhd (now known as MEASAT Global Berhad) and the acquisition and subsequent privatisation of the Company. He is an Executive Director of the Company and heads the Offshore Support Vessels business unit. He also sits on the boards of various subsidiaries and joint ventures of the Company. He holds a Bachelor of Science degree in Economics from the University of Bristol in the UK.

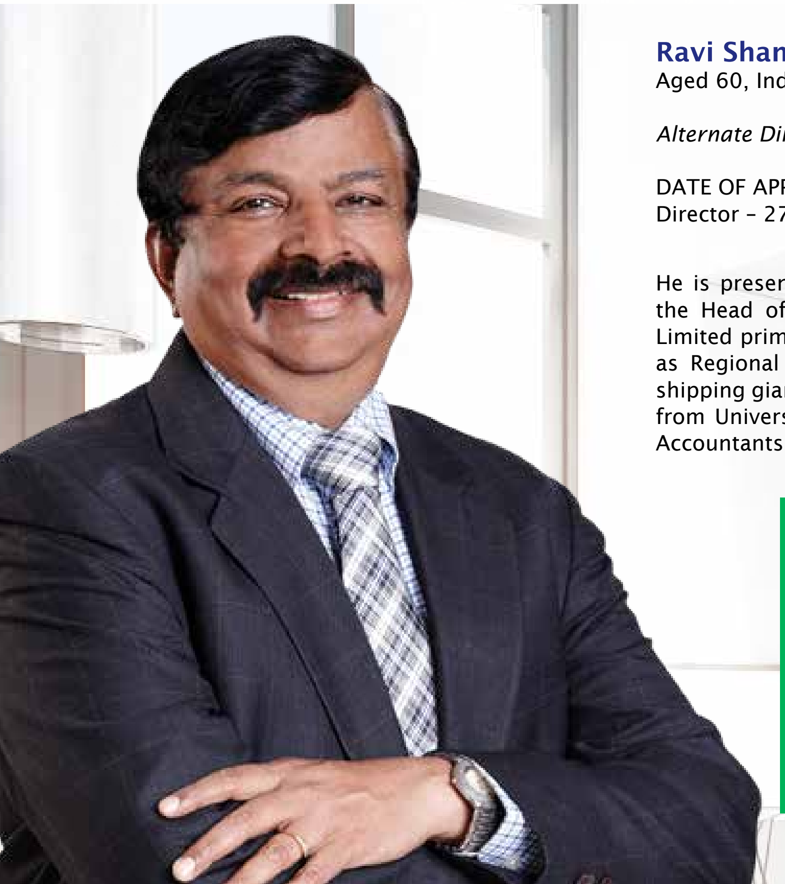
Shapoor Mistry

Aged 50, Irish

Non-Independent Non-Executive Director
Member of Risk Management Committee

DATE OF APPOINTMENT:
Director – 27 October 2014

Shapoor Mistry brings with him more than 20 years of corporate experience spanning several continents and diverse industries including construction, shipping, banking, manufacturing and offshore oil and gas. Upon graduation, he joined his family owned company Shapoorji Pallonji And Company Private Limited ("SPCL"), the flagship of the Shapoorji Pallonji Group (SP group), of which he is now a non-executive chairman. He was involved in the construction business in the early eighties, following which he restarted the real estate activity, both residential and commercial, under the real estate wing of the SP Group, with award winning developments in India. He oversaw the takeover of the Tata Group's Forbes Gokak business in 2001. He is presently also the chairman of Forbes & Company Ltd listed on the Bombay Stock Exchange, involved in engineering, shipping, logistics, warehousing and multi modal transportation among others and a chairman of Eureka Forbes Ltd, a non-listed public company, involved in air purifiers and security systems. He has been involved in diverse investments and businesses including textiles, logistics, shipping, precision tools, steam turbines, turbo generating sets, publishing and real estate. Shapoor Mistry also holds directorships in various other private and public companies under the SP Group. The SP Group is a partner in joint ventures with Bumi Armada, which own and operate two FPSOs located in the D1 and C7 blocks, West Coast of Mumbai, offshore India. He is also one of the major patrons of the Royal Western Indian Turf Club and is actively involved in various philanthropic and charitable activities and is a trustee of the Masina Hospital and is a member of the Duke of Edinburgh's International Awards World Fellowship. Shapoor Mistry holds a Bachelor of Arts in Business Administration and Economics from Richmond College, London.



Ravi Shankar

Aged 60, Indian

Alternate Director to Shapoor Mistry

DATE OF APPOINTMENT:
Director – 27 October 2014

He is presently the Regional Director of Forbes and Company Ltd. He is also the Head of Business Initiatives for Shapoorji Pallonji And Company Private Limited primarily in the Oil & Gas sector. He had previously worked in Malaysia as Regional Director, Finance and Business Development for the Norwegian shipping giant, Wilh. Wilhelmsen ASA. Ravi Shankar holds a degree in Commerce from University of Madras, India. He is a Fellow of The Institute of Chartered Accountants (FCA), India and a Fellow of The Insurance Institute, London (FII).

Note: Save as disclosed below, the above Directors have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company and have not been convicted of any offence within the past 10 years:

- *Shapoor Mistry is a director and major shareholder of SPCL, the flagship of the SP group. SP group is a partner with Bumi Armada in certain existing joint venture entities, which own and operate certain FPSO vessels and OSV vessels in offshore India. Shapoor Mistry is also regarded as having an interest in the joint venture between the Group and the SPCL group in relation to the Husky Madura project (subject to the Company's shareholders approval). For further details please see Additional Compliance Information.*

- *Ravi Shankar holds directorships in certain joint venture entities in which the SP group and the Group are joint venture partners.*

MANAGEMENT TEAM

Left to Right

Kenneth Murdoch *(Chief Financial Officer)*

Shaharul Rezza bin Hassan *(Executive Director/Head of Offshore Support Vessels Business)*

Chan Chee Beng *(Executive Director/Acting Chief Executive Officer)*

Noval D'avila Paredes *(Vice President, Corporate HSEQ)*

Adriaan Petrus van de Korput *(Chief Operating Officer)*

Madhusudanan Madasery Balan *(Chief Human Resources Officer)*

MANAGEMENT TEAM (Cont'd)

Left to Right

Andrew Day Lamshed *(Senior Vice President, FPSO Sales)*

Noor Azmi bin Abdul Malek *(Vice President, Engineering & Technology)*

Wong Chow Hong, Shawn *(Vice President, Transport & Installation)*

Noor Hamiza binti Abd Hamid *(Company Secretary)*

Jayarajan Muthalpuredath Padinjarekalathil *(Head of Technology & Development)*

Luc Jean Jacques Pescio *(Vice President, Gas Development & Technology)*

Peter James McDonnell *(Senior Vice President, FPSO Operations)*

Paulraj Natarajan *(Vice President, Projects)*

CHAIRMAN'S MESSAGE

“

Dear Shareholders,

Bumi Armada weathered the challenges of a difficult oil and gas industry environment in 2014 to make good strides forward on several fronts. Whilst macro environment factors meant that this was not the easiest year for the Group, we performed commendably given these factors.

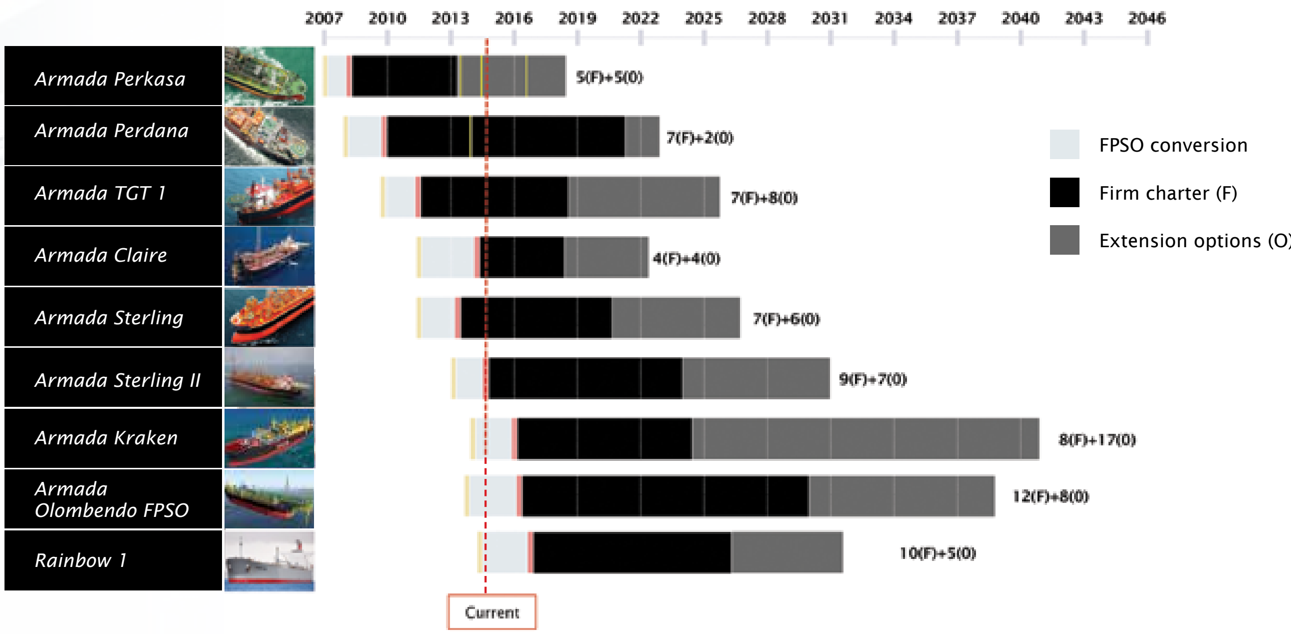
”

We secured two significant new FPSO contracts in Indonesia and Angola worth a total value of USD4.2 billion, and we continue to work on the USD1.4 billion UK North Sea, Kraken FPSO contract currently undergoing conversion. We completed the conversion of the *Armada Claire*, which is operating in the Balnaves Field, in Australia, and achieved first oil and final acceptance of the *Armada Sterling II,* in the C7 Field, off the coast of Mumbai, India. Our FPSO as well as the OSV and T&I businesses continue to contribute positively to our profits, and we are making solid progress in executing on our firm order book of RM24.5 billion.

A SAFE HAVEN AMIDST STORMY SEAS

Bumi Armada is well positioned relative to many other oil and gas services players within the sector that we operate in. We are differentiated from other local industry players because of the nature of our business. Some 39.6% of our business comes from our FPSO contracts which are long-term in nature. The longest contract, if extended to its full term, will run until the year 2041. Our total order book of RM37.2 billion in contract value (inclusive of RM12.7 billion of extension options) is one of the largest order books for a Malaysian company. This translates into our being able to derive long-term earnings and ensuring the Group's sustainable growth whilst riding out current systemic shocks to the industry.

FPSO Orderbook



Today, the Company remains financially stable with a cash balance of RM3.3 billion. The renounceable Rights Issue, which was fully taken up and completed in October 2014, raised gross proceeds of approximately RM2.0 billion. Our healthy debt to equity level of 0.9 times also bodes well for us.

We are proud to be a leading global FPSO provider based in Malaysia. In the financial year ended 31 December 2014 (FY2014), Malaysia contributed 13% of the Group's revenue, with Asia (excluding Malaysia) and Australia contributing 59%, Africa 24% and Latin America 4%. We have offices and operations spread over 18 nations. This geographic diversity helps us spread our business risk, and also enables us to attract global expertise to Malaysian shores. With the proposed joint venture for the Indonesian FPSO project with Shapoorji Pallonji And Company Private Limited ("SPCL"), and Shapoorji Pallonji International FZE ("SPINT"), which will be voted on by shareholders at the upcoming Extraordinary General Meeting ("EGM"), we are also making strides in our attempts to mitigate our execution risk by working with established partners with strong history and experience in engineering, project management and construction.

Given the long-term nature of a significant portion of our business, our strong capital base and geographically diverse operations, Bumi Armada is akin to a big ship sailing in the stormy ocean of an uncertain oil and gas environment. We are in good shape to ride out the storm presently affecting the oil and gas industry.

In the more immediate term, whilst much has been reported on the challenges facing the oil and gas industry, there remain pockets of opportunity. Our healthy financial footing leaves us in a good position to capitalise on these opportunities, when they arise. For example, in April 2015, our FGS business unit was awarded Floating Storage Unit ("FSU") contracts in Malta.

FIRM ACTION AMIDST A CHALLENGING ENVIRONMENT

The downward movement in oil prices in 2014 took the world by surprise, and oil and gas companies had to act swiftly to avoid the full brunt of the downturn. Many producers reduced their spending, which in turn had a direct impact on the services industry. Bumi Armada was not spared. To ensure we remain productive, efficient and profitable, we have been taking firm action to address our cost structure, and to rationalise our operations, to better fit the dynamics of the marketplace.

BUSINESSES STREAMLINED FOR FUTURE GROWTH

The Board of Directors has approved a reorganisation exercise in order to streamline the Group to face the challenges ahead. The reorganisation involved rationalisation of business units, disposal of selected assets and reassignment or retrenchment of employees where necessary.

Under the reorganisation, the Oilfield Services ("OFS") business unit has been dissolved, whilst the T&I business unit will be downsized to a level commensurate with existing business operations. OFS was a new area of opportunity for us in light of the (then) high oil price environment. At that time, we were at the initial stages of exploring this business. Strategically, we now deem it appropriate to exit this segment without further investment, and will focus our resources on our core FPSO and OSV competencies.

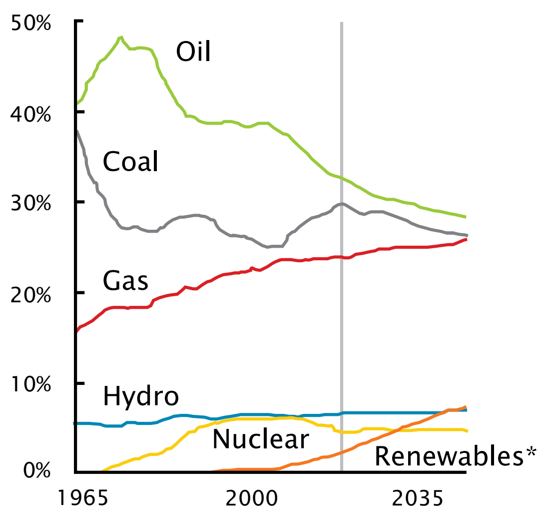
CHAIRMAN'S MESSAGE (Cont'd)

EXPLORING NEW AREAS OF OPPORTUNITY

Whilst we have downsized the T&I business, we still have valuable assets in this area. For example, within the Caspian region we operate the *Armada Installer* derrick lay barge since 2010 and we intend to consolidate our position in this region.

Gas continues to be an area of strategic interest to us as the world continues to shift from oil to gas. Bumi Armada notes the industry view of the increasingly significant contribution that gas will make towards the world's energy needs.

Shares of primary energy



* Includes biofuels

Source: BP Energy Outlook 2035

We have the opportunity to be a significant player in this space and have the potential to fulfil our long-term aspiration to develop Floating LNG ("FLNG") vessels based on the experience and knowledge gained from our FPSO business. We intend to continue investing in this new growth area. Given that our FGS business unit has just entered into contracts worth USD300 million to supply, operate and maintain a FSU in Malta, we have taken our first step in this gas segment. With the right strategy in place, the Group is confident of its prospects going forward.

DELIVERING A COMMENDABLE PERFORMANCE

In FY2014, Bumi Armada posted revenues of RM2.4 billion, a 15.6% increase over the RM2.1 billion recorded in FY2013. All our three core business segments registered healthy growth. The Group registered EBITDA of RM884.4 million, down by 11.0%, compared to RM994.2 million in FY2013. The decline in EBITDA was mainly due to higher cost of sales of RM1.7 billion in FY2014, which increased by 30.8%, over the RM1.3 billion registered in FY2013.

Profit for FY2014 was RM224.4 million and profit attributable to the Owners of the Company for the year fell to RM218.7 million from the RM431.2 million recorded in the previous year, due to weaker contributions from the OSV and T&I businesses, as well as impairments of trade receivables, available-for-sale financial assets and goodwill, which amounted to approximately RM95.6 million.

With the deterioration in oil prices and increasing challenges in the market, we felt it was prudent and necessary to make allowances for certain trade receivables that we assessed to be at risk going forward. Notwithstanding this, we intend to enforce our contractual position and pursue collection of outstanding trade receivables.

In light of the year's performance, the Board has proposed a tax exempt final cash dividend of 1.63 sen per share or approximately RM95.6 million (FY2013: RM95.3 million) for FY2014, subject to approval by shareholders at the Company's forthcoming Nineteenth Annual General Meeting. This represents a pay-out ratio of 44% of net profit. This pay-out is in line with our publicly announced progressive dividend policy.

UPHOLDING RESPONSIBLE CORPORATE PRACTICES

Good governance translates into good business, and your Board of Directors remains committed to upholding and implementing strong standards of corporate governance, as well as robust risk management and internal control measures throughout our organisation. These measures go a long way in helping ensure the sustainable growth of our businesses, strengthening investor confidence, safeguarding our corporate reputation, and ensuring continued shareholder value creation.

We subscribe to the principles and recommendations set out in the the Malaysian Code on Corporate Governance ("2012 CG Code") including having gender diversity on our Board. Today, we have two women representatives on our Board.

We are genuinely committed to balance our financial performance with responsible social and environmental considerations. We continue to integrate sustainable practices into our business operations and value chain, so that we can stand as a model for responsible corporate behaviour. We are committed to doing good within the local and global communities that we operate in, and to undertaking philanthropic activities that make a tangible difference.

Some of the key contributions we have made in this area include: continuing our Carbon Offset Programme with the Forest Research Institute of Malaysia for the third year running; initiating a turtle conservation programme in Cherating, Pahang with the Department of Fisheries under the Malaysian Ministry of Agriculture and Agro-based Industry; supporting Persatuan Pemulihan Orang-Orang Cacat Selangor & Wilayah Persekutuan, and the National Cancer Society of Malaysia, amongst others. More details of our Corporate Social Responsibility activities can be found in the Review of Operations.

At the same time, we continue to build a conducive work environment for our employees around the globe and look after their wellbeing through stringent Health, Safety and Environmental (HSE) measures. For our efforts on the human resource management front, Bumi Armada received the Bronze Award for Excellence in Employee Development from *HR Magazine*, a leading Asian monthly human resource publication.

MOVING STEADFASTLY FORWARD

The volatility of global oil prices has undoubtedly created a challenging market for oil and gas companies. Despite this, Bumi Armada is optimistic about the prospects for our FPSO, OSV, T&I and FGS businesses. We expect our businesses to continue generating positive contributions to the Group.

We have good earnings visibility underpinned by the long-term nature of our contracts. On the FPSO front, we have already secured long-term cash flows from our vessels, with the longest contract (if extended) running until 2041. We expect to see a rise in earnings in FY2015 as significant contributions from the 50% owned *Armada Sterling II* kick in, followed by substantial contributions from our wholly-owned Kraken and eni 15/06 FPSOs when they are delivered (expected in FY2016). We remain focused on executing and delivering on these FPSO projects which are under conversion, as well as managing our OSV, T&I and FGS businesses through what will be a challenging year in FY2015.

In the current oil price environment, we are mindful that we need to do a careful assessment of how many more new FPSOs will be coming on-stream over the next few years, and determine how much new demand there will be for FPSOs. We are broadening our opportunities by expanding our focus from our current oil activities to include gas. Gas widens our scope and is in line with our strategy of doing long-term businesses.

To meet the challenges of 2015, Bumi Armada will continue to leverage on cost reduction and capital budgeting measures to enhance efficiency and productivity. We will also continue to do our best to execute our total order book of RM37.2 billion. We expect FY2015 to be a year of continued consolidation for the Group. As we focus our efforts on what we do best, the Board is optimistic that we will turn in another profitable year.

ACKNOWLEDGING OUR SUPPORTERS

On behalf of the Board, I want to thank our many stakeholders whose support has been instrumental to our success. I wish to convey my deep appreciation to our shareholders for your belief in Bumi Armada. In the past year, the number of individual shareholders has more than tripled, increasing from less than 6,000 as at 31 December 2013, to over 21,000 shareholders today. This is testament to the growing appeal Bumi Armada holds amongst the investment community. My sincere appreciation also goes to our business partners for their constant support, and our clients for their confidence in our ability to deliver. Bumi Amada's Management and all our employees have worked hard amidst the challenges of the marketplace to help us achieve our goals, and I wish to applaud them for their dedication and commitment to excellence. My sincere gratitude also goes to my fellow Board members for their wise counsel and insights.

On behalf of the present Board members and our Management, I want to recognise the contributions of our past Board members and welcome our new members. My appreciation also goes to our former CEO, Mr Hassan Basma, who served the Group for nine years and played an important part in helping bring us to where we are today. I wish him every success in his future endeavours. Since 1 January 2015, Mr Chan Chee Beng has been an Executive Director and the Acting CEO, succeeding Mr Basma. Mr Chan has been a Director of Bumi Armada since June 2003. As the longest serving Board member, and Chairperson of the Executive Committee, Mr Chan has very good insight into the business operations and workings of the Group. Given the current oil and gas market environment, Mr Chan's in-depth expertise and experience in financial and corporate management are a perfect fit. Whilst Mr Chan remains at the helm of Bumi Armada in the interim, the Board has initiated efforts to look for a new CEO.

The Board warmly welcomes our new Non-Independent Non-Executive Directors who joined the Board in 2014, namely Ms Maureen Toh Siew Guat and Mr Shapoorji Pallonji Mistry. Ms Toh brings to the table more than 20 years of legal experience, primarily in corporate, commercial and banking matters and equity/capital markets, including stints with law firms in Kuala Lumpur and Singapore. Mr Shapoorji Mistry brings with him more than 20 years of corporate experience spanning several continents and diverse industries including construction, shipping, banking, manufacturing and offshore oil and gas. He is also the Non-Executive Chairman of the Shapoorji Pallonji Group ("SP Group") which is one of India's oldest and largest private conglomerates. Mr Ravi Shankar joined the Board as an Alternate Director to Mr Shapoorji Mistry. We welcome their continued contributions.

Going forward, we will look to expand the Board's size, mix of competencies and skills. With more diversity in the Board's composition, we hope to harness a broader range of insights and perspectives.

As the team at Bumi Armada ventures forth to capitalise on new avenues of opportunity and to meet all challenges that may arise, we look to you, our shareholders, to continue lending us your unwavering support. I look forward to meeting you at our Annual General Meeting.

Tunku Ali Redhauddin ibni Tuanku Muhriz
Chairman

MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER

Dear Shareholders,

The oil and gas industry has faced a challenging time since oil prices began their downward slide in the second half of 2014. Companies have been announcing capital expenditure (CAPEX) and operational expenditure (OPEX) cuts as well as sweeping changes to their organisations with employee rationalisation exercises becoming the order of the day. Bumi Armada has not been spared the effects of the macro environment either and we continue to proactively take steps to align ourselves with market changes to maintain our profitability and competitiveness.

As Executive Director and Acting Chief Executive Officer since 1 January 2015, I now lead a Management Committee comprising the Chief Financial Officer (CFO), Chief Human Resources Officer, Corporate HSEQ, General Counsel, and a newly formed Chief Operating Officer (COO) position. In order to ensure a more efficient reporting structure and enhance operational process, further changes have been made: the Risk, Insurance and Information Technology departments all now report to the CFO, while the respective operational business units report to the COO.

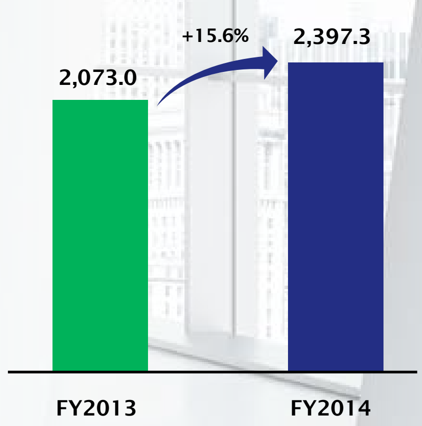
We believe that by implementing these measures, together with a host of other initiatives to reduce costs as well as increase productivity and efficiency, the Group will maintain its profitability.

GROUP PERFORMANCE

For the financial year ended 31 December 2014 (FY2014), Bumi Armada posted revenue of RM2.4 billion, a 15.6% increase over the RM2.1 billion recorded in the financial year ended 31 December 2013 (FY2013). This was primarily attributable to an increase in activities across the three main business units, namely FPSO, OSV and T&I. The FPSO business remained firm in FY2014 and it continues to anchor the Group's performance. Going forward, the OSV and T&I businesses are in for more challenging times, given the lower exploration and production activities due to the decline in oil prices.

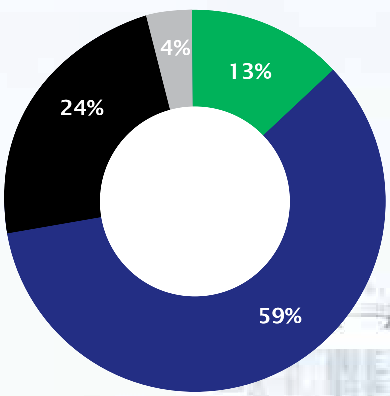
The bulk of FY2014's revenue came from Asia (excluding Malaysia) and Australia at 59%, while Africa contributed 24%, Malaysia 13% and Latin America 4%.

Revenue (RM Million)

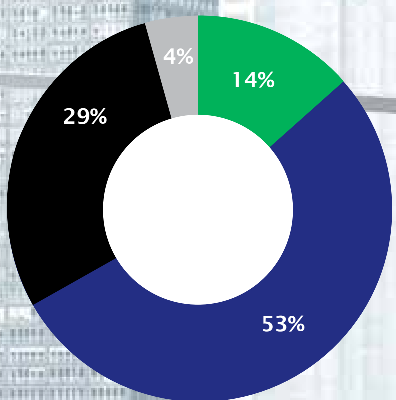


Revenue Composition by Geographical Areas

FY2014



FY2013



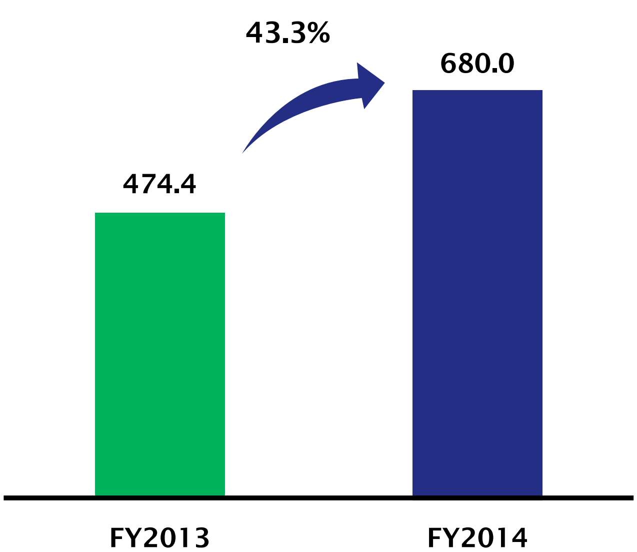
- Asia (excluding Malaysia) and Australia
- Malaysia
- Africa
- Latin America

MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER (Cont'd)

The Group posted earnings before interest, taxes, depreciation and amortisation (EBITDA) of RM884.4 million and profit attributable to the Owners of the Company of RM218.7 million in FY2014. The year saw strong contributions from new and ongoing FPSO conversion projects, but these results were adversely affected by weaker demand for our OSV, particularly our Class B vessels; and lower margins from the *Armada Condor* and the *Armada Hawk*. Pursuant to our OSV fleet renewal programme, six Class B vessels were disposed of during FY2014 while five vessels are being held for sale.

Results for the year under review were adversely affected by charges related to the impairment of trade receivables, available-for-sale financial assets and goodwill, amounting to RM95.6 million. The impairment arose from an assessment of the carrying value of such assets and taking into account lower oil prices on our customers' cash flows. We did not incur significant cash expenditure as a result of these charges. Net cash flows generated from operating activities increased to RM680.0 million in FY2014 from RM474.4 million in FY2013.

Net cash flow generated from operating activities (RM Million)

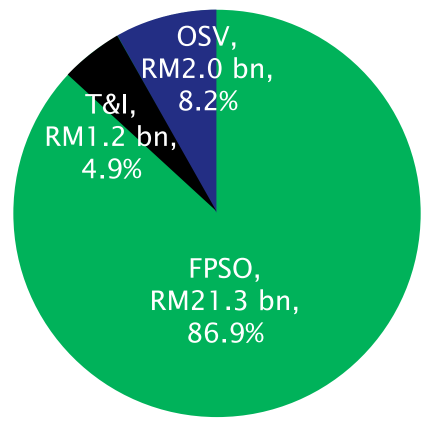


In September 2014, Bumi Armada completed a 10-year, RM1.5 billion Sukuk Murabahah issuance programme, while the Bonus Issue and renounceable Rights Issue, which were approved by our shareholders at the EGM held on 8 July 2014, was completed in October 2014. The renounceable Rights Issue was fully subscribed and raised proceeds of RM2.0 billion as additional capital for Bumi Armada. As at year end, Bumi Armada's gearing is at a comfortable 0.9 times and our net debt/EBITDA at 3.3 times. Despite the decline in market sentiment due to the drop in oil prices, we managed to increase revenues due to our large order book of committed firm and extension contracts across all three business units.

As at 31 December 2014, the Group had a record total order book of RM37.2 billion, an increase of RM15.1 billion compared to the end of 2013. FPSO contracts made up 86% of the order book, while OSV and T&I made up the balance of 14%. The order book comprised RM24.5 billion of firm contract periods and RM12.7 billion of extension options.

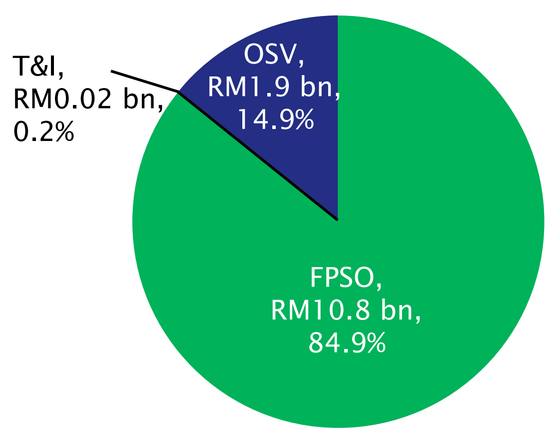
Order book breakdown by business units

The breakdown of order book for firm contract periods by business units is as follows:



Firm contract period order book: RM24.5 billion*

The breakdown of order book for optional contract extension periods by business units is as follows:



Optional extension period order book: RM12.7 billion*

* *Includes 50% share of the Madura BD Field contract*

BUSINESS UNIT PERFORMANCE

As a fully integrated offshore solutions provider, Bumi Armada offers customers a suite of related services, ensuring all aspects of the offshore oilfield lifecycle can be seamlessly linked and managed. Under the reorganisation, the Group today comprises four core business units or business streams, namely FPSO Operations, FGS, OSV and T&I. The four main business units can be broadly grouped into Floaters and Services. These business units in turn are supported by three support units, namely Technology & Development, Projects (which encompasses engineering, project management, construction, commissioning and project controls), and FPSO Sales.

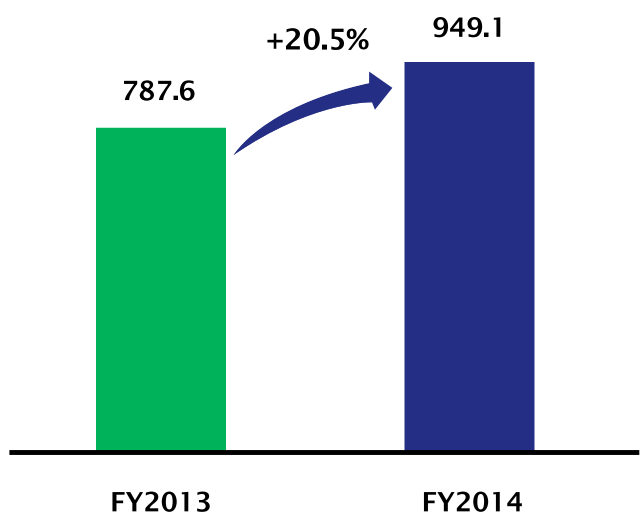
BUSINESS UNITS

FLOATERS – FPSO OPERATIONS BUSINESS UNIT

Our FPSO business currently has nine projects of which six are operational and three under conversion. The *Armada Perkasa* and *Armada Perdana* are in service in Nigeria; and the *Armada TGT 1* in Vietnam. In FY2014, Bumi Armada successfully completed, installed and put into operations the *Armada Claire* at the Balnaves field in Australia's North West, while the *Armada Sterling II* joined her sister vessel, the *Armada Sterling*, in Q1 2015, operating off the West coast of India. The *Armada Kraken*, *Armada Olombendo FPSO*, and Rainbow 1 are undergoing conversion and will head for the North Sea, Angola and Indonesia respectively.

