BUMIARMADA

Knots ahead of the rest

BUMI ARMADA BERHAD
(Company No. 370398-X)
(Incorporated in Malaysia under the Companies Act, 1965)
Level 21, Menara Perak
24, Jalan Perak
50450 Kuala Lumpur, Malaysia
Tel : +603.2171.5799 Fax : +603.2171.5600

www.bumiarmada.com

BUMI ARMADA BERHAD | PROSPECTUS

PROSPECTUS

BUMIARMADA

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

INITIAL PUBLIC OFFERING OF UP TO 878,538,600 ORDINARY SHARES OF RM0.20 EACH IN BUMI ARMADA BERHAD ("**BUMI ARMADA**") ("**SHARES**") COMPRISING:

(I) OFFER FOR SALE OF UP TO 234,277,000 EXISTING SHARES ("**OFFER SHARES**") COMPRISING:

- THE INSTITUTIONAL OFFERING OF UP TO 234,277,000 OFFER SHARES TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY ("**MITI**") AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("**INSTITUTIONAL PRICE**"); AND

(II) PUBLIC ISSUE OF UP TO 644,261,600 NEW SHARES ("**ISSUE SHARES**") COMPRISING:

- THE INSTITUTIONAL OFFERING OF UP TO 564,400,200 ISSUE SHARES TO MALAYSIAN AND FOREIGN INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY MITI AT THE INSTITUTIONAL PRICE; AND
- THE RETAIL OFFERING OF 79,861,400 ISSUE SHARES TO THE MALAYSIAN PUBLIC, THE DIRECTORS OF BUMI ARMADA, AND ELIGIBLE EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF BUMI ARMADA AND ITS SUBSIDIARIES AT THE RETAIL PRICE OF RM3.15 PER SHARE ("**RETAIL PRICE**"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO A REFUND OF THE DIFFERENCE IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS. THE FINAL RETAIL PRICE WILL EQUAL THE LOWER OF (I) THE RETAIL PRICE; AND (II) THE INSTITUTIONAL PRICE.

JOINT PRINCIPAL ADVISERS

CIMB

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

Maybank Investment Bank

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

RHB

RHB Investment Bank Berhad
(19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

JOINT GLOBAL CO-ORDINATORS

CIMB | CREDIT SUISSE | Maybank Investment Bank

JOINT BOOKRUNNERS

CIMB | CLSA ASIA-PACIFIC MARKETS | CREDIT SUISSE | Maybank Investment Bank | RHB Investment Bank Berhad | UBS

JOINT MANAGING UNDERWRITERS

CIMB | Maybank Investment Bank | RHB Investment Bank Berhad | AmInvestment Bank Group

LEAD MANAGERS

Deutsche Bank | OCBC Bank

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH INVESTORS SHOULD CONSIDER, SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS DATED 30 JUNE 2011




OUR DIRECTORS, THE PROMOTERS, NAMELY OBJEKTIF BERSATU SDN BHD AND OMBAK DAMAI SDN BHD ("ODSB"), AND THE SELLING SHAREHOLDERS, NAMELY ODSB, WIJAYA SINAR SDN BHD, KARISMA MESRA SDN BHD AND WIJAYA BAIDURI SDN BHD, HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

CIMB INVESTMENT BANK BERHAD ("CIMB"), MAYBANK INVESTMENT BANK BERHAD ("MAYBANK IB") AND RHB INVESTMENT BANK BERHAD ("RHB"), AS THE JOINT PRINCIPAL ADVISERS, ACKNOWLEDGE THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING ("IPO").

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE IPO AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION EXPRESSED OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US. THE SC ALSO TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE IPO AND THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS.

OUR COMPANY HAS OBTAINED THE APPROVAL OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED AND PAID-UP ORDINARY SHARES OF RM0.20 EACH IN OUR COMPANY ("SHARES"). ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE IPO, OUR COMPANY OR OUR SHARES.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES OF MALAYSIA, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE IPO FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE SHARIAH ADVISORY COUNCIL OF THE SC ("SAC") HAS CLASSIFIED OUR SHARES AS SHARIAH COMPLIANT BASED ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010. THIS CLASSIFICATION REMAINS VALID UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SAC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES ON THE LAST FRIDAY OF MAY AND NOVEMBER OF EACH YEAR.

