

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or due to your reliance upon the whole or any part of the contents of this Circular. You should rely on your own evaluation to assess the merits and risks of the Proposed Offer and Grant of Options (as set out in this Circular).



BUMI ARMADA

BUMI ARMADA BERHAD

(Company No.: 370398-X)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

SHAREHOLDERS' AUTHORITY FOR THE PROPOSED OFFER AND GRANT OF OPTIONS UNDER THE COMPANY'S EMPLOYEE SHARE OPTION SCHEME TO THE FOLLOWING EXECUTIVE DIRECTORS OF BUMI ARMADA BERHAD:

- (I) HASSAN ASSAD BASMA, EXECUTIVE DIRECTOR/CHIEF EXECUTIVE OFFICER; AND**
- (II) SHAHARUL REZZA BIN HASSAN, EXECUTIVE DIRECTOR/HEAD OF OFFSHORE SUPPORT VESSELS BUSINESS**

Prepared by



CIMB Investment Bank Berhad (18417-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The resolutions in respect of the Proposed Offer and Grant of Options will be tabled at our **Eighteenth Annual General Meeting ("18th AGM")** which will be held on **Tuesday, 10 June 2014 at 10.00 a.m. at Ballroom 1, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.**

The Notice together with the Form of Proxy for the 18th AGM are incorporated in the abridged version of Bumi Armada Berhad's 2013 Annual Report, which is enclosed together with this Circular.

If you are entitled to attend and vote at the 18th AGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you decide to do so, you must deposit the Form of Proxy for the 18th AGM at the office of Bumi Armada Berhad's Share Registrars, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the time appointed for the 18th AGM. The lodging of the Form of Proxy for the 18th AGM will not preclude you from attending and voting in person at the 18th AGM should you subsequently decide to do so.

Last date and time for lodging the Form of Proxy : Sunday, 8 June 2014 at 10.00 a.m.

This Circular is dated 15 May 2014

DEFINITIONS

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

AGM	:	Eighteenth Annual General Meeting of Bumi Armada
Board	:	Board of Directors of Bumi Armada
Bumi Armada or our Company	:	Bumi Armada Berhad (370398-X)
Bumi Armada Group or our Group	:	Bumi Armada and its subsidiaries, collectively
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
By-Laws	:	By-laws governing the ESOS
CEO	:	Chief Executive Officer
CIMB	:	CIMB Investment Bank Berhad (18417-M)
Director	:	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
ED	:	Executive Director
ESOS	:	The 2011 Employee Share Option Scheme of our Company for the grant of Options to eligible employees of our Group and EDs of our Company to subscribe for new Shares
Hassan Basma	:	Hassan Assad Basma, our ED/CEO
Head of OSV	:	Head of Offshore Support Vessels Business
IPO	:	Initial public offering of up to 878,538,600 Shares comprising the: <ul style="list-style-type: none">(i) offer for sale of up to 234,277,000 Shares to Bumiputera investors approved by the Ministry of International Trade and Industry; and(ii) public issue of up to 644,261,600 new Shares to institutional and retail investors
LPD	:	24 April 2014, being the latest practicable date prior to the date of this Circular
Major Shareholder	:	A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: <ul style="list-style-type: none">(i) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or(ii) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation

For the purpose of this definition, "interests in shares" has the meaning given in Section 6A of the Companies Act, 1965

DEFINITIONS *(cont'd)*

MFRS 2	:	Malaysian Financial Reporting Standard 2 on Share-based Payment as issued by the Malaysian Accounting Standards Board
Option	:	The right to subscribe for a new Share upon acceptance of an offer under the ESOS
Person Connected	:	Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the Main Market Listing Requirements of Bursa Securities as amended from time to time
Proposed Offer and Grant of Options	:	Proposed offer and grant of Options under the ESOS to our ED/CEO and ED/Head of OSV
Rezza Hassan	:	Shaharul Rezza bin Hassan, our ED/Head of OSV
Shares	:	Ordinary shares of RM0.20 each in our Company

CURRENCY

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

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

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

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

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

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

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

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BUMIARMADA

BUMI ARMADA BERHAD

(Company No.: 370398-X)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

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

15 May 2014

Board of Directors:

Tunku Ali Redhaudin ibni Tuanku Muhriz (*Independent Non-Executive Chairman*)
Dato' Sri Mahamad Fathil bin Dato' Mahmood (*Non-Independent Non-Executive Director*)
Saiful Aznir bin Shahabudin (*Independent Non-Executive Director*)
Alexandra Elisabeth Johanna Maria Schaapveld (*Independent Non-Executive Director*)
Andrew Philip Whittle (*Independent Non-Executive Director*)
Chan Chee Beng (*Non-Independent Non-Executive Director*)
Lim Ghee Keong (*Non-Independent Non-Executive Director*)
Maureen Toh Siew Guat (*Non-Independent Non-Executive Director*)
Hassan Assad Basma (*Executive Director/Chief Executive Officer*)
Shaharul Rezza bin Hassan (*Executive Director/Head of Offshore Support Vessels Business*)

To: Our Shareholders

Dear Sir/Madam

SHAREHOLDERS' AUTHORITY FOR THE PROPOSED OFFER AND GRANT OF OPTIONS UNDER THE COMPANY'S ESOS TO THE FOLLOWING EXECUTIVE DIRECTORS OF BUMI ARMADA:

- (I) HASSAN ASSAD BASMA, EXECUTIVE DIRECTOR/CHIEF EXECUTIVE OFFICER; AND**
- (II) SHAHARUL REZZA BIN HASSAN, EXECUTIVE DIRECTOR/HEAD OF OFFSHORE SUPPORT VESSELS BUSINESS**

1. INTRODUCTION

On 16 April 2014, CIMB, on behalf of our Company, announced to Bursa Securities that our Company intends to procure your authority for the Proposed Offer and Grant of Options at the forthcoming AGM.

The purpose of this Circular is to provide you with the relevant information pertaining to the Proposed Offer and Grant of Options and to procure your authority for the resolutions in connection with the Proposed Offer and Grant of Options to be tabled at the forthcoming AGM. The Notice of the AGM and the Form of Proxy are incorporated in the abridged version of our 2013 Annual Report, which is enclosed together with this Circular.

YOU ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED OFFER AND GRANT OF OPTIONS TO BE TABLED AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED OFFER AND GRANT OF OPTIONS

The ESOS which came into effect on 28 June 2011, was established in conjunction with our IPO and listing on the Main Market of Bursa Securities on 21 July 2011. The ESOS was established for the grant of Options to eligible employees of our Group and EDs of our Company to subscribe for new Shares, not exceeding in aggregate 10% of the issued and paid-up share capital of our Company at any time during the subsistence of the ESOS.

The approval for the listing of the new Shares to be issued pursuant to the exercise of the Options under the ESOS has been obtained from Bursa Securities on 28 June 2011 (“**Listing Approval**”).

The details of the Options that have been granted to eligible employees of our Group and to our EDs since the establishment of the ESOS and up to the LPD are set out below:

	No. of Options
Options granted	83,683,100
Options exercised	(4,006,100)
Options forfeited/lapsed	(8,197,000)
Options unexercised and outstanding	<u>71,480,000</u>

The breakdown of the unexercised and outstanding Options is set out below:

	As at the LPD	
	No. of unexercised and outstanding Options	% of the total issued and paid-up share capital⁽¹⁾
EDs and members of senior management of our Group	54,161,400	1.85
Other employees	17,318,600	0.59
Total	<u>71,480,000</u>	<u>2.44</u>

Note:

(1) Calculated based on our total issued and paid-up share capital of 2,932,467,700 as at the LPD.

Pursuant to the By-Laws, the total number of new Shares which may be issued under Options granted pursuant to the ESOS to our EDs and members of senior management of our Group shall not exceed in aggregate 50% of the total number of new Shares to be issued under the ESOS. The total number of new Shares which may be issued under Options granted pursuant to the ESOS to an employee of our Group who has a written employment contract and any of our EDs who either singly or collectively with his Persons Connected own 20% or more of the issued and paid-up share capital of our Company, shall not exceed in aggregate 10% of the total number of new Shares to be issued under the ESOS.

On 18 June 2013, you had granted us authority to offer, grant and/or issue to Hassan Basma, our ED/CEO, up to 7,500,000 Options and to Rezza Hassan, our ED and our chief financial officer (at that time), up to 1,250,000 Options pursuant to the provisions of the ESOS during the period from the last annual general meeting in 2013 up to the forthcoming AGM and to issue and allot to them, up to a maximum of 7,500,000 and 1,250,000 new Shares, respectively, arising from the exercise of the Options offered to and accepted by them. On 18 November 2013, Rezza Hassan was redesignated as Head of OSV.