Bumi Armada has progressively moved up the complexity and value chain of FPSOs. From building a FPSO with a topsides weight of 3,000 tonnes, to developing one with 17,000 tonnes, and to designing the world's largest floating facility for the removal of H2S in produced gas, we have been continuously increasing the size and technical complexity of our FPSO fleet. The recent FPSOs we have been converting possess one or more of the following attributes: high topside weights, complex process systems, demanding mooring solutions and operating in territories of increased safety case and compliance requirements.

FPSO Revenue (RM Million)



Financial Highlights

The FPSO Operations business unit is the largest contributor to the Group's revenue at 39.6%. In FY2014, FPSO revenue rose to RM949.1 million from RM787.6 million in FY2013, some 20.5% or RM161.5 million higher year-on-year. The year's higher revenue was primarily attributable to contributions from the Kraken and Eni 15/06 FPSO projects.

Vessel Name	Production Capacity (barrels of oil per day)	Vessel Size	Topsides Weight (tonnes)	Mooring Type
Armada Perkasa	30,000 bopd	Panamax	3,000	Spread moored
Armada Perdana	40,000 bopd	Suezmax	4,200	Spread moored
Armada Sterling	60,000 bopd	Aframax	6,500	Internal Turret
Armada Claire	80,000 bopd	Suezmax	6,500	External Disconnectable Turret
Armada Sterling II	26,500 bopd	Aframax	7,500	Internal Turret
Armada TGT 1	55,000 bopd	Suezmax	9,000	External Turret
Armada Kraken	80,000 bopd	Suezmax	14,000	Internal Disconnectable Turret
Armada Olombendo FPSO	80,000 bopd	VLCC	17,000	External Turret
Rainbow 1	110 mscf/d	Aframax	6,200	Spread moored

MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER (Cont'd)

Operational Highlights

According to Energy Maritime Associates (EMA) the number of global FPSO awards declined from 12 units in 2013 to 10 units in 2014. Of these 10 units, Bumi Armada captured two FPSO awards – one from Eni Angola S.p.A. (Eni) for their Block 15/06 East Hub in Angola, and the other from Husky-CNOOC Madura Limited for their Madura BD Field, off Indonesia.

Over the course of FY2014, the FPSO Operations business achieved some major milestones.

- In April 2014, Bumi Armada successfully completed, installed and put into operation the *Armada Claire* which set sail for the Apache Energy Ltd (Apache) owned and operated block WA-49-L of the Balnaves Field in Australia's North West.

- August 2014 saw us signing a FPSO contract with Eni for the charter, operation and maintenance of a FPSO unit for deployment at Block 15/06, East Hub field located in deep water offshore Angola. The contract is for a firm charter period of 12 years with options for eight annual extensions. This is our largest contract to date.

  With this FPSO, we continue to extend our technology envelope with an in-house designed external turret connecting 18 risers in 450m water depth – one of the largest of its type in the world. This FPSO also establishes Bumi Armada's foothold in Angola, one of the major oil producing countries in the world.

- We also achieved sailaway of the *Armada Sterling II* in October 2014. The vessel, which is equipped to produce 26,500 barrels of oil per day (bopd), also has 63.5 million cubic feet per day of gas compression capacity. She achieved first oil and final acceptance in the first quarter of FY2015. This is an important milestone for the Group as this is the first FPSO to be installed with an internal turret and swivels fully engineered in-house at Bumi Armada.

- In December 2014, Bumi Armada was awarded a contract by Husky-CNOOC Madura Limited to supply a FPSO unit for the Madura BD Field. The contract, valued at approximately USD1.18 billion, is for a firm charter period of 10 years with options for five annual extensions. This FPSO establishes Bumi Armada in Indonesia, which has quite a number of potential floater developments. This FPSO will process condensate and gas laden with very high quantities of H_2S, an impurity which is becoming more common in field developments and which will be removed by an onboard sulphur removal plant. This will be the largest such floating plant in the world.

Moving Forward

We anticipate a reduction in the number of FPSO awards in 2015. However, we continue to selectively pursue new business as FPSO awards tends to have a lead time of at least 12 months from request for proposals to award. Going forward, we will continue to bid for and target FPSO and FPU projects in the Atlantic Corridor (West Africa, Latin America, Gulf of Mexico and North Sea) and Asia.

To date, the *Armada Kraken* and the *Armada Olombendo FPSO* are progressing smoothly with both having met their FY2014 targets. They are cementing Bumi Armada's market reputation as a key player in the execution of large complex FPSOs.

FLOATERS – FGS BUSINESS UNIT

Given the current energy market, the development of the FGS business is complementary to our FPSO business.

On the production side, the current lower LNG pricing will maintain pressure on CAPEX and encourage field operators to seek alternatives to expensive onshore liquefaction plants and/ or large and complex newly built floating LNG (FLNG) units. FGS therefore sees value in continuing to develop its cost efficient small-to-mid-scale FLNG solutions through further pre-FEED and FEED studies in partnership with key LNG contractors. On the import side, the floating storage and regasification segment is expected to grow further, buoyed by the lower LNG prices.

Operational Highlights

FGS has been actively bidding for Floating Storage Unit ("FSU"), Floating Storage and Regasification Unit ("FSRU"), and Floating LNG Front End Engineering Design ("FNLG FEED") projects. Success on the FSU front came with the signing of agreements with ElectroGas Malta Limited for the construction and operation of an LNG receiving terminal located at Delimara in the island state of Malta. The contracts, effective April 2015, spans 18 years and two months and encompasses conversion, supply and maintenance of the FSU. The FSU is expected to be operational by 2016.

Moving Forward

We are excited about these developments, which will help us expand further into the gas sector. We will continue to explore and pursue opportunities which may arise in this growing space.

SERVICES – OSV BUSINESS UNIT

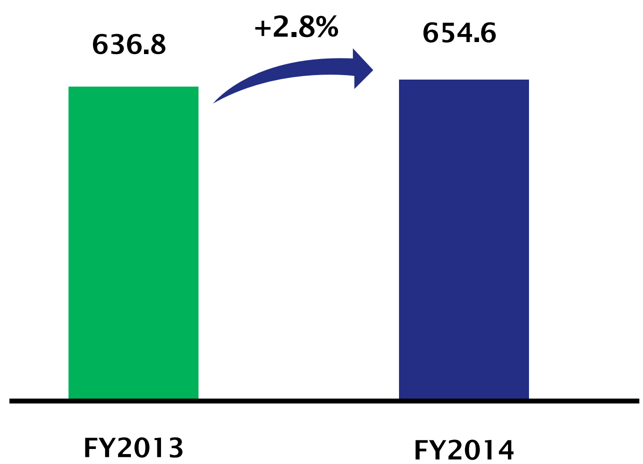
Our OSV vessels operate on a global scale in different regions of the world across three continents – Asia, Africa and Latin America. We serve major offshore oil and gas players that include Shell, ExxonMobil, Eni, Total, Murphy, Tullow, PETRONAS, Petrobras, Saudi Aramco, Saipem, Eni-Repsol, Sonangol, Addax, PEMEX, Petrovietnam and LUKOIL, among others.

OSV Vessel Type	Number of Vessels
AHTS/Utility/Mooring - Class A	13
AHTS/Utility/Mooring - Class B	17
MPSV/PSV	10
Accommodation workboat/Workbarge - Class A	4
Accommodation workboat/Workbarge - Class B	3
Total Vessels	47

Financial Highlights

In FY2014, the OSV segment saw its revenue rise to RM654.6 million from RM636.8 million previously. The rise in revenue came on the back of contributions from vessels which we took delivery of in 2013 (such as the *Armada Tuah 304*, *305* and *306*) but was offset by lower contributions from Class B vessels.

OSV Revenue (RM Million)



Operational Highlights

Under our fleet expansion and renewal programme, we took delivery of three new PSVs, namely the *Armada Tuah 307*, *Armada Tuah 500* and *Armada Tuah 308*. We also disposed of six Class B vessels in 2014 while five more are marked for sale.

The year saw a decrease in vessel utilisation to 73.6% due to an oversupply of OSVs globally. We continue to focus on MPSVs which are able to secure better day rates and longer charters. We expect to take delivery of two new MPSVs in FY2015 and two more in FY2016 under our Steel on Water II fleet renewal programme. In the fourth quarter of 2015, we are expecting delivery of all three Ice Class vessels which will service LUKOIL on a 20-year contract and will further enhance Bumi Armada's presence in the Caspian region.

MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER (Cont'd)

Our OSV business unit chalked up several successful wins in FY2014, which include amongst others:

- The *Armada Tuah 84* and *Armada Tuah 85* secured long-term charters in Venezuela directly with Cardon IV (a 50-50 joint venture between Repsol and Eni).
- The *Armada Tuah 105* and the *Armada Tuah 108* secured long-term charters with Sonangol Angola to support Total E&P Angola on the drilling campaign on Block 32 offshore Angola.
- We also secured long-term charters with Total Angola for the *Armada Tuah 306* and *Armada Tuah 302*.
- We took delivery of the A*rmada Tuah 500* which secured a two-year charter with Sonangol.
- We also secured long-term charters with Sarawak Shell for the *Armada Tuah 21*, *Armada Tuah 23* and *Armada Tuah 26*.

Moving Forward

The OSV business unit is expecting a challenging 2015. We expect a continued influx of new vessels to add to the current oversupply in the global OSV market. Charter rates continue to be supressed due to lower exploration and production activities brought about by the low oil price environment.

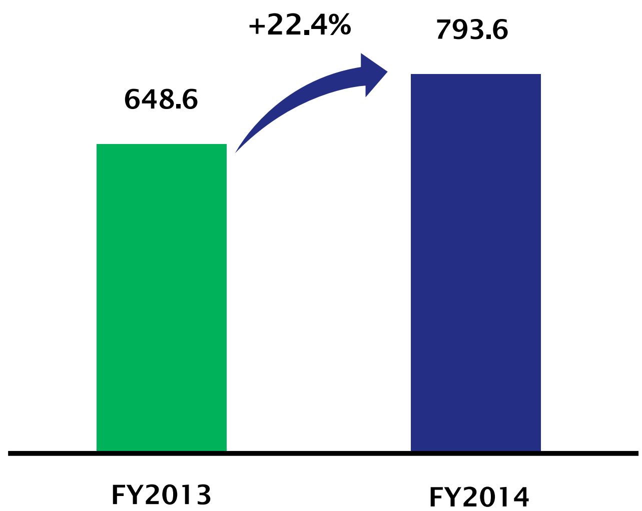
SERVICES - T&I BUSINESS UNIT

The T&I business currently has two pipelaying barges, the *Armada Installer*, in the Caspian and the *Armada KP1* in Southeast Asia. We also have two subsea vessels the *Armada Hawk* and the *Armada Condor*, which operates in Southeast Asia and West Africa respectively.

Financial Highlights

In FY2014, revenue for the T&I segment increased to RM793.6 million from RM648.6 million in FY2013. This 22.4% or RM145.0 million rise was mainly due to the ramp up of pipe laying and post trenching activities on the LUKOIL project, higher utilisation of the *Armada Installer*, and contributions from the *Armada Condor* during the year.

T&I Revenue (RM Million)



Operational Highlights

Over the course of FY2014, the T&I business registered these achievements:

- The *Armada Installer* successfully completed the first phase of the T&I EPIC LUKOIL Filanovsky Phase 1 campaign on 12 November 2014. The LUKOIL Pipelay Project is significant to us as it is our EPIC installation project. It saw us successfully laying, trenching and burying an 80 km-long pipeline. Today, preparation for Phase 2 of the campaign is ongoing with installation expected to begin by the second quarter of FY2016.
- The *Armada Hawk* successfully completed three significant installation projects in Southeast Asia. During the year, the vessel completed two saturation diving projects in Vietnam, and was also mobilised in the last quarter of 2014 in SURF mode for the C7 FPSO Installation Project in India which was completed in February 2015.
- The *Armada Condor* completed five projects in West Africa during 2014. We began the year with a contract for Perenco which was followed by four other subsea inspection, repair and maintenance (IRM)/saturation diving and remotely operated underwater (ROV) project wins.
- Over the course of the year, we also acquired the *Armada KP1*, a DLB to target pipelay jobs in Southeast Asia region with a special focus on the Indonesian market.

In FY2014, the vessels under the T&I business unit averaged 96% uptime. Our DLB, the *Armada Installer* based out of Turkmenistan worked continuously from April to December 2014 for PETRONAS in the Caspian region with zero downtime.

Moving Forward

With our good track record of having successfully executed numerous jobs in the Caspian region, particularly the 80 km pipeline project for LUKOIL, and the fact that we have the only newly built DLB in the Caspian region, Bumi Armada is strategically positioned to be the leading T&I player in this region. Today the *Armada Installer* is undertaking work for PETRONAS in the Diyerbekir Field in Turkmenistan and is exploring other opportunities.

HSE PERFORMANCE

Bumi Armada endeavours to put in place standard operating procedures, systems and culture which are best in class by international standards in order to have a world class safety record. A total of 7.6 million man hours were recorded in FY2014, an increase of 10.5%. Five lost time injuries (LTIs) were recorded in 2014.

We continue to strengthen the safety culture across the organisation. The improvements in safety awareness have led to an increase in the Accident Control Techniques (ACT) score with higher quality reporting by both onshore and offshore staff. We are encouraged that the *Armada TGT 1* achieved three years of continuous operation without a single Lost Work Case (LWC) which is a significant safety milestone. It demonstrates Bumi Armada's commitment to upholding the highest levels of safety consciousness and team work.

The Projects Support Unit in particular, has consistently reported LTI-free performance for each project that it has handled with over 14 million LTI-free man hours recorded to date. In FY2014, our T&I business achieved 710 days without a LTI, bringing this to a cumulative figure of 1.9 million man hours without a LTI. The year saw us adding an Offshore Pipeline component to our ISO 9001:2008 Quality Management System to ensure compliance with industry standards.

We value safe operations and our commitment to setting and achieving high HSE management targets as well as implementing recommendations arising from a risk-based approach, is reflected in the many HSE awards and accolades we have received to date. These include the OSV Vessel Excellent Safety Operation Performance Award, Recognition of Contribution to Safety & Marine Operation Achievement, Achievement of 365 Goal Zero Days, Shell Champion Trophy for Marine Contractor Performance Award League Table position and the Shell Goal ZERO Award, among others.

	2012	2013	2014
Safety Observation Frequency	284.8	560.5	720.8
Near Miss Reporting Frequency	1.26	1.34	1.66
Management Visit Ratio	7.52	5.20	5.83
HSE Training Man-hours	12,836	22,710	30,365
	YEAR 2012 (AS AT 31st DEC 2012) Bumi Armada - 5,396,481 MAN-HOURS	**YEAR 2013 (AS AT 31st DEC 2013) Bumi Armada - 6,883,405 MAN-HOURS**	**YEAR 2014 (AS AT 31st DEC 2014) Bumi Armada - 7,608,765 MAN-HOURS**

- Zero fatality
- 42% increase in the Safety Observation cards submission in 2014 compared to 2013
- 11 Health, Safety and Environment (HSE) awards (2013-2014)
- Positive Reporting Culture across Bumi Armada

MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER (Cont'd)

SUSTAINABILITY INITIATIVES

Bumi Armada is committed to implementing good sustainability practices throughout our operations and our efforts in this area have consistently borne encouraging results. For the third year running, Bumi Armada was inducted into the Dow Jones Sustainability Emerging Market Index as its sole Energy & Services provider. We are also the only Malaysian company to have been included in the 2015 RobecoSAM Sustainability Yearbook. Regionally, Channel News Asia (CNA) recognised Bumi Armada as one of the Top 100 companies that achieved the highest sustainability performance score across 10 key Asian economies. Closer to home, we were included in the first ever FTSE4Good Bursa Malaysia Index and were honoured to be among the 24 out of the 200 largest companies to be invited into the FTSE Bursa Malaysia series.

Bumi Armada's sustainability initiatives are in line with global best practices. Our Corporate Social Responsibility (CSR) Steering Committee has identified four focus areas to drive improvements and make a difference, namely fuel efficiency, environmental conservation, local content and capacity development. These focus areas are in line with global sustainability guidelines and form the basis of our ESG index. As a global leader in the oilfield service industry, our top area of focus is our carbon footprint. This is being continuously measured with yearly reduction targets set to ensure our operations comply with strict regulations.

The fuel metering project that we that began in 2012 continues to be implemented effectively throughout our OSV fleet. To date, all our newbuilds under our Steel on Water 2 programme are fuel efficient and comply with Tier III NOx emission limits. In addition, we implemented the Ship Energy Efficiency Management Plan (SEEMP) for our OSV and T&I vessels in alignment with the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78). With SEEMP now in place, we intend to include "Energy Management" in our Environmental Management System in 2015. The energy efficiency indicators we have established are now included in the environmental module of our enterprise-wide HSSEQ database, Cintellate.

Greenhouse Gases

	2013 (t.CO2e/manhours)	2014 (t.CO2e/manhours)	% YTD difference
Fuel (Vessels)	9.1041 x 10-2	9.0962 x 10-2	- 0.09
Electricity (Office)	4.9272 x 10-4	4.8678 x 10-4	- 1.20
Total Bumi Armada Berhad (Fuel+Electricity)	7.0241 x 10-2	6.8384 x 10-2	- 2.64

Fuel and electricity in a form of tonCO2-e is calculated based on operational denominator for environmental KPI - Corporate and business units

The Group also has in place a Greenhouse Gas (GHG) inventory review, identifying emissions sources and relevant emission factors whereby measurements are taken constantly and are compared with our annual reduction targets in accordance with strict policies.

As part of our efforts to strengthen environmental conservation activities among communities, we have kick-started the Turtle Conservation programme at the Turtle Sanctuary and Information Centre located in Cherating. To date, we have provided the necessary infrastructure and equipment to improve conservation efforts in the area. The Turtle Conservation Programme was officially launched at our Environmental Day event in September 2014 and a technical workshop was held for internal stakeholders. The Group also actively supported the national-level World Ocean Day event in mid-2014 in recognition of the marine based nature of our business. The five-year carbon offset programme that we initiated with the Forest Research Institute of Malaysia (FRIM) is now into its third year, strengthening our commitment on environmental conservation at national level.

The underprivileged and the less fortunate are not forgotten and through our community/philanthrophic activities, we bring much needed relief to them. In Malaysia, we have actively contributed to the Malaysian Community and Education Foundation, while the Edge Rat Race and Bursa Malaysia Bull Charge are two events in which we participate to raise funds for worthy causes. Since 2012, we have been hosting a golf tournament, named the Riser Cup, with other oil and gas companies, as a platform to raise money for selected charities. In FY2014, the National Cancer Society Malaysia and the Persatuan Pemulihan Orang-Orang Cacat Selangor & Wilayah Persekutuan were beneficiaries of Riser Cup activities.

Other shorebases such as Russia and Turkmenistan are actively involved in philanthropic projects. A Day with Orphans was our way of spending time with underprivileged children in Russia. Whilst in Turkmenistan, we actively engaged with the local community, focussing on children who are disabled and hospitalised. We sponsored a public organisation called Yenme, that brought together children with disabilities in a pavement chalk drawing competition. Other activities included organising a New Year holiday programme for disabled and orphaned children, sponsoring a movie event for underprivileged children, and the graduation event at a kindergarden for children with hearing impairments. In Turkmenbashi and Ashgabat, we organised charity events for orphans and hospitalised children. All these underscore our efforts to give back to the communities where we operate in.

HUMAN RESOURCE MANAGEMENT

2014 was a challenging year on the Human Resource management front. The award of *Armada Kraken* towards the end of 2013, together with two new awards for the Eni 15/06 field and Madura BD Field in 2014, meant that a significant part of our efforts were focused on ramping up our staff strength and acquiring the right talent to support our business units effectively. We also took steps to ensure that our organisation's capability continued to grow through staff development initiatives.

To ensure our talent management efforts progress in tandem with staff growth, we continue to invest in programmes such as our Senior Officer/Engineer Leadership Assessment Programme, Cadetship Programme, Conversion Programme, STAR Leadership Development Programme and Graduate Development Programme.

The year also saw us rolling out the Bumi Armada Staff Engagement Survey with the survey results for 2014 showing an improvement of five percentage points to 66%, reflecting the effective collaboration between HR and the business units. This is the third consecutive year that our survey has shown marked improvement, demonstrating that our employee engagement and people development efforts have been effective.

To date, we have implemented over 20 effective development programmes. We were in the finalist list for three categories in the Human Resources Excellence Awards 2014, namely, Excellence in Employee Engagement, Excellence in Graduate Development and Excellence in Leadership Development, while winning the bronze prize in the Excellence in Employee Development category.

OUTLOOK AND PROSPECTS

Today, the energy sector remains under pressure and industry confidence continues to be shaken as oil prices remain weak. The duration of this bearish sentiment will depend on the timing and extent of the weakness in oil prices and the underlying global outlook for energy demand and supply.

Investment is on a much tighter rein and oil and gas players are being forced to adopt more innovative approaches to cost control. Whilst the curtailment of CAPEX and OPEX in the industry was anticipated, the scale of the reduction is significantly greater than previously expected. The impact of this downturn will be negative for the industry in the short to medium-term, with E&P companies focusing on capital and cost management, which in turn, will lead to new projects being deferred. The home front is similarly affected with PETRONAS aiming to reduce its CAPEX and OPEX.

The postponement of new projects is likely to have a negative impact on the demand for the assets and services of the Group. 2015 is expected to be a another challenging year, particularly for our OSV and T&I businesses.

“

This is the third consecutive year that our survey has shown marked improvement, demonstrating that our employee engagement and people development efforts have been effective.

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MESSAGE FROM THE ACTING CHIEF EXECUTIVE OFFICER (Cont'd)

Notwithstanding the above, we remain positive on the long-term outlook for the offshore oil and gas services industry and are confident of the long-term underlying fundamentals of the Group.

Going forward, we plan to roll out the following strategies on various fronts. On the FPSO front, we will continue to pursue contracts that fit with our strategic imperatives. We currently have three FPSO vessels under conversion and will focus on delivering on these. Another area of opportunity is the FGS sector where we have made good progress by securing our first FSU contracts for the Malta LNG import project, which gives us a foothold in the promising floating LNG market.

With the OSV market being oversupplied and charter prices suppressed, we are reviewing our OSV fleet and strategy. While the T&I business unit has been reduced in size, it will continue focusing its efforts on the Caspian region which holds tremendous potential for us.

By leveraging on these strategies, as well as by steadfastly focusing our efforts on reducing costs and increasing productivity and efficiency, Bumi Armada is confident of maintaining its market position and profitability going forward.

Additionally, we continue to seek ways to reduce our corporate risk exposure. At an EGM following our AGM, we will be seeking shareholders' approval to enter into a joint venture arrangement with Shapoorji Pallonji And Company Private Limited (SPCL) and Shapoorji Pallonji International FZE (SPINT), an indirect wholly-owned subsidiary of SPCL, to undertake the EPCC of the FPSO vessel for the Madura Project in Indonesia. Subject to the approval from shareholders, the Joint Venture would optimise our returns and better manage our risk exposure on the FPSO Project by leveraging on SPCL's established competence and experience in fabrication and construction related activities. The success of the Joint Venture arrangement will further strengthen our relationship with SPCL and encourage mutual exploration of suitable future opportunities in the offshore oil and gas industry.

ACKNOWLEDGEMENTS

Bumi Armada owes its success to many parties and on behalf of the Management Team, I would like to take this opportunity to convey our sincere appreciation to all who have played a part in our success.

Our deep appreciation to our family of partners, vendors, suppliers, services providers and all stakeholders that have helped us grow from strength to strength. We thank them

"By steadfastly focusing our efforts on reducing costs and increasing productivity and efficiency, Bumi Armada is confident of maintaining its market position and profitability going forward."

for their support, for sharing in our vision and mission. Our sincere gratitude goes to our global network of business and technology partners for according us their staunch support especially amidst the tough market environment. Their cooperation and support have helped us achieve stellar success across our business value chain, as well as across varied time zones and work cultures.

Our heartfelt thanks to our Board of Directors for their astute insights, invaluable guidance and long-term vision that has helped keep the Group on course. My sincere appreciation to our former CEO, Hassan Basma, who stepped down on 1 January 2015, after leading our Group for almost 9 years. A big "thank you" also to our loyal employees who continue to display an amazing resilience, passion and spirit of excellence in all that they undertake. Last but not least, our deep gratitude to our shareholders for your confidence in Bumi Armada amidst turbulent times.

As Bumi Armada ventures forth into a challenging operating environment, I ask all stakeholders to lend us their support as we work today to strengthen ourselves for tomorrow's opportunities. On our part, rest assured that we will set our sights on continually enhancing shareholder value.

Chan Chee Beng
Executive Director/Acting Chief Executive Officer

STREAMLINING
OUR WORKFORCE FOR SUSTAINABLE GROWTH

Bumi Armada undertook a reorganisation exercise in order to streamline the Group to face the challenges ahead and to ensure our sustainable growth. Today, we have a leaner but more agile workforce; and our people continue to display the same passion and high calibre service and expertise that we are well known for.


BUMI ARMADA

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Bumi Armada Berhad ("Bumi Armada" or the "Company") is committed to maintaining a high standard of corporate governance and ensuring controls, systems and processes exist throughout Bumi Armada and its subsidiaries (the "Group") to safeguard the Group's assets and reputation and enable sustainable performance. This Statement is prepared pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") and describes the manner in which Bumi Armada has applied the Principles under the 2012 Malaysian Code on Corporate Governance ("CG Code") having regard to the Recommendations therein for the financial year ended 31 December 2014 (FY2014).

1. ESTABLISHMENT OF CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions of the Board and Management

The Board has collective responsibility for the direction and management of the business and affairs of the Company towards enhancing business prosperity and corporate accountability, with the ultimate objective of realising long-term shareholder value whilst taking into account the interests of other stakeholders. In order to discharge that responsibility, it has to provide the requisite leadership and ensure it has laid the necessary governance structures to have effective control of the Company and stewardship over its assets.

The Executive Directors are directly responsible for the day-to-day management of the business and operations, for procuring new business and for the commercial and corporate performance of the Company within the parameters of good governance. Non-Executive Directors play a vital check and balance role by challenging and scrutinising Management recommendations and proposals in an objective manner and bringing independent judgment to the decision making process at the Board and Board Committee levels.

The Board has adopted the following responsibilities as a primary premise for effective discharge of its fiduciary and leadership functions, which are substantially aligned with the CG Code and conform with international best practice in relation to major accident hazards:

- *Reviewing and adopting a strategic plan for the Group* - The Board has responsibility for reviewing, challenging and approving Management's proposals on strategic plans for the Company and its subsidiaries. The Board is also responsible for monitoring the implementation of strategic plans by Management;

- *Overseeing the conduct of the Group's business* – The Board is responsible for the oversight, of the performance of Management to determine whether the business is being properly managed and ensure that there are measures in place against which Management's performance can be assessed;

- *Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures* - The Board is responsible for understanding the principal risks of all aspects of the Company's business and recognises that business decisions involve the taking of appropriate risks, to achieve a proper balance between risks incurred and potential returns to shareholders, and ensure that there are systems in place which effectively monitor and manage these risks;

- *Succession planning* – The Board is responsible for ensuring that candidates appointed to top management positions are of sufficient calibre and shall ensure that there are programmes in place to provide for the orderly succession of top management;

- *Overseeing the development and implementation of a shareholder communications policy for the Group* – The Board is responsible for ensuring that the Company has a policy in place to enable effective communication with its shareholders and other stakeholders. Such policy shall include how feedback received from stakeholders is considered by the Company when making business decisions;

- *Reviewing the adequacy and the integrity of Management information and internal control systems of the Group* – The Board is responsible for ensuring that there is a sound framework of reporting on internal controls and regulatory compliance; and

- *Providing leadership and assurance on effective management and monitoring of HSE risks including those relating to major accident hazards* - The Board shall have principal responsibility for ensuring that the Company implements and enforces a Health, Safety and Environment (HSE) policy based on zero harm to personnel, As Low As is Reasonably Practicable (ALARP) principles for the management of major accident hazards and the use of best practices to minimise emissions to the environment. ALARP criteria should conform to best industry standard.

The Board has delegated specific responsibilities to various Board committees, including the Audit, Nomination & Corporate Governance, Remuneration, Risk Management and Executive Committees, all of which operate within their respective approved terms of reference ("TOR"). These Committees assist the Board in making informed decisions through focused and in-depth deliberations on issues within their respective purview. The final decision on all matters, however, lies with the entire Board after considering recommendations by these Committees except to the extent that certain matters are delegated by the Board to the said Committees.

In order for the Company to run smoothly, the Board has also delegated some of its authorities to certain levels of Management, including the Chief Executive Officer ("CEO"), within the prescribed limits of authority. Such delegation is made pursuant to the Company's Articles of Association ("Articles"). Decisions and approvals beyond such limits are vested with the Board. In the course of 2013, a review of authorities delegated to the Board Committees and Management was undertaken to ensure that these were clearly defined and to mitigate overlaps. The review also aimed to ensure that the limits of authorities met current best practices in corporate governance.

1.2 Division of Roles and Responsibilities between the Chairman and the CEO

There is a distinct division of roles and responsibilities between the Independent Non-Executive Chairman of the Board and the CEO. The Chairman has a non-executive role while the CEO who is also an Executive Director ("ED") has executive functions. The previous CEO vacated his position with effect from 1 January 2015 and we have appointed an Acting CEO from that date. Further details on the separation of the roles and responsibilities of the Chairman and CEO are set out in Section 3.4 of this Statement.

In the context of reinforcing independence and recognising the provisions of the CG Code Tunku Ali Redhauddin ibni Tuanku Muhriz ("Tunku Ali"), an Independent Non-Executive Director ("Independent NED") was appointed as Chairman of the Board to succeed the previous Chairman who was a Non-Independent Non-Executive Director ("NED"), upon the conclusion of the 2013 Annual General Meeting ("AGM").

1.3 Ethical Standards through a Code of Ethics

Since 2006, the Company has had a Code of Ethics ("COE") in place, covering business ethics, conflicts of interest as well as gifts and entertainment. Following a review by the Nomination & Corporate Governance Committee in 2013, the Board has endorsed the COE. The COE sets out policies prescribing the standard of ethical corporate culture and business conduct required of every employee, as well as the policies clearly prohibiting or restricting certain conduct (such as participation either directly or indirectly with competitors, acceptance of cash gifts and dealings with confidential information). Employees are required to declare that they have received, read and understood the provisions of the COE as well as agree to abide by it. Failure to comply with the COE may constitute misconduct that could lead to the Company initiating appropriate disciplinary action.

To reinforce the standards prescribed in the COE, the Board (in 2012), established a Whistle Blowing Policy and Procedure to promote responsible corporate conduct across the Group. A Whistle Blowing Committee attends to all whistle blowing complaints received and presents reports on such complaints received and the outcomes of preliminary investigations as to the merits of the complaints and whether they warrant further investigations, on a quarterly basis to the Audit Committee.

Separately, the Board has adopted a Code of Business Conduct and Ethics specifically applicable to Directors, that establishes a standard of ethical behaviour and values to uphold the spirit of responsibility for managing a company. Amongst others, it governs the handling of conflicts of interest, dealings in securities, confidentiality and Company information.

1.4 Strategies that Promote Sustainability

Bumi Armada is committed to being a good global corporate citizen. It believes sustainability is about balancing growth with corporate responsibility, conserving resources for future generations by minimising carbon footprint activities, amongst other things that may have a negative impact on the environment. It also believes in driving efficiency and productivity while returning value to its stakeholders in a variety of ways. The Group acknowledges that having due regard to the environmental, social and governance ("ESG") aspects of business underpins its agenda of sustainability. To this end, it focuses on four key areas, namely fuel efficiency, environmental conservation, local content and capacity development.