YOU SHOULD NOTE THAT ANY AGREEMENT BY THE JOINT MANAGING UNDERWRITERS NAMED IN THIS PROSPECTUS TO UNDERWRITE OUR SHARES UNDER THE RETAIL OFFERING IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR SHARES BEING OFFERED.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE IPO ARE SUBJECT TO THE LAWS OF MALAYSIA. THIS PROSPECTUS WILL NOT BE DISTRIBUTED OUTSIDE MALAYSIA. OUR COMPANY, THE PROMOTERS, SELLING SHAREHOLDERS, JOINT PRINCIPAL ADVISERS, JOINT GLOBAL CO-ORDINATORS, JOINT BOOKRUNNERS, JOINT MANAGING UNDERWRITERS AND LEAD MANAGERS NAMED IN THIS PROSPECTUS HAVE NOT AUTHORISED AND TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. NO ACTION HAS BEEN TAKEN TO PERMIT A PUBLIC OFFERING OF OUR SHARES IN ANY JURISDICTION OTHER THAN MALAYSIA BASED ON THIS PROSPECTUS. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OR INVITATION TO SUBSCRIBE FOR OR PURCHASE SHARES OFFERED UNDER THE IPO IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH AN OFFER IS NOT AUTHORISED OR LAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE SALE OF OUR SHARES OFFERED UNDER THE IPO IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. INVESTORS ARE REQUIRED TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS IS PUBLISHED SOLELY IN CONNECTION WITH THE IPO. OUR SHARES BEING OFFERED IN THE IPO ARE OFFERED SOLELY ON THE BASIS OF THE INFORMATION CONTAINED AND REPRESENTATIONS MADE IN THIS PROSPECTUS. OUR COMPANY, THE PROMOTERS, SELLING SHAREHOLDERS, JOINT PRINCIPAL ADVISERS, JOINT GLOBAL CO-ORDINATORS, JOINT BOOKRUNNERS, JOINT MANAGING UNDERWRITERS AND LEAD MANAGERS HAVE NOT AUTHORISED ANYONE TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS. ANY INFORMATION OR REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY OUR COMPANY, THE PROMOTERS, SELLING SHAREHOLDERS, JOINT PRINCIPAL ADVISERS, JOINT GLOBAL CO-ORDINATORS, JOINT BOOKRUNNERS, JOINT MANAGING UNDERWRITERS AND LEAD MANAGERS OR ANY OF THEIR RESPECTIVE DIRECTORS OR ANY OTHER PERSONS INVOLVED IN THE IPO.

THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM THE WEBSITE OF BURSA MALAYSIA BERHAD AT www.bursamalaysia.com.

IT IS TO BE NOTED THAT THE ROLE OF CLSA SINGAPORE PTE LTD ("CLSA") IN THE IPO IS LIMITED TO THAT OF A JOINT BOOKRUNNER IN RESPECT OF THE INSTITUTIONAL OFFERING OUTSIDE MALAYSIA ONLY. CLSA DOES NOT HAVE ANY ROLE IN, AND DISCLAIMS ANY RESPONSIBILITY FOR, THE INSTITUTIONAL OFFERING AND THE RETAIL OFFERING IN MALAYSIA.

THIS PROSPECTUS HAS BEEN PREPARED IN THE CONTEXT OF AN IPO UNDER THE LAWS OF MALAYSIA. IT DDES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

OUR SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES OF AMERICA ("US") SECURITIES ACT OF 1933 ("US SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR TRANSFERRED WITHIN OR INTO THE US, EXCEPT PURSUANT TO AN EXEMPTION UNDER THE US SECURITIES ACT. OUR SHARES ARE BEING OFFERED AND SOLD TD CERTAIN PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE UPON REGULATION S UNDER THE US SECURITIES ACT.

OUR SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSIDN, ANY STATE SECURITIES COMMISSION IN THE US OR ANY OTHER US REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE IPO OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE US.

ELECTRONIC PROSPECTUS

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. YOU MAY VIEW A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITES OF CIMB AT www.eipocimb.com, CIMB BANK BERHAD AT www.cimbclicks.com.my, MALAYAN BANKING BERHAD AT www.maybank2u.com.my, RHB BANK BERHAD AT www.rhb.com.my, AFFIN BANK BERHAD AT www.AffinOnline.com AND PUBLIC BANK BERHAD AT www.pbebank.com.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET SHARE APPLICATION MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM OUR COMPANY OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

(I) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;

(II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY TERMS OF ANY AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED IN THIRD PARTY INTERNET SITES; AND

(III) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEMS OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, FILE OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

(I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND

(II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, THAT YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTERS, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Events	Date
Opening of the Institutional Offering	28 June 2011
Opening of the Retail Offering	10.00 a.m., 30 June 2011
Closing of the Retail Offering	5.00 p.m., 7 July 2011
Closing of the Institutional Offering	8 July 2011
Price Determination Date	11 July 2011
Balloting of applications for the Issue Shares offered under the Retail Offering	11 July 2011
Allotment/Transfer of the Issue Shares/Offer Shares to successful applicants	19 July 2011
Listing	21 July 2011

Applications for the Issue Shares offered under the Retail Offering will close at the time and date stated above or such other date or dates as our Directors and the Majority Joint Managing Underwriters in their absolute discretion may decide. The Institutional Offering commenced on 28 June 2011 and will close on the date stated above or such other date or dates as our Directors, the Selling Shareholders and Joint Global Co-ordinators in their absolute discretion may decide.

In the event that the closing date and/or time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting and allotment of the Issue Shares, transfer of the Offer Shares and the Listing may be extended accordingly. Any extension will be announced in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

All terms used are defined under "Presentation of financial and other information", "Definitions" and "Glossary of technical terms" commencing on pages x, xiv and xx, respectively.