As at the LPD, a total of 6,500,000 Options out of the 7,500,000 Options (for which authority to offer, grant and/or issue the aforesaid Options was obtained on 18 June 2013) have been offered to and accepted by Hassan Basma. Of the 6,500,000 Options, 1,950,000, 1,950,000 and 2,600,000 Options are exercisable on or after 24 February 2015, 24 February 2016 and 24 February 2017, respectively and up to 23 February 2019. The exercise price of each of the aforesaid 6,500,000 Options is RM3.97 per Share.

As at the LPD, the entire 1,250,000 Options (for which authority to offer, grant and/or issue the aforesaid Options was obtained on 18 June 2013) have been offered to and accepted by Rezza Hassan. Of the 1,250,000 Options, 375,000, 375,000 and 500,000 Options are exercisable on or after 3 September 2013, 3 September 2014 and 3 September 2015, respectively and up to 2 September 2017. None of the 375,000 Options that have vested has been exercised by him as at the LPD. The exercise price of each of the aforesaid 1,250,000 Options is RM3.80 per Share.

The timing for the exercise of the Options by Hassan Basma and Rezza Hassan are subject to the provisions of the By-Laws and additionally, in the case of Hassan Basma, his employment contract with our Company. Such provisions could entail the accelerated vesting and exercise of any outstanding Options upon (among others) the occurrence of certain events such as redundancy and ill-health or additionally, in the case of Hassan Basma, the expiry of his term of employment with our Company or termination of his employment with our Company through no fault of his.

We now intend to procure further authority from you to enable us to offer, grant and/or issue to Hassan Basma, our ED/CEO, Options to subscribe up to 7,500,000 new Shares (or such number of new Shares as determined pursuant to the provisions of the ESOS) and to Rezza Hassan, our ED/Head of OSV, Options to subscribe up to 1,250,000 new Shares (or such number of new Shares as determined pursuant to the provisions of the ESOS), during the period from the forthcoming AGM up to the next annual general meeting of our Company, and to issue and allot to them, such number of new Shares, respectively, arising from the exercise of the Options offered to and accepted by them. The maximum number of new Shares of 7,500,000 and 1,250,000 which may be issued to Hassan Basma and Rezza Hassan, respectively, if this authority is granted would represent about 0.26% and 0.04% of our total issued and paid-up share capital as at the LPD. The actual number of Options granted and other details thereto will be announced to Bursa Securities in due course upon such Options being offered to and accepted by Hassan Basma and Rezza Hassan (as the case may be) subject always to you granting us the authority being sought herein.

Pursuant to the By-Laws, your Board has the discretion to determine the offer and grant of Options to any eligible employee of our Group and our EDs after taking into consideration, the performance of our Company and the performance, seniority and number of years of service of the eligible employees and/or the EDs including his actual or potential contribution to our Group.

The consideration for the acceptance of the offer and grant of the Options is RM1.00.

Pursuant to the By-Laws, the exercise price of each Option is as follows:

- (i) At RM3.03 in respect of a Share subscribed for upon the exercise of an Option granted prior to the consummation of the IPO (“**Initial Grant**”); and
- (ii) At the weighted average of the market price quotation of the Shares for the 5 market days immediately preceding the date on which the Option is granted, rounded down to the nearest sen, or the par value of the Share, whichever is higher, in respect of a Share subscribed for upon the exercise of an Option which is not part of the Initial Grant.

The new Shares to be issued upon the exercise of the Options shall rank *pari passu* in all respects with the then existing issued Shares, save that they will not entitle the holders thereof to receive any rights or bonus issues or dividends or distributions, the entitlement date of which precedes the date of the issue of such new Shares.

In view of the Listing Approval, the approval from Bursa Securities will not be required for the listing of the new Shares to be issued upon exercise of the Options to be granted pursuant to the Proposed Offer and Grant of Options.

The gross proceeds raised from the exercise of Options under the Proposed Offer and Grant of Options is dependent on the exercise price of each Option and is not determinable at this juncture. However, we intend to use the proceeds raised from the exercise of Options under the Proposed Offer and Grant of Options for the working capital requirements of our Group.