In 2014, the Company published its third Biennial Corporate Social Responsibility ("CSR") Report that covers and explains the ESG aspects and the strategies that promote sustainability for the period 2012 - 2013. The 2012 - 2013 CSR Report is available on the Company's website. In 2014, Bumi Armada was included in the Dow Jones Sustainability Index for Emerging Markets (DJSI Emerging Markets) for the third year running. The DJSI Emerging Markets initiative was launched on 21 February 2013 by RobecoSAM, the investment specialist focused exclusively on Sustainability Investing. Bumi Armada is the only Malaysian company selected to be in the Sustainability Yearbooks of 2014 and 2015. This index tracks the performance of leading companies from 34 countries in response to the evolving needs of the global investment community where CSR is increasingly associated with good governance and well-managed companies. Further details are set out in the Message from the Acting CEO in this 2014 Annual Report.

1.5 Board Members' Access to Information and Advice

The Board has agreed to a protocol for access to information pertaining to the Company and for seeking independent professional advice necessary for the Board and Board Committee members individually or collectively, to discharge their duties effectively. Any expenses incurred in seeking independent professional advice are to be borne by the Company. Where the expenses exceed RM50,000, the Chairman's approval is required.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

1.6 Support of Company Secretary

All Directors have access to the advice and services of the Company Secretary who ensures that proper processes and procedures are in place and adhered to for the effective functioning of the Board. This includes setting the agenda, convening, facilitating proper conduct and recording proceedings and decisions of the Board and Board Committees. The Company Secretary advises the Board on various matters including Directors' duties, disclosure obligations, compliance with companies and securities laws, regulatory requirements and corporate governance initiatives. The Company Secretary also ensures statutory and meeting records of the Company are properly maintained and relevant disclosures, submissions and filings are made in a timely fashion to the regulators on behalf of the Company and the Board.

1.7 Board Charter and Schedule of Matters Reserved for the Board

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

Nevertheless, a comprehensive review was undertaken to streamline, redefine and provide clarity to the roles, responsibilities and powers of the Board and matters reserved to it, separate from the Board Committees and Management. As a result of this review, a Schedule of Matters Reserved for the Board has been developed and adopted. The setting of business strategy, approval of annual business plan and budget including annual capital and operating expenditure, approval of major new projects and the capital and operating expenditure related to such projects, acquisitions and disposals of strategic investments and joint ventures, borrowings, capital restructuring and annual and quarterly financial statements vest with the Board.

In line with Principle 1 and Recommendation 1.7 of the CG Code, a Board Charter has been developed and adopted. The Board Charter sets out the Board's strategic intent and outlines the Board's roles and responsibilities and other matters concerning and regulating the affairs of the Board. It constitutes the terms of reference within which the Board will operate, subject to the provisions of relevant legislations, regulations, governance codes and the Company's Articles and is a source of reference and primary induction literature providing insights to prospective Board members and senior management. Directors, both serving and coming on board, shall be clear as to the role and responsibilities of the Board, the Board Committees and the different categories of Directors as well as the process for scheduling, calling and convening of Board meetings, principal matters reserved for the Board and reference on induction and training of Directors, among other matters.

The Board Charter shall be reviewed from time to time to keep it up to date with changes in regulations and best practices as well as to ensure its effectiveness and relevance to the Board's objectives.

2. STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nomination & Corporate Governance Committee ("Nomination Committee")

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

In this regard, the Nomination Committee (which has its own TOR, is charged with the following primary responsibilities and for making the appropriate recommendations to the Board:

- formulating the nomination, selection, election and succession policies for members of the Board and Board Committees;
- reviewing the optimum size and composition of the Board having regard to the mix of skills, independence and diversity, and formalising a transparent procedure for proposing new nominees to the Board and Board Committees;
- assessing the effectiveness of the Board as a whole and the contribution of each individual Director and member of each Board Committee;
- overseeing Board induction and training; and
- reviewing policies, procedures, measures and initiatives that promote good corporate governance practices in line with Malaysian and international standards as deemed suitable for the Group.

The Nomination Committee presently comprises three NED, all of whom are Independent Directors: Tunku Ali, Ms Alexandra Schaapveld, and Mr Saiful Aznir Shahabudin ("Mr Saiful"). Tunku Ali succeeded Mr Andrew P Whittle ("Mr Andy Whittle") as the chairperson of the Nomination Committee, following his retirement as a Director on 10 June 2014. Mr Saiful replaced Mr Chan Chee Beng ("Mr Chan") on the Nomination Committee in February 2015, when Mr Chan was re-designated an ED upon assuming the Acting CEO role earlier this year.

The Nomination Committee met six times in 2014 to:

- review the Board composition arising from several changes to the Board and to review the eligibility, skills, competencies and experience of new candidates nominated for appointment to the Board and those seeking election/re-election to the Board;
- follow through on measures to meet goals towards filling diversity gaps on the Board which included engaging an external executive search firm to undertake search to identify candidates for Board membership;
- set a timeline and facilitate the 2013 Board and Board Committees assessment process including assessing and reviewing and reporting the findings and making the appropriate recommendations to the Board;
- follow through on actions on succession planning at top management level;
- assess and make recommendations on the training needs of Directors; and
- review policies, initiatives, measures and procedures to strengthen and give effect to matters pertaining to corporate governance, having regard to provisions of the CG Code and in line with global best practices including a review of terms of reference for Directors.

2.2 Criteria for Recruitment and Annual Assessment of Directors

On the recommendation of the Nomination Committee, a Board Diversity Policy was adopted by the Board in 2013, taking into account the provisions under the CG Code. The Policy was developed to enhance the selection process of candidates to the Board. The Policy reiterates that the Board should comprise members who collectively have the right mix of qualifications, skills and competencies and other complementary attributes that will best serve the needs of the Company. It identifies gaps in competencies, skills and diversity among members and takes the necessary steps to remedy them to ensure they can add value to the deliberations and decision-making at the Board and Board Committee levels. The Policy also aims to provide a competitive edge to the Company in achieving its corporate and strategic objectives, and with the expectation of enhancing shareholder value.

Measurable objectives, targets and timelines have been set to address the gaps. Persons selected must have the right attributes for the roles they are expected to play. Whilst the Policy recommends and promotes gender and age diversity and aims to increase the representation of women candidates on the Board, it also aims to identify a candidate with engineering qualifications and offshore oil and gas experience, and an additional Independent Director to be appointed to the Board.

In this regard, the appointment of Ms Maureen Toh Siew Guat ("Ms Maureen Toh") to the Board in April 2014 has enabled the Board to bring on board someone with legal experience and add to the existing, corporate and capital market experience whilst at the same time increasing the representation of women on the Board. The appointment of Mr Shapoor Mistry, on the other hand has enabled the Board to strengthen its international perspective and deepen its knowledge and insight of related business e.g. construction.

The Board's selection process entails the following steps:

- identifying the attributes needed on the Board and the vacancies to be filled;
- determining the desired and resultant size of the Board;
- drawing up specifications for the positions to be filled;
- initiating the search for candidates through internal and external means;
- introducing shortlisted candidates to the Chairman and the Nomination Committee and other Board members;
- deliberating and recommendation by the Nomination Committee to the Board; and
- decision making by the Board on the appointment.

The appointed candidate will participate in an induction programme to have a better understanding of the Group's business, operations and functional areas and this will include meeting with other Board members. The Nomination Committee also reviews Directors who are subject to re-election/election at the AGMs to ensure they will continue to contribute.

Leading up to the 2015 AGM, Mr Shaharul Rezza Hassan ("Mr Rezza Hassan"), an ED and Head of the Offshore Support Vessels ("OSV") business unit is one of the Directors due for retirement by rotation pursuant to Article 113 of the Company's Articles. Being eligible he has offered himself for re-election.

Three other Directors who are of equal seniority for retirement by rotation pursuant to Articles 113, namely Tunku Ali, Mr Saiful and Mr Chan have agreed among themselves that Mr Saiful shall stand for re-election. Mr Saiful who would have served nine years on the Board of the Company as an Independent Director as of 1 December 2015, will also seek the approval of the shareholders at the Company's 19th AGM to continue to serve as an Independent Director pursuant to Recommendation 3.3 of the CG Code. In addition Mr Shapoor Mistry who was appointed to the Board on 27 October 2014, will offer himself for election pursuant to Article 120 of the Company's Articles. The Board, on the recommendation of the Nomination Committee, is satisfied that those standing for re-election will continue to bring to bear their knowledge, experience and skills and contribute effectively to the Board's discussions, deliberations and decisions based on their performance thus far.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

For the assessment of the Board and Board Committees in respect of 2012, the Board adopted an internally developed criteria in early 2013, as recommended by the Nomination Committee. In respect of 2013, the Board, on the recommendation of the Nomination Committee, engaged an independent Human Resource consultancy firm ("Independent Consultant") to formulate an assessment criteria and undertake an assessment of the Board and Board Committees. For the 2014 assessment of the Board and Board Committees, the 2013 criteria has been adopted and the assessment process is in progress.

2.3 Remuneration Policies and Procedures

i) Remuneration Committee Composition and Responsibilities

The Remuneration Committee comprises three NEDs, the majority of whom are independent. While Ms Alexandra Schaapveld continues as chairperson of the Remuneration Committee, Mr Saiful and Ms Maureen Toh were appointed as new members, with Mr Saiful replacing Mr Andy Whittle and Ms Maureen Toh replacing Mr Lim Ghee Keong ("Mr Lim") in the Committee on 10 June 2014, following Mr Andy Whittle's and Mr Lim's retirements.

The Committee is charged with the following primary responsibilities:

- recommend to the Board the policy and framework for Directors' remuneration as well as the remuneration and terms of service of the EDs;
- evaluate the annual performance and reward of the EDs;
- review Management remuneration policies and proposals; and
- review and endorse broad parameters and criteria for the determination of eligibility and basis and criteria for allocations and grant of options under the Company's Employee Share Option Scheme ("ESOS" or "Scheme").

  The day-to-day functions relating to the implementation of the Scheme and the exercise of options are handled by the Management level ESOS Management Committee with its own remit.

ii) Remuneration Policy and Procedure

The objective of the Group's policy on Directors' remuneration is to attract, retain and incentivise Directors with the right experience, expertise and calibre needed to manage the Group successfully. The remuneration of the EDs is structured so as to link rewards to individual responsibilities and to corporate and individual performance.

In the case of NEDs, their remuneration shall commensurate with their experience, expertise and the level of responsibility and duties undertaken, as well as the roles they are to play on the Board and Board Committees. The Board may draw advice from independent consultants in determining remuneration.

The EDs' remuneration package comprises an all-in fixed component which includes a base salary, benefits-in-kind/emoluments such as company car, driver, health insurance premium coverage; and a variable component which includes short-term incentives in the form of a performance-based bonus. The EDs are also incentivised by way options subscribe for the Company's shares under the Company's ESOS. EDs are not entitled to receive any meeting allowance for Board or Board Committee meetings they attend.

Over the course of 2013, the Remuneration Committee initiated a review by an Independent Consultant of the Policy and Procedure for Directors' remuneration which was confirmed to be in line with best practices. These findings were subsequently adopted by the Board.

The Independent Consultant was also engaged to benchmark a proposed revision in NEDs' remuneration (including benefits), against companies of a similar size and in a similar industry in Malaysia, Singapore, the UK and US, as well as against the remuneration practices of other listed companies within the Usaha Tegas group (the group is the single largest shareholder of the Company).

Following the review, the Board approved a revision of the NEDs' remuneration in order to rebalance the fees according to the roles and responsibilities undertaken by Directors on the Board and Board Committees. This revision sought to align the fees to companies in a similar industry in Singapore, the UK and US while considering the complexities and global nature of the Company's business.

The NEDs' remuneration comprises fees, meeting allowances and contribution by the Company to the Malaysian Employees Provident Fund Board for Directors based in Malaysia or payment in lieu thereof, in the case of the overseas Directors.

Directors also have the benefit of Directors' and Officers' Liability Insurance in respect of liabilities arising when acting in their capacity as Directors and Officers of the Company and Group.

The Articles of the Company provide that unless otherwise determined by an ordinary resolution of the Company in a general meeting, the total fees of all Directors in any year shall be a fixed sum not exceeding in aggregate RM3,000,000 and divisible among the Directors as they may agree, or failing agreement, equally. Any increase in NEDs' remuneration above the cap provided in the Company's Articles shall be approved at a general meeting of the Company. The aggregate fees paid to the NEDs as at the end of 2014 did not exceed the aforementioned fee cap.

The determination of the remuneration of Directors is a matter for the Board as a whole based on the recommendation of the Remuneration Committee. Individual Directors do not participate in decisions regarding their own remuneration packages. The Remuneration Committee has met six times in 2014 and the meetings were attended by all members during their respective tenures on the Committee. The Committee dealt with the following matters during 2014:

- deliberations and recommendation on the evaluation of performance of EDs for 2013;
- setting of KPIs for EDs for 2014;
- review of the broad parameters and criteria for employee increments and bonuses, as well as the grant of options under the Company's ESOS;
- determination of maximum options to be granted to EDs for which shareholders authority was procured in 2014;
- determination of actual number of options to be granted to the EDs pursuant to shareholders authority in 2013; and
- review of the formula for the adjustment of number of options and option prices arising from the Bonus and Rights Issues undertaken by the Company in 2014 and the approval of the adjusted numbers of options and option prices.

Under the By-Laws governing the Scheme, the total number of new shares which may be issued under options granted pursuant to the Scheme shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any time during the subsistence of the ESOS. In addition, the total number of shares which may be issued under options granted to Directors and members of senior management of the Group shall not exceed in aggregate 50% of the total number of shares to be issued under the Scheme ("Permissible Allocation").

During the financial year and since the commencement of the Scheme up to 31 December 2014, options representing 19.28% and 33.74% respectively of the Permissible Allocation have been granted to and accepted by our EDs and senior management. These percentages include the adjusted number of options consequent upon the Bonus Issue and the Rights Issue which were completed on 13 October 2014.

iii) Remuneration Package

The details of Directors remuneration (both Executive and Non-Executive) is shown under Note 12 of the Company's audited financial statements for the financial year ended 31 December 2014 ("FY 2014"). The aggregate remuneration of Directors for FY 2014 analysed into the appropriate bands of RM50,000 is as follows :

Range of remuneration*	Executive Directors	Non-Executive Directors
RM100,001 - RM150,000	–	3
RM300,001 - RM350,000	–	2
RM400,001 - RM450,000	–	1
RM450,001 - RM500,000	–	1
RM750,001 - RM800,000	–	1**
RM2,000,0001 to RM2,050,000	1	–
RM18,350,001 - RM18,400,000	1	–

* *Remuneration paid to EDs includes salaries and bonuses, as well as other benefits and incentives. NEDs' remuneration includes fixed fees and meeting allowances.*
** *Included allowances in respect of 2013 which were only paid in 2014*

CORPORATE GOVERNANCE STATEMENT (Cont'd)

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

On the recommendation of the Nomination Committee, the Board has adopted a policy, procedure and criteria for the assessment of independence of Independent Directors in early 2013. An assessment of the independence of the Independent Directors as of 2014 was undertaken early this year, which re-affirmed their independence. The policy and procedure also provides for assessment to be undertaken when new members are appointed to the Board in an independent capacity, prior to their appointment. Confirmation is also required for disclosures for regulatory purposes. However, Independent Directors are expected to inform the Board, any time when circumstances arise which could interfere with their exercise by them of independent judgment, and objectivity or their ability to act in the best interest of the Company. The policy and criteria will be reviewed from time to time.

3.2 Tenure of Independent Directors

A limit of nine years' service is provided for under the criteria for independence in the CG Code. Save for Mr Saiful who would have served on the Board in an independent capacity for nine years on 1 December 2015, none of the other Independent Directors has served a similar tenure on the Board.

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

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

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

Based on the re-affirmation of independence and after considering other eligibility criteria, the Board is satisfied that Mr Saiful will continue to play his independent role effectively. Mr Saiful being eligible will be offering himself for re-election as a Director and to continue as an Independent NED, at the 2015 AGM. He has served on the Board in an independent capacity for a period of 8 years and 4.5 months as of to date.

3.4 Separation of positions of Chairman and CEO

There is a distinct division of roles and responsibilities of the Chairman of the Board and the CEO. The positions of Chairman and CEO are held by separate individuals in the interest of checks and balances. The current Chairman, Tunku Ali who assumed the position in June 2013 is an Independent NED.

The Chairman is responsible for creating the conditions necessary for overall Board and individual Directors' effectiveness, drawing on their respective knowledge, experience and skills.

His role includes:

- providing leadership at Board level;
- setting the tone for Board discussions and deliberations with a view to promoting effective decision-making and performance monitoring to promote the success of the Group;
- setting the tone for the Company's values and standards to ensure the obligations to its shareholders and other stakeholders are understood and met;
- reviewing the organisational structure including the composition of Board Committees to ascertain if it serves the needs of the Company and Board;
- setting the Board agenda with input and advice from the CEO (with primary focus on strategy, value creation, governance and accountability) and ensuring timely flow of high quality supporting information;
- working together with the Board and based on the work of Board Committees, he will also determine the nature and extent of risk appetite of the Company;
- ensuring there is a proper selection, and assessment and training programmes for Directors;
- together with the other Board Members monitoring the implementation of Board decisions and directions and performance of Management; and
- presiding over shareholder meetings and represent the Company at certain key events.

The CEO, who is an ED, on the other hand has overall responsibilities as follows:

- responsible for the performance of the operational and business units and achievement of the corporate and commercial objectives of the Group including managing the expansion and optimisation of revenue and earnings of each of the businesses and enhancing the capital value of the Group;
- work with and advise the Board in defining the strategic, corporate and commercial objectives of the organisation, preparing its business and operational plans and seeing to their implementation as well as the implementation of the policies, directives and decisions as approved by the Board; and
- provide leadership to Management and having direct oversight for the financial performance, organisational effectiveness which encompasses human resource developments, investor relations and building of brand equity, striving for operational excellence, supporting and managing the Company's health, safety, environment ("HSE") management system and quality performance initiatives as well as commitment to Corporate Social Responsibility. In respect of HSE, to promote the application of ALARP principles for management of occupational and major accident hazard risks to people and environment.

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

3.5 Composition of the Board

There were several changes to the Board in 2014. Dato' Sri Mahamad Fathil bin Dato' Mahmood tendered his resignation as a Director. Mr Andy Whittle and Mr Lim opted to retire as Directors upon the conclusion of the 2014 AGM. Ms Maureen Toh was appointed to replace Mr Lim in a Non-Independent and Non-Executive capacity on the Board in April 2014. Mr Shapoor Mistry was appointed to the Board as a Non-Independent NED in October 2014 and Mr Ravi Shankar was simultaneously appointed as his alternate.

In December 2014 the then CEO, Mr Hassan Basma tendered his resignation as a CEO and ED, to take effect from 1 January 2015. Mr Chan assumed the Acting CEO role and was re-designated as an ED, effective from 1 January 2015. Throughout the year the Board's composition was constituted by at least 1/3 Independent Directors. Prior to the conclusion of the 2014 AGM the Board had 4 Independent Directors, 3 NEDs and 2 EDs. After the conclusion of the 2014 AGM it was comprised of 3 Independent Directors, 2 NEDs and 2 EDs and with an additional NED appointed on 27 October 2014 together with his alternate. The Board currently has 3 Independent Directors, 2 NEDs and 2 EDs.

The Independent Directors provide an effective check and balance in the functioning of the Board. They play a pivotal role in corporate accountabilities as they provide unbiased and independent views, advice, opinions and judgement at Board and Board Committee deliberations, with regard to the interest of minority shareholders and other stakeholders. None of the NEDs participate in the day-to-day management of the Group. The Independent Directors and NEDs play key roles in the various Board Committees that include the Audit, Risk Management, Nomination and Remuneration Committees in shaping and contributing ideas and essential feedback towards the development and strengthening of the governance structures and foundations of the Company.

Together, the Directors act in the best interest of the Company and believe that the current Board composition fairly reflects the interests of its shareholders to provide effective leadership, strategic direction and necessary governance to the Bumi Armada Group. These Directors bring to the Board a wide and varied range of business, commercial, financial, technical, corporate and legal experience for the effective management of the Group's businesses. The Directors' profiles are presented on pages 30 to 33 of this Annual Report.

4. FOSTER COMMITMENT

4.1 Time commitment

Directors have demonstrated their commitment to the business of the Board and Board Committees and all Directors, save for Mr Shapoor Mistry, have substantially made time for meetings (see details below) and key events, towards discharging their roles and responsibilities and fiduciary duties as Directors of the Company, despite an extremely busy year both from the business and corporate perspectives. Commitment to the time necessary to carry out their duties as Directors, is a term of their appointment.

Directors are aware of the limits of directorships they can have in public listed companies quoted on Bursa Securities ("PLC"). While Directors notify the Company Secretary as and when they are appointed to other directorships, the Company Secretary also obtains updates of the other directorships every quarter to monitor compliance with the limit. None of the Directors hold directorships in other PLCs. However certain Directors hold directorships in public companies that are not quoted on Bursa Securities as well as in public or public listed companies that are incorporated outside Malaysia or listed and quoted on other Exchanges. Details of such directorships are disclosed in their Profiles.

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

CORPORATE GOVERNANCE STATEMENT (Cont'd)

The Board meets at least five times a year, with additional meetings convened when decisions on urgent matters are required between scheduled meetings. Due notice is given to all Directors of all scheduled meetings while special unscheduled meetings may be subject to shorter notice periods. Papers and documents pertaining to matters on the agenda for the Board and Board Committees deliberations are furnished to them in advance of the meeting. Normally, Board Committee meetings are held at least one day before or prior to the scheduled Board meetings, to allow the Committees to properly deliberate on matters and report to the Board.

During the financial year ended 31 December 2014, the Board convened 27 times. Of these 27 sessions, 10 were in relation to a major project ("Major Project"). The decision to proceed with the Major Project was taken in December. The record of attendance of each Director at the Board meetings of the Company in 2014 is as set out below:

Name	No. of Meetings Attended	Percentage of Attendance (%)
Tunku Ali	26/27[1]	96.3
Saiful Aznir bin Shahabudin	25/27[1]	92.6
Alexandra Schaapveld	26/27[1]	96.3
Chan Chee Beng	27/27[1]	100
Rezza Hassan	25/27[1]	92.6
Maureen Toh *(appointed with effect from 23/4/2014)*	23/23[1]	100
Shapoor Mistry *(appointed with effect from 27/10/2014)*	4/13[1]	30.8
Ravi Shankar *(appointed with effect from 27/10/2014) (Alternate director to Shapoor Mistry)*	11/13[1]	84.6
Andrew Whittle *(retired on 10/6/14)*	6/7[1]	85.7
Lim Ghee Keong *(retired on 10/6/14)*	7/7[1]	100
Dato' Sri Mahamad Fathil *(resigned with effect from 10/6/14)*	6/7[1]	85.7
Hassan Basma *(resigned with effect from 1/1/2015)*	25/27[1]	92.6

Notes:
[1] *Total number of meetings/sessions held subsequent to appointment or prior to cessation.*

Based on the above, save for Mr Shapoor Mistry, all Directors have complied with the minimum 50% requirement on attendance at Board meetings. In the case of Mr Shapoor Mistry, the Company has written to Bursa Securities to explain the reasons for his inability to attend some of the unscheduled Board meetings, which were called on short notice, to deal principally with the Major Project.

Further, the Company has also highlighted to Bursa Securities that, notwithstanding his non-attendances at some of these meetings, Mr Shapoor Mistry had demonstrated his commitment to the affairs of the Board by conveying his input on matters to be discussed at Board meetings through his alternate, Mr Ravi Shankar and our Acting CEO, Mr Chan, both of whom have also kept Mr Shapoor Mistry fully apprised about the key outcomes arising out of deliberations at the Board sessions at which he was not present. With more than 30 years of corporate experience spanning several continents and diverse industries including real estate, construction, fabrication, shipping, banking, manufacturing, logistics and offshore oil and gas, Mr Shapoor Mistry's views are highly regarded and valued by the Board. A final response from Bursa Securities is currently pending.

4.2 Training

The Directors are fully cognisant of the importance and value of enhancing their knowledge and expertise to keep abreast with the latest developments and changes in the following segments:

- the industry in which the Group operates;
- the area of their respective competencies; and
- economic, financial, regulatory, corporate and governance fields.

Trainings add value to their contributions in the deliberations, discussions and decisions at Board and Board Committee levels. The Directors also feel it is important to develop a better understanding of the business of the Group through visits to the Group's vessels and operating sites where the Group operates from.

A Directors Induction and Training Policy and Programme was recently adopted by the Board on the Nomination Committee's recommendation, to formalise the induction and training activities for Directors.

Mr Shapoor Mistry and his alternate Mr Ravi Shankar, who were appointed on 27 October 2014, have been given an extension of time up to end of July 2015 by Bursa Securities to attend the Mandatory Accreditation Programme ("MAP"). All other Directors have attended and completed the MAP, within the stipulated time frame as imposed under the MMLR.

In 2014, the Directors have also attended and participated in various briefings at Board or Board Committee meetings, conferences and other programmes covering topics on finance, governance, corporate and global business and industry developments, which they have individually or collectively considered as relevant and useful in the discharge of their duties as Directors.

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

During the year, Directors also attended 2 Sailaway events following conversion of two FPSOs and made an offsite visit to another FPSO which is in operation, all of which included guided tours of the vessels concerned.

The Company Secretary facilitates the organisation of internal training programmes and Directors' attendance at external programmes while keeping a record of the training received or attended by the Directors. The training records are tabled for review of the Nomination Committee on a quarterly basis, which assists the Board on the assessment and determination of the training needs of the Directors.

The following internal and external training programmes, briefings, conferences, presentations, etc. as relevant to the Directors individually and collectively, were attended by them in 2014:

Courses/Seminars/Programmes/ Workshops/ Conferences Attended	Date	Directors' Names	Company Sponsoring/ Organiser
Energy Snapshot: 2014 Industry Themes Regional upstream overview - Regional trends and outlook	17 February 2014	TA, SA, AS, CCB, RH	Bumi Armada organised Internal Training presented by an external consultant
Inaugural Petronas Vendor Integrity Programme 2014 - Designing Corruption out of the Business Eco-System	21 March 2014	RH	PETRONAS, Malaysian Anti-Corruption Academy, Malaysian Anti-Corruption Commission
Mandatory Accreditation Programme for Directors of Public Listed Companies - Understanding the Directors' Obligations: Board effectiveness and managing risk - Discharging Directors' Financial Reporting Responsibility - Demystifying Directors' key obligations under the Listing Requirements of Bursa Malaysia Securities Berhad - Audit Committee expanded governance oversight role - Are you equipped? Why Boards Fail: A re-emphasis on the expectations on the Directors of PLCs (Lessons learnt from PN4 Crisis)	7 & 8 May 2014	MT	Bursatra Sdn Bhd
Gas Strategy	22 May 2014	TA, SA, AS, CCB, MT, RH	Bumi Armada organised Internal Training presented by an external consultant
Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers	2 July 2014	MT, RH	Bursa Securities
Financing Strategies	14 August 2014	TA, SA, AS, CCB, MT, RH	Bumi Armada organised Internal Training presented by an external consultant
Briefing on Malaysian Financial Reporting Standards (MRFS) 9	18 August 2014	TA	Internal Training conducted by another organisation

CORPORATE GOVERNANCE STATEMENT (Cont'd)

Courses/Seminars/Programmes/ Workshops/ Conferences Attended	Date	Directors' Names	Company Sponsoring/ Organiser
MAISCA Annual Conference 2014	9 & 10 September 2014	SA	MAICSA
Share Market Performance	19 November 2014	TA, SA, AS, CCB, MT, HB, RH, RS	Bumi Armada organised Internal Training presented by investment banks
Oil Price Performance and Sector Fundamentals	19 November 2014	TA, SA, AS, CCB, MT, HB, RH, RS	Bumi Armada organised Internal Training presented by an external consultant
Emerging Risk Assessment: Impact of Declining Oil Prices on Existing Major Projects	19 November 2014	TA, SA, AS, CCB, MT, HB, RH, RS	Bumi Armada organised Internal Training presented by an external consultant
MIA International Accountants Conference 2014	4 & 5 November 2014	SA	Malaysian Institute of Accountants
Shale Gas	November 2014	SPM	Excelerate Energy

AS – Alexandra Schaapveld
CCB – Chan Chee Beng
MT – Maureen Toh
RS – Ravi Shankar
RH – Rezza Hassan
SA – Saiful Aznir
SPM – Shapoor Mistry
TA – Tunku Ali

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

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

The Board, assisted by the Audit Committee, oversees the Group's financial reporting process, compliance with applicable accounting standards and the quality of its financial reporting. The details of the membership of the Audit Committee and the qualifications and experience of the members can be found on pages 15 and 30 to 33 of the Annual Report respectively.

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

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 76 of this Annual Report.

5.2 Assessment of suitability and independence of the Auditor

The Board maintains a formal and transparent professional relationship with the Group's auditors, both Internal and External, through the Audit Committee. The role of the Audit Committee in relation to these Auditors is described in the TOR of the Audit Committee which is available on the Company's website.

The External Auditor is required to declare their independence annually to the Audit Committee as specified by the By-Laws issued by the Malaysian Institute of Accountants. This is also specified in the TOR of the Audit Committee. The External Auditor has provided such declaration in the annual audit plan presented to the Audit Committee. The Audit Committee also makes its own assessment of their suitability and independence in connection with the recommendation to retaining them as External Auditors for the ensuing year, which is subject to approval of shareholders at the Company's 2015 AGM. Such assessment is based on:

- their professionalism;
- their objectivity and independence, in relation to the audit and non-audit services rendered by them;
- their performance; and
- their interaction with the Audit Committee during Audit Committee meetings and at meetings in the absence of Management.

A set of Policies and Procedures on Independence of External Auditors including a framework for engaging them in the provision of non-audit services, together with a criteria relating to their performance and independence developed in 2013 has been adopted by the Board and applied by the Audit Committee in making its recommendation on whether the Auditors should be retained.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

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

The Company enhanced its resources and intensified its activities to strengthen its risk management process. A Management level Risk Management Sub-Committee ("RMSC") under the purview of the CEO spearheaded risk management activities across the Group. Besides implementing an Enterprise Risk Framework, the RMSC undertook various initiatives towards embedding a risk based approach to the activities of the various business and support units. The RMSC presents its Risk Management Reports on a quarterly basis to the Board level Risk Management Committee ("RMC"). The CEO has a standing invitation to the RMC meetings. A corresponding report by the RMC is also presented to the Audit Committee.

The RMC presently comprises 3 members who are all NEDs with 1 Independent Director. The RMC was reconstituted during the year following the retirements of Mr Andy Whittle and Mr Lim. Ms. Maureen Toh is its current chairperson with Ms Alexandra Schaapveld and Mr. Shapoor Mistry (who was appointed in October 2014) as members. The RMC met 9 times in 2014 to monitor and oversee the adequacy and soundness of the Enterprise Risk Management ("ERM") Framework and more particularly on risk identification, assessment, rating and mitigation measures relating to new and ongoing projects and contracts related to these. The chairperson of the RMC reports to the Board, on matters of concern or significant risk exposures and other highlights dealt with at the RMC meetings. The risk management activities are more specifically articulated in the Statement on Risk Management and Internal Control incorporated in the 2014 Annual Report.

6.2 Internal audit function

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness, adequacy and integrity to safeguard shareholders' investment and the Group's assets.

As previously reported, on the recommendation of the Audit Committee, the Board approved the outsourcing of the internal audit function to an external advisory firm in late 2012. The internal audit function reports directly to the Audit Committee. This initiative enables the review of the internal control systems by an independent party and goes towards providing the Board and stakeholders further corporate assurance. The internal audit function is independent of the activities its audits. In addition, the CFO has responsibility to ensure the finance team has in place the necessary resources, processes and controls for an effective, reliable and efficient financial reporting system. Various measures were taken towards this end in 2013 and 2014 and the Audit Committee is kept updated of these measures.

The Statement on Risk Management and Internal Control set on page 70 to 73 of this Annual Report provides an overview of the state of internal controls within the Group.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board understands the need for timely and accurate disclosures in compliance with the MMLR and for proper procedures and processes to be in place in ensuring the maintenance of confidentiality and proper handling of material price sensitive information, prior to them being announced to Bursa Securities. Various procedures and processes are in place to govern different corporate activities including timely disclosure of the quarterly and annual results. A set of corporate disclosure, policies and procedures has been developed in relation to handling of material information towards meeting compliance under the MMLR. These will be reviewed and enhanced from time to time.