CONTENTS

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" or "Bumi Armada" in this Prospectus are to Bumi Armada Berhad. All references to "our Group" or "Bumi Armada Group" in this Prospectus are to our Company and our subsidiaries taken as a whole. References to "we", "us", "our" and "ourselves" are to our Company and where the context requires, our Company and our subsidiaries.

In this Prospectus, references to the "Government" are to the Government of Malaysia; and references to "RM" and "sen" are to the lawful currency of Malaysia. Any discrepancies in the tables included in this Prospectus between the amounts listed and totals thereof are due to rounding. Other abbreviations used herein are defined in the "Definitions" section appearing on pages xiv to xix of this Prospectus. Certain acronyms and technical terms used herein are defined in the "Glossary of technical terms" appearing on pages xx to xxvi of this Prospectus. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include corporations.

Any reference to a time or day shall be a reference to Malaysian time, unless otherwise stated.

References to the "LPD" in this Prospectus are to 1 June 2011, which is the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of this Prospectus with the SC.

The information on our website or any website directly or indirectly linked to such websites is not incorporated by reference into this Prospectus and should not be relied on.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industries in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is acknowledged in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the report prepared by Infield Systems Limited, an independent energy industry analyst. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate. However, we, the Promoters, Selling Shareholders, Joint Principal Advisers, Joint Global Co-ordinators, Joint Bookrunners, Joint Managing Underwriters and Lead Managers have not independently verified these data and projections. None of our Company, the Promoters, Selling Shareholders, Joint Principal Advisers, Joint Global Co-ordinators, Joint Bookrunners, Joint Managing Underwriters and Lead Managers make any representation as to the correctness, accuracy or completeness of such data and projections and accordingly, you should not place undue reliance on the statistical data and projections cited in this Prospectus. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurances are or can be given that the estimated figures will be achieved, and you should not place undue reliance on the third-party projections cited in this Prospectus.

EBITDA, as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the FRS. EBITDA is not a measurement of financial performance or liquidity under the FRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the FRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible.

We believe that EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-FRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and potential investors should not consider it in isolation from, or as a substitute for analysis of our financial condition or results of operations, as reported under the FRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

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FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future result, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- our future overall business development, operations and financial performance;
- our financial performance and financing plans;
- potential growth opportunities;
- our business strategies, trends and competitive position, and future plans;
- competitive position and effects of competition;
- plans and objectives of our Company for future operations;
- the general industry environment, including the demand and supply for offshore and marine services in the countries in which we operate; and
- the regulatory environment and the effects of future regulation.

Actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, including, without limitation:

- fluctuations in global energy demand and oil prices;
- the general state of, as well as the global demand drivers in the offshore O&G industry;
- continued availability of capital and financing;
- interest rates and foreign exchange rates;
- taxes and duties;
- fixed and contingent obligations and commitments;
- the competitive environment in our industry;
- the activities and financial health of our customers, suppliers and other business partners;
- the general economic and business conditions;
- the political, economic and social developments, and demand and supply for offshore and marine services;

- delays, cost overruns, shortages in skilled and unskilled resources or other changes that impact the execution of our existing projects and expansion plans;
- significant capital expenditure requirements;
- future regulatory or government policy changes affecting us or the countries in which we operate or may operate;
- liability for remedial actions under environmental and/or health and safety regulations;
- the cost and availability of adequate insurance coverage; and
- other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in Section 5 of this Prospectus on "Risk factors" and Section 12.2 of this Prospectus on "Management's discussion and analysis of financial condition and results of operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Prospectus to reflect any changes in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Act	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
Afren	:	Afren Energy Resources Limited
Application Form	:	Application form for the application of the Issue Shares under the Retail Offering accompanying this Prospectus
ATM	:	Automated teller machine
Board	:	Board of Directors of our Company
Bumi Armada or Company	:	Bumi Armada Berhad
Bumi Armada Group or Group	:	Collectively, Bumi Armada and our subsidiaries
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
By-Laws	:	By-laws governing the ESOS
CDS	:	Central Depository System
CESL	:	Century Energy Services Ltd
CIMB	:	CIMB Investment Bank Berhad
CLSA	:	CLSA Singapore Pte Ltd
CMSA	:	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
CNOOC	:	China National Offshore Oil Corporation
Cornerstone Investors	:	Great Eastern Life Assurance (Malaysia) Berhad, Permodalan Nasional Berhad, HwangDBS Investment Management Berhad, Prudential Fund Management Berhad, Hong Leong Assurance Berhad, Guoline Capital Limited and Asia Fountain Investment Company Limited
Credit Suisse	:	Credit Suisse (Singapore) Limited
Deutsche Bank	:	Deutsche Bank AG, Hong Kong Branch
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Share Application	:	Application for the Issue Shares under the Retail Offering through a Participating Financial Institution's ATM
EMEPMI	:	Exxonmobil Exploration & Production Malaysia Inc.
ENI	:	Eni International B.V.
Equity Guidelines	:	Equity Guidelines issued by the SC
ESOS	:	Employee share option scheme adopted by our Board for the grant of Options to eligible employees of our Group and our executive Directors to subscribe for new Shares
Excorp	:	Excorp Holdings N.V.
Final Retail Price	:	Final price per Issue Share equivalent to RM3.15 per Issue Share or the Institutional Price, whichever is lower, to be determined on the Price Determination Date