3. RATIONALE FOR THE PROPOSED OFFER AND GRANT OF OPTIONS

The purpose of the ESOS is to promote ownership of shares in our Company by eligible employees of our Group and our EDs and to enable our Group to attract, retain and motivate employees by permitting them to share in the growth of our Company. The Proposed Offer and Grant of Options is for the purpose of incentivising and rewarding Hassan Basma, our current ED/CEO and Rezza Hassan, our current ED/Head of OSV for their future performance in our Company.

4. EFFECTS OF THE PROPOSED OFFER AND GRANT OF OPTIONS

4.1 Issued and paid-up share capital and shareholdings of substantial shareholders

The Proposed Offer and Grant of Options is not expected to have any material effect on the issued and paid-up share capital of our Company. However, the issued and paid-up share capital of our Company will increase progressively as and when the new Shares are issued pursuant to the exercise of the Options under the Proposed Offer and Grant of Options.

The Proposed Offer and Grant of Options is not expected to have any material effect on the substantial shareholders' shareholdings in our Company until such time as and when the relevant Options granted have been vested and are exercised. Any potential effect on the substantial shareholders' shareholdings in our Company in the future would depend upon the number of Options vested and exercised at the relevant point in time.

Strictly for illustrative purposes only, assuming full exercise of the remaining unexercised and outstanding Options of 71,480,000 and assuming 7,500,000 Options and 1,250,000 Options granted to Hassan Basma and Rezza Hassan, respectively pursuant to the Proposed Offer and Grant of Options are fully exercised, the proforma effects of the Proposed Offer and Grant of Options on our issued and paid-up share capital are set out in the table below:

		<u>No. of Shares</u>	<u>%</u>	<u>RM</u>
As at the LPD:				
- Issued and paid-up share capital	(A)	2,932,467,700		586,493,540
- New Shares to be issued prior to the Proposed Offer and Grant of Options assuming full exercise of the remaining unexercised and outstanding Options	(B)	<u>71,480,000</u>	2.44 ⁽¹⁾	<u>14,296,000</u>
Enlarged issued and paid-up share capital prior to the Proposed Offer and Grant of Options	(C)	3,003,947,700		600,789,540
New Shares to be issued assuming full exercise of the Options pursuant to the Proposed Offer and Grant of Options	(D)	8,750,000	0.29 ⁽²⁾	1,750,000
Enlarged issued and paid-up share capital		<u>3,012,697,700</u>		<u>602,539,540</u>

Notes:

(1) Computed based on (B) over (A) multiplied by 100.

(2) Computed based on (D) over (C) multiplied by 100.

4.2 Net assets, gearing and earnings

The Proposed Offer and Grant of Options is not expected to have any material effect on the net assets, gearing and earnings of our Group until such time as and when the relevant Options granted have been vested and are exercised. Any potential effect on the net assets, gearing and earnings of our Group in the future would depend upon the number of Options vested and exercised at the relevant point in time, the price payable upon the exercise of the Options (where applicable) and the impact of MFRS 2.

Under MFRS 2, the potential cost arising from the grant and vesting of the Options, which is the fair value of the Options, after taking into account, among others, the number of Options granted and vested and exercise price of the Options, will need to be measured at the grant date and is recognised as an expense in the consolidated statement of income over the vesting period of the Options granted. The future earnings of our Group may be affected, the quantum of which can only be determined at the respective grant date.

Strictly for illustrative purposes, assuming the new Shares are issued pursuant to the exercise of the Options under the Proposed Offer and Grant of Options at an exercise price that is higher than our Group's net assets per Share, our Group's net assets per Share will increase. Conversely, if the new Shares are issued pursuant to the exercise of the Options under the Proposed Offer and Grant of Options at an exercise price that is lower than our Group's net assets per Share, our Group's net assets per Share will decrease.

Your Board takes into account the potential impact of the relevant applicable accounting standards on our Group's future earnings when considering allocation and grant of Options to eligible employees of our Group and our EDs.

The estimated expenses for the Proposed Offer and Grant of Options are not expected to be material.

4.3 Convertible securities

As at the LPD, our Company does not have any existing convertible securities save for the Options under the ESOS.

5. APPROVAL REQUIRED

The Proposed Offer and Grant of Options is subject to your approval being obtained at the forthcoming AGM.