CORPORATE GOVERNANCE STATEMENT (Cont'd)

7.2 Leverage on Information Technology for Effective Dissemination of Information

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

8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

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

Notice of the Company's AGM is advertised in at least one mainstream newspaper on the date on which it is despatched to shareholders. Such Notice is also announced in advance through the Bursa Link. The Notice accompanies the annual report in electronic form, an abridged version of the annual report and other relevant documents. Twenty five (25) clear days' notice was given for the 2014 AGM, which is more than the minimum twenty-one (21) days of notice required to be given. This year, we expect to maintain the practice of giving more than the minimum prescribed notice, to allow shareholders sufficient time to make arrangements to attend the meeting.

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

While the Company's Articles were amended in 2012 to accept electronic lodgement of Proxy Forms, the Company has been exploring with its Share Registrars the mechanics of such lodgement. The Company will allow the electronic lodgement of Proxy Forms after such facility is available and tested and when the Company is ready to adopt the same. A proxy need not be a member. The provisions of Section 149 of the Companies Act, 1965 prescribing certain qualifications for proxies are not applicable. In addition, the Company's Articles also allow exempt authorised nominees for multiple beneficial owners in one omnibus account to appoint multiple proxies.

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

Shareholders are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns at this forum.

8.2 Encourage Poll Voting

No poll was demanded on any resolutions tabled at the 2014 AGM, and neither were any resolutions tabled at the 2014 AGM that were required to be subject to a poll. The Board will consider and determine whether any resolutions tabled at the AGMs or extraordinary general meetings of the Company should be submitted to a poll particularly if they are of a substantive nature and after consulting legal counsel. Where resolutions are to be taken on a poll, the Company will consider providing facilities for votes on such poll to be cast via electronic means for more expeditious verification and counting of votes, if and when such facilities are available and reliable for use.

8.3 Effective communication and proactive engagement

The Group values dialogues and effective communication with shareholders and investors and constantly strives to improve transparency that enables the Board to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests subject to any restrictions prescribed under the MMLR or other relevant laws. The Board believes that a constructive and effective relationship with all investors is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to the investor community and shareholders.

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

The Company's annual report provides a comprehensive report of the Group's operations, business and financial performance as well as corporate information.

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

Further, apart from announcements and public statements required by Bursa Securities, the Company issues press releases and conducts media and analysts briefings in conjunction with the release of the Group's quarterly and annual financial results announcements as deemed fit. The Board also recognises the importance of communicating its business strategies, updates on the progress of the Group's current business initiatives as well as its financial performance during these briefings.

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

The Company has an Investor Relations Policy in place providing for the following:

- Timely, transparent, consistent and credible information on corporate events, strategies, trends and financial data to the investing public;
- Attending to shareholders or investor enquiries or requests for information;
- Attendance at investor presentations, conferences or road-shows or other forums or meetings to ensure that the Company's businesses and strategies are clearly and equally understood by as wide an investor base as possible;
- Ensuring that information provided and distributed by the Company to the investing public is in accordance with the regulatory requirements and in accordance with best practices; and
- Executing its function with integrity and responsibility to all shareholders and stakeholders of the Company.

The Investor Relations unit has frequent one-on-one and group meetings, both domestically and internationally with analysts, investors and potential investors throughout the year to provide constant communications with the investment community. The Investor Relations activities undertaken in 2014 are as follows:

Forum	Total
Investors Conferences/Forums/Road shows	14
Direct one-on-one Meetings*	>150
Teleconferences hosted*	15

* with analysts and investors

COMPLIANCE STATEMENT

The Principles and Recommendations of the CG Code have been considered in making this Statement, and the Board is pleased to note its compliance with the CG Code. Nonetheless, the Board recognises that there are still areas for further enhancement and efforts will continue in this regard.

This Statement is made in accordance with a resolution of the Board of Directors dated 16 April 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and the 2012 Malaysian Code on Corporate Governance ("CG Code") issued by the Securities Commission, the Board of Directors of Bumi Armada Berhad (the "Board") is pleased to provide the following statement that is prepared in accordance with the "Statement on Risk Management and Internal Control – Guidance for Directors of Listed Issuers" issued by the Taskforce on Internal Control with the support and endorsement of the Bursa Securities which outlines the nature and scope of the Group's internal control and risk management during the financial year ended 31 December 2014 ("FY2014").

BOARD'S RESPONSIBILITY

The Board in discharging its responsibilities is fully committed to maintaining a sound internal control environment to safeguard shareholders' investments and the Group's assets.

The Board has overall responsibility for the Group's system of internal control and its effectiveness, as well as for its adequacy and integrity. The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance matters. This system is designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate these risks. Therefore, the system can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. Management is responsible for implementing the risk management framework and the policies and procedures on risk and internal control.

The Group continues to take measures towards enhancing the adequacy and effectiveness of the risk management and internal control system. The identification, evaluation and management of significant risk is an ongoing process which has been in place throughout the financial year under review.

The following two (2) committees at the Board level are involved in the oversight of the Group's risk management and internal control systems and procedures:

- Audit Committee
- Risk Management Committee

Summarised below are the main features of the Group's risk management and internal control system.

1. Risk Management

Risk Management Committee ("RMC")

The RMC with its own terms of reference ("TOR") was established in line with good practice, to enable the Board to closely monitor areas of risk exposure even at the project proposal stage. The primary responsibilities of the RMC include:

- The assessment, improvement and monitoring of Group-wide Enterprise Risk Management Framework;
- The creation of a risk-awareness culture which will ensure greater understanding of the importance of risk management and that its principles are embedded in key operational processes and all projects;
- The identification, assessment, monitoring and management of risks associated with the operations of the Group at the appropriate strategic and policy levels; and
- The review of the terms of contracts of significant value and where relevant provision of advice and drafting suggestions to Management as well as appropriate recommendations to the Board.

Given the Board's recognition of the importance of risk management, the RMC is supported by the Risk Management Sub-Committee ("RMSC") and the Risk Management Department ("RMD"). The RMSC and RMD are tasked with leading the drive to embed risk management processes at all levels within the Group.

Enterprise Risk Management Framework

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

1. **Risk Management (Cont'd)**

Enterprise Risk Management Framework (Cont'd)

The Framework as endorsed by the RMC contains the following key elements:

- Risk Representatives in each operating unit to spearhead the coordination of risk management activities. These Risk Representatives are responsible for ensuring the timely updating of risks, controls, issues and action plans within their own units. Their updates are then independently validated by RMD;
- Specified roles and responsibilities at each level of management in the Group in relation to Risk Management;
- Mechanisms, tools and techniques for managing risks in the Group; and
- Guidance on risk reporting. Quarterly risk reports are prepared for the RMC and the Audit Committees and include an assessment of risk, an evaluation of effectiveness of the controls in place and the requirements for further controls.

Key Risk Management Activities for the FY2014

Key activities pertaining to risk management undertaken during the financial year were as follows:

- A top-down review and update of enterprise level risks was conducted as part of the annual exercise to ensure that the risk implications of any changes in strategy were identified, assessed and documented;
- Risk assessments performed on all major projects and/or proposals;
- Risk assessments undertaken for business and support units to identify and/or update enterprise and operational level risks. The results of these assessments were incorporated in the reporting to the RMC; and
- Continued initiatives to create awareness within the Group.

2. **Internal Control Environment and Structure**

The key elements of the Group's control environment include:

- **Organisation Structure**
  Besides the aforementioned RMC, the Board is also supported by a number of Board committees that have been established, to assist it in the execution of its governance and other responsibilities namely the Audit, Nomination & Corporate Governance, Remuneration and Executive Committees. Each Committee has clearly defined TOR.

  Responsibility for implementing the Group's strategies and day-to-day businesses are delegated to Management. The organisation structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship.

- **Budgeting and Reporting Process**
  A detailed budgeting and reporting process has been established. Comprehensive budgets are prepared and submitted by the operating and support service units to the Group Finance Department, which consolidates these into a Group Budget ("Budget") and presents it to the Board for approval on a yearly basis. Upon approval of the Budget, the Group's performance is then tracked and measured against the approved Budget on a regular basis. A reporting system which highlights significant variances against the Budget is in place to track and monitor performance. On a quarterly basis, the results are presented to and reviewed by the Board to enable them to gauge the Group's overall performance compared to the approved Budgets and prior periods.

- **Limits of Authority**
  The Limits of Authority ("LOA") sets out the authorisation limits for various levels of the Group's Management and staff and also those requiring the Executive Committee's and other Board Committees' reviews and Board approvals to ensure accountability, segregation of duties and control over the Group's financial commitments. The LOA is reviewed and updated periodically to reflect business, operational and structural changes and needs.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

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

- **Project Sales Tender Evaluation and Approval Policy**
  The Group has in place a Tender Evaluation and Approval Policy to ensure that all tenders participated in by Bumi Armada for potential contracts and projects with the field operator have been reviewed and evaluated for appropriate balance in risk and reward and is consistent with the Group's strategy and risk profile. The policy provides guidelines to mitigate risks and unplanned events which would jeopardise the successful execution and financial outcome of projects. All proposed projects in the Group are required to be comprehensively and thoroughly reviewed by Management at various project phases in order to make an early assessment of the merits of submitting a tender, assigning appropriate management resources and setting accountabilities, procuring timely approvals, and ensuring maximum project outcome. The LOA specifies the various authority levels for approval, with the Board having the ultimate responsibility.

- **Documented Policies and Procedures**
  Policies and procedures relating to finance, procurement, human resources, information system, project, health, safety, environment, quality management for operating units within the Group have been established and are revised as needed to meet changing business and operational needs.

- **Whistle Blowing**
  The whistle blowing policy and procedure which was adopted by the Board in 2012 is accessible to all employees through the Group's intranet. The policy encourages and enables complainants to report any wrongdoing by any person in the Group to a designated person so that the appropriate action can be taken.

  The Company also provides contact details on its website at www.bumiarmada.com for external parties to report any concerns or wrongdoings by any person in connection with the Group's business, systems, employees or contractors.

  All concerns raised via the whistleblowing channel are treated with strict confidentiality with a Whistle Blowing Committee ("WBC") to consider the merits of whether or not to pursue an investigation on the complaints or concerns raised. The WBC reports to the Audit Committee on complaints or concerns received on a quarterly basis. The policy also includes provisions to safeguard the confidentiality of the whistleblower, with no detriment to the whistleblower if he or she acts in good faith.

- **Procurement**
  The Group Procurement procedures provide the guidelines to govern procurement and tender bidding process, the technical and commercial evaluation of bids and the subsequent award to successful bidders. Specific Tender Committees with cross-functional representation have been established to provide check and balance, oversight and approval for the various categories of procurement as stipulated in the LOA.

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

- **Quality Management System**
  The Group has implemented a comprehensive Quality Management System which fully complies with ISO 9001:2008 Quality Management Systems – Requirements. The Group operates an audit and compliance programme encompassing the FPSO, OSV and T&I fleets as well as corporate and project groups as required.

- **Health, Safety and Environment ("HSE")**
  The Corporate HSE Department is responsible for setting the overall direction on HSE implementation within the Group and also drives strategies and monitors performance to ensure HSE risks are managed to as low as reasonably practicable. During the year, the Group recorded five (5) Loss Time Injury ("LTI") incidents. The LTI incidents did not have any material financial impact on the Group for FY2014.

  The overall management of Group security falls under the purview of the Chief Human Resources Officer. It is the policy of the Company to ensure the protection of all Company related interests against negative security incidents that have the potential to adversely impact Company personnel, assets and the business. Such protective activities are enacted in a manner commensurate with international best practice and statutory compliance. Systems and processes adopted promote respect for local regulations and cultures. Ultimately the Company considers security a major business enabler, facilitating operational integrity and business continuity across the Group's global portfolio.

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

- **Audit Committee**
  The Audit Committee comprises wholly of Non-Executive Directors, the majority of whom are Independent Directors. The Audit Committee evaluates the adequacy and effectiveness of the Group's risk management and internal control systems. It also reviews internal control issues identified by the Internal Auditor, External Auditor and Management on a quarterly basis. Throughout the financial year, the Audit Committee members are updated on Malaysian Financial Reporting Standards, as well as regulatory requirements in addition to key matters affecting the financial statements of the Group.

  The Audit Committee also reviews and reports to the Board on the engagement of the External Auditor, their independence and the audit plan, including the nature, approach, scope of the plan as well as other external audit matters as appropriate. The current composition of the Audit Committee consists of members who bring with them a wide range of knowledge, expertise and experience both from within the same industry and from other backgrounds as well. They continue to meet regularly and have full and unimpeded access to the Internal and External Auditors as well as all employees of the Group. The Audit Committee also reviewed and approved the Internal Audit Plan during the financial year. Other activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report.

- **Internal Audit**
  The Internal Audit function of the Group is outsourced to an external advisory firm, reporting directly to the Audit Committee. The outsourced Internal Audit function provides an independent review over key processes, monitoring the compliance of policies and procedures, evaluating the adequacy and effectiveness of internal control and risk management systems, and highlighting significant findings and corrective measures in respect of any non-compliance to the Audit Committee.

  Internal audit reports are presented to the Audit Committee during its quarterly meetings. Findings and recommendations are presented to Management. Follow-up reviews in respect of previous audits are performed to ensure Management carries out the necessary action plans on prior audit recommendations.

REVIEW OF EFFECTIVENESS

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

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

The Board does not have formal oversight over the risk management and internal control systems of its joint ventures, as the Board does not have any direct control over their operations. Notwithstanding this, the Company's interests are safeguarded through representations on the boards of the joint ventures and through monitoring controls. These representations and monitoring controls provide the Board with information to assess the performance of the Group's investments.

CONCLUSION

For the year under review, and up to the date of approval of this statement, based on inquiry, information and assurance provided by the Acting Chief Executive Officer and the Chief Financial Officer, the Board is of the view that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects. There were no significant internal control failures or weaknesses that would have resulted in material losses, contingencies or uncertainties requiring separate disclosure in the Annual Report. The internal control procedures will continue to be reviewed in order to improve and strengthen the system to ensure ongoing adequacy, integrity and effectiveness so as to safeguard the Group's assets and shareholders' investments.

This statement is made in accordance with a resolution of the Board of Directors dated 16 April 2015.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

The Board of Directors of Bumi Armada Berhad ("Bumi Armada" or "Company") is pleased to present the Audit Committee Report for the financial year ended 31 December 2014 ("FY2014"), pursuant to Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR").

COMPOSITION AND ATTENDANCE

The Audit Committee (the "Committee") comprises four members, all of whom are Non-Executive Directors ("NEDs"). Three of the Committee's members were independent NEDs between 1 January 2014 and 10 June 2014. Following the retirement of one of the Independent NEDs at the conclusion of the Company's Eighteenth Annual General Meeting ("18th AGM") on 10 June 2014, the Committee was left with two Independent NEDs between 10 June 2014 and 31 December 2014.

The members of the Committee and details of attendance of each member at the Committee meetings held during 2014 are as set out below:

Name	Status	Independent	Meetings Attended
Saiful Aznir bin Shahabudin	Chairman, Independent NED	Yes	8 out of 8
Alexandra Schaapveld	Independent NED	Yes	7 out of 8
Andrew Phillip Whittle[1]	Independent NED	Yes	4 out of 4[2]
Chan Chee Beng[3]	Non-Independent NED	No	8 out of 8

[1] *Retired as a Director of the Company with effect from 10 June 2014 (upon the conclusion of the Company's 18th AGM)*
[2] *Number of Committee meetings held between 1 January 2014 and 10 June 2014*
[3] *Chan Chee Beng, previously a Non-Independent NED, has relinquished his position as member of the Committee with effect from 17 February 2015, following his re-designation as Executive Director after he assumed the role of Acting Chief Executive Officer on 1 January 2015. The vacancy arising from his relinquishment was filled by Maureen Toh Siew Guat, a Non-Independent NED of the Company.*

TERMS OF REFERENCE

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

SUMMARY OF ACTIVITIES OF THE COMMITTEE

During FY2014, the Committee undertook the following activities:

- Reviewed the quarterly financial results and annual audited financial statements for the financial year ended 31 December 2013 before recommending them for the Board's consideration and approval;
- Reviewed the Statement on Risk Management and Internal Control, Audit Committee Report and Directors' Responsibility Statement and recommended their approval by the Board, for inclusion in the Company's 2013 Annual Report;
- Reviewed the External Auditor's scope of work and audit plan for the FY2014;
- Reviewed and discussed the External Auditor's quarterly audit reports and areas of concern and recommended solutions to address the concerns as highlighted by them;
- Reviewed and recommended to the Board the approval of the Policies and Procedures on Independence of External Auditor. This included the procedure and criteria to be observed for the engagement of the External Auditors for non-audit related services;
- Reviewed the suitability and independence of the External Auditor when they were recommended to be retained;
- Reviewed the Internal Auditor's reports following their audits on various business, operational and support units and the status of their past internal audit recommendations;
- Reviewed and considered whether there was a need for the Company to procure a Shareholders' Mandate for recurrent related party transactions contemplated between the period from the Company's Annual General Meeting ("AGM") in 2014 and the 2015 AGM;

- Reviewed and made recommendations to the Board on proposed related party transactions to be entered into by the Bumi Armada Group;
- Reviewed the recommendations made by the External Auditor following a further review of the revised Limits of Authority of the Company that was approved in 2013;
- Reviewed the quarterly Operational Audit reports and reports of the Whistle Blowing Committee;
- Verified the allocation of the options granted in 2013 pursuant to the Company's 2011 Employee Share Option Scheme ("ESOS") to ensure that it was in compliance with the basis of allocation of options;
- Reviewed the quarterly Risk Management Committee reports which included the risk assessment of new proposals and projects as well as enterprise wide risk position, as assessed by the Management level Risk Management Sub-Committee;
- Reviewed the TOR of the Committee to reassess its adequacy compared against the MMLR relating to corporate governance and the provisions of the 2012 Malaysian Code on Corporate Governance ("CGCode"); and
- Reviewed and recommended to the Board the approval of the proposal to optimise the participation of key Management members in the Tender Committee whereby two committees were introduced in addition to the existing Tender Committee (namely Tender the Sub-Committee and the Tender Corporate Committee) and whereby each Committee is vested with authority to approve commitments of different limits.

STATEMENT OF VERIFICATION ON ALLOCATION OF OPTIONS PURSUANT TO THE ESOS

Pursuant to Paragraph 8.17(3) of the MMLR, the Committee has verified the allocation of options granted in 2013 pursuant to the ESOS and noted its compliance with the criteria for the basis of allocation of options in accordance with the By-Laws of the ESOS.

INTERNAL AUDIT FUNCTION

The Company's Internal Audit function is outsourced to an external advisory firm. The Internal Audit function is independent and performs audit assignments with impartiality, proficiency and due professional care. Reporting directly to the Committee, it undertakes regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively within the Group.

During FY2014, the Internal Audit function conducted a total of 13 audits covering selected major projects and key operating units and support functions. The activities carried out by the outsourced Internal Audit function included amongst others, a review of the adequacy and effectiveness of the system of internal controls, compliance with established policies and procedures, laws and regulations, reliability and integrity of information and the means of safeguarding assets.

More specifically, the main areas covered under the audit conducted on selected key major projects, operating units and support functions included the following:

- Safety and security measures at the base offices and vessels. Site visit was conducted to certain base offices and FPSOs;
- Action plans relating to execution of fleet maintenance as per fleet maintenance strategy/plan including the implementation of the BASSnet system to ensure better achievement of the vessel maintenance schedules objectives;
- Adherence to procurement procedures and ascertained process gaps between Finance and Procurement functions;
- Adequacy of policies and procedures, Limits of Authority and monitoring of legal compliance (country/joint ventures) requirements;
- Assessment of the recruitment of senior officers on certain FPSOs and verification of their qualifications/certifications to ensure their validity thereof;
- Ascertained the adequacy and validity of insurance coverage over certain FPSOs;
- Implementation of procedures and delegation of authority for the planning, development, management and monitoring of engineering design projects and related costs;
- Monitoring and compliance of relevant country rules and regulations and customer requirements for BAB facilities;
- Adequacy of safety awareness and procedures; and
- Contracts/agreements execution and monitoring and statutory compliance.

The total cost incurred for the Group's internal audit function in respect of FY2014 amounted to **RM1,786,930.72**.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors of the Company are required to prepare financial statements for each financial year in accordance with the provisions of the Companies Act, 1965, Malaysian Financial Reporting Standards and the International Financial Reporting Standards, and to lay these before the company at its annual general meeting. In addition, the Main Market Listing Requirements of Bursa Securities requires that a listed issuer prepare the annual audited financial statements on a consolidated basis.

Directors are also responsible to ensure that the financial statements provide a true and fair view of the financial position of the Group and the Company as at the financial year ended 31 December 2014 and of their financial performance and cash flows for the said financial year.

In preparing these financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable; and
- appropriately prepared the financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

Incorporated on pages 78 to 161 of this Annual Report are the financial statements of the Group and the Company for the financial year ended 31 December 2014.

This Statement is made in accordance with a resolution of the Board of Directors dated 16 April 2015.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group consist of provision of marine transportation, Floating Production Storage and Offloading operations, vessel construction, engineering and maintenance services to offshore oil and gas companies. Further details are provided in Note 18 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
- Owners of the Company	218,690	136,536
- Non-controlling interests	5,675	–
	224,365	136,536

DIVIDENDS

The dividend paid by the Company since the end of the previous financial year was as follows:

	RM'000
In respect of the financial year ended 31 December 2013 as disclosed in the Directors' report of that year:	
Final cash dividend comprising a single tier tax-exempt dividend of 3.25 sen per ordinary share paid on 3 July 2014	95,311

The Board of Directors has recommended for shareholders' approval at the forthcoming Annual General Meeting of the Company, a tax-exempt final cash dividend of 1.63 sen per share in respect of the financial year ended 31 December 2014 which is not taxable in the hands of the shareholders pursuant to Section 54A(3)(d) and (e) of the Income Tax Act, 1967, the entitlement and payment dates for which will be determined at a later date.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings for the financial year ending 31 December 2015.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

During the financial year, the Company increased its authorised share capital from RM800,000,000 to RM2,000,000,000 by the creation of 6,000,000,000 new ordinary shares of RM0.20 each.

ISSUE OF SHARES

During the financial year, the Company increased its issued and fully paid up share capital from RM586,318,180 to RM1,173,253,869 by way of:

(a) 1,543,800 new ordinary shares of RM0.20 each by virtue of the exercise of options granted pursuant to the Company's Employee Share Option Scheme ("ESOS" or "Scheme") at exercise prices of RM3.03 and RM3.75 per share;

(b) 1,466,567,294 new ordinary shares of RM0.20 each pursuant to the bonus issue of up to 1,479,238,150 new ordinary shares of RM0.20 each in the Company ("Bonus Shares") on the basis of one (1) Bonus Share for every two (2) existing shares held by the entitled shareholders of the Company ("Bonus Issue"); and

(c) 1,466,567,350 new ordinary shares of RM0.20 each pursuant to the renounceable rights issue of up to 1,479,238,150 new ordinary shares of RM0.20 each ("Rights Shares") on the basis of one (1) Rights Share for every two (2) existing shares held by the entitled shareholders of the Company ("Rights Issue").

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEE SHARE OPTION SCHEME

On 18 June 2011, the Company's shareholders approved the establishment of an ESOS to eligible employees of the Group, including Executive Directors of the Company for a period of 10 years from 28 June 2011 as part of the Company's long term plan to retain employees.

The salient features and other terms of the ESOS are disclosed in Note 35 to the financial statements.

During the financial year, 23,188,000 options over unissued ordinary shares of RM0.20 each of the Company under the Scheme were granted and accepted by eligible employees. Following the adjustments made pursuant to the Bonus Issue and Rights Issue on 13 September 2014, the number of options were revised to 68,837,654.

The Company has been granted relief pursuant to Section 169 (11) of the Companies Act, 1965 by the Companies Commission of Malaysia via a letter dated 26 February 2015 from having to disclose in this report the names of option holders who have been granted options to subscribe in aggregate for less than 500,000 unissued ordinary shares of RM0.20 each of the Company.

DIRECTORS' REPORT (Cont'd)

EMPLOYEE SHARE OPTION SCHEME (CONT'D)

The names of individual employees who have been granted options to subscribe in aggregate for 500,000 or more unissued ordinary shares of RM0.20 each of the Company during the financial year are as follows:

Name	Grant date	Expiry date	Exercise price [1] RM per share	Number of options Granted [1] '000	Exercised '000	31.12.2014 [1] '000
Hassan Assad Basma	24.02.2014	23.02.2019	RM2.39	10,789	–	10,789
Shaharul Rezza bin Hassan	19.09.2014	23.02.2019	RM1.83	1,250	–	1,250
Madasery Balan Madhusudanan	24.02.2014	23.02.2019	RM2.39	830	–	830
Jonathan Edward Duckett	24.02.2014	23.02.2019	RM2.39	664	–	664
Noor Azmi Bin Abdu Malek	24.02.2014	23.02.2019	RM2.39	664	–	664
Peter James Mcdonnell	24.02.2014	23.02.2019	RM2.39	581	–	581
Paulraj Natarajan	24.02.2014	23.02.2019	RM2.39	581	–	581
Chakib Abi-Saab	24.02.2014	23.02.2019	RM2.39	581	–	581
Noval D'avila Paredes	24.02.2014	23.02.2019	RM2.39	531	–	531

[1] The exercise price and the number of options as set out above reflect the numbers following the adjustments made pursuant to the ESOS By-Laws as a result of the Bonus Issue and Rights Issue undertaken during the financial year.

None of the Non-Executive Directors of the Company were granted any options as they are not eligible to participate in the Scheme under the By-Laws of the Scheme.

DIRECTORS

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

Tunku Ali Redhauddin ibni Tuanku Muhriz	
Saiful Aznir bin Shahabudin	
Alexandra Elisabeth Johanna Maria Schaapveld*	
Chan Chee Beng	
Shaharul Rezza bin Hassan	
Maureen Toh Siew Guat	(appointed on 23 April 2014)
Shapoorji Pallonji Mistry	(appointed on 27 October 2014)
Ravi Shankar Srinivasan (alternate director to Shapoorji Pallonji Mistry)	(appointed on 27 October 2014)
Andrew Philip Whittle	(retired on 10 June 2014)
Lim Ghee Keong	(retired on 10 June 2014)
Dato' Sri Mahamad Fathil bin Dato' Mahmood	(resigned with effect from 10 June 2014)
Hassan Assad Basma	(resigned with effect from 1 January 2015)

** She is also referred to as Alexandra Schaapveld in the other sections of this report*

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than share options granted under the ESOS.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits as disclosed in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES

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

In the Company – Direct Interests

	Number of ordinary shares of RM0.20 each			
	As at 1.1.2014/ Appointment date	Acquired/ Granted [4]	Disposed	As at 31.12.2014
Tunku Ali Redhauddin ibni Tuanku Muhriz [1]	10,000	10,000	–	20,000
Saiful Aznir bin Shahabudin [2]	713,000	913,000	–	1,626,000
Alexandra Schaapveld [3]	750,000	600,000	(450,000)	900,000
Chan Chee Beng [2]	750,000	1,761,200	–	2,511,200
Hassan Assad Basma [3]	9,000,000	4,750,000	(13,500,000)	250,000
Sharharul Rezza bin Hassan [2]	1,200,000	–	(1,200,000)	–
Ravi Shankar Srinivasan	432,000	–	–	432,000

(1) Held through a nominee, namely Maybank Securities Nominees (Tempatan) Sdn Bhd.
(2) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn Bhd.
(3) Held through a nominee, namely CIMSEC Nominees (Asing) Sdn Bhd.
(4) These shares include shares issued pursuant to the Bonus Issue and the Rights Issue.

	Number of options over unissued ordinary shares of RM0.20 each			
	As at 1.1.2014	Granted [3]	Exercised	As at 31.12.2014
Hassan Assad Basma [4]	24,000,000 [1]	26,624,803	–	50,624,803 [2]
Shaharul Rezza bin Hassan	5,250,000 [1]	4,714,105	–	9,964,105 [2]

(1) These relate to options over unissued shares of RM0.20 each of the Company granted pursuant to the ESOS. Save for 1,950,000 and 1,575,000 of the options granted to Hassan Assad Basma and Shaharul Rezza bin Hassan respectively, none of the options have been vested.
(2) These relate to options over unissued shares of RM0.20 each of the Company pursuant to the ESOS. Save for 15,602,399 and 5,228,463 of the options granted to Hassan Assad Basma and Shaharul Rezza bin Hassan respectively, none of the options have been vested.
(3) These include the increase in the number of options held by Hassan Assad Basma and Shaharul Rezza bin Hassan by 20,124,803 options and 3,464,105 options respectively, following the adjustments made pursuant to the ESOS By-Laws as a result of the Bonus Issue and the Rights Issue undertaken during the financial year.
(4) Although Hassan Assad Basma has ceased to be an Executive Director with effect from 1 January 2015, the Board has decided to allow him to retain his options (vested and unvested) and exercise them during and up to the expiry of the exercise periods applicable to the different tranches of grants.

Save as disclosed above, no other Directors in office at the end of the financial year held any interest in shares or options over shares in the Company or in its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of income, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

DIRECTORS' REPORT (Cont'd)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

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

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

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

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

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution dated 20 March 2015.