FRS	:	Financial Reporting Standards
FVSB	:	FPSO Ventures Sdn Bhd
HAIntl	:	Haven Automation International Sdn Bhd
HAM	:	Haven Automation (Malaysia) Sdn Bhd
Haven	:	Haven Automation Industries Sdn Bhd
Haven Group	:	Collectively, AMCCPL, BAAI, HAM, HEM, HAISPL, HCE, HAIntl, of which 4 subsidiaries within the Haven Group (namely HAM, HEM, HCE and HAIntl) were disposed in 2008
HCE	:	Haven Corrosion Engineering Sdn Bhd
HEM	:	Haven Engineering (Malaysia) Sdn Bhd
HLJOC	:	Hoang Long Joint Operating Company
Institutional Offering	:	Offering of up to 798,677,200 IPO Shares at the Institutional Price, subject to clawback and reallocation, to the following: (i) Malaysian institutional and selected investors, including Bumiputera investors approved by MITI; and (ii) Institutional and selected investors outside the United States in reliance on Regulation S under the US Securities Act
Institutional Price	:	Price per IPO Share to be paid by investors pursuant to the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
International Placement Agreement	:	Placement agreement to be entered into between our Company, the Joint Global Co-ordinators, Joint Bookrunners and Lead Managers in respect of the placement of the Issue Shares offered under the Institutional Offering to institutional and selected investors outside Malaysia
Internet Participating Financial Institution	:	The participating financial institution for the Internet Share Application
Internet Share Application	:	Application for the Issue Shares under the Retail Offering through an Internet Participating Financial Institution
IPO	:	Initial public offering of up to 878,538,600 IPO Shares, comprising the Offer for Sale and the Public Issue
IPO Shares	:	Collectively, the Offer Shares and the Issue Shares
ISL	:	Infield Systems Limited
Issue Shares	:	New Shares to be issued pursuant to the Public Issue
Issuing House	:	Malaysian Issuing House Sdn Bhd
Joint Bookrunners	:	Collectively, CIMB, CLSA, Credit Suisse, Maybank IB, RHB and UBS, being the Joint Bookrunners for the Institutional Offering
Joint Global Co-ordinators	:	Collectively, CIMB, Credit Suisse and Maybank IB, being the Joint Global Co-ordinators for the Institutional Offering
Joint Managing Underwriters	:	Collectively, CIMB, Maybank IB, RHB and AmInvestment Bank Berhad, being the Joint Managing Underwriters for the Retail Offering
Joint Principal Advisers	:	Collectively, CIMB, Maybank IB and RHB
KMSB	:	Karisma Mesra Sdn Bhd

Lead Managers	:	Deutsche Bank and OCBC, being the Joint Lead Managers for the Institutional Offering
Listing	:	Listing of and quotation for up to 2,928,461,600 Shares representing the entire enlarged issued and paid-up share capital of our Company on the Main Market
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	1 June 2011, being the latest practicable date prior to the registration of this Prospectus
Main Market	:	Main Market of Bursa Securities
Majority Joint Managing Underwriters	:	2 or more Joint Managing Underwriters who have agreed to underwrite in aggregate more than 50% of the total Issue Shares under the Retail Underwriting Agreement
Malaysian Placement Agreement	:	Placement agreement to be entered into between our Company, the Selling Shareholders, the Joint Global Co-ordinators, the Joint Bookrunners (save for CLSA) and the placement managers in respect of the placement of the Issue Shares and the Offer Shares offered under the Institutional Offering, to institutional and selected investors in Malaysia
Market Day	:	A day on which Bursa Securities is open for trading in securities
Maxis	:	Maxis Berhad
Maxis Group	:	Collectively, Maxis and its subsidiaries
Maybank IB	:	Maybank Investment Bank Berhad
MISC	:	Malaysia International Shipping Corporation Berhad
MITI	:	Ministry of International Trade and Industry of Malaysia
MLP	:	Malaysian Landed Property Sdn Bhd
MSSB	:	Mutu Saluran Sdn Bhd
NA	:	Net assets
NAE	:	Nigerian Agip Exploration Ltd
NBV	:	Net book value
OBSB	:	Objektif Bersatu Sdn Bhd
OCBC	:	Oversea-Chinese Banking Corporation Limited
ODSB	:	Ombak Damai Sdn Bhd
Offer for Sale	:	Offer for sale of up to 234,277,000 Offer Shares to Bumiputera investors approved by MITI at the Institutional Price
Offer Shares	:	Shares to be offered pursuant to the Offer for Sale
Official List	:	A list specifying all securities listed on the Main Market
Option	:	Right to subscribe for a new Share in our Company upon acceptance of an offer made under the ESOS
PanOcean	:	PanOcean Management Limited
Participating Financial Institution	:	Participating financial institution for the Electronic Share Application
PAT	:	Profit after taxation