The Proposed Offer and Grant of Options is not conditional or inter-conditional upon any other corporate exercise/scheme or approvals of other authorities.

6. SHARE PRICES

The monthly high and low market prices of our Shares as traded on the Main Market of Bursa Securities for the last 12 months from May 2013 to April 2014 are as follows:

	<u>High</u>	<u>Low</u>
	<u>RM</u>	
2013		
May	4.18	3.81
June	4.16	3.68
July	4.00	3.80
August	4.02	3.73
September	3.99	3.84
October	4.00	3.84
November	4.12	3.79
December	4.07	3.85
2014		
January	4.12	3.97
February	4.06	3.85
March	4.07	3.80
April	4.07	3.90

The closing market price on 15 April 2014, being the market day immediately before the announcement of the Proposed Offer and Grant of Options RM4.01

The closing market price on 8 May 2014, being the latest practicable date before the printing of this Circular RM3.99

(Source: Bloomberg)

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Hassan Basma and Rezza Hassan are eligible for Options to be granted under the Proposed Offer and Grant of Options and they are therefore deemed interested in respect of their respective entitlements under the Proposed Offer and Grant of Options.

The details of the direct and indirect interest of Hassan Basma and Rezza Hassan in our Shares as well as in Options to subscribe for our new Shares as at the LPD are set out below:

	As at the LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Hassan Basma	9,000,000	0.31	-	-
Rezza Hassan	-	-	-	-

	No. of Options			Exercise price per Share
	Granted	Vested	Exercised	
	000	000	000	RM
Hassan Basma	17,500	-	-	3.03
	6,500	3,900	-	3.77
	6,500	-	-	3.97
	<u>30,500</u>	<u>3,900</u>	<u>-</u>	
Rezza Hassan	4,000	1,200	-	3.03
	1,250	375	-	3.80
	<u>5,250</u>	<u>1,575</u>	<u>-</u>	

Hassan Basma and Rezza Hassan have abstained and will continue to abstain from deliberating and voting in respect of their respective entitlements under the Proposed Offer and Grant of Options at the relevant Board meetings of our Company. In addition, Hassan Basma and Rezza Hassan will abstain from voting in respect of their respective direct and indirect shareholdings, if any, in our Company at the forthcoming AGM, on the relevant resolutions in respect of their respective entitlements under the Proposed Offer and Grant of Options.

Further, Hassan Basma and Rezza Hassan have undertaken to ensure that Persons Connected with them (if any) will abstain from voting in respect of their respective direct and indirect shareholdings, if any, in our Company at the forthcoming AGM, on the relevant resolutions in respect of their respective entitlements under the Proposed Offer and Grant of Options.

Save as disclosed above, none of your Directors, Major Shareholders or Persons Connected with them has any interest, direct or indirect, in the Proposed Offer and Grant of Options.

8. DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Offer and Grant of Options, including but not limited to the rationale for the Proposed Offer and Grant of Options as set out in Section 3 of this Circular, your Directors (save for Hassan Basma and Rezza Hassan who are interested in the Proposed Offer and Grant of Options and who hence express no opinion thereon), are of the opinion that the Proposed Offer and Grant of Options is in our best interest.

Accordingly, your Directors (save for Hassan Basma and Rezza Hassan who are interested in the Proposed Offer and Grant of Options) recommend that you vote in favour of the resolutions pertaining to the Proposed Offer and Grant of Options to be tabled at the forthcoming AGM.

9. OTHER CORPORATE PROPOSALS

Save as disclosed below and the Proposed Offer and Grant of Options as set out in this Circular, we do not have any other outstanding corporate exercise/scheme which has been announced but pending completion as at 8 May 2014 (being the latest practicable date before the printing of this Circular):

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

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

- (ii) On 26 March 2014, we announced that our wholly-owned subsidiary, Bumi Armada Capital Malaysia Sdn Bhd received authorisation of 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**”) and the issuance of Sukuk Murabahah thereunder. No Sukuk Murabahah have been issued yet under the Sukuk.

The Proposed Offer and Grant of Options is not conditional upon the abovementioned proposals and/or any other corporate exercise/scheme.

10. ESTIMATED TIMEFRAME TO COMPLETION

Barring any unforeseen circumstances, your Directors expect the Options under the Proposed Offer and Grant of Options to be offered, granted and/or issued during the period from the forthcoming AGM up to the next annual general meeting of our Company.