CHAN CHEE BENG
DIRECTOR

SHAHARUL REZZA BIN HASSAN
DIRECTOR

STATEMENTS OF INCOME

for the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	6	**2,397,339**	2,073,004	**423,081**	387,543
Cost of sales		**(1,713,260)**	(1,322,720)	**(235,192)**	(173,855)
Gross profit		**684,079**	750,284	**187,889**	213,688
Other operating income	7	**64,374**	25,504	**27,954**	10,361
Selling and distribution costs		**(155,233)**	(109,624)	**–**	–
Administrative expenses		**(220,786)**	(122,209)	**(72,899)**	(42,368)
Operating profit		**372,434**	543,955	**142,944**	181,681
Finance costs	8	**(99,153)**	(97,455)	**(94)**	(237)
Share of results of joint ventures	9	**35,901**	33,473	**–**	–
Profit before taxation	10	**309,182**	479,973	**142,850**	181,444
Taxation	13	**(84,817)**	(44,875)	**(6,314)**	(2,663)
Profit for the financial year		**224,365**	435,098	**136,536**	178,781
Attributable to:					
Owners of the Company		**218,690**	431,191		
Non-controlling interests		**5,675**	3,907		
		224,365	435,098		
Earnings per share (sen)	14				
- basic (as restated)		**4.32**	9.13		
- diluted (as restated)		**4.32**	9.13		

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

STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2014

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	**224,365**	435,098	**136,536**	178,781
Other comprehensive income/(expense):				
Items that may be reclassified subsequently to profit or loss:				
- Available-for-sale financial assets:				
- Gain/(loss) on fair value change	**772**	(11,556)	–	–
- Reclassification to profit or loss	**13,576**	–	–	–
- Fair value (loss)/gain on cash flow hedges	**(84,458)**	7,119	–	–
- Foreign currency translation differences	**303,756**	249,822	–	–
- Share of other comprehensive income of joint ventures	**60**	–	–	–
Other comprehensive income for the financial year, net of tax	**233,706**	245,385	–	–
Total comprehensive income for the financial year	**458,071**	680,483	**136,536**	178,781
Total comprehensive income attributable to:				
- Owners of the Company	**449,321**	674,052	**136,536**	178,781
- Non-controlling interests	**8,750**	6,431	–	–
	458,071	680,483	**136,536**	178,781

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Note	2014 RM'000	2013 RM'000 Restated
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	**8,459,781**	5,871,084
Goodwill	17	–	1,411
Investments in joint ventures	9	**405,178**	271,787
Available-for-sale financial assets	19	**38,103**	48,642
Accrued lease rentals	20	**187,502**	433,104
Deferred tax assets	21	**13,743**	40,993
Amounts due from joint ventures	22	**47,426**	–
TOTAL NON-CURRENT ASSETS		**9,151,733**	6,667,021
CURRENT ASSETS			
Inventories	23	**4,830**	5,559
Amounts due from customers on contract	24	**136,605**	36,421
Amounts due from joint ventures	22	**149,438**	109,048
Trade receivables	25	**704,439**	447,632
Accrued lease rentals	20	**786,069**	652,292
Other receivables, deposits and prepayments	26	**139,837**	254,091
Tax recoverable		**9,211**	3,063
Deposits, cash and bank balances	29	**3,303,247**	634,538
		5,233,676	2,142,644
Non-current assets classified as held-for-sale	28	**66,481**	–
TOTAL CURRENT ASSETS		**5,300,157**	2,142,644
TOTAL ASSETS		**14,451,890**	8,809,665

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2014 (Cont'd)

	Note	2014 RM'000	2013 RM'000 Restated
LIABILITIES			
LESS: CURRENT LIABILITIES			
Amounts due to customers on contract	24	–	592
Amounts due to joint ventures	22	**18,598**	15,379
Trade payables and accruals		**699,416**	362,872
Other payables and accruals	30	**557,241**	187,230
Hire purchase creditors	31	**68**	184
Borrowings	32	**1,018,123**	1,185,655
Derivative financial instruments	33	**7,523**	12,672
Taxation		**25,541**	28,925
TOTAL CURRENT LIABILITIES		**2,326,510**	1,793,509
NET CURRENT ASSETS		**2,973,647**	349,135
LESS: NON-CURRENT LIABILITIES			
Hire purchase creditors	31	**56**	128
Borrowings	32	**5,174,702**	2,591,347
Derivative financial instruments	33	**174,227**	5,823
Deferred tax liabilities	21	**58,870**	38,623
TOTAL NON-CURRENT LIABILITIES		**5,407,855**	2,635,921
NET ASSETS		**6,717,525**	4,380,235
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	34	**1,173,253**	586,318
Reserves	36	**5,511,946**	3,770,341
		6,685,199	4,356,659
NON-CONTROLLING INTERESTS		**32,326**	23,576
TOTAL EQUITY		**6,717,525**	4,380,235

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

STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

	Note	2014 RM'000	2013 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	**11,380**	18,708
Investments in subsidiaries	18	**1,890,994**	1,895,331
Investments in joint ventures	9	**151,943**	145,232
Available-for-sale financial assets	19	**–**	2,027
Deferred tax assets	21	**1,672**	7,925
TOTAL NON-CURRENT ASSETS		**2,055,989**	2,069,223
CURRENT ASSETS			
Other receivables, deposits and prepayments	26	**25,618**	43,429
Dividend receivable		**–**	2,864
Amounts due from subsidiaries	27	**1,120,825**	632,892
Amounts due from joint ventures	22	**34,853**	47,741
Tax recoverable		**2,835**	–
Deposits, cash and bank balances	29	**1,755,820**	16,117
TOTAL CURRENT ASSETS		**2,939,951**	743,043
TOTAL ASSETS		**4,995,940**	2,812,266
LIABILITIES			
LESS: CURRENT LIABILITIES			
Other payables and accruals	30	**53,586**	80,099
Amounts due to subsidiaries	27	**333,476**	138,165
Hire purchase creditors	31	**57**	170
Taxation		**–**	709
TOTAL CURRENT LIABILITIES		**387,119**	219,143
NET CURRENT ASSETS		**2,552,832**	523,900
LESS: NON-CURRENT LIABILITIES			
Hire purchase creditors	31	**–**	57
NET ASSETS		**4,608,821**	2,593,066
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	34	**1,173,253**	586,318
Reserves	36	**3,435,568**	2,006,748
TOTAL EQUITY		**4,608,821**	2,593,066

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2014

2014	Note	Number of shares 34 '000	Nominal Value 34 RM'000	Share premium 36(a) RM'000	Foreign exchange reserve 36(b) RM'000	Share option reserve 36(c) RM'000	Hedging reserve 36(d) RM'000	Other reserves 36(e) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to Owners of the Company										
At 1 January		2,931,591	586,318	1,764,614	51,713	30,633	(10,355)	(7,786)	1,941,522	4,356,659	23,576	4,380,235
Profit for the financial year		-	-	-	-	-	-	-	218,690	218,690	5,675	224,365
Other comprehensive income/(expense) for the financial year		-	-	-	300,867	-	(84,584)	14,348	-	230,631	3,075	233,706
Total comprehensive income/(expense) for the financial year, net of tax		-	-	-	300,867	-	(84,584)	14,348	218,690	449,321	8,750	458,071
Transactions with owners:												
- Employee share options exercised	34,35	1,544	309	5,620	-	(1,129)	-	-	-	4,800	-	4,800
- Employee share options granted	35	-	-	-	-	15,608	-	-	-	15,608	-	15,608
- Employee share options forfeited	35	-	-	-	-	(250)	-	-	250	-	-	-
- Rights issue	34	1,466,567	293,313	1,686,553	-	-	-	-	-	1,979,866	-	1,979,866
- Bonus issue	34	1,466,567	293,313	(293,313)	-	-	-	-	-	-	-	-
- Share issuance expenses		-	-	(25,744)	-	-	-	-	-	(25,744)	-	(25,744)
- Dividend paid	15	-	-	-	-	-	-	-	(95,311)	(95,311)	-	(95,311)
At 31 December		5,866,269	1,173,253	3,137,730	352,580	44,862	(94,939)	6,562	2,065,151	6,685,199	32,326	6,717,525

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

2013	Note	Number of shares 34 '000	Nominal Value 34 RM'000	Share premium 36(a) RM'000	Foreign exchange reserve 36(b) RM'000	Share option reserve 36(c) RM'000	Hedging reserve 36(d) RM'000	Other reserves 36(e) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to Owners of the Company										
At 1 January		2,929,168	585,834	1,756,045	(195,829)	16,049	(17,230)	3,770	1,601,227	3,749,866	17,145	3,767,011
Profit for the financial year		-	-	-	-	-	-	-	431,191	431,191	3,907	435,098
Other comprehensive income/(expense) for the financial year		-	-	-	247,542	-	6,875	(11,556)	-	242,861	2,524	245,385
Total comprehensive income/(expense) for the financial year, net of tax		-	-	-	247,542	-	6,875	(11,556)	431,191	674,052	6,431	680,483
Transactions with owners:												
- Employee share options exercised	34,35	2,423	484	8,569	-	(1,635)	-	-	-	7,418	-	7,418
- Employee share options granted	35	-	-	-	-	16,303	-	-	-	16,303	-	16,303
- Employee share options forfeited	35	-	-	-	-	(84)	-	-	84	-	-	-
- Dividend paid	15	-	-	-	-	-	-	-	(90,980)	(90,980)	-	(90,980)
At 31 December		2,931,591	586,318	1,764,614	51,713	30,633	(10,355)	(7,786)	1,941,522	4,356,659	23,576	4,380,235

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

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2014

2014	Note	Attributable to Owners of the Company						
		Number of shares 34 '000	Nominal Value 34 RM'000	Share premium 36(a) RM'000	Share option reserve 36(c) RM'000	Other reserves 36(e) RM'000	Retained earnings RM'000	Total RM'000
At 1 January		2,931,591	586,318	1,764,614	30,633	6,550	204,951	2,593,066
Total comprehensive income for the financial year, net of tax		-	-	-	-	-	136,536	136,536
Transactions with owners:								
- Employee share options exercised	34,35	1,544	309	5,620	(1,129)	-	-	4,800
- Employee share options granted	35	-	-	-	15,608	-	-	15,608
- Employee share options forfeited	35	-	-	-	(250)	-	250	-
- Rights issue	34	1,466,567	293,313	1,686,553	-	-	-	1,979,866
- Bonus issue	34	1,466,567	293,313	(293,313)	-	-	-	-
- Share issuance expenses		-	-	(25,744)	-	-	-	(25,744)
Dividend paid	15	-	-	-	-	-	(95,311)	(95,311)
At 31 December		5,866,269	1,173,253	3,137,730	44,862	6,550	246,426	4,608,821

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

2013	Note	Attributable to Owners of the Company						
		Number of shares 34 '000	Nominal Value 34 RM'000	Share premium 36(a) RM'000	Share option reserve 36(c) RM'000	Other reserves 36(e) RM'000	Retained earnings RM'000	Total RM'000
At 1 January		2,929,168	585,834	1,756,045	16,049	6,550	117,066	2,481,544
Total comprehensive income for the financial year, net of tax		-	-	-	-	-	178,781	178,781
Transactions with owners:								
- Employee share options exercised	34,35	2,423	484	8,569	(1,635)	-	-	7,418
- Employee share options granted	35	-	-	-	16,303	-	-	16,303
- Employee share options forfeited	35	-	-	-	(84)	-	84	-
Dividend paid	15	-	-	-	-	-	(90,980)	(90,980)
At 31 December		2,931,591	586,318	1,764,614	30,633	6,550	204,951	2,593,066

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

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000 Restated
OPERATING ACTIVITIES					
Profit for the financial year		**224,365**	435,098	**136,536**	178,781
Adjustments for non-cash items:					
Share of results of joint ventures		**(35,901)**	(33,473)	–	–
Depreciation of property, plant and equipment		**476,050**	416,756	**9,695**	9,225
Gain on disposal of a subsidiary		–	(9,358)	–	–
Fair value loss on derivative financial instruments		**78,307**	536	–	–
Gain on disposal of property, plant and equipment		**(138)**	(204)	–	(200)
Gain on disposal of non-current assets classified as held-for-sale		**(11,325)**	–	–	–
Impairment of available-for-sale financial assets		**28,248**	–	**2,027**	–
Write down of dividend receivable		**2,864**	–	**2,864**	–
Impairment of goodwill		**1,411**	–	–	–
Allowance for doubtful debts		**65,956**	28,485	–	–
Allowance for doubtful debts written back		–	(1,976)	–	–
Unrealised foreign exchange (gain)/loss		**(59,005)**	(18,013)	**(1,002)**	1,031
Share-based payments		**15,608**	16,303	**15,608**	16,303
Interest income		**(28,558)**	(4,168)	**(27,940)**	(10,143)
Interest expense		**101,606**	106,592	**94**	237
Dividend income		**(2,321)**	(2,221)	**(182,501)**	(208,949)
Taxation		**84,817**	44,875	**6,314**	2,663
Operating profit/(loss) before changes in working capital		**941,984**	979,232	**(38,305)**	(11,052)
Changes in working capital:					
Inventories		**1,032**	5,878	–	–
Trade and other receivables		**(373,446)**	(252,339)	**17,811**	(28,519)
Trade and other payables		**308,800**	(68,822)	**(21,444)**	30,641
Cash from/(used in) operations		**878,370**	663,949	**(41,938)**	(8,930)
Interest paid		**(130,349)**	(97,455)	**(94)**	(237)
Tax refund		**1,978**	118	**259**	–
Tax paid		**(69,963)**	(92,186)	**(3,864)**	(1,218)
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**680,036**	474,426	**(45,637)**	(10,385)

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

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000 Restated
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	**(2,128,524)**	(1,277,546)	**(2,367)**	(2,254)
Proceeds from disposal of property, plant and equipment		**138**	204	–	200
Proceeds from disposal of non-current assets classified as held-for-sale		**72,468**	–	–	–
Proceeds from disposal of a subsidiary		–	12,446	–	–
Interest received		**23,612**	4,183	**11,659**	10,144
Investments in joint ventures		**(77,159)**	(23,350)	**(6,711)**	(23,350)
Investments in subsidiaries		–	–	–	(33)
Dividends received		**2,321**	2,221	**182,501**	214,449
Repayment from/(advances to) joint ventures		–	–	**13,461**	(30,974)
Advances to subsidiaries		–	–	**(276,644)**	(69,279)
NET CASH FLOWS (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(2,107,144)**	(1,281,842)	**(78,101)**	98,903
FINANCING ACTIVITIES					
Proceeds from bank borrowings		**3,298,372**	1,857,496	–	–
Increase in deposit pledged as security		**(600)**	–	–	–
Repayment of bank borrowings		**(1,099,802)**	(863,067)	–	–
Repayment of hire purchase creditors		**(188)**	(162)	**(170)**	(152)
Proceeds from issuance of shares		**4,800**	7,418	**4,800**	7,418
Proceeds from exercise of rights issue		**1,979,866**	–	**1,979,866**	–
Share issuance expenses		**(25,744)**	–	**(25,744)**	–
Proceeds from hire purchase creditors		–	95	–	–
Dividend paid		**(95,311)**	(90,980)	**(95,311)**	(90,980)
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**4,061,393**	910,800	**1,863,441**	(83,714)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,634,285**	103,384	**1,739,703**	4,804
CURRENCY TRANSLATION DIFFERENCES		**33,824**	30,654	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**633,638**	499,600	**15,217**	10,413
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	B	**3,301,747**	633,638	**1,754,920**	15,217

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2014 (Cont'd)

Notes to the statements of cash flows:

A Additions to property, plant and equipment (Note 16) during the financial year were acquired as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Cash	**2,128,524**	1,277,546	**2,367**	2,254
Movement in property, plant and equipment creditors	**542,327**	(31,507)	–	9,948
Interest expense capitalised for construction of vessels	**86,987**	16,000	–	–
	2,757,838	1,262,039	**2,367**	12,202

B Cash and cash equivalents consist of:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	**2,940,679**	621,313	**1,752,403**	13,600
Cash and bank balances	**362,568**	13,225	**3,417**	2,517
	3,303,247	634,538	**1,755,820**	16,117
Pledged deposits placed with licensed banks	**(1,500)**	(900)	**(900)**	(900)
	3,301,747	633,638	**1,754,920**	15,217

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014

1 GENERAL INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the Group consist of provision of marine transportation, Floating Production Storage and Offloading operations ("FPSO"), vessel construction, engineering and maintenance services to offshore oil and gas companies. Further details are provided in Note 18 to the financial statements.

There have been no significant changes in the principal activities of the Group and Company during the financial year.

The Company is incorporated and domiciled in Malaysia and is listed and quoted on the Official List of the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is as follows:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies as stated in Note 2 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

(a) Standards, amendments to published standards and interpretations that are applicable and effective

(i) The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and Company's financial year beginning on or after 1 January 2014 are as follows:

- Amendment to MFRS 132 "Financial Instruments: Presentation" - Offsetting Financial Assets and Financial Liabilities
- Amendment to MFRS 136 "Impairment of Assets" - Recoverable Amount Disclosure for Non-Financial Assets
- Amendment to MFRS 139 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting
- Amendment to MFRS 10 "Consolidated Financial Statements" - Investment Entities
- Amendment to MFRS 12 "Disclosure of Interest in Other Entities" - Investment Entities
- Amendment to MFRS 127 "Consolidated and Separate Financial Statements" - Investment Entities

The adoption of the above Amendments to MFRS that came into effect on 1 January 2014 did not have any significant impact on the financial statements of the Group and Company upon the initial application on 1 January 2014.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

(b) Standards, amendments to published standards and interpretations that are applicable to the Group and the Company but not yet effective

(i) Amendment and Annual Improvements to MFRS effective for the Group and the Company's financial year beginning on or after 1 July 2014:

- Amendments to MFRS 119 "Defined Benefits Plans" - Employee Contributions
- Annual Improvements to MFRSs 2010 - 2012 cycle
- Annual Improvements to MFRSs 2011 - 2013 cycle

(ii) Amendments and Annual Improvements to MFRS which are applicable to the Group and the Company effective for annual periods beginning on or after 1 January 2016:

- Annual Improvements to MFRSs 2012 - 2014 cycle
- Amendment to MFRS 10 "Consolidated Financial Statements" and MFRS 128 "Investment in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 127 "Separate Financial Statements" - Equity Method in Separate Financial Statements
- Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangibles Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation

(iii) New MFRS which is applicable to the Group and the Company effective for annual periods beginning on or after 1 January 2017:

- MFRS 15 "Revenue from Contracts with Customers"

The adoption of MFRS 15 may result in a change in accounting policy. The Group and the Company will quantify the effect of adopting this standard when the full standard is effective to the Group.

(iv) New MFRS which is applicable to the Group and the Company effective for annual periods beginning on or after 1 January 2018:

- MFRS 9 "Financial Instruments"

The adoption of MFRS 9 may result in a change in accounting policy. The Group and the Company will quantify the effect of adopting this standard when the full standard is issued.

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

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Consolidation (cont'd)

(a) Subsidiaries (cont'd)

The Group applies the acquisition method to account for business combination, except for the subsidiary as disclosed in Note 18, where the Group applies predecessor method of merger accounting to account for business combination under common control. Under predecessor method of merger accounting, assets and liabilities acquired are not restated to their respective fair value. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to confirm with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the successive acquisition date at each stage, any gains or losses arising from such remeasurement are recognised in profit and loss.

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

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

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

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

(c) Disposal of subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Consolidation (cont'd)

(d) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interests in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Investments in subsidiaries and joint ventures

In the Company's separate financial statements, investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses (see accounting policy Note 2.8). On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (see accounting policy Note 2.9).

Drydocking expenditure represents major inspection and overhaul cost and are depreciated to reflect the consumption of benefits, which are to be replaced or restored by the subsequent drydocking generally performed. The Group has included these drydocking costs as a component within vessel costs in accordance with MFRS 116 "Property, Plant and Equipment".

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in the profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the profit or loss.

Property, plant and equipment are depreciated on a straight-line basis to allocate the cost, the residual values over their estimated useful lives. Depreciation on vessels under construction commences when the assets are ready for their intended use. Vessels are depreciated on a systematic basis to reflect the pattern in which future economic benefits are expected to be consumed over its estimated useful lives.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment (cont'd)

The estimated useful lives of the categories of property, plant and equipment are summarised as follows:

Leasehold land and building	50 years
Drydocking expenditure	5 years
Vessels	10 to 30 years
Equipment, furniture, fittings and office equipment	2 to 10 years
Spare parts	1 to 3 years
Motor vehicles	5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of the reporting period.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see accounting policy Note 2.8).

2.5 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Financial assets at fair value through profit or loss

Financial assets held for trading are categorised as financial assets at fair value through profit or loss. Financial assets held for trading are assets that are acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges (see accounting policy Note 2.7). Derivatives are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's and Company's loan and receivables are disclosed in Note 41 to the financial statements.

Available-for-sale financial assets

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

(b) Recognition and initial measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss.

(c) Subsequent measurement - gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial assets (cont'd)

(c) Subsequent measurement - gains and losses (cont'd)

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in the profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary assets are recognised in the profit or loss.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss.

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

(d) Subsequent measurement - impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or "events") has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If "loans and receivables" has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Assets classified as available-for-sale

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial assets (cont'd)

(d) Subsequent measurement - impairment of financial assets (cont'd)

Assets classified as available-for-sale (cont'd)

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

(e) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and Company have transferred substantially all risks and rewards of ownership.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

2.6 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

2.7 Derivative financial instruments and hedge activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2.5. Derivatives that qualify for hedge accounting are designated as cash flow hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 33. Movements on the hedging reserve in the other comprehensive income are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in the other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Amounts accumulated in equity are reclassified to the profit or loss in the periods when the hedged item affects the profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the transaction is ultimately recognised in the profit or loss.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life (e.g goodwill) are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows ("cash-generating units"). Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2.9 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents material and attributable cost of acquisition and is determined using the first-in, first-out method.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

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

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

2.12 Construction contracts and conversion work

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use. Conversion work represents activities conducted to convert a vessel for its intended used in accordance to the customers' specifications.

When the outcome of a construction contract or conversion work can be estimated reliably, revenue and costs associated with the construction contract or conversion works are recognised as revenue and expenses respectively by reference to the stage of completion of the contract or conversion activity at the end of the reporting period. When it is probable that total costs will exceed total revenue, the expected loss is recognised as an expense immediately.

Variations in contract/conversion work, claims and incentive payments are included in contract revenue to the extent agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract/conversion costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract/conversion.

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

For conversion work in relation to vessels built to customers' specifications, these are shown as vessel under construction (under property, plant and equipment) during the conversion phase. Upon completion of the conversion activities, these amounts are recognised as finance lease receivables when the leases commence. Contractual milestone billings during the conversion phase are presented as advances from customers.

For construction contracts, the Group presents as an asset the gross amounts due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within "trade receivables". The Group presents as a liability the gross amounts due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's and Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Revenue recognition (cont'd)

The Group and Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's and Company's activities as described below. The Group and Company base its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement based on contractual terms. Revenue is recognised on the following bases:

(a) Vessel charter fees and support services

Vessel charter hire fees from FPSO contracts are recognised over the lease term based on classification of the contracts as finance or operating lease determined at the inception of the lease (see accounting policy Note 2.15). Charter hire income from other vessels is recognised upon rendering of services to customers.

Vessel sundry income, commission and agency income are recognised when services are rendered to the customers and recognised on an accrual basis.

(b) Vessel construction, conversion and engineering services

Revenue from construction contracts and conversion works in relation to vessels built to customers' specifications are accounted for under the percentage of completion method (see accounting policy Note 2.12).

(c) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(d) Dividend income

Dividend income is recognised when the Group's and Company's right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(e) Rental income

The Group earns rental income from the rental of premises to third parties and recognised on an accrual basis.

(f) Sale of goods

Sales are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts, and after eliminating sales within the Group.

(g) Central overhead fees

The Company earns central overhead fees from its subsidiaries and joint ventures (Note 38) and recognised on an accrual basis.

2.14 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements of the Group and Company are presented in Ringgit Malaysia, which is the Company's functional currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Foreign currencies (cont'd)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

Translation difference on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a disposal involving loss of joint control over a joint venture that includes a foreign operation) all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income.

2.15 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) Accounting by lessee

Operating leases

Leases of assets where a significant pattern of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Leases (cont'd)

(b) Accounting by lessor

Finance leases

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the statement of financial position as "finance lease receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Any direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.16 Current and deferred income tax

The tax expense for the period comprises current, withholding and deferred taxes. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of most likely outcome.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Current and deferred income tax (cont'd)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(b) Defined contribution plan

The Group's contributions to Employees Provident Fund, a defined contribution plan are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and Company have no further financial obligations.

(c) Share-based payment

The Group operates an equity-settled, share-based compensation plan ("Employee Share Option Scheme" or "ESOS") under which the Group receives services from employees as consideration for equity options over ordinary shares of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings. Where the options are granted by shareholders of the Company, the credit in equity is retained as "Other Reserves" when the options are exercised and/or lapsed.

If the terms of an equity-settled amount are modified at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee, as measured at the date verification.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Employee benefits (cont'd)

(c) Share-based payment (cont'd)

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.18 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

2.19 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.20 Trade payables and accruals

Trade payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities, but disclose its existence in the financial statements, if any.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Contingent assets and liabilities (cont'd)

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.23 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturities of 3 months or less and bank overdrafts, if any.

2.24 Share capital

(a) Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(b) Share issue costs

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

(c) Dividends

Distributions to holders of an equity instrument are debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the financial period in which the dividends are approved.

2.25 Earnings per share

The basic earnings per share ("EPS") is calculated by dividing the Group's profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

The diluted earnings per share is calculated by dividing the profit for the financial year attributable to the owners of the Company (adjusted for interest income, net of tax, earned on the proceeds arising from the conversion of the call option and ESOS options) by the weighted average number of ordinary shares as adjusted for the basic earnings per share and includes all potential dilutive shares on both arising from the call option and ESOS options granted by the reporting date, as if the options had been exercised on the first day of the financial year or the date of the grant, if later.

2.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer. The Chief Executive Officer, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions. Segment revenues and expenses are those directly attributable to the segments and include any expenses where a reasonable basis of allocation exists.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

3.1 Revenue

Chartering of FPSO and vessels to customers are recognised as revenue based on whether the charter contract arrangement is considered to be an operating lease or finance lease in accordance with MFRS 117 "Leases". Classifications of these contracts as operating leases or finance leases are assessed at the inception of the lease. The estimated useful lives of the vessel and lease payment pattern are relevant in evaluating lease contracts. This assessment requires significant judgements in the following areas:

(i) Lease term

At lease inception, a lease contract is classified as either an operating or a finance lease. The lease term is the "non-cancellable period" for which the Group has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, when at lease inception it is reasonably certain that the lessee will exercise the option.

(ii) Purchase option

At lease inception, if it is not reasonably certain that the option will be exercised, the option will not be a part of the basis for classification. If the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable, the exercise of the option is regarded reasonably certain. The evaluation of the term "reasonably certain" involves judgement. The lessee's purchase option is considered in classifying the lease contract.

Contracts for leasing and operation of vessels are usually negotiated together. Leasing of vessels is accounted for under MFRS 117 "Leases" and operation of vessels is accounted for under MFRS 118 "Revenue". As the consideration for the leasing component and operation component of vessels are contracted together they may not represent the fair value of the individual component separately. The total consideration paid is allocated between each component based on fair value of each component. This requires estimation based on market rates, comparable transactions and other market related information to be determined at lease inception.

If the terms and conditions of the lease contract change subsequently, the management will reassess whether the new arrangements would be classified as a new lease based on the prevailing market conditions.

3.2 Impairment of non-financial assets

The Group reviews periodically whether property, plant, equipment, particular vessels, have suffered any impairment in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of each vessel, being defined as a cash generating unit, have been determined based on the higher of fair value less cost to sell and value in-use calculations. The value in-use calculations are based on contracted cash flows and estimates of uncontracted cash flows for the useful lives of each vessel, including scrap values discounted by an appropriate discount rate.

The impairment testing for cash generating units requires estimates and judgement to determine the net present value of future cash flows such as revenue growth, cost escalation and discount rate amongst others. The Directors have evaluated the carrying amounts of property, plant and equipment and are satisfied that no impairment charge is required during the financial year.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.3 Vessel useful life and residual value

Depreciation depends on the estimated useful lives of the vessels and residual values at the end of their useful lives. The estimated useful lives are based on previous experience and knowledge of the vessels owned by the Group and is normally equal to the design life of the vessel. Assumptions about residual value are based on prevailing market conditions and expected value to be obtained for these vessels at the end of their useful lives in the future. These assumptions by their nature may differ from actual outcome in the future. Where appropriate, the Group will adjust the residual value and useful life of the individual vessel based on the particular conditions of the vessel. These adjustments require judgements to be exercised by management to assess the residual value and useful life for the individual vessels.

3.4 Taxation

The Group is subject to income and withholding taxes in numerous jurisdictions in which the Group operates. Significant judgement is required in determining the worldwide provision for these taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. The Group has also recognised certain tax recoverable for which the Group believe that there is a reasonable basis for recognition. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax recoverable/payable and deferred tax provision where relevant in the financial period in which such determination is made.

3.5 Construction contracts

The Group uses the "percentage-of-completion" method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred up to the end of reporting period as a percentage of estimated total costs for each contract.

Significant assumptions based on management's assessment of the contract progress and past experience are used to estimate the total contract costs that affect the stage of completion and the contract revenue respectively.

3.6 Liquidated Ascertained Damages

The Group may be subject to liquidated ascertained damages ("LADs") arising from delays in delivering the vessels under construction. The assessment of likelihood of LADs requires significant judgement. The Group has evaluated the potential LADs based on contractual terms and conditions and is satisfied that the likelihood of LADs is remote as the delays were primarily due to changes in customer specifications. Where the outcome is different from the assessment, such differences may have adverse impact on the project profitability.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

This note presents information about the Group's and Company's exposure to risk resulting from its use of financial instruments, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further qualitative disclosures are included throughout these consolidated financial statements.

The Group's activities expose it to a variety of financial risks: market risk including currency risk and interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors identifies and evaluates financial risks in close co-operation with the Group's management.

<u>Foreign currency exchange risk</u>

The Group is exposed to various currencies, primarily the United States Dollar ("USD"). The Group's foreign currency exchange risk arises from the revenue recognised and purchases of material, spares and services for maintenance of its vessels.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

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

Foreign currency exchange risk (cont'd)

The objectives of the Group's foreign currency exchange risk management policies are to allow the Group to effectively manage the foreign exchange fluctuation against its functional currency that may arise from future commercial transactions and recognised assets and liabilities. Foreign currency exchange forward contracts are used to manage foreign currency exchange exposures arising from all known material foreign currency denominated commitments as and when they arise and to hedge the movements in exchange rates by establishing the rate at which a foreign currency monetary item will be settled. Gains and losses on foreign currency exchange forward contracts entered into as hedges of foreign currency monetary items are recognised in the financial statements when the exchange differences of the hedged monetary items are recognised in the financial statements. Cross currency interest rate swap contracts are also used to hedge the volatility in the cash flows attributable to variability in the other currency denominated borrowings once identified to maturity of the borrowings.

The impact of the translation of USD receivables, bank deposits and balances, and payables held by companies within the Group, for which their functional currencies are not USD is not material as at the reporting date.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's borrowings with floating interest rates. In respect of managing interest rate risks, the floating interest rates of certain long-term loans are hedged in accordance with Group's policy by fixed rate swaps for the entire maturity period. Short term facilities which bear interest at floating interest rates are used for working capital and bridge financing requirements. The interest rate profile of the Group's borrowings is regularly reviewed against prevailing and anticipated market rates to determine hedging requirements.

The contractual interest rates on borrowings and derivative financial instruments are disclosed on Notes 32 and 33 respectively.

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

	Group	
	2014 RM'000	2013 RM'000
Variable rate instruments		
Financial liabilities, comprising term loans, bridging loans and revolving credits	**4,612,511**	3,719,802
Less: Interest rate swap contracts	**(1,401,726)**	(1,578,607)
Less: Cross currency interest rate swap contract	**(104,391)**	(132,087)
	3,106,394	2,009,108

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

Interest rate risk (cont'd)

The sensitivity of the Group's profit before taxation for the financial year and equity to a reasonable possible change in RM and USD interest rates with all other factors held constant and based on composition of liabilities with floating interest rates at the reporting date are as follows:

Group	Impact on profit before taxation		Impact on equity [1]	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
RM				
- increased by 0.5% (2013: 0.5%)	**(1,240)**	(1,547)	–	719
- decreased by 0.5% (2013: 0.5%)	**1,240**	1,547	–	(719)
USD				
- increased by 0.5% (2013: 0.5%)	**(14,375)**	(12,438)	**4,495**	1,458
- decreased by 0.5% (2013: 0.5%)	**14,375**	12,438	**(4,495)**	(1,458)

[1] Represents cash flow hedging reserve

The impact on profit before taxation for the financial year is mainly as a result of interest expenses on floating interest rate borrowings not in a designated hedging relationship. For borrowings in a designated hedging relationship, as these are effectively hedged, the interest rate movements will not have any impact on the profit or loss.

The Company is exposed to the changes in interest rates in relation to an amount due from a subsidiary on floating interest rates as disclosed in Note 27. The Company does not hedge this interest rate risk. If the interest rates increase/(decrease) by 0.5%, the impact on profit before taxation is approximately RM1.4 million/(RM1.4 million) (2013: RM1.5 million/(RM1.5 million)).

Credit risk

Credit risk arises when sales are made on credit terms. The Group's activities limit the exposure and credit risk concentration to major clients in the oil and gas industry. The Group employs a credit policy that ensures clients are subjected to credit checks and outstanding accounts are followed up on a timely basis.

Several of the Group's contracts are long-term. There can be no guarantees that the financial position of the Group's major customers will not materially change during the contracted period. Given the limited number of major partners of the Group and the significant portion they represent of the Group's income, the inability of one or more of them to make full payment on any of the Group's customers may have a significant adverse impact on the financial position of the Group.

The credit risk of the Group arises primarily from the Group's 5 largest customers which accounted for 52% (2013: 61%) of the outstanding trade receivables at the end of the reporting period. The Group believes that the credit risk related to these counterparties is at an acceptable level. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. As such, management does not expect any counterparty to fail to meet their obligations except for the impairment provided as disclosed in Note 25 to the financial statements. The carrying amount of each class of financial assets mentioned in Note 22, Note 25, Note 26 and Note 27 to the financial statements represent the Group's maximum exposure to credit risk.