PBT	:	Profit before taxation
Petrofac	:	Petrofac E&C Sdn Bhd
PETRONAS	:	Petroliam Nasional Berhad
PETRONAS Carigali	:	PETRONAS Carigali (Turkmenistan) Sdn Bhd
Petrovietnam	:	Vietnam Oil and Gas Group
Price Determination Date	:	Date on which the Institutional Price and the Final Retail Price will be determined
Promoters	:	Collectively, OBSB and ODSB
Prospectus Guidelines	:	Prospectus Guidelines – Equity and Debt issued by the SC
PSIL	:	Pacific States Investment Limited
PTSB	:	Pilihan Tegas Sdn Bhd
Public Issue	:	Public issue of up to 644,261,600 Issue Shares comprising: (i) the Institutional Offering of up to 564,400,200 Issue Shares; and (ii) the Retail Offering
Retail Offering	:	Offering of 79,861,400 Issue Shares, subject to clawback and reallocation, to the Malaysian public, our Directors, and eligible employees and persons who have contributed to the success of our Group at the Retail Price, payable in full upon application and subject to a refund of the difference between the Retail Price and the Final Retail Price, in the event that the Final Retail Price is less than the Retail Price
Retail Price	:	Initial price of RM3.15 per Issue Share to be fully paid by applicants pursuant to the Retail Offering subject to the adjustment as detailed in Section 4.5 of this Prospectus
Retail Underwriting Agreement	:	Retail underwriting agreement entered into between our Company and the Joint Managing Underwriters on 22 June 2011 in relation to the Retail Offering
RHB	:	RHB Investment Bank Berhad
SAC	:	The Shariah Advisory Council of the SC
SASB	:	Saluran Abadi Sdn Bhd
SC	:	Securities Commission Malaysia
Selling Shareholders	:	Collectively, ODSB, WSSB, KMSB and WBSB
Shares	:	Ordinary shares of RM0.20 each in our Company
SICDA	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
TAK	:	Ananda Krishnan Tatparanandam
UBS	:	UBS AG, Hong Kong Branch
US Securities Act	:	United States Securities Act of 1993, as amended from time to time and any re-enactment thereof
UTSB	:	Usaha Tegas Sdn Bhd
UTSB Group	:	Collectively, UTSB and its subsidiaries and associated companies
UTSBM	:	UTSB Management Sdn Bhd

Vietsovpetro	:	Vietsovpetro Joint Venture, a 50:50 joint venture between Petrovietnam and OAO Zarubezhneft of Russia
WBSB	:	Wijaya Baiduri Sdn Bhd
WSSB	:	Wijaya Sinar Sdn Bhd

COUNTRY

BVI	:	The British Virgin Islands
Marshall Islands	:	The Republic of the Marshall Islands
Singapore	:	The Republic of Singapore
UAE	:	United Arab Emirates
UK	:	United Kingdom
US or United States	:	United States of America

CURRENCY

AED	:	Arab Emirates Dirham, the lawful currency of the UAE
BND	:	Brunei Dollar, the lawful currency of Brunei Darussalam
INR	:	Indian Rupee, the lawful currency of India
NGN	:	Nigerian Naira, the lawful currency of Nigeria
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
SGD or Singapore Dollar	:	Singapore Dollar, the lawful currency of Singapore
USD or US Dollar	:	United States Dollar, the lawful currency of the US

SUBSIDIARIES

AASB	:	Armada Alpha Sdn Bhd
ABPL	:	Armada Balnaves Pte Ltd
AFSL	:	Armada Floating Solutions Limited
AISB	:	Armada Indah Sdn Bhd
AMCC	:	Armada Marine Contractors Caspian Ltd
AMCCPL	:	Armada Marine Contractors Caspian Pte Ltd
AML	:	Armada Mahakam Limited
AOD	:	Armada Offshore DMCEST
AOL	:	Armada Oyo Ltd
APPL	:	Armada Project Pte Ltd *(formerly known as Armada Forbes D1 India Pte Ltd)*
ATGT	:	Armada TGT Ltd
ATSB	:	Armada Tankers Sdn Bhd
BAAI	:	Bumi Armada Automation International Sdn Bhd
BAASL	:	Bumi Armada Angola Servicos Limited
BAE	:	Bumi Armada Engineering Sdn Bhd