11. AGM

The AGM will be held on Tuesday, 10 June 2014 at 10.00 a.m. at Ballroom 1, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia for the purpose of considering and, if thought fit, passing the resolutions as set out in the Notice of the AGM to approve and give effect to the Proposed Offer and Grant of Options.

You may appoint a proxy or proxies to attend and vote on your behalf. If you decide to do so, you must deposit the original Form of Proxy at the office of our 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 the AGM.

However, the lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

12. FURTHER INFORMATION

You are requested to refer to the appendices for further information.

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

Alexandra Schaapveld
Independent Non-Executive Director

ADDITIONAL INFORMATION**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by your Directors who collectively and individually accept full responsibility for the accuracy of the information contained herein. Your Directors confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there is no other fact, the omission of which would make any statement herein misleading.

2. WRITTEN CONSENT AND DECLARATION OF CONFLICT OF INTEREST

CIMB has prepared this Circular but was not involved in advising our Company on the terms of the Proposed Offer and Grant of Options.

CIMB has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto, in the form and context in which it appears.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1 Material commitments**

The material commitments contracted or known to be contracted as at 28 February 2014, are as follows:

	RM 000
Commitments to purchase property, plant and equipment	
– authorised and contracted	580,708
– authorised but not contracted	3,093,675
	<u>3,674,383</u>

Save as disclosed above, your Directors are not aware of any other material commitments contracted or known to be contracted by our Group as at 28 February 2014 which may have a material effect on our Group's financial position.

3.2 Contingent liabilities

The contingent liabilities as at 28 February 2014 are as follows:

	RM 000
Bank guarantees extended to third parties	<u>461,467</u>

Save as disclosed above, your Directors are not aware of any other contingent liabilities of our Group as at 28 February 2014 which, upon becoming enforceable, may have a material effect on our Group's financial position.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

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

5. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) The By-Laws;
- (ii) Memorandum and Articles of Association of our Company;
- (iii) Audited consolidated financial statements of our Company for the financial years ended 31 December 2012 and 31 December 2013; and
- (iv) Letter of consent referred to in Section 2 of this Appendix.

EXTRACT OF THE AGENDA FROM THE NOTICE AND AGENDA OF THE AGM PERTAINING TO THE PROPOSED OFFER AND GRANT OF OPTIONS

PLEASE REFER TO THE FULL NOTICE AND AGENDA OF THE AGM AND THE FORM OF PROXY INCORPORATED IN THE ABRIDGED VERSION OF OUR 2013 ANNUAL REPORT AS ENCLOSED TOGETHER WITH THIS CIRCULAR.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

- 7. Proposed offer and grant of options to subscribe for new ordinary shares of RM0.20 each in the Company (“Shares”) (“Options”) under the Company’s Employee Share Option Scheme (“ESOS”) to the Executive Director/Chief Executive Officer and the Executive Director/Head of Offshore Support Vessels (“OSV”) Business of Bumi Armada Berhad.**

RESOLUTION 7

“THAT authority be and is hereby given to the Directors of the Company to:

- (i) offer, grant and/or issue to Hassan Assad Basma, Executive Director/Chief Executive Officer of the Company, at any time and from time to time, commencing from the date of the shareholders’ approval (“**Approval Date**”) and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held (“**Mandate Period**”), Options to subscribe up to 7,500,000 new Shares (or such number of new Shares as determined pursuant to the provisions of the Company’s ESOS); and
- (ii) issue and allot to him, such number of new Shares (whether during or after the Mandate Period) upon exercise by him of such Options which were offered, granted and/or issued to him during the Mandate Period.”

RESOLUTION 8

“THAT authority be and is hereby given to the Directors of the Company to:

- (i) offer, grant and/or issue to Shaharul Rezza bin Hassan, Executive Director/Head of OSV Business of the Company, at any time and from time to time, commencing from the date of the shareholders’ approval (“**Approval Date**”) and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held (“**Mandate Period**”), Options to subscribe up to 1,250,000 new Shares (or such number of new Shares as determined pursuant to the provisions of the Company’s ESOS); and
- (ii) issue and allot to him, such number of new Shares (whether during or after the Mandate Period) upon exercise by him of such Options which were offered, granted and/or issued to him during the Mandate Period.”

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