Management continues to review the credit risk concentration with respect to other receivables, amounts due from subsidiaries and joint ventures and expect these amounts to be recoverable over the course of business.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

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

Liquidity risk

The Group and Company adopt liquidity risk management by maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities from financial institutions to support its daily operations. Whenever the Group undertakes additional financing, the repayment and maturity profile of the underlying loans are structured after taking into consideration the cash inflows expected to be generated from the related assets or operations and economic life of the assets or operations being financed.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Group	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2014					
Borrowings	**1,184,520**	**1,409,521**	**2,825,546**	**1,951,459**	**7,371,046**
Hire purchase creditors	**84**	**24**	**30**	**–**	**138**
Amounts due to joint ventures	**18,598**	**–**	**–**	**–**	**18,598**
Net settled derivative financial instruments					
- interest rate swaps	**(9,918)**	**(1,781)**	**3,153**	**–**	**(8,546)**
- cross currency interest rate swaps	**(2,623)**	**(7,823)**	**(22,113)**	**(232,384)**	**(264,943)**
Trade payables and accruals	**699,416**	**–**	**–**	**–**	**699,416**
Other payables and accruals	**557,241**	**–**	**–**	**–**	**557,241**
31 December 2013					
Borrowings	1,284,871	686,130	2,093,239	–	4,064,240
Hire purchase creditors	211	84	58	–	353
Amounts due to joint ventures	15,379	–	–	–	15,379
Net settled derivative financial instruments					
- interest rate swaps	(13,333)	(6,828)	6,210	–	(13,951)
- cross currency interest rate swaps	(228)	(733)	(4,471)	–	(5,432)
Trade payables and accruals	362,872	–	–	–	362,872
Other payables and accruals	187,230	–	–	–	187,230

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

Liquidity risk (cont'd)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Company	Within 1 year RM'000	More than 1 year and within 2 years RM'000	More than 2 years and within 5 years RM'000	More than 5 years RM'000	Total RM'000
31 December 2014					
Hire purchase creditors	**65**	–	–	–	**65**
Other payables and accruals	**53,586**	–	–	–	**53,586**
Amounts due to subsidiaries	**333,476**	–	–	–	**333,476**
31 December 2013					
Hire purchase creditors	194	65	–	–	259
Other payables and accruals	80,099	–	–	–	80,099
Amounts due to subsidiaries	138,165	–	–	–	138,165

The corporate guarantees are financial guarantees given to banks for credit facilities granted to subsidiaries.

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiaries companies, amounting to RM5,404.5 million as at 31 December 2014 (2013: RM2,716.3 million). The earliest period any of the financial guarantees can be called upon by banks is within the next 12 months. The Company believes that the liquidity risk in respect of the financial guarantees is minimal as it is unlikely that the subsidiary companies will not make payment to the banks when due.

Capital risk management

The Group's and Company's objectives when managing capital, are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares as well as the issue of new debt or return capital to shareholders.

The capital structure of the Group and Company consists of borrowings (excluding cash and cash equivalents) and total equity, comprising issued share capital, reserves and non-controlling interests as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total borrowings	**6,192,825**	3,777,002	–	–
Less: Cash and cash equivalents	**(3,301,747)**	(633,638)	**(1,754,920)**	(15,217)
	2,891,078	3,143,364	**(1,754,920)**	(15,217)
Total equity	**6,717,525**	4,380,235	**4,608,821**	2,593,066
	9,608,603	7,523,599	**2,853,901**	2,577,849

The Group is required to maintain a certain ratio of total net debt to adjusted earnings before interest, taxation, depreciation and amortisation, as defined in the facilities agreement. During the financial year, the Group has complied with these requirements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

5 SEGMENT INFORMATION

The Group is organised into 3 main business segments based on the type of operations carried out by its vessels and barges:

- Floating Production Storage Offloading ("FPSO") - Own, operate and provide FPSO units, vessels that are used for receiving hydrocarbons sourced from oilfields.
- Offshore Support Vessel ("OSV") - Own, operates and charter vessels to provide support for exploration, development and production activities in the offshore oil and gas industry.
- Transport and Installation ("T&I") - Provision of conventional installation, floater installation and installation of umbilicals, risers and flexibles as part of FPSO completion or as standalone T&I projects.

The remaining operations of the Group are in "Corporate and others" and comprise engineering services, which are not of a sufficient size to be reported separately, and management and other corporate support services provided to Group entities which are considered incidental to the Group's operating business.

The external revenue reported to the Chief Executive Officer is measured in a manner consistent with that in the Group's statement of income. The cost of sales and allocation of expenses attributable to each segment is based on management's internal allocation basis and may not individually be consistent with the Group's statement of income.

Inter-segment revenue comprises mostly of engineering services provided to the marine charter hire companies within the Group. These transactions are conducted based on terms and conditions negotiated with related parties.

	FPSO RM'000	OSV RM'000	T&I RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
2014						
External revenue	949,066	654,626	793,647	–	–	2,397,339
Inter-segment revenue	–	–	–	161,445	(161,445)	–
Total revenue	949,066	654,626	793,647	161,445	(161,445)	2,397,339
Results						
Segment results	282,204	47,358	3,321	(13,159)	(11,664)	308,060
Other operating income						64,374
Share of results of joint ventures						35,901
Finance costs						(99,153)
Taxation						(84,817)
Profit for the financial year						224,365

Segment results above included the following:

- Allowance for doubtful debts of RM26.1 million and RM39.9 million for OSV and T&I segments respectively.
- Impairment losses of goodwill and available-for-sale financial assets amounting to RM1.4 million and RM28.2 million respectively in Corporate and others.

5 SEGMENT INFORMATION (CONT'D)

	FPSO RM'000	OSV RM'000	T&I RM'000	Corporate and others RM'000	Elimination RM'000	Group RM'000
2013						
External revenue	787,629	636,804	648,571	–	–	2,073,004
Inter-segment revenue	–	–	–	111,222	(111,222)	–
Total revenue	787,629	636,804	648,571	111,222	(111,222)	2,073,004
Results						
Segment results	266,726	126,331	125,394	11,901	(11,901)	518,451
Other operating income						25,504
Share of results of joint ventures						33,473
Finance costs						(97,455)
Taxation						(44,875)
Profit for the financial year						435,098

Segment results above included the following:

- Allowance for doubtful debts of RM28.5 million for OSV segment.

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

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

Non-current assets other than financial instruments and deferred tax assets managed by the Group in Asia amounted to RM9,052.5 million as at 31 December 2014 (2013: RM6,577.4 million).

Revenue by location of the Group's operation are analysed as follows:

	Group 2014 RM'000	Group 2013 RM'000
Malaysia	**310,055**	281,726
Asia (excluding Malaysia) and Australia	**1,418,386**	1,097,029
Africa	**574,188**	603,018
Latin America	**94,710**	91,231
	2,397,339	2,073,004

The Group's largest customers (by revenue contribution) are in the FPSO and T&I segments. In 2014, 3 customers contributed revenue individually exceeding 10% of total revenue for the financial year, amounting to RM349.0 million, RM345.6 million and RM267.9 million respectively. In 2013, 4 customers contributed revenue individually exceeding 10% of total revenue for the financial year, amounting to RM298.4 million, RM263.4 million, RM221.2 million and RM208.8 million respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

6 REVENUE

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Vessel charter fees and support services rendered	**1,815,760**	1,741,350	–	–
Construction and conversion work	**581,579**	331,654	–	–
Dividend income	–	–	**182,501**	208,949
Central overhead fees	–	–	**240,580**	178,594
	2,397,339	2,073,004	**423,081**	387,543

7 OTHER OPERATING INCOME

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	**138**	204	–	200
Gain on disposal of non-current assets classified as held-for-sale	**11,325**	–	–	–
Interest income				
- deposits with licensed bank	**28,558**	4,168	**16,299**	71
- loan to subsidiary	–	–	**11,641**	10,072
Rental income	**41**	41	–	–
Gain on disposal of a subsidiary	–	9,358	–	–
Allowance for doubtful debts written back (Note 25)	–	1,976	–	–
Insurance claims	**14,278**	1,218	–	–
Dividend income	**2,321**	2,221	–	–
Commission	**692**	545	–	–
Gain on disposal of scrap materials	**248**	179	–	–
Vessel ancillary fees and others	**6,773**	5,594	**14**	18
	64,374	25,504	**27,954**	10,361

8 FINANCE COSTS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest expense	**101,606**	106,592	**94**	237
Fair value gains on interest rate swaps used for hedging purpose	**(2,453)**	(9,137)	–	–
	99,153	97,455	**94**	237

9 INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	**264,373**	182,887	**151,943**	145,232
Share of net assets	**140,805**	88,900	**–**	–
Interests in joint ventures	**405,178**	271,787	**151,943**	145,232

The joint ventures are private companies and there are no quoted market prices available for their shares.

Details of the joint ventures are as follows:

Name of company	Principal activities	Group's effective interest 2014 %	Group's effective interest 2013 %	Country of incorporation
Angoil Bumi JV, LDA [(1)]	Service provider to the oil and gas industry, especially for repair and maintenance of FPSO and OSV companies	**49**	–	Angola
Armada Century Ltd.	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**49**	49	British Virgin Islands
Armada C7 Pte. Ltd. [(2)]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**50**	50	Singapore
Armada D1 Pte. Ltd. [(3)]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**50**	50	Singapore
Armada Synergy Ltd.	To manage and operate vessels for subsea well services and services relating to oil and gas production	**51**	51	United Kingdom
Century Bumi Limited	Oil and gas exploration, and product and marine services	**40**	40	Federal Republic of Nigeria

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

9 INVESTMENTS IN JOINT VENTURES (CONT'D)

Name of company	Principal activities	Group's effective interest 2014 %	Group's effective interest 2013 %	Country of incorporation
Forbes Bumi Armada Offshore Limited	Ship owners, charterers, managers of ships and vessels, logistics and maritime transportation services to the oil and gas industry	**50**	50	India
Forbes Bumi Armada Limited	Ship owners, charterers, managers of ships and vessels, logistics and maritime transportation services to the oil and gas industry	**49**	49	India
PT Armada Gema Nusantara	Ship owner and operator	**49**	49	Indonesia
SP Armada Oil Exploration Private Limited	Marine support and other services to the oil and gas industry	**50**	50	India
SP Armada Offshore Private Ltd.	To provide marine support and other service to oil and gas industry and for that purpose to purchase, erect, construct, own, charter, manage vessels and rigs	**50**	50	India

(1) On 15 May 2014, Angoil Bumi JV, LDA ("ABJV") was incorporated under the Angola Companies Act, as a private company limited by shares. Bumi Armada Offshore Holdings Limited ("BAOHL"), a wholly-owned subsidiary of the Company subscribed for 1 share with a nominal value of Kz. 4,900,000 which is equivalent to USD 49,000 representing 49% of the issued share capital of ABJV, at the point of ABJV's incorporation.

(2) On 16 May 2014 and 31 October 2014, Armada C7 Pte. Ltd. issued 11,000,000 and 30,000,000 redeemable preference shares ("RPS") respectively for cash to its shareholders, BAOHL and Shapoorji Pallonji and Company Private Limited ("SPCL"), BAOHL and SPCL subscribed in equal proportion to the RPS. The additional subscription of RPS does not change the Group's effective interest in Armada C7 Pte. Ltd..

(3) On 20 March 2014 and 27 March 2014, Armada D1 Pte. Ltd. issued a total of 10,000,000 and 4,000,000 of RPS respectively for cash to its shareholders. The Company and its joint venture partner, SPCL subscribed in equal proportion to the RPS, where the Company had partially paid for the subscription in prior financial year. The additional subscription of RPS does not change the Group's effective interest in Armada D1 Pte. Ltd..

9 INVESTMENTS IN JOINT VENTURES (CONT'D)

Set out below are the summarised financial information of all the joint ventures of the Group:

	Group	
	2014	2013
	RM'000	RM'000
Current assets	**456,258**	460,556
Non-current assets	**2,482,970**	1,423,161
Current liabilities	**(1,222,358)**	(498,430)
Non-current liabilities	**(871,763)**	(759,186)
Net assets	**845,107**	626,101
The above include the following:		
Cash and cash equivalents	**106,854**	40,582
Current financial liabilities excluding trade and other payables	**(1,104,790)**	(389,660)
Non-current financial liabilities excluding trade and other payables	**(814,037)**	(735,735)
Revenue	**331,032**	255,970
Other expenses	**(84,042)**	(64,710)
Interest income	**101**	21
Depreciation	**(78,945)**	(74,783)
Finance cost	**(41,875)**	(31,482)
Taxation	**(47,588)**	(21,797)
Profit after taxation	**78,683**	63,219

The information above reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures.

The Group's share of profit, total comprehensive income and net assets of the joint ventures, after adjustments for equity accounting are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Profit for financial year	**35,901**	33,473
Total comprehensive income for the financial year	**35,961**	33,473
Net assets	**405,178**	271,787

In the opinion of the Directors, Armada D1 Pte. Ltd., Armada C7 Pte. Ltd. and Forbes Bumi Armada Offshore Limited are material joint ventures of the Group and are related to FPSO segment. As these joint ventures operate in the same business segment and that other joint ventures are immaterial to the Group, the Directors consider it is appropriate to aggregate the summarised financial information of all joint ventures as disclosed above.

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31 December 2014 (Cont'd)

10 PROFIT BEFORE TAXATION

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Auditors' remuneration:				
- fees for statutory audit				
- PricewaterhouseCoopers Malaysia	**1,326**	1,153	**227**	207
- member firm of PricewaterhouseCoopers International Limited	**305**	265	**–**	–
- fees for audit related services *	**1,495**	463	**1385**	442
- fees for non-audit services	**847**	770	**655**	595
Impairment of:				
- available-for-sale financial assets (Note 19)	**28,248**	–	**2,027**	–
- goodwill (Note 17)	**1,411**	–	**–**	–
Allowance for doubtful debts (Note 25)	**65,956**	28,485	**–**	–
Write down of dividend receivable	**2,864**	–	**2,864**	–
Depreciation of property, plant and equipment (Note 16)	**476,050**	416,756	**9,695**	9,225
Travel and freight	**50,318**	39,674	**3,730**	5,377
Repairs and maintenance	**130,071**	108,345	**146**	2,958
Management fees	**5,535**	5,272	**5,535**	5,272
Insurance	**40,429**	46,513	**–**	–
Fuel and oil	**91,533**	33,341	**–**	–
Advertisement and recruitment	**3,192**	4,585	**141**	868
Staff costs (Note 11)	**530,292**	381,724	**190,131**	168,183
Other crew costs	**54,015**	60,958	**–**	–
Rental of buildings	**14,633**	11,469	**5,585**	5,953
Hiring of equipment	**53,866**	48,346	**–**	–
Fair value (gain)/loss on derivatives				
- Interest rate swaps	**(2,453)**	(9,137)	**–**	–
- Cross currency interest rate swaps	**80,760**	9,673	**–**	–
Net foreign exchange loss/(gain):				
- realised	**1,566**	2,517	**1,836**	(798)
- unrealised	**(59,005)**	(18,013)	**(1,002)**	1,031
Maintenance and services cost	**63,076**	49,299	**–**	–
Survey fee	**9,503**	37,707	**–**	–
Consultancy fee	**26,002**	7,444	**1,371**	3,621
Communication expenses	**9,086**	6,567	**–**	–

* Such fees include an amount of RM1.0 million in relation to the Rights Issue which has been netted against share premium.

11 STAFF COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages, salaries and bonuses	**612,827**	405,523	**165,404**	142,369
Defined contribution plan	**27,076**	15,594	**5,330**	3,449
Share-based payments	**15,608**	16,303	**15,608**	16,303
Other staff related costs	**71,227**	51,624	**3,789**	6,062
Total staff costs	**726,738**	489,044	**190,131**	168,183

Included in staff costs is Executive Directors' remuneration as disclosed in Note 12 and RM196.4 million (2013: RM107.3 million) which has been capitalised in the Group's property, plant and equipment.

12 DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by Directors from the Group and Company during the financial year were as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-executive Directors:				
- fees	**2,068**	2,315	**2,068**	2,315
- allowances and defined contribution plan	**651**	287	**651**	287
Executive Directors:				
- salaries, bonuses, allowances and other staff related costs	**12,492**	5,948	**11,257**	5,008
- defined contribution plan	**148**	119	**–**	6
- share-based payments	**7,762**	7,335	**7,762**	7,335
	23,121	16,004	**21,738**	14,951

Benefits in kind received by the Directors from the Group and Company amounted to RM204,352 (2013: RM222,768).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

13 TAXATION

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Malaysian tax	**3,774**	3,499	**61**	2,467
- foreign tax	**40,964**	95,920	**–**	–
Deferred tax (Note 21)	**40,079**	(54,544)	**6,253**	196
	84,817	44,875	**6,314**	2,663
Income tax:				
- current financial year	**52,002**	94,496	**–**	2,536
- (over)/under provision in respect of prior financial years	**(7,264)**	4,923	**61**	(69)
	44,738	99,419	**61**	2,467
Deferred tax:				
- origination and reversal of temporary differences (Note 21)	**40,079**	(54,544)	**6,253**	196
	84,817	44,875	**6,314**	2,663

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

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Malaysian tax rate	**25**	25	**25**	25
Tax effects of:				
- exempt income	**(22)**	(30)	**(32)**	(29)
- difference in tax rates in other countries	**3**	(7)	**–**	–
- withholding tax on foreign sourced income	**7**	10	**–**	–
- expenses not deductible for tax purposes	**10**	6	**7**	4
- deferred tax assets not recognised	**6**	4	**4**	1
- (over)/under provision in prior years	**(2)**	1	**–**	–
	27	9	**4**	1

The Group's effective tax rate for the financial year ended 31 December 2014 was 27%, higher than the statutory tax rate of 25%, mainly due to the changes in the proportion of income contributed by subsidiaries which are subject to different statutory tax rate at their respective jurisdictions.

The Company's effective tax rate for the financial year ended 31 December 2014 was 4% compared to the statutory tax rate of 25% as the Company's income was mainly exempted from tax for the financial year.

14 EARNINGS PER SHARE

Basic

The basic earnings per share ("EPS") is calculated by dividing the Group's profit attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

Diluted

The diluted earnings per share is calculated by dividing the profit for the financial year attributable to the Owners of the Company (adjusted for interest income, net of tax, earned on the proceeds arising from the conversion of the ESOS options) by the weighted average number of ordinary shares as adjusted for the basic earnings per share and includes all potential dilutive shares on both arising from the call option and ESOS options granted by the reporting date, as if the options had been exercised on the first day of the financial year or the date of the grant, if later.

The restated EPS took into consideration the number of shares issued pursuant to the Rights Issue and the Bonus Issue which took place during the financial year (Note 34).

	Basic		Diluted	
	2014	2013	2014	2013
Profit attributable to the Owners of the Company for the financial year ended 31 December (RM'000)	**218,690**	431,191	**218,690**	431,191
Weighted average number of shares in issue ('000)	**3,266,154**	2,930,411	**3,266,154**	2,930,411
Adjusted for bonus issue and bonus elements of right issues ('000)	**1,792,400**	1,792,168	**1,792,400**	1,792,168
Adjusted weighted average number of ordinary shares in issue for basic EPS ('000) (restated)	**5,058,554**	4,722,579	**5,058,554**	4,722,579
Adjusted for potential ordinary shares on conversion of options under ESOS ('000)	–	–	–	220
Adjusted weighted average number of shares in issue ('000) (restated)	**5,058,554**	4,722,579	**5,058,554**	4,722,799
Earnings per share (sen) (restated)	**4.32**	9.13	**4.32**	9.13

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15 DIVIDENDS IN RESPECT OF ORDINARY SHARES

	Group and Company	
	2014	2013
	RM'000	RM'000
Dividend paid		
In respect of the financial year ended 31 December 2013: - Final cash dividend comprising a single tier tax-exempt dividend of 3.25 sen per ordinary share paid on 3 July 2014.	**95,311**	–
In respect of the financial year ended 31 December 2012: - Final cash dividend comprising a single tier tax-exempt dividend of 3.00 sen per ordinary share and a dividend of 0.14 sen per ordinary share less 25% income tax paid on 16 July 2013.	–	90,980

The Board of Directors proposes to recommend for shareholders' approval at the forthcoming Annual General Meeting of the Company, a tax-exempt final cash dividend of 1.63 sen per share in respect of the financial year ended 31 December 2014 (applicable to the enlarged share base including the shares issued pursuant to the Rights Issue and the Bonus Issue during the financial year). This dividend is not taxable in the hands of the shareholders pursuant to Section 54A(3)(d) and (e) of the Income Tax Act, 1967, the entitlement and payment dates for which will be announced at a later date to be determined.

The financial statements for the financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

16 PROPERTY, PLANT AND EQUIPMENT

Group	Short term leasehold land and building RM'000	Vessels under construction RM'000	Total vessel costs [1]: Vessels RM'000	Total vessel costs [1]: Drydocking RM'000	Total vessel costs [1]: Total RM'000	Motor vehicles [2] RM'000	Equipment, furniture and fittings, and office equipment RM'000	Spare parts RM'000	Total RM'000
2014									
Net book value									
At 1 January	1,913	161,345	5,559,048	84,366	5,643,414	655	58,935	4,822	5,871,084
Additions	–	1,835,246	725,746	46,222	771,968	99	134,768	15,757	2,757,838
Reclassification	–	330,747	(327,479)	–	(327,479)	–	(3,268)	–	–
Depreciation charge (Note 10)	(47)	–	(413,758)	(23,589)	(437,347)	(337)	(30,781)	(7,538)	(476,050)
Transfer to non-current assets classified as held- for-sale (Note 28)	–	–	(88,021)	(25,931)	(113,952)	–	(12,054)	(191)	(126,197)
Exchange differences	–	125,362	301,791	3,198	304,989	5	2,032	718	433,106
At 31 December	1,866	2,452,700	5,757,327	84,266	5,841,593	422	149,632	13,568	8,459,781
At 31 December 2014									
Cost	2,360	2,452,700	7,979,778	168,151	8,147,929	1,302	254,166	21,106	10,879,563
Accumulated depreciation	(494)	–	(2,222,451)	(83,885)	(2,306,336)	(880)	(104,534)	(7,538)	(2,419,782)
Net book value	1,866	2,452,700	5,757,327	84,266	5,841,593	422	149,632	13,568	8,459,781

Included in property, plant and equipment were equipment, furniture and fittings and office equipment amounting to RM44.9 million which have been fully depreciated.

[1] The net book value of vessels at 31 December 2014 under operating lease agreements with charterers was RM2.6 billion.
[2] The net book value of motor vehicles at 31 December 2014 under hire purchase agreements was RM0.1 million.

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31 December 2014 (Cont'd)

16 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Short term leasehold land and building RM'000	Vessels under construction RM'000	Total vessel costs [1]: Vessels RM'000	Total vessel costs [1]: Drydocking RM'000	Total vessel costs [1]: Total RM'000	Motor vehicles [2] RM'000	Equipment, furniture and fittings, and office equipment RM'000	Spare parts RM'000	Total RM'000
2013									
Net book value									
At 1 January	1,971	102,409	4,528,127	67,900	4,596,027	909	33,529	-	4,734,845
Additions	-	168,413	1,008,488	40,017	1,048,505	106	40,193	4,822	1,262,039
Reclassification	-	(109,477)	106,500	-	106,500	-	2,977	-	-
Depreciation charge (Note 10)	(67)	-	(373,803)	(23,465)	(397,268)	(371)	(19,050)	-	(416,756)
Exchange differences	9	-	289,736	(86)	289,650	11	1,286	-	290,956
At 31 December	1,913	161,345	5,559,048	84,366	5,643,414	655	58,935	4,822	5,871,084
At 31 December 2013									
Cost	2,216	161,345	7,273,916	145,606	7,419,522	2,736	124,175	4,822	7,714,816
Accumulated depreciation	(303)	-	(1,713,471)	(61,240)	(1,774,711)	(2,081)	(65,240)	-	(1,842,335)
Accumulated impairment	-	-	(1,397)	-	(1,397)	-	-	-	(1,397)
Net book value	1,913	161,345	5,559,048	84,366	5,643,414	655	58,935	4,822	5,871,084

Included in property, plant and equipment were equipment, furniture and fittings and office equipment amounting to RM38.4 million which have been fully depreciated.

(1) The net book value of vessels at 31 December 2013 under operating lease agreements with charterers was RM2.5 billion.
(2) The net book value of motor vehicles at 31 December 2013 under hire purchase agreements was RM0.3 million.

16 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Fixed charges have been created over certain vessels of the Group with net book values amounting to approximately RM2.4 billion (2013: RM3.3 billion) as security for term loans (Note 32).

(b) Included in vessels are borrowing costs amounting to RM87.0 million (2013: RM16.0 million) which were capitalised during the financial year as these were directly attributable to the conversion and construction of these vessels.

(c) The FPSO contracts include options for the charterers to purchase the respective FPSO vessels or to extend their charter periods beyond the initial lease period. The purchase option values are based on declining agreed prices, which are in excess of the current net book values of the FPSO vessels as at the reporting date.

Company	Office equipment, furniture and fittings	Motor vehicles under hire purchase	Total
	RM'000	RM'000	RM'000
2014			
Net book value			
At 1 January	**18,462**	**246**	**18,708**
Additions	**2,367**	**–**	**2,367**
Depreciation charge (Note 10)	**(9,504)**	**(191)**	**(9,695)**
At 31 December	**11,325**	**55**	**11,380**
At 31 December 2014			
Cost	**57,734**	**966**	**58,700**
Accumulated depreciation	**(46,409)**	**(911)**	**(47,320)**
Net book value	**11,325**	**55**	**11,380**
2013			
Net book value			
At 1 January	15,293	438	15,731
Additions	12,202	–	12,202
Depreciation charge (Note 10)	(9,033)	(192)	(9,225)
At 31 December	18,462	246	18,708
At 31 December 2013			
Cost	55,367	966	56,333
Accumulated depreciation	(36,905)	(720)	(37,625)
Net book value	18,462	246	18,708

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31 December 2014 (Cont'd)

17 GOODWILL

	Group 2014 RM'000	Group 2013 RM'000
As at 1 January	**1,411**	1,411
Less: Impairment (Note 10)	**(1,411)**	–
As at 31 December	–	1,411

Goodwill has been allocated to Bumi Armada Engineering Sdn. Bhd., acquired on 8 June 2006. During the financial year, the Group recorded impairment loss of RM 1.4 million (2013: RM Nil) on the basis that the carrying amount of the goodwill exceeded its recoverable amount.

18 INVESTMENTS IN SUBSIDIARIES

	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares, at cost	**30,505**	30,505
7% Cumulative Redeemable Preference Shares, at cost	**16,000**	16,000
	46,505	46,505
Amounts due from subsidiaries	**1,844,489**	1,848,826
	1,890,994	1,895,331

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

Name of company	Principal activities	Group's effective interest 2014 %	Group's effective interest 2013 %	Country of incorporation
Direct subsidiaries:				
Armada Balnaves Pte Ltd [(2)]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Armada Floating Solutions Limited [(3)]	Bareboat charter of a floating production storage and offloading unit	**100**	100	The British Virgin Islands
Armada Mahakam Limited [(3)]	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	The British Virgin Islands

18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Group's effective interest 2014 %	2013 %	Country of incorporation
Direct subsidiaries (cont'd):				
Armada Marine Contractors Caspian Ltd ("AMCCL") (3)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	The British Virgin Islands
Armada Offshore DMCEST (1)	Dormant	**100**	100	Dubai, UAE
Armada Oyo Ltd (3)	Bareboat charter of a floating production storage and offloading unit	**100**	100	The British Virgin Islands
Armada Ship Management (S) Pte. Ltd. (2)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Armada TGT Ltd	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Armada Kamelia Sdn Bhd	Dormant	**100**	100	Malaysia
Bumi Armada (Labuan) Ltd	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Federal Territory of Labuan, Malaysia
Bumi Armada (Singapore) Pte Ltd ("BASPL") (2)	Ship management and chartering operation and maintenance of FPSO	**100**	100	Singapore
Bumi Armada Automation International Sdn Bhd (6)	Investment holding	**100**	100	Malaysia
Bumi Armada Engineering Sdn Bhd (4)	Provision of engineering consultancy services	**100**	100	Malaysia
Bumi Armada Navigation Sdn Bhd ("BAN")	Provision of marine transportation, and support services to offshore oil and gas companies and vessel construction	**95**	95	Malaysia

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18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Group's effective interest 2014 %	2013 %	Country of incorporation
Direct subsidiaries (cont'd):				
Bumi Armada Offshore Holdings Limited ("BAOHL")	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Bumi Armada Russia Holdings Limited (3)	Dormant	**100**	100	Republic of The Marshall Islands
Tera Sea Limited (3)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Bumi Armada Holdings Labuan Ltd	Provision of loans, advances and other facilities, and cash and debt management services, investment and financial risk management, and other treasury management services to Bumi Armada Group of companies	**100**	100	Federal Territory of Labuan, Malaysia
Offshore Marine Ventures Sdn Bhd	Provision of integrated service solutions for the supply, operation and maintenance of support vessels and logistics and maritime transportation services to the oil and gas industry	**100**	100	Malaysia
Bumi Armada Capital Offshore Ltd	Obtaining non-ringgit financing and providing cash and debt management services, investment and financial risk management services and other treasury management services to the Bumi Armada Group of companies	**100**	100	Federal Territory of Labuan, Malaysia
Bumi Armada Capital Malaysia Sdn Bhd	Providing and obtaining financing and other facilities, and providing cash and financial management services, investment and financial risk management services and other treasury management services to the Bumi Armada Group of companies	**100**	100	Malaysia

18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Group's effective interest 2014 %	2013 %	Country of incorporation
Subsidiary of AMCCL:				
Armada Marine Contractors Caspian Pte Ltd (2) & (5)	Chartering of ships, barges and boats with crew	**100**	100	Singapore
Subsidiaries of BAN:				
Armada Indah Sdn Bhd	Dormant	**95**	95	Malaysia
Armada Tankers Sdn Bhd ("ATSB")	Dormant	**95**	95	Malaysia
Bumi Armada Ship Management Sdn Bhd	Managers of ships and vessels, marine support and other services to offshore oil and gas companies	**95**	95	Malaysia
Bumi Care Offshore Production Sdn Bhd	Dormant	**57**	57	Malaysia
Bumi Armada Navigation Labuan Limited	Shipping on bare boat or time charter basis	**95**	95	Federal Territory of Labuan, Malaysia
Bumi Armada Navigation Labuan International Limited	Shipping on bare boat or time charter basis	**95**	95	Federal Territory of Labuan, Malaysia
Subsidiaries of BAOHL:				
Armada TLDD Limited	Dormant	**100**	100	Republic of The Marshall Islands
Bumi Armada Angola Servicos Limited	Dormant	**100**	100	Republic of The Marshall Islands
Bumi Armada Australia Pty Ltd (2)	Ship owning, chartering and managing of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Australia
Bumi Armada Do Brasil Servicos Maritimos Ltda (3) & (7)	Dormant	**100**	100	Brazil

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18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Group's effective interest 2014 %	Group's effective interest 2013 %	Country of incorporation
Subsidiaries of BAOHL (cont'd):				
Bumi Armada Offshore Contractor Limited ("BAOCL")	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Armada Blue LLC (3)	Dormant	**100**	100	The United States of America
Armada Offshore OSV Limited	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Armada Offshore MPSV Limited	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Bumi Armada UK Limited (2)	Offshore oil and gas marine services	**100**	100	The United Kingdom
Armada Kraken Limited (3)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Republic of The Marshall Islands
Bumi Armada Ghana Limited (2)	Provision of floating production storage and offload and offshore supply vessels	**100**	100	Ghana
Armada Kraken Pte Ltd (2)	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	100	Singapore
Armada Cabaca Ltd	Ship owners, charterers, managers of ships and vessels, marine support and other services to offshore oil and gas companies	**100**	-	Republic of The Marshall Islands

18 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Group's effective interest 2014 %	2013 %	Country of incorporation
Subsidiary of BASPL:				
Bumi Armada Nigeria Limited [(2)]	Dormant	**99**	99	Federal Republic of Nigeria
Subsidiary of ATSB:				
Armada Alpha Sdn Bhd	Dormant	**95**	95	Malaysia
Subsidiary of BAOCL:				
Bumi Armada Caspian LLC [(2)]	Activities relative to oil and gas industry	**100**	100	Russia
Bumi Armada Marine LLC [(3)]	Provision of marine support and other services to oil and gas companies	**100**	–	Russia

(1) The financial statements of these companies are audited by firms other than member firms of PricewaterhouseCoopers International Limited.

(2) These companies are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers, Malaysia.

(3) These companies are not required by their local laws to appoint statutory auditors.

(4) Shares are held by the entity's directors for the benefit of and on behalf of the Company.

(5) Shares are held through a nominee, namely Malaysia Nominees (Asing) Sendirian Berhad.

(6) Consolidated using predecessor method of merger accounting.

(7) The effective interest of the Company is 99.99%.