SUBSIDIARIES *(cont'd)*

BALL	:	Bumi Armada (Labuan) Ltd
BAN	:	Bumi Armada Navigation Sdn Bhd
BANL	:	Bumi Armada Nigeria Limited
BAOCL	:	Bumi Armada Offshore Contractor Limited
BAOHL	:	Bumi Armada Offshore Holdings Limited *(formerly known as Armada D1 India Limited)*
BASM	:	Bumi Armada Ship Management Sdn Bhd
BASPL	:	Bumi Armada (Singapore) Pte Ltd
BCOP	:	Bumi Care Offshore Production Sdn Bhd
HAISPL	:	Haven Automation Industries (S) Pte Ltd
TSL	:	Tera Sea Limited

ASSOCIATED COMPANIES

BMD	:	Barmada McDermott Sdn Bhd
BMDL	:	Barmada McDermott (L) Limited

JOINTLY-CONTROLLED ENTITIES

ACL	:	Armada Century Ltd
ADPL	:	Armada D1 Pte Ltd
CBJV	:	Century Bumi JV Limited
FBAL	:	Forbes Bumi Armada Limited
FBAOL	:	Forbes Bumi Armada Offshore Limited
OMV	:	Offshore Marine Ventures Sdn Bhd

GLOSSARY OF TECHNICAL TERMS

ABS	:	American Bureau of Shipping, a United States classification society which has established rules and regulations for the classification of seagoing vessels or equipment
accommodation workboat/workbarge	:	Vessel used generally in offshore construction support to provide accommodation and catering services for the construction crews as well as work and maintenance space on the vessel deck. Often referred to as "floatels" in the offshore O&G segment
AHT	:	Anchor handling tug, used to support offshore barges in laying out their anchors and retrieving their anchors from location to location, serve as standby duty for the barges and able to tow them away in case of emergency. A prime mover for the barges
AHTS	:	Anchor handling towing support, used to provide logistic 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 in suited position
API	:	American Petroleum Institute, a United States trade association, whose members comprise corporations involved in the O&G industry. Its programs include producing standards, recommended practice, specification codes and technical publications that cover each segment of the O&G industry
appraisal drilling	:	A procedure where well drilling is used to establish the physical extent, the amount of reserves and the likely production rate of a newly discovered field
bareboat charter	:	A charter where the charterer is provided a vessel without a crew for a period of time, during which the charterer bears the operating costs of and responsibility for the vessel
basin	:	A large-scale sedimentary structural formation which has undergone subsidence and infilling by sedimentation
BASS	:	Barber Ship Management System, the information technology system used in fleet management
bbl	:	Barrel, 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
boe	:	Barrels of oil equivalent, a unit of energy based on the approximate energy release by burning 1 barrel of crude oil
boepd	:	Barrels of oil equivalent per day, a measure of O&G production volume
bpd	:	Barrels per day, a measure of oil output, represented by the number of barrels of oil produced in a single day
brownfield	:	An area that has been affected by previous projects and is likely to need redevelopment
Bureau Veritas	:	Bureau Veritas SA, a French classification society
cabotage	:	In admiralty law, refers to restrictions on carriage of cargo between two points within a country by a vessel registered in another country. Permission to engage in cabotage is, in general, strictly restricted in every country

carbon footprint	:	Total set of greenhouse gases emissions caused by an asset, event, product or organisation
Clean-Design	:	A ship class notation that stipulates requirements that reduce a ship's environmental impact by controlling and limiting operational emissions and discharges
condensate	:	Natural gas reserve that contains liquid hydrocarbons. The presence of the liquefied hydrocarbons will be the result of extreme temperature and pressure conditions in the reservoir
construction vessel	:	A vessel that has multiple roles designed for supporting offshore construction in varying water depths. Primarily used for offshore construction and lifting, this vessel may also have the capability to undertake pipe-lay operations, accommodation and other related activities
crude oil	:	A mixture of naturally occurring hydrocarbons that has yet to be refined
DCR or day-rates	:	Daily charter rates or the amount of money it costs to hire an asset for a day
deadweight tonne	:	A measure of how much weight a vessel is engineered and designed to carry. It is the sum of the weights of cargo, fuel, fresh water, ballast water, provisions and crew
deepwater	:	Water depths of 300 metres and more
DGPS	:	Digital global positioning systems, a system that provides reliable location and time information where there is an unobstructed line of sight to 4 or more global positioning system satellites
DLB	:	Derrick lay barge, a vessel (commonly a barge or ship) which has been installed with a crane for the lifting of heavy structures in the marine environment, as well as having flexible and/or rigid pipeline installation capabilities
DNV	:	Det Norske Veritas, a Norwegian classification society
downstream	:	Aspects of the O&G industry that relate to refining and distribution
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
drilling rig	:	A structure that has the capability to drill wells
E&P	:	Exploration and production
EOR	:	Enhanced oil recovery is a generic term for techniques used for increasing the amount of crude oil that can be extracted from an oil field. It is sometimes refered to as "improved oil recovery" or "tertiary recovery"
EPC	:	Engineering, procurement and construction, a form of contracting arrangement whereby the contractor will design the product, procure the necessary materials and construct it, either in-house or by subcontracting part of the work
EPIC	:	Engineering, procurement, installation and construction. Similar to EPC, but in addition, the contractor is also expected to install the product in its planned location

EPICC	:	Engineering, procurement, installation, construction and commissioning, as per EPIC, but the contractor is also contracted to commission (involving preparatory activities to commence operations) the product
exploration drilling	:	A procedure where exploration wells are drilled to evaluate the presence of hydrocarbon
FDPSO	:	Floating drilling production storage and offloading vessel, a vessel that is able to drill into the seabed in the offshore environment, produce hydrocarbons from the reserve, process the hydrocarbons and store the oil and offload the stored products as and when required
feedstock	:	Raw material that is needed for an industrial process
first oil	:	The initial processed oil that is pumped into the storage tanks of the FPSO after initial start-up of the production
flaring	:	The process in which excess gas is burnt at the platform
flow-lines	:	The surface pipes through which oil travels from the well to the processing centre
FMS	:	Fleet management services
fossil fuel	:	Hydrocarbon deposits that formed in the earth from living matter and are used for fuel
FPSO	:	Floating production, storage and offloading system, an offshore system comprising a large tanker or similar vessel equipped with a high-capacity production facility. FPSOs are normally moored at the bow to the seabed to maintain a geo-stationary position, and serve as a fixed point for risers to connect subsea wellheads to on-board processing/production, storage and offloading systems. Produced oil is periodically offloaded to smaller shuttle tankers, which transports the oil to onshore facilities for further processing
FSO	:	Floating storage and offloading vessel, is similar to an FPSO, but the FSO is not designed and installed with the topsides to process hydrocarbons, but is only designed to store processed products in the offshore environment
gas field	:	A deposit which is rich in gas
greenfield	:	An area that has not been affected by prior projects
harsh environment	:	Refers to the extreme sea and climatic conditions, such as 4 to 6 metre wave heights, as normally experienced in deepwater locations
heavy lift vessel	:	Refers to a vessel with a crane or other lifting device designed to lift and move loads in excess of 200 metric tonnes that cannot be handled by normally equipped ships. These vessels are primarily used in the offshore environment for construction or abandonment activities or at ports or yards for lifting or installing large pieces of equipment
heavy oil	:	A dense and viscous oil which is difficult to extract and contains a high proportion of bitumen
HSE	:	Health, safety and environmental
hull	:	The frame or body of a ship or boat exclusive of masts, yards, sails, and rigging

hydrocarbon	:	Any organic compound that contains only carbon and hydrogen. Examples include benzene and methane
Independent	:	Independent oil company, refers to small private or public oil companies that are not controlled by a government
intervention	:	The process of performing major maintenance or remedial treatments on an oil or gas well
IOC	:	International oil company, refers to large private or public oil companies that have upstream, midstream and downstream capabilities, such as Royal Dutch Shell plc and The Exxon Mobil Corporation
IRM	:	Inspection, repair and maintenance, refers to the function of carrying out maintenance activities of underwater infrastructure in the offshore environment
ISM	:	International Safety Management is a code set out to provide an international standard for the safe management and operation of ships and for pollution prevention
ISO	:	International Organization for Standardization
J-Lay	:	A method for installing subsea pipelines in deepwater where pipe stalks, with a length of up to 6 joints, are upended and welded to the seagoing pipe in a near vertical ramp
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
local content	:	Describes the requirement for a certain proportion of the workload of a project to be undertaken within the country where such project is located, rather than being provided from the global market
LPG	:	Liquefied petroleum gas, propane and butanes liquefied under low pressure. LPG is a gaseous fuel stored under pressures at refineries and sold in pressurised cylinders for domestic and industrial uses
LTI	:	Lost time injury, a work-related injury or illness that renders the injured person unable to return to work on the next working day after the day of the injury and illness
lump-sum	:	A form of contract or project pricing, where assets, services, operational and other costs are "lumped" together in a total contract value or rate
Major	:	A term given to the larger IOCs, i.e. BP plc, Royal Dutch Shell plc, Total S.A., Chevron Corporation, The Exxon Mobil Corporation and ConocoPhillips Company
manifold	:	Seabed structure which gathers hydrocarbon products from other seabed structures, primarily satellite wells, which are then transferred to the tieback host through flowlines
marginal field	:	An oil field that may not be economically viable due to relatively low hydrocarbon reserves, but could be commercially viable as a result of technical or economic developments or changes