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31 December 2014 (Cont'd)

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Quoted equity securities, outside Malaysia				
At 1 January	**46,615**	54,017	–	–
Less: Impairment (Note 10)	**(26,221)**	–	–	–
Exchange differences	**3,361**	4,154	–	–
	23,755	58,171	–	–
Less: Fair value gain/(loss) transfer to equity (Note 36(e))	**14,348**	(11,556)	–	–
At 31 December	**38,103**	46,615	–	–
Unquoted debt securities - preference shares - outside Malaysia				
At 1 January	**2,027**	2,027	**2,027**	2,027
Less: Impairment (Note 10)	**(2,027)**	–	**(2,027)**	–
At 31 December	–	2,027	–	2,027
Total	**38,103**	48,642	–	2,027

The fair value of quoted equity securities is determined by reference to published price quotations.

20 ACCRUED LEASE RENTALS

	Group	
	2014 RM'000	2013 RM'000
Current	**786,069**	652,292
Non-current	**187,502**	433,104
	973,571	1,085,396

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

	Group	
	2014 RM'000	2013 RM'000
No later than 1 year	**498,977**	447,528
Later than 1 year and no later than 5 years	**1,429,098**	1,583,528
Later than 5 years	**88,356**	239,227
	2,016,431	2,270,283

21 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax assets	**13,743**	40,993	**1,672**	7,925
Deferred tax liabilities	**(58,870)**	(38,623)	–	–
Subject to income tax:				
Deferred tax assets				
- payables	**180,227**	47,832	**3,535**	8,626
- unutilised tax losses	**1,835**	962	–	962
- unabsorbed capital allowances	**60,605**	–	–	–
- property, plant and equipment	–	37,655	–	1,152
	242,667	86,449	**3,535**	10,740
Offsetting	**(228,924)**	(45,456)	**(1,863)**	(2,815)
Deferred tax assets (after offsetting)	**13,743**	40,993	**1,672**	7,925
Deferred tax liabilities				
- property, plant and equipment	**(35,364)**	(12,453)	**(1,863)**	(2,815)
- receivables	**(241,996)**	(66,379)	–	–
- amounts due from customers on contract	**(10,434)**	(5,247)	–	–
	(287,794)	(84,079)	**(1,863)**	(2,815)
Offsetting	**228,924**	45,456	**1,863**	2,815
Deferred tax liabilities (after offsetting)	**(58,870)**	(38,623)	–	–

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31 December 2014 (Cont'd)

21 DEFERRED TAXATION (CONT'D)

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

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	**2,370**	(48,896)	**7,925**	8,121
(Charged)/credited to the profit or loss (Note 13)				
- property, plant and equipment	**(60,566)**	7,748	**(200)**	(1,997)
- receivables	**(168,200)**	(9,862)	**–**	–
- payables	**132,396**	28,769	**(5,091)**	1,801
- unabsorbed capital allowances	**60,605**	–	**–**	–
- unutilised tax losses	**873**	–	**(962)**	–
- amounts due from customers on contract	**(5,187)**	27,889	**–**	–
	(40,079)	54,544	**(6,253)**	(196)
Exchange differences	**(7,418)**	(3,278)	**–**	–
At 31 December	**(45,127)**	2,370	**1,672**	7,925

The amount of unabsorbed capital allowance and unutilised tax losses (which have no expiry date) for which no deferred tax asset is recognised in the statement of financial position as it is not probable that taxable profit will be available against which these temporary differences can be utilised are as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	**103,389**	91,421	**3,847**	–
Unabsorbed capital allowance	**21,606**	13,489	**21,606**	8,882

Deferred taxation has not been recognised on the unremitted earnings of subsidiaries and joint ventures. The Group is able to control the timing of the reversal of temporary differences, including joint ventures as consent is required from all joint venture partners prior to remitting the earnings.

22 AMOUNTS DUE FROM/(TO) JOINT VENTURES

The amounts due from joint ventures are unsecured, interest free and with no credit term to 30 days (2013: no credit terms to 30 days) and classified as current except for an amount due from a joint venture of RM47.4 million (2013: RM Nil) for the Group which are not expected to be recovered in the next 12 months. As at 31 December 2014, there was no impairment (2013: RM Nil) on amounts due from joint ventures.

The amounts due to joint ventures classified as current are repayable on demand.

22 AMOUNTS DUE FROM/(TO) JOINT VENTURES (CONT'D)

Past due but not impaired

Amounts that are past due but not impaired relate to a number of joint ventures for whom there is no recent history of default but remain slow paying. The ageing analysis of amounts due from joint ventures is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Less than 30 days past due	**806**	2,127	**724**	1,516
Between 31 and 60 days past due	**4,310**	2,025	**1,007**	904
Between 61 and 90 days past due	**22,913**	9,386	**1,606**	4,531
Between 91 days and 1 year past due	**61,916**	73,685	**17,301**	28,627
More than 1 year past due	**48,369**	19,448	**12,033**	12,163
	138,314	106,671	**32,671**	47,741

23 INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
Fuel	**4,830**	5,559

24 AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACT

	Group	
	2014 RM'000	2013 RM'000
Aggregate costs incurred	**748,321**	406,165
Profit recognised to-date	**126,810**	71,387
Cumulative contract revenue recognised	**875,131**	477,552
Less: Progress billings	**(738,526)**	(441,723)
	136,605	35,829
Represented by:		
Amounts due from customers on contract	**136,605**	36,421
Amounts due to customers on contract	–	(592)
	136,605	35,829

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

25 TRADE RECEIVABLES

	Group	
	2014	2013
	RM'000	RM'000
Trade receivables	**819,898**	490,843
Less: Impairment	**(115,459)**	(43,211)
	704,439	447,632

Neither past due nor impaired

With respect to the trade receivables that are neither past due nor impaired, these relates to customers with no recent history of default. Management believes that these trade receivables are with customers that are of good credit quality and collectable and as such no impairment provision is necessary.

Past due but not impaired

Amounts that are past due but not impaired relate to a number of customers for whom there is no recent history of default but remain slow paying. The ageing analysis of these receivables is as follows:

	Group	
	2014	2013
	RM'000	RM'000
Less than 30 days past due	**52,785**	61,263
Between 31 and 60 days past due	**52,711**	40,249
Between 61 and 90 days past due	**32,312**	36,878
Between 91 days and 1 year past due	**220,306**	115,454
More than 1 year past due	**17,849**	28,018
	375,963	281,862

If the above past due but not impaired receivables had been impaired by 5 % (2013: 5%) from management's estimates, the allowance for impairment of the Group would have been higher by RM18.8 million (2013: RM14.1 million).

Impaired and provided for

During the financial year, trade receivables totaling RM66.0 million (2013: RM28.5 million) were impaired and charged to profit or loss. As at 31 December 2014, the amount of the provision was RM115.5 million (2013: RM43.2 million). The individually impaired receivables mainly relate to a number of customers, which are in unexpectedly difficult financial position due to the current industry conditions.

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

	Group	
	2014	2013
	RM'000	RM'000
At 1 January	**43,211**	14,229
Amounts written back (Note 7)	–	(1,976)
Charged to profit or loss (Note 10)	**65,956**	28,485
Exchange differences	**6,292**	2,473
At 31 December	**115,459**	43,211

26 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other receivables	**61,620**	39,287	**22,296**	10,033
Deposits and prepayments	**77,067**	213,505	**2,839**	32,862
Staff advances	**1,150**	1,299	**483**	534
	139,837	254,091	**25,618**	43,429

As at 31 December 2014, there is no impairment (2013: RM Nil) on other receivables, deposits and prepayments and staff advances. These amounts are interest free, unsecured and have no fixed term of repayment.

27 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from subsidiaries are unsecured and have no fixed term of repayment. These amounts are interest free except for an amount due from a subsidiary of RM287.6 million (2013: RM295.1 million) which bears floating interest rates ranging from 4.22% to 4.80% (2013: 4.20% to 4.22%) per annum.

The amounts due to subsidiaries classified as current are repayable on demand.

As at 31 December 2014, there was no impairment (2013: RM Nil) on amounts due from subsidiaries.

28 NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

During the financial year, the Group had identified certain offshore support vessels to be disposed as part of its offshore support vessels fleet renewal programme, hence the vessels were reclassified from property, plant and equipment to non-current assets classified as held-for-sale.

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

	Group	
	2014 RM'000	2013 RM'000
At 1 January	–	–
Transfer from property, plant and equipment (Note 16)	**126,197**	–
Disposals	**(61,143)**	–
Exchange differences	**1,427**	–
At 31 December	**66,481**	–

29 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	**362,568**	13,225	**3,417**	2,517
Deposits with licensed banks	**2,940,679**	621,313	**1,752,403**	13,600
	3,303,247	634,538	**1,755,820**	16,117

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31 December 2014 (Cont'd)

29 DEPOSITS, CASH AND BANK BALANCES (CONT'D)

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

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Deposits with licensed banks	**2.52**	1.55	**3.84**	2.69

Bank balances were deposits held at call with banks and earn interest ranging between 0% to 1.9% (2013: 0%).

Included in deposits with licensed banks were RM1.5 million and RM0.9 million for the Group and Company respectively (2013: Group and Company of RM0.9 million) which have been designated for specific purposes.

Bank deposits are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies.

30 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000 Restated	RM'000	RM'000
Advances from customers	**372,476**	27,128	–	–
Other payables	**138,990**	83,837	**21,240**	19,845
Accruals	**45,775**	76,265	**32,346**	60,254
	557,241	187,230	**53,586**	80,099

31 HIRE PURCHASE CREDITORS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Analysis of hire purchase commitments:				
- payable within one year	**84**	211	**65**	194
- payable between one and two years	**24**	84	–	65
- payable between two and five years	**30**	58	–	–
	138	353	**65**	259
Less: Interest in suspense	**(14)**	(41)	**(8)**	(32)
	124	312	**57**	227
Representing hire purchase liabilities				
- due within 12 months	**68**	184	**57**	170
- due after 12 months	**56**	128	–	57
	124	312	**57**	227

32 BORROWINGS

	Group	
	2014	2013
	RM'000	RM'000
Current		
Term loans - secured	**433,176**	316,324
Term loans - unsecured	**554,240**	397,630
	987,416	713,954
Revolving credits - unsecured	–	471,701
Bridging loan - unsecured	**52**	–
Sukuk Murabahah [1] - unsecured	**30,655**	–
	1,018,123	1,185,655
Non-current		
Term loans - secured	**1,184,471**	1,385,968
Term loans - unsecured	**1,880,642**	1,205,379
Bridging loan - unsecured	**610,792**	–
Sukuk Murabahah [1] - unsecured	**1,498,797**	–
	5,174,702	2,591,347
Total borrowings	**6,192,825**	3,777,002

[1] On 26 March 2014, the Company's wholly-owned subsidiary, Bumi Armada Capital Malaysia Sdn Bhd ("BACM"), received authorisation from the Securities Commission Malaysia 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.

Subsequently on 4 September 2014, BACM successfully made its issuance of Sukuk Murabahah under the Sukuk Programme. The Sukuk Murabahah issued under the Sukuk Programme is for the full aggregate nominal value of RM1.5 billion for a tenure of 10 years, at a profit rate of 6.35% per annum.

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

	Group	
	2014	2013
	%	%
Bridging loan	**1.50**	–
Revolving credits	–	1.39
Term loans	**2.75**	3.08
Sukuk Murabahah	**6.35**	–

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

32 BORROWINGS (CONT'D)

Group	Interest rate terms	Currency exposure	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1-2 years RM'000	2->5 years RM'000	>5 years RM'000
At 31 December 2014							
Unsecured:							
- term loans	Fixed rates depending on disbursement of tranches	RM	50,862	50,862	-	-	-
	Floating rates varies based on cost of funds ("COF")	RM	615,742	170,742	170,000	275,000	-
	Floating rates varies based on London Interbank Offer Rate ("LIBOR")	USD	1,768,278	332,636	-	1,435,642	-
- Bridging loan	Floating rates varies based on LIBOR	USD	610,844	52	610,792	-	-
- Sukuk Murabahah	Fixed rate for a tenure of 10 years	RM	1,529,452	30,655	-	-	1,498,797
Secured:							
- term loans	Floating rates varies based on LIBOR	USD	1,513,278	405,488	411,185	696,605	-
	Floating rates varies based on COF	RM	104,369	27,688	27,687	48,994	-
			6,192,825	1,018,123	1,219,664	2,456,241	1,498,797

32 BORROWINGS (CONT'D)

Group	Interest rate terms	Currency exposure	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1-2 years RM'000	2-5 years RM'000
At 31 December 2013						
Unsecured:						
- term loans	Fixed rates depending on disbursement of tranches	RM	57,200	6,400	50,800	-
	Floating rates varies based on COF	RM	772,500	157,500	170,000	445,000
	Floating rates varies based on LIBOR	USD	773,309	233,730	-	539,579
- revolving credit	Floating rates varies based on LIBOR	USD	471,701	471,701	-	-
Secured:						
- term loans	Floating rates varies based on LIBOR	USD	1,570,235	288,636	358,155	923,444
	Floating rates varies based on COF	RM	132,057	27,688	27,688	76,681
			3,777,002	1,185,655	606,643	1,984,704

The term loans were secured as follows (either single security or combination of securities):

(i) Fixed charges over certain vessels in subsidiaries (Note 16).
(ii) Assignment of insurance policies for the vessels charged in (i) above.
(iii) Assignment of charter proceeds for the vessels charged in (i) above.
(iv) Assignment of ship building contracts for the vessels charged in (i) above.
(v) Corporate guarantee from the Company.
(vi) Shares of certain subsidiaries.

Certain bridging loan and term loans facilities were arranged to finance the construction of vessels of the Group and for working capital purpose.

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31 December 2014 (Cont'd)

33 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2014		2013	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Derivatives used for hedging:				
- Interest rate swaps	–	**(6,672)**	–	(13,076)
- Cross currency interest rate swaps	–	**(175,078)**	–	(5,419)
Total	–	**(181,750)**	–	(18,495)
Less: Non-current portion				
Derivatives used for hedging:				
- Interest rate swaps	–	–	–	(619)
- Cross currency interest rate swaps	–	**(174,227)**	–	(5,204)
	–	**(174,227)**	–	(5,823)
Current portion	–	**(7,523)**	–	(12,672)

The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

As at 31 December 2014, the Group recognised net derivative financial liabilities of RM181.8 million (2013: RM18.5 million) on re-measuring the fair values of the derivative financial instruments. Of the increase of RM163.3 million from the previous financial year ended 31 December 2013, an amount of RM160.3 million was included in the cash flow hedging reserve attributable to the Group and non-controlling interests, of which RM75.9 million was recycled to profit or loss while RM2.4 million was recorded as fair value loss from derivative financial instruments through profit or loss.

(a) Cross currency interest rate swaps

A subsidiary whose functional currency is in USD had entered into cross currency interest rate swaps used to manage its floating interest rate term loans denominated in RM as disclosed in Note 32.

At 31 December 2014, the fixed interest was 2.85% (2013: 2.85%) per annum and the main floating rate was cost of funds ("COF") plus a margin of 1.75% (2013: COF plus a margin of 1.75%) per annum. The swaps mature on 24 May 2018.

During the financial year, another subsidiary whose functional currency is in RM had entered into cross currency interest rate swaps on an inter-company loan denominated in USD. At 31 December 2014, the fixed interest rate was 6.35% (2013: Nil %) per annum and the swaps mature on 4 September 2024.

The notional principal amounts of the outstanding cross currency interest rate swaps at 31 December 2014 were RM1,454.4 million (2013: RM132.1 million).

(b) Interest rate swaps

The notional principal amounts of interest rate swap contracts used to manage the floating interest rate risk arising from term loans were RM1,401.7 million (2013: RM1,578.6 million). These interest rate swap contracts receive floating rate interest ranging from 0.99% to 4.69% (2013: 0.99% to 4.69%) per annum and have the same maturity terms as the bank borrowings.

34 SHARE CAPITAL

		Company			
		Number of shares		Nominal value	
	Par value	2014	2013	2014	2013
	RM	'000	'000	RM'000	RM'000
Authorised:					
Ordinary shares					
At 1 January	0.20	**4,000,000**	4,000,000	**800,000**	800,000
Additions during the financial year	0.20	**6,000,000**	-	**1,200,000**	-
At 31 December	0.20	**10,000,000**	4,000,000	**2,000,000**	800,000
Issued and fully paid:					
Ordinary shares					
At 1 January	0.20	**2,931,591**	2,929,168	**586,318**	585,834
Issuance of new shares from exercise of employee share options	0.20	**1,544**	2,423	**309**	484
Bonus issue	0.20	**1,466,567**	-	**293,313**	-
Rights issue	0.20	**1,466,567**	-	**293,313**	-
At 31 December	0.20	**5,866,269**	2,931,591	**1,173,253**	586,318

During the financial year, the Company has undertaken the following:

(i) Bonus issue of 1,466,567,294 new ordinary shares of RM0.20 each;

(ii) Rights issue of 1,466,567,350 new ordinary shares of RM0.20 each at an issue price of RM1.35 each; and

(iii) Increase in authorised share capital from RM800,000,000 comprising 4,000,000,000 ordinary shares of RM0.20 each to RM2,000,000,000 comprising 10,000,000,000 ordinary shares of RM0.20 each.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

35 EMPLOYEE SHARE OPTION SCHEME

The Company implemented an Employees' Share Option Scheme ("ESOS" or "Scheme") which came into effect on 28 June 2011 for a period of 10 years to 27 June 2021. The ESOS is governed by the By-Laws which were approved by the shareholders on 18 June 2011. The main features of the Scheme are as follows:

(a) An eligible employee shall pay a sum of RM1.00 as consideration for acceptance of that offer. An option shall be exercisable at a price which is the weighted average of the market price quotation of the shares for the five (5) market days immediately preceding the date on which the options are granted, rounded to the nearest sen, or the par value of the shares, whichever is higher.

(b) Unless otherwise determined by our Board (or such other committee appointed by our Board to administer the ESOS). Each option shall become exercisable, to the extent of one-third of the shares covered thereby, on each of the first three (3) anniversaries of the date of grant, if the holder of such option shall have been in the continuous service of the Company or subsidiaries that are not dormant throughout such period. No options shall be exercisable if the exercise of such options would violate any provision of applicable laws, nor shall any options be exercisable more than ten (10) years from the date on which the Scheme became effective.

(c) No option shall be granted pursuant to the ESOS on or after the 10th anniversary of the date on which the Scheme became effective.

(d) The new shares issued upon the exercise of an option will be subject to all the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("LR") and shall rank pari passu in all respects with the then existing issued ordinary shares of the Company, save that they will not entitle the holders thereof to receive any rights or bonus issue or dividends or distributions the entitlement date of which precedes the date of the issue of such new shares.

(e) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual employee or Executive Director who, either singly or collectively through persons connected with him/her, holds 20% or more in the issued and paid-up capital of the Company. The Company is in compliance with the requirements with regards to the options granted to the Directors and senior management during the financial year.

The fair value as at the grant date of share options granted during the financial year was determined using the Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used were as follows:

	2014	2013
Dividend yield (%)	**0.78% to 1.66%**	0.78% to 2.00%
Expected volatility (%)	**27.1% to 29.8%**	28.7% to 33.7%
Risk-free interest rate (%)	**3.11% to 3.57%**	2.98% to 3.45%
Expected life of option (years)	**1 to 4 years**	1 to 5 years
Share price at date of grant (RM)	**1.83 to 2.39** #	3.75 to 4.04
Exercise price of option (RM)	**1.83 to 2.39** #	3.75 to 4.04
Fair value of option at date of grant (RM)	**0.26 to 0.50** #	0.50 to 1.25

The expected average life of options is based on historical information, which may not necessarily be indicative of the future exercise pattern that may occur. The expected volatility reflects the assumptions based on the historical volatility on the assumptions that this is indicative of future trends which may also not necessarily be the actual outcome.

35 EMPLOYEE SHARE OPTION SCHEME (CONT'D)

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

	2014		2013	
	Average exercise price per share option (RM)	Options ('000)	Average exercise price per share option (RM)	Options ('000)
At 1 January	**3.38**	**50,911**	3.29	47,336
Granted	**2.22**	**68,838 ***	3.82	9,250
Forfeited	**2.27**	**(5,248)**	3.54	(3,252)
Exercised	**1.87**	**(1,544)**	3.06	(2,423)
At 31 December	**2.14**	**112,957**	3.38	50,911

Out of the 112,957,221 outstanding options (2013: 50,911,300 outstanding options), 39,929,599 options (2013: 10,465,590 options) were exercisable as at the end of the reporting period. Options exercised in 2014 resulted in 1,543,800 shares (2013: 2,422,800 shares) being issued at a weighted average price of RM1.87 each (2013: RM3.06 each). The related weighted average share price at the time of exercise was RM2.29 # (2013: RM3.89) per share.

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

Grant/Vest	Expiry date	Exercise price in RM per share option **	Share options ('000) 2014 **	Share options ('000) 2013
2011/2012	2016	1.82	**1,541**	1,326
2011/2013	2016	1.82	**2,828**	2,370
2011/2014	2016	1.82	**14,696**	9,816
2011/2015	2016	1.82	**22,574**	13,600
2012/2013	2017	2.25	**6,008**	4,319
2012/2014	2017	2.25	**6,391**	4,385
2012/2015	2017	2.25	**8,522**	5,845
2013/2013	2018	2.27/2.28	**3,859**	2,325
2013/2014	2018	2.27/2.28/2.43	**4,606**	2,775
2013/2015	2018	2.27/2.28/2.43	**5,892**	3,550
2013/2016	2018	2.43	**996**	600
2014/2015	2019	1.83/2.39	**10,513**	–
2014/2016	2019	1.83/2.39	**10,513**	–
2014/2017	2019	1.83/2.39	**14,018**	–
			112,957	50,911

Adjusted as a result of the Bonus Issue and the Rights Issue during the financial year.

* This includes the adjusted number of options consequent upon the Bonus Issue and the Rights Issue which adjustment took effect on 13 September 2014 and amounted to 34,592,000 and 11,057,654 respectively.

** The number of options and exercise price reflect the adjustments done for the Bonus Issue and the Rights Issue during the financial year.

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36 RESERVES

(a) Share premium

Share premium of the Group and of the Company represents premium arising from the issuance of ordinary shares of the Company at issue price above the nominal value.

(b) Foreign exchange reserve

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of entities that have functional currency different from the Group's presentation currency.

(c) Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options by Company. The fair value, measured at grant date of the share options granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options.

(d) Hedging reserve

The hedging reserve comprises the effective portion of the fair value changes on derivatives under cash flow hedges.

(e) Other reserves

Other reserves represents the preference share redemption reserve for the Company and a subsidiary amounting to RM0.3 million (2013: RM0.3 million), fair value change in available-for-sale financial assets amounting to RM Nil (2013: RM14.3 million) and fair value change of a call option granted to an executive director of RM6.3 million (2013: RM 6.3 million).

37 COMMITMENTS

		Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
(i)	Capital expenditure for property, plant and equipment not provided for in the financial statements:				
	- authorised and contracted	**892,420**	568,905	–	–
	- authorised but not contracted	**7,673,842**	3,248,474	–	–
		8,566,262	3,817,379	–	–
(ii)	Commitments for amounts payable under operating leases for rental of premises:				
	- payable within one year	**13,678**	8,703	**6,822**	6,309
	- payable later than one year and not later than five years	**39,342**	36,854	**29,403**	33,597
	- payable later than five years	**10,180**	2,953	**3,184**	2,953
		63,200	48,510	**39,409**	42,859

The Group and Company have entered into lease arrangements (classified as operating leases) for offices with durations varying from 1 to 10 years and 2 to 3 years respectively (2013: 1 to 7 years and 2 to 3 years respectively).

38 SIGNIFICANT RELATED PARTY DISCLOSURES

The related parties of the Group and the Company are:

(a) Subsidiaries

Details of the subsidiaries are shown in Note 18.

(b) Joint ventures

Details of the joint ventures shown in Note 9.

(c) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel of the Group and the Company include Directors of the Company and certain members of senior management of the Company and of the Group.

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

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

		Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
(i)	Transactions with UTSB Management Sdn Bhd [(1)]				
	- reimbursable costs incurred in respect of an Executive Director	**12,272**	4,965	**12,272**	4,965
	- management fees	**5,535**	5,272	**5,535**	5,272
(ii)	Telecommunication expenses to Maxis Berhad [(2)]	**2,762**	3,110	**2,621**	3,082
(iii)	Rental to Malaysian Landed Property Sdn Bhd [(3)]	**7,086**	6,366	**6,960**	6,356
(iv)	Transactions with joint ventures:				
	- ship management fee to Century Bumi Limited	**15,077**	14,550	–	–
	- vessel hiring fee from Century Bumi Limited	–	(2,751)	–	–
(v)	Transaction with key management:				
	Key management personnel compensation:				
	- Non-executive Directors fees, allowances and defined contribution plan	**2,719**	2,602	**2,719**	2,602
	- salaries, bonus, allowances and other staff related costs [(4)]	**31,067**	14,822	**29,078**	13,183
	- defined contribution plan	**4,154**	3,217	**3,915**	3,021
	- share-based payment	**11,228**	9,629	**11,228**	9,629

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38 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

		Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
(vi)	Central overheads fees charged				
	- subsidiaries	–	–	**235,458**	161,650
	- joint ventures	–	–	**5,122**	16,944
(vii)	Payment on behalf of:				
	- subsidiaries	–	–	**340,301**	171,268
	- joint ventures	**131,439**	72,986	**37,631**	22,812
(viii)	Repayment on behalf by subsidiaries	–	–	**(137,742)**	(31,362)

[1] Subsidiary of UTSB, an indirect major shareholder of the Company.
[2] Subsidiary of a joint venture, in which UTSB has a significant equity interest.
[3] Subsidiary of a company in which TAK has a 100% equity interest.
[4] The amount is inclusive of the transaction with UTSB Management Sdn Bhd with regards to reimbursable costs incurred in respect of an Executive Director as disclosed in (i).

39 FAIR VALUES

The carrying amounts of financial assets and financial liabilities of the Group and the Company at the reporting date approximated their fair values except as set out below:

	Carrying amount		Fair value	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Group				
Fixed rate term loans and Sukuk Murabahah (Note 32)	**1,580,314**	57,200	**1,531,621**	52,788
Amounts due from joint ventures	**47,426**	–	**47,426**	–
	1,627,740	57,200	**1,579,047**	52,788

The fair values of amounts due from joint ventures and fixed rate term loans are within Level 3 of the fair value hierarchy.

The Group estimates the fair value of fixed rate term loans, Sukuk Murabahah and amounts due from joint ventures by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. The discount rates to determine fair value of fixed rate term loans, Sukuk Murabahah and amounts due from joint ventures ranging between 4.00% and 6.53%.

The Group believes that its estimate of fair value is appropriate and the use of different methodologies or assumptions could lead to different measurement of fair value.

40 CONTINGENT LIABILITIES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bank guarantees extended to third parties	**679,757**	377,641	**467,089**	268,348
Corporate guarantees given to banks for credit facilities granted to subsidiaries	**–**	–	**5,404,523**	2,716,338
	679,757	377,641	**5,871,612**	2,984,686

The corporate guarantees are financial guarantees given to banks for credit facilities granted to subsidiaries. Total borrowings, of which corporate guarantees are given, are disclosed above. The fair value on initial recognition of corporate guarantees was not material as the possibility of default by subsidiaries is negligible.

The Company is exposed to credit risk arising from financial guarantee contracts given to banks for subsidiaries' borrowings where the maximum credit risk exposure is the amount of borrowings utilised by the subsidiaries. The Company believes that the financial guarantee contracts are unlikely to be called by the subsidiaries' banks.

The maximum amount of the financial guarantees issued to the banks for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM5,404.5 million as at 31 December 2014 (2013: RM2,716.3 million). The earliest period the financial guarantee can be called upon by the banks is within the next 12 months. The Company believes that the liquidity risk in respect of the financial guarantees is minimum as it is unlikely that the subsidiary companies will not make payment to the banks when their respective borrowings fall due.

41 FINANCIAL INSTRUMENTS BY CATEGORY

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

	Available-for-sale RM'000	Loan and receivables RM'000	Total RM'000
At 31 December 2014			
Financial assets:			
Available-for-sale financial assets	**38,103**	**–**	**38,103**
Trade receivables	**–**	**704,439**	**704,439**
Other receivables excluding deposits and prepayments	**–**	**62,770**	**62,770**
Amounts due from joint ventures	**–**	**196,864**	**196,864**
Deposits, cash and bank balances	**–**	**3,303,247**	**3,303,247**
	38,103	**4,267,320**	**4,305,423**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

41 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Analysis of the financial instruments for the Group is as follows (cont'd):

	Other financial liabilities at amortised costs RM'000	Derivatives used for hedging RM'000	Total RM'000
At 31 December 2014			
Financial liabilities:			
Trade payables and accruals	**699,416**	–	**699,416**
Other payables and accruals	**557,241**	–	**557,241**
Borrowings	**6,192,825**	–	**6,192,825**
Hire purchase creditors	**124**	–	**124**
Amounts due to joint ventures	**18,598**	–	**18,598**
Derivative financial instruments	–	**181,750**	**181,750**
	7,468,204	**181,750**	**7,649,954**

	Available-for-sale RM'000	Loan and receivables RM'000	Total RM'000
At 31 December 2013			
Financial assets:			
Available-for-sale financial assets	48,642	–	48,642
Trade receivables	–	447,632	447,632
Other receivables excluding deposits and prepayments	–	40,586	40,586
Amounts due from joint ventures	–	109,048	109,048
Deposits, cash and bank balances	–	634,538	634,538
	48,642	1,231,804	1,280,446

41 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

Analysis of the financial instruments for the Group is as follows (cont'd):

	Other financial liabilities at amortised costs RM'000	Derivatives used for hedging RM'000	Total RM'000
At 31 December 2013			
Financial liabilities:			
Trade payables and accruals	362,872	–	362,872
Other payables and accruals	187,230	–	187,230
Borrowings	3,777,002	–	3,777,002
Hire purchase creditors	312	–	312
Amounts due to joint ventures	15,379	–	15,379
Derivative financial instruments	–	18,495	18,495
	4,342,795	18,495	4,361,290

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been identified as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The fair value of financial instrument traded in active market is based on quoted market price at the balance sheet date. This instrument is included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, such as estimated discounted cash flows are used to determine fair value for the derivative financial instruments. The fair value of cross currency interest rate swaps and interest rate swaps are calculated as the present value of the estimated future cash flows.

The following table presents the Group's financial assets and liabilities that were measured at fair value as at 31 December 2014:

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Financial assets:			
Available-for-sale financial assets	**38,103**	–	**38,103**
Financial liabilities:			
Derivatives used for hedging			
- Cross currency interest rate swaps	–	**(175,078)**	**(175,078)**
- Interest rate swaps	–	**(6,672)**	**(6,672)**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2014 (Cont'd)

41 FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D)

The following table presents the Group's financial assets and liabilities that were measured at fair value as at 31 December 2013:

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Financial assets:			
Available-for-sale financial assets	46,615	–	46,615
Financial liabilities:			
Derivatives used for hedging			
- Cross currency interest rate swaps	–	(5,419)	(5,419)
- Interest rate swaps	–	(13,076)	(13,076)

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

	2014 RM'000	2013 RM'000
Financial assets classified as loans and receivables:		
Other receivables excluding deposits and prepayments	**22,779**	10,567
Dividend receivable	–	2,864
Amounts due from subsidiaries	**1,120,825**	632,892
Amounts due from joint ventures	**34,853**	47,741
Deposits, cash and bank balances	**1,755,820**	16,117
	2,934,277	710,181
Financial assets classified as available-for-sale:		
Available-for-sale financial assets	–	2,027
Financial liabilities classified at amortised costs:		
Other payables and accruals	**53,586**	80,099
Amounts due to subsidiaries	**333,476**	138,165
Hire purchase creditors	**57**	227
	387,119	218,491

It was not practical to estimate the fair value of the Group's and the Company's investment in unquoted preference shares due to lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The carrying amounts of financial instruments of the Group and Company with a maturity of less than one year at the reporting date are assumed to be approximate their fair values.

42 COMPARATIVE FIGURES

Certain comparative figures of the Group and the Company have been reclassified to conform to current financial year's presentation as disclosed below:

	As previously reported 31.12.2013 RM'000	Effects of reclassification RM'000	As restated 31.12.2013 RM'000
Group			
Consolidated Statement of Financial Position			
Current Liabilities			
Trade payables and accruals	243,979	118,893	362,872
Other payables and accruals	306,123	(118,893)	187,230

The amounts owing to creditors in respect of capital expenditures have been reclassified to trade payables and accruals.

	As previously reported 31.12.2013 RM'000	Effects of reclassification RM'000	As restated 31.12.2013 RM'000
Company			
Statement of Cash Flows			
Operating Activities			
Changes in working capital of trade and other receivables	(59,493)	30,974	(28,519)
Investing Activities			
Repayment from/(advances to) joint ventures	–	(30,974)	(30,974)

Repayment from/advances to joint ventures have been reclassified to investing activities.

43 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 20 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

44 SUPPLEMENTARY INFORMATION

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by Bursa Securities.

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and subsidiaries				
- realised	**1,910,467**	1,834,962	**243,752**	198,057
- unrealised	**13,878**	20,383	**2,674**	6,894
	1,924,345	1,855,345	**246,426**	204,951
Total share of retained earnings from joint ventures				
- realised	**168,179**	98,169	–	–
- unrealised	**(27,373)**	(11,992)	–	–
	140,806	86,177	–	–
Total retained earnings	**2,065,151**	1,941,522	**246,426**	204,951

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

The disclosure of realised and unrealised retained profit has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Main Market Listing Requirements of Bursa Securities, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by Bursa Securities.

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Chan Chee Beng and Shaharul Rezza bin Hassan, two of the Directors of Bumi Armada Berhad, state that, in our opinion, the financial statements set out on pages 83 to 157 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results of the Group and of the Company and the cash flows of the Group and of the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 March 2015.

CHAN CHEE BENG
DIRECTOR

SHAHARUL REZZA BIN HASSAN
DIRECTOR

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Kenneth Murdoch, being the officer primarily responsible for the financial management of Bumi Armada Berhad, do solemnly and sincerely declare that the financial statements set out on pages 83 to 157 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

KENNETH MURDOCH

Subscribed and solemnly declared by the above named Kenneth Murdoch in Kuala Lumpur on 20 March 2015, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

to the members of Bumi Armada Berhad
(Incorporated in Malaysia) (Company No. 370398 X)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Bumi Armada Berhad on pages 83 to 157, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 43.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 44 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SUBATHRA A/P GANESAN
(No.3020/08/16 (J))
Chartered Accountant

Kuala Lumpur
20 March 2015

ADDITIONAL COMPLIANCE INFORMATION

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

1. **Non-audit Fees**
   The amount of non-audit fees incurred for services rendered by the Company's External Auditor to the Company and its subsidiaries for the financial year ended 31 December 2014 was RM0.8 million.

2. **Sanctions/Penalties**
   There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by relevant regulatory bodies during the financial year ended 31 December 2014, which have a material impact on the operations or financial position of the Group.

3. **Material Contracts**
   Save as disclosed below there are no other material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiaries which involved the interests of Directors and major shareholders either still subsisting at the end of the financial year ended 31 December 2014 or entered into since the end of the previous financial year.

   An unincorporated consortium comprising **Bumi Armada Offshore Holdings Limited** (**"BAOHL"**), a wholly-owned subsidiary of the Company and **PT Armada Gema Nusantara** (**"PT AGN"**) entered into a charter contract with **Husky-CNOOC Madura Limited** (**"HCML"**) on **10 December 2014** for the provision of a floating production, storage and offloading facility (**"FPSO"**) for charter and deployment at the Madura BD field, offshore East Java, Indonesia (**"Field"**) and for the operation and maintenance of the FPSO (**"Charter Contract"**).

   Armada Madura EPC Limited (**"Armada Madura"**) (then a wholly-owned subsidiary of BAOHL) had on 10 April 2015 entered into a sale and purchase agreement with **PT AGN** pursuant to which Armada Madura will engineer, procure, convert, construct and complete the FPSO for sale and delivery to PT AGN, to enable PT AGN to perform its obligations under the Charter Contract.

   Thereafter, on **10 April 2015**:

   (i) the Company and BAOHL;

   (ii) Shapoorji Pallonji And Company Private Limited (**"SPCL"**) and Shapoorji Pallonji International FZE (**"SPINT"**) (an indirect wholly-owned subsidiary of SPCL); and

   (iii) Armada Madura,

   entered into a shareholders agreement (**"Shareholders Agreement"**) with respect to the joint investment in Armada Madura by the Company and BAOHL on the one part, and SPCL and SPINT on the other part, in connection with the engineering, design, acquisition, conversion, development, construction, fitting out, completion, mobilisation, transportation, installation, hook-up, testing, commission and integration of the FPSO at the Field (**"FPSO Project"**) to be carried out by Armada Madura, pursuant to which each of BAOHL and SPINT would hold a 50% economic interest and be responsible for 50% of the funding obligations with respect to the FPSO Project, in accordance with the terms of the Shareholders Agreement (**"Joint Venture"**).

   The Joint Venture is regarded as a related party transaction under the MMLR as it involves the interests of Shapoor Mistry, a Director of the Company who is also a director of SPCL. He is also a major shareholder of SPCL by virtue of the SPCL shares held by him and persons connected with him. Shapoor Mistry is therefore interested in the Joint Venture. As at 16 April 2015, Shapoor Mistry does not have any direct and/or indirect interest in the shares of the Company. His alternate, Ravi Shankar is not deemed interested in the Joint Venture.

   The full implementation of the Joint Venture requires the approval of the Company's shareholders which will be obtained at an extraordinary general meeting.

4. Utilisation Of Proceeds From Rights Issue

Gross proceeds of RM1,979.9 million were raised from the Rights Issue which was undertaken by the Company in 2014 ("**Proceeds**").

The status of utilisation of the Proceeds as at 16 April 2015 was as follows:

	Proposed Utilisation RM'million	Actual Utilisation RM'million	Estimated timeframe for utilisation upon listing of Rights Shares	Remaining balance RM'million
Capital expenditure	1,760.0	167.3	Within 24 months	1,592.7
General working capital	164.9	164.9	Within 24 months	0
Estimated expenses for the Corporate Exercises*	55.0	24.8	Within 3 months	30.2
Total gross proceeds	1,979.9	357.0		1,622.9

* *The Corporate Exercises included the Bonus Issue and the Rights Issue as defined and detailed in the Circular to our Shareholders dated 23 June 2014 with further information on the Rights Issue as disclosed in the Abridged Prospectus dated 12 September 2014.*

Both the Bonus Issue and the Rights Issue were completed on 13 October 2014.

The actual utilisation of Proceeds in respect of expenses incurred for the Corporate Exercises was lower than the amount estimated and disclosed in the Abridged Prospectus. Hence, the unutilised balance will be used for general working capital requirements of the Bumi Armada Group.

ANALYSIS OF SHAREHOLDINGS

as at 16 April 2015

Authorised Share Capital	: RM2,000,000,000 divided into 10,000,000,000 ordinary shares of RM0.20 each
Issued and Paid-up Share Capital	: 5,866,269,344 ordinary shares of RM0.20 each amounting to RM1,173,253,869.00 in paid-up value
Class of Shares	: Ordinary shares of RM0.20 each
Voting Right	: One vote per ordinary share ("Shares")

ANALYSIS BY SIZE OF SHAREHOLDINGS BASED ON THE RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders		No. of Shares Held		% of Total Issued Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	276	5	3,335	83	0.00	0.00
100 – 1,000	1,481	21	983,910	13,752	0.02	0.00
1,001 – 10,000	11,913	113	63,354,230	633,020	1.08	0.01
10,001 – 100,000	6,320	205	204,936,104	8,949,249	3.49	0.15
100,001 – 293,313,466*	914	315	1,978,702,022	717,063,239	33.73	12.22
293,313,467 and above**	3	–	2,891,630,400	–	49.30	0.00
Total	20,907	659	5,139,610,001	726,659,343	87.62	12.38
Grand Total	21,566		5,866,269,344		100.00	

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

ANALYSIS BY CATEGORY OF SHAREHOLDERS BASED ON THE RECORD OF DEPOSITORS

Category of Shareholders	No. of Shareholders		No. of Shares Held		% of Total Issued Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Individual	15,519	174	291,072,359	10,436,353	4.96	0.18
Banks/Finance Companies	34	–	953,284,150	–	16.25	0.0
Investment Trusts/ Foundation/Charities	2	–	271,500	–	0.01	0.0
Other Types of Companies	208	6	2,456,257,100	15,568,400	41.87	0.26
Government Agencies/ Institutions	3	–	6,100,000	–	0.11	0.0
Nominees	5,141	479	1,432,624,892	700,654,590	24.42	11.94
Total	20,907	659	5,139,610,001	726,659,343	87.62	12.38
Grand Total	21,566		5,866,269,344		100.00	

DIRECTORS' INTERESTS

Directors' direct and indirect interests in the shares and options over unissued shares in the Company and in its related corporations as at 16 April 2015, based on the Registers maintained under Section 134 of the Companies Act, 1965 (the "Act") of the Company and its related corporations are as set out below:

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

Name	No. of Shares of RM0.20 each		% of Total Issued Shares	
	Direct	Indirect	Direct	Indirect
Tunku Ali Redhauddin ibni Tuanku Muhriz	20,000[(1)]	–	Negligible	0.00
Saiful Aznir bin Shahabudin	1,626,000[(2)]	–	0.03	0.00
Alexandra Schaapveld	900,000[(3)]	–	0.02	0.00
Chan Chee Beng	2,511,200[(2)]	–	0.04	0.00
Ravi Shankar[(4)]	432,000	–	0.01	0.00

(1) Held through a nominees namely Maybank Securities Nominees (Tempatan) Sdn. Bhd.
(2) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn. Bhd.
(3) Held through a nominee, namely CIMSEC Nominees (Asing) Sdn. Bhd.
(4) Alternate Director to Shapoor Mistry

2. In the Company – Unissued Shares

Name	No. of Unissued Shares of RM0.20 each Direct	Indirect
Shaharul Rezza bin Hassan	9,964,105[(1)]	–

[(1)] These relate to options over unissued shares of RM0.20 each granted to Shaharul Rezza bin Hassan by the Company, pursuant to the Company's Employee Share Option Scheme ("ESOS"). These include the increase in the number of options held by him, following the adjustments made pursuant to the ESOS By-Laws, as a result of the Bonus Issue and the Rights Issue undertaken by the Company during the financial year ended 31 December 2014.

The direct and indirect interests of the Substantial Shareholders in the shares of the Company ("Shares") as at 16 April 2015, based on the Register of Substantial Shareholders of the Company are as set out below:

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
Objektif Bersatu Sdn Bhd	2,048,288,000	34.92	–	0.00
CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ombak Damai Sdn Bhd	414,603,000	7.07	–	0.00
Dato' Sri Mahamad Fathil bin Dato' Mahmood	1,500,000	0.03	414,603,000[(1)]	7.07
Dato' Ahmad Fuad bin Md Ali	2,050,000	0.03	414,603,000[(1)]	7.07
Datuk Abdul Farish bin Abd Rashid	1,250,000	0.02	414,603,000[(1)]	7.07
Saluran Abadi Sdn Bhd	–	0.00	360,002,600[(2)]	6.14
Farah Suhanah binti Ahmad Sarji	–	0.00	360,002,600[(3)]	6.14
Mutu Saluran Sdn Bhd	–	0.00	2,048,288,000[(4)]	34.92
Usaha Tegas Sdn Bhd	–	0.00	2,048,288,000[(5)]	34.92
Pacific States Investment Limited	–	0.00	2,048,288,000[(6)]	34.92
Excorp Holdings N.V.	–	0.00	2,048,288,000[(7)]	34.92
PanOcean Management Limited	–	0.00	2,048,288,000[(7)]	34.92
Ananda Krishnan Tatparanandam	–	0.00	2,048,288,000[(8)]	34.92
AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	448,386,600	7.64	–	0.00
Employees Provident Fund Board	487,872,400	8.32	–	0.00

Notes :

[(1)] *Deemed interest by virtue of their respective shareholdings in ODSB pursuant to Section 6A of the Companies Act, 1965 ("Act")*

[(2)] *Deemed interest by virtue of its shareholdings in the Saluran Abadi Sdn Bhd ("SASB") subsidiaries, Karisma Mesra Sdn Bhd ("KMSB"), Wijaya Baiduri Sdn Bhd ("WBSB") and Wijaya Sinar Sdn Bhd ("WSSB") (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 discretionary trusts.*

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

[(4)] *Deemed interest by virtue of its shareholding in Objektif Bersatu Sdn Bhd pursuant to Section 6A of the Act.*

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

[(6)] *Pacific States Investment Limited ("PSIL") is deemed to have an interest in all of the Shares in which UTSB has an interest, by virtue of PSIL being entitled to exercise 99.999% of the votes attached to the voting shares of UTSB. See Note (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 Management Limited ("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 Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean is deemed to have an interest in the Shares, it does not have any economic or beneficial interest over such Shares, as such interest is held subject to the terms of the discretionary trust.*

[(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.*

ANALYSIS OF SHAREHOLDINGS
as at 16 April 2015 (Cont'd)

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

No.	Name	No. of Shares Held	% of Total Issued Shares
1.	Objektif Bersatu Sdn Bhd	2,048,288,000	34.92
2.	AmanahRaya Trustees Berhad Skim Amanah Saham Bumiputera	448,386,600	7.64
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	394,955,800	6.73
4.	Karisma Mesra Sdn Bhd	236,278,650	4.03
5.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ombak Damai Sdn Bhd (PB)	188,500,000	3.21
6.	AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	146,934,400	2.50
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ombak Damai Sdn Bhd (PBCL-0G0080)	116,000,000	1.98
8.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	113,830,801	1.94
9.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ombak Damai Sdn Bhd (PB)	110,103,000	1.88
10.	Kumpulan Wang Persaraan (diperbadankan)	104,280,100	1.78
11.	Wijaya Sinar Sdn Bhd	78,759,550	1.34
12.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	66,258,000	1.13
13.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank Luxembourg S. A.	64,629,005	1.10
14.	HSBC Nominees (Asing) Sdn Bhd BBH And Co Boston for Vanguard Emerging Markets Stock Index Fund	64,036,590	1.09
15.	AmanahRaya Trustees Berhad AS 1Malaysia	55,439,000	0.95
16.	Lembaga Tabung Haji	51,962,800	0.89
17.	Wijaya Baiduri Sdn Bhd	44,964,400	0.77
18.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt AN for Eastspring Investments Berhad	41,717,800	0.71
19.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT 0D67)	40,933,051	0.70
20.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Berhad	36,240,700	0.62
21.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	32,202,300	0.55
22.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AFFIN-HWG)	27,997,800	0.48
23.	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt AN for Khazanah Nasional Berhad (VCAM)	21,289,700	0.36
24.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 14)	20,187,000	0.34
25.	HSBC Nominees (Asing) Sdn Bhd BNYM SA/NV for People's Bank of China (SICL ASIA EM)	18,006,400	0.31
26.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 12)	16,670,300	0.28
27.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (NOMURA)	16,623,000	0.28
28.	AmanahRaya Trustees Berhad Amanah Saham Didik	16,242,400	0.28
29.	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Old Mutual Global Best Ideas Fund	16,000,000	0.27
30.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	15,153,184	0.26

LIST OF PROPERTIES
as at 31 December 2014

No.	Location	Tenure	Remaining lease period (year)	Land area/ built-up area (square feet)	Description of existing use	Age of building (year)	Net Book Value RM'000
1.	Lot 704, Bintulu Industrial Estate, Mile 2 1/2 Miri Road, 97008 Bintulu, Sarawak	Leasehold	29 years (23.10.2043)	12,809	2-storey office building and showhouse	30 (23.07.1984)	208
2.	Lot 2395, Block 4, Miri Concession Land, District Piasau, 98000 Miri, Sarawak	Leasehold	44 years (13.04.2059)	11,755	4-storey office building	9 (18.11.2005)	1,658

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **Nineteenth Annual General Meeting ("19th AGM") of Bumi Armada Berhad** ("Bumi Armada" or the "Company") will be held at **10.00 a.m.** on **Monday, 8 June 2015** at the **Conference Halls 1, 2 & 3, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia** for the following purposes:-

AS ORDINARY BUSINESS

1. To consider the audited Financial Statements of the Company for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.
(Please see Explanatory Note 1)

2. To declare a tax exempt final cash dividend of 1.63 sen per share in respect of the financial year ended 31 December 2014 to the members of the Company, as recommended by the Directors. RESOLUTION 1
(Please see Explanatory Note 2)

3. To re-elect Shaharul Rezza bin Hassan 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. RESOLUTION 2
(Please see Explanatory Note 3)

4. To re-elect Saiful Aznir bin Shahabudin 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. RESOLUTION 3
(Please see Explanatory Note 3)

5. To elect Shapoorji Pallonji Mistry as a Director of the Company pursuant to Article 120 of the Company's Articles of Association, and who being eligible, offers himself for re-election as Director of the Company. RESOLUTION 4
(Please see Explanatory Note 3)

6. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Directors to fix their remuneration for that year. RESOLUTION 5
(Please see Explanatory Note 4)

AS SPECIAL BUSINESS

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

7. Retention of Independent Non-Executive Director. RESOLUTION 6

   "THAT approval be and is hereby given to Saiful Aznir bin Shahabudin, who would on 1 December 2015 have served as an Independent Non-Executive Director for a cumulative term of nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next annual general meeting of the Company".
   (Please see Explanatory Note 3)

8. Authority to issue new ordinary shares pursuant to Section 132D of the Companies Act, 1965 (the "Act") and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. RESOLUTION 7

   "THAT subject to the Act, the Articles of Association of the Company, and the approvals of any relevant governmental/regulatory authorities where required, the Directors be and are hereby authorised and empowered to issue and allot new ordinary shares in the Company:

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

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

provided that:

(i) the number of shares or Instruments to be issued pursuant to the authority granted under this resolution, when aggregated with all shares issued in the preceding 12 months and/or shares that are capable of being issued from the Instruments issued in the preceding 12 months (calculated in accordance with the MMLR), does not exceed 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at the time of issuance of the shares or issuance, making or granting of the Instruments except where the shares and/or the Instruments are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue; and

(ii) for the purpose of determining the number of shares which are capable of being issued from the Instruments, each Instrument is treated as giving rise to the maximum number of shares into which it can be converted or exercised,

and such authority under this resolution shall continue to be in force until the conclusion of the next annual general meeting of the Company or when it is required by law to be held, whichever is earlier, and that:

(a) approval and authority be and are hereby given to the Directors of the Company to take all such actions that may be necessary and/or desirable to give effect to this resolution and in connection therewith to enter into and execute on behalf of the Company any instrument, agreement and/or arrangement with any person, and in all cases with full power to assent to any condition, modification, variation and/or amendment (if any) in connection therewith; and

(b) the Directors of the Company be and are hereby also empowered to obtain, if required, the approval for the listing of and quotation for the additional shares to be or so issued on Bursa Malaysia Securities Berhad."
(Please see Explanatory Note 5)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the members at the 19th AGM of the Company, to be held on 8 June 2015, a tax exempt final cash dividend of 1.63 sen per share in respect of the financial year ended 31 December 2014 will be paid on 3 July 2015 to the Company's members whose names appear on the Record of Depositors of the Company maintained by Bursa Malaysia Depository Sdn Bhd on 15 June 2015.

A Depositor shall qualify for entitlement to the dividend in respect of:
(i) shares transferred into the Depositor's securities account before 4.00 p.m. on 15 June 2015 in respect of transfers; and
(ii) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board
Noor Hamiza binti Abd Hamid
(MAICSA 7051227)
Company Secretary

Kuala Lumpur
15 May 2015

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Instructions for Appointment of Proxy

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

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

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

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

5. The instrument appointing a proxy must be deposited at the office of the **Company's Share Registrars, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for holding the meeting** or adjourned meeting or in the case of a poll, not less than 24 hours before the taking of a 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. Faxed 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. 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.

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.

8. For the purpose of determining members who shall be entitled to attend the 19th AGM, only the Company's members whose names appear on the Record of Depositors of the Company maintained by Bursa Malaysia Depository Sdn Bhd on 4 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend on their behalf.

EXPLANATORY NOTES

1) Audited Financial Statements and the Reports of the Directors and Auditors thereon

The audited Financial Statements and the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2014, will be laid before the Company at the 19th AGM for consideration of the members pursuant to the Companies Act, 1965 (the "Act"). There is no requirement for the members to approve them and hence, the matter will not be put forward for voting.

2) Final cash dividend

The Directors have recommended a tax exempt final cash dividend of 1.63 sen per share in respect of the financial year ended 31 December 2014 ("FY2014"), which if approved, will be paid on 3 July 2015 to those members whose names appear on the Record of Depositors of the Company maintained by Bursa Malaysia Depository Sdn Bhd as at close of business on 15 June 2015. The dividend is based on the enlarged issued shares of 5,866,269,344. The dividend represents a payout ratio of 44% of the net profit for the FY2014.

3) Re-election/Election of Directors

Pursuant to Article 113 of the Company's Articles of Association ("Articles"), at least one third of the Directors shall retire or if that number is not a multiple of 3, then the number nearest to one third shall retire. Presently we have seven (7) Directors on the Board of Directors ("Board") and hence two (2) Directors will be up for retirement by rotation pursuant to Article 113 at the 19th AGM. Mr Shaharul Rezza bin Hassan ("Mr Rezza Hassan"), an Executive Director of the Company, is due for retirement at this AGM having been last re-elected at the 2012 Annual General Meeting and being eligible he has offered himself for re-election as a Director of the Company.

Mr Saiful Aznir bin Shahabudin ("Mr Saiful"), Mr Chan Chee Beng and YAM Tunku Ali Redhauddin ibni Tuanku Muhriz, who were last re-elected at the Company's Annual General Meeting in 2013 and are all of equal seniority to retire by rotation. They have agreed among themselves in accordance with Article 113, that Mr Saiful will be the other Director to retire by rotation.

In addition, Mr Saiful who was appointed as an Independent Director of the Company on 1 December 2006, would on 1 December 2015 have served in that capacity for 9 years. Pursuant to Principle 3, Recommendation 3.3, of the 2012 Malaysian Code on Corporate Governance, the Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than (9) nine years. The Nomination & Corporate Governance Committee ("Nomination Committee") has considered the need to continue to retain Mr Saiful as an Independent Director. On its recommendation the Board endorses the proposal for Mr Saiful to stand for re-election in view that he has been assessed to be able to maintain his independence and effectively contribute and add value to the Board Committees he serves viz the Audit, Remuneration and Nomination Committees as well as the Board. He also has the requisite financial qualification as prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and the competencies and skills to serve on the Audit Committee. He has a thorough understanding of the business of the Group and the financial, accounting and commercial implications arising from its business and operations.

Mr Shapoorji Pallonji Mistry ("Mr Shapoor Mistry") who was appointed as a Director of the Company by the Board on 27 October 2014, is required to submit himself for election at this AGM pursuant to Article 120 of the Articles. On being eligible, he has offered himself for election pursuant to Article 120. His recent appointment was based on the Nomination Committee's recommendation after considering relevant criteria in respect of his appointment including his experience, qualifications, and potential contribution. The Board was also satisfied that his appointment addresses some of the previously identified diversity needs of the Board.

The Board is satisfied that the Directors standing for re-election will continue to bring to bear their knowledge, experience and skills and contribute effectively to the Board's discussions, deliberations and decisions.

All Directors standing for re-election have consented to the same.

For details of the Directors who are standing for re-election/election, viz Mr Rezza Hassan, Mr Saiful and Mr Shapoor Mistry, please refer to the Statement accompanying this Notice as well as the Directors' Profiles on pages 30 to 33 of the 2014 Annual Report.

4) Re-appointment of Auditors

Messrs PricewaterhouseCoopers ("PwC"), the Auditors of the Company have expressed their willingness to continue in office for the financial year ending 31 December 2015. The Board has, on the Audit Committee's recommendation, agreed that they be retained after taking into account relevant feedback on their experience, performance and independence following a formal assessment.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

5) **Authority to issue ordinary shares pursuant to Section 132D of the Act and the MMLR**

Proposed Resolution 7 is to seek a renewal of the general authority pursuant to Section 132D of the Act and the MMLR for the issue and allotment of new ordinary shares in the Company.

As at 16 April 2015, the Company has issued 502,000 new shares from the exercise of options by employees under the Company's Employee Share Option Scheme pursuant to the previous mandate. The proceeds from the issuance of the shares of RM1,521,060 were used for working capital purposes. The previous mandate will expire at the conclusion of the 19th AGM to be held on 8 June 2015.

Proposed Resolution 7, if passed, will enable Directors to issue and allot new ordinary shares up to an amount not exceeding ten per centum (10%) of the Company's issued share capital from time to time. This will, among others, provide them the flexibility to raise funds, including but not limited to further placement of shares for purposes of funding future investment project(s), working capital and/or acquisitions without convening a general meeting which will be both time and cost consuming. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

At this juncture, there is no decision to carry out any placement of new shares. Should there be a decision to do so after the said authority has been given, the Company will make the appropriate announcement on the purpose and/or utilisation of proceeds arising from such issuance and allotment.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF NINETEENTH ANNUAL GENERAL MEETING OF BUMI ARMADA BERHAD ("Bumi Armada" or the "Company") pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Further details of individuals who are standing for re-election/election as Directors

Name	Shaharul Rezza bin Hassan
Age	43
Date of Appointment	2 June 2003
Length of Service as at 16 April 2015	11 years 10 months
Nationality	Malaysian
Qualification	Bachelor of Science degree in Economics from University of Bristol, UK, 1993.
Position in the Company	Executive Director/Head of Offshore Support Vessels Business since November 2013. Prior to that since 2005 he was the Chief Financial Officer.
Working Experience and Occupation	Shaharul Rezza bin Hassan has over 15 years of experience in corporate finance/fund raising and financial management. Prior to joining Bumi Armada in September 2005, he worked in the corporate finance department of Usaha Tegas Sdn Bhd ("UTSB") for 10 years. During his tenure with UTSB, he was involved in various corporate exercises such as mergers and acquisitions, restructurings, fund raising and equity public offerings, including the reverse take-over of Malaysian Tobacco Company Bhd (now known as MEASAT Global Berhad) and the acquisition and subsequent privatisation of the Company. He also sits on the boards of various subsidiaries and joint ventures of the Company.
Other directorship of public companies incorporated pursuant to the Companies Act, 1965	None
Details of any interest in the securities of the Company and its subsidiaries	Has interest in 9,964,105 options over unissued shares of RM0.20 each of BAB granted to him pursuant to the Employee Share Option Scheme of the Company.
Family relationship with any director and/or major shareholder of the Company	None
Conflict of interest that he has with the Company	None
List of convictions for offences within the past 10 years other than traffic offences, if any (only for penalties made public)	None

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Name	Saiful Aznir bin Shahabudin
Age	55
Date of Appointment	1 December 2006
Length of Service as at 16 April 2015	8 years 5 months
Nationality	Malaysian
Qualification	Member of the American Institute of Certified Public Accountants. Member of The Malaysian Institute of Certified Public Accountants. Bachelor of Business Administration degree from Western Michigan University, USA. Master of Business Administration from the University of Chicago, USA.
Position in the Company	Independent Non-Executive Director. Chairperson of Audit Committee (since 13 February 2007). Member of Remuneration Committee (reappointed on 10 June 2014). Member of Nomination & Corporate Governance Committee (reappointed on 17 February 2015).
Working Experience and Occupation	Saiful Aznir bin Shahabudin has wide general management experience, having served as the chief executive officer of two companies for an aggregate of more than ten years. Currently, he is the group chief executive officer of Sharikat Permodalan Kebangsaan Berhad which he joined in 2002. Prior to that, he was the chief executive officer of Encorp Group, a company involved in property development and media and a partner of Andersen Worldwide wherein he specialised in privatisation and corporate finance.
Other directorship of public companies incorporated pursuant to the Companies Act, 1965	None
Details of any interest in the securities of the Company and its subsidiaries	Direct beneficial interest in 1,626,000 ordinary shares of RM0.20 each in the Company registered in the name of CIMSEC Nominees (Tempatan) Sdn Bhd
Family relationship with any director and/or major shareholder of the Company	None
Conflict of interest that he has with the Company	None
List of convictions for offences within the past 10 years other than traffic offences, if any (only for penalties made public)	None

Name	Shapoorji Pallonji Mistry ("Shapoor Mistry")
Age	50
Date of Appointment*	27 October 2014
Length of Service	5.5 months

* *He was appointed by the Board pursuant to Article 120 of the Company's Articles of Association. He is therefore subject to election at this 19th AGM of the Company*

Nationality	Irish
Qualification	Bachelor of Arts in Business Administration and Economics from Richmond College, London.
Position in the Company	Non-Independent Non-Executive Director Member of Risk Management Committee (appointed on 27 October 2014)
Working Experience and Occupation	Shapoor Mistry brings with him more than 20 years of corporate experience spanning several continents and diverse industries including construction, shipping, banking, manufacturing and offshore oil and gas. Upon graduation, he joined his family owned Shapoorji Pallonji And Company Private Limited ("SPCL"), the flagship of the Shapoorji Pallonji group (SP Group), of which he is now a non-executive chairman. He was involved in the construction business in the early eighties, following which he restarted the real estate activity, both residential and commercial, under the real estate wing of the SP Group, with award winning developments in India. He oversaw the takeover of the Tata Group's Forbes Gokak business in 2001. He is presently also the chairman of Forbes & Company Ltd listed on the Bombay Stock Exchange, involved in engineering, shipping, logistics, warehousing and multi modal transportation among others and the chairman of Eureka Forbes Ltd, a non-listed public company, involved in air purifiers and security systems. He has been involved in diverse investments and businesses including textiles, logistics, shipping, precision tools, steam turbines, turbo generating sets, publishing and real estate. Shapoor Mistry also holds directorships in various other private and public companies under the SP Group. The SP Group is a partner in joint venture entities with Bumi Armada, which own and operate two FPSOs located in the D1 and C7 blocks, West Mumbai, offshore India. He is also one of the major patrons of the Royal Western Indian Turf Club and is actively involved in various philanthropic and charitable activities and is a trustee of the Masina Hospital and is a member of the Duke of Edinburgh's International Awards World Fellowship.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Other directorship of public companies incorporated pursuant to the Companies Act, 1965	None
Details of any interest in the securities of the Company and its subsidiaries	None
Family relationship with any director and/or major shareholder of the Company	None
Conflict of interest that he has with the Company	He is a director and major shareholder of SPCL, the flagship of the SP group. SP group is a partner with Bumi Armada in certain existing joint venture entities, which own and operate certain floating production, storage and offloading vessels and offshore support vessels, offshore India. He is also regarded as having an interest in the joint venture between the Group and the SPCL group in relation to the Husky Madura project (subject to the Company's shareholders' approval). For further details please see Additional Compliance Information.
List of convictions for offences within the past 10 years other than traffic offences, if any (only for penalties made public)	None

Note:

Save as disclosed above, the aforementioned Directors have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company and have not been convicted of any offence within the past 10 years.

BUMIARMADA

FORM OF PROXY

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

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

of ______________________________ and telephone no. ______________
[ADDRESS]

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

*NRIC/*Passport No. ______________ of ______________________________
[COMPULSORY] [ADDRESS]

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

of ______________________________
[ADDRESS]

or failing *him/*her, THE CHAIRMAN OF THE MEETING as *my/*our *proxy/*proxies to vote for *me/*us and on *my/*our behalf at the **Nineteenth Annual General Meeting of the Company to be held at 10.00 a.m. on Monday, 8 June 2015 at the Conference Halls 1, 2 & 3, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia** and at any adjournment thereof.

*I/*We indicate with an "X" in the spaces below how *I/*we wish *my/*our vote to be cast:

No.	Ordinary Resolutions	For	Against
1	To declare a tax exempt final cash dividend of 1.63 sen per share for the financial year ended 31 December 2014.		
2	To re-elect Mr Shaharul Rezza bin Hassan as a Director of the Company.		
3	To re-elect Mr Saiful Aznir bin Shahabudin as a Director of the Company.		
4	To elect Mr Shapoorji Pallonji Mistry as a Director of the Company.		
5	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company.		
6	To give approval to Mr Saiful Aznir bin Shahabudin to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next annual general meeting.		
7	To authorise the Directors to allot and issue new ordinary shares pursuant to Section 132D of the Companies Act, 1965 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.		

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

If appointment of proxy by an individual or a corporation is under hand

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

____
(beneficial owner)

No. of shares held : ______________

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

Date :

If appointment of proxy by a corporation is under seal

The Common Seal of

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

______________ ______________
Director *Director/*Secretary

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

____
(beneficial owner)

Seal

No. of shares held : ______________

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

Date :

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 : ______________ %

** Delete if inapplicable*

NOTES:

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

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

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

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

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

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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
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