maritime law	:	A distinct body of both domestic law which governs maritime activities, and private international law which governs the relationships between private entities which operate vessels on the oceans
midstream	:	Aspects of the O&G industry relating to transport and trading
mooring system	:	A system to secure a vessel in a particular place by cables, anchors or lines
multibeam survey	:	A seismic survey method using a tightly packed array of narrow individual beams that provide floor mapping with high angular resolution and accuracy
NOC	:	National oil company, O&G company owned or controlled by a national government, typically having special rights or access to its local market
O&G	:	Oil and gas
O&M	:	Operation and maintenance
OFS	:	Oilfield services, refers to services required to maximise the extraction of hydrocarbons in the marginal field and EOR business
oil field	:	A deposit which is rich in oil
OSV	:	Offshore support vessel, refers to any vessel, boat or ship whose main function is to support the offshore O&G operations, which includes movement of equipment or structures, as well as transportation of materials and personnel
petrochemicals	:	Chemical products derived from petroleum
piled platform	:	A type of offshore platform used for production, which is fixed in location by foundations which have been oiled into the seabed
pipelay vessel	:	A vessel whose primary function is listed as laying pipelines throughout the world. Includes barges and ship shaped vessels with differing capabilities and laying methods that include S-Lay, J-Lay and the deployment of reels and towers
production platform	:	A large structure with the capability to drill wells and subsequently extract and process hydrocarbons
production rate	:	The amount of oil or gas that a well is producing per unit time
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
R&D	:	Research and development
RBC	:	Risk-based service contract, an incentive based service contract, typically used for marginal fields and EOR schemes, whereby the oil company owns the oilfield, the reserves and any resulting production, and the contractor using its own resources and finances undertakes the capital and operating expenditures associated with developing the field and extracting the maximum hydrocarbons
reserves	:	Total estimated amount of producible oil and/or gas in an oil reservoir that can be brought to the surface
reservoir	:	A porous and permeable subsurface rock formation that has accumulated produceable hydrocarbons which are being trapped by overlaying rock formations that have lower permeability and porosity

riser	:	A pipe or assembly of pipes used to transfer produced fluids from the seabed to the surface facilities or to transfer injection fluids, control fluids or lift gas from the surface facilities and the seabed
S-Lay	:	A method for installing subsea pipelines in shallow and intermediate waters where onboard welded pipe joints leave the vessel horizontally and are guided by a 'stinger' (a structure on the back of the ship that supports the seagoing pipe string to control its bend radius)
satellite well	:	Also called a 'tie-back well', is usually a single well drilled offshore to produce hydrocarbons from the outer fringes of a reservoir that cannot be produced via the primary development wells. Sometimes, several satellite wells may be drilled to maximise the extraction rates from marginal reservoirs
seismic survey	:	A subsurface mapping method using sound waves to determine subsurface rock structures that may contain hydrocarbons
shallow water	:	Water depths of less than 300 metres
shore base	:	An operational base located onshore, from which location the vessels and offshore services are supported. The shore base will, among other things, organise the provision of crew and supplies for the vessel, as well as organise spare parts or equipment
spread mooring	:	A mooring system which is made by a symmetrical arrangement of anchors at the bow and at the stern that allow the ship to stay on a fixed location with a fixed heading
SSV	:	Straight support vessel, a vessel that is primarily used in shallow water to transport equipment in support of offshore production and activities
subsea template	:	A subsea template is a large steel structure which is used as a base for various subsea structures such as wells and subsea trees and manifolds
subsea trees	:	A subsea tree is a piping manifold fixed to a wellhead of a completed well and controls the production of the well
SURF	:	Subsea umbilicals, risers and flowlines, refers to the infrastructure required for oil and/or gas production in the offshore environment and found between the sea bed and the waterline
T&I	:	Transport and installation, refers to services provided in the combined activities of transporting and installing equipment offshore
template	:	A structure which is used as a base for other subsea facilities to be fitted to
time charter	:	A charter where the charterer is provided a vessel with a crew at its disposal for a period of time
TLP	:	Tension leg platform, a floating production structure which is tethered to the sea bed by steel tendons
topsides	:	Oil and/or gas production and processing related modules that are installed onto a floating structure (vessel, barge, etc)
turnkey contract	:	A business arrangement where the scope is defined and the project is delivered in a complete status
turret mooring	:	A mooring system comprising a geostatic part attached to the seabed and a rotating part integrated in the hull, which are connected and allow the ship to weathervane around the turret

ultra-deepwater	:	Water depths of generally 1,500 metres and more
umbilical	:	A control line with electric, hydraulic and/or chemical injection functions
unconventional gas	:	Gas that has been extracted using unconventional techniques
water depth	:	Units, given in metres, refers to the distance between the sea floor and the water surface
well preparation	:	The procedure of preparing the seabed area and the well-casing at the sea-floor prior to initial drilling of a well
work-over	:	The repair or stimulation of an existing production well for the purpose of restoring, prolonging or enhancing the production of hydrocarbons

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1. CORPORATE DIRECTORY

DIRECTORS

Name	Address	Nationality	Profession
Dato' Sri Mahamad Fathil bin Dato' Mahmood *(Non-Independent Non-Executive Chairman)*	3, Kampung Sungai Serai Kuang 48050 Rawang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Ahmad Fuad bin Md Ali *(Non-Independent Non-Executive Deputy Chairman)*	51, Jalan San Ah Wing Off Lorong Gurney 54100 Kuala Lumpur	Malaysian	Company Director
Saiful Aznir bin Shahabudin *(Independent Non-Executive Director)*	4, Jalan Kempas 3/2 40000 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Alexandra Elisabeth Johanna Maria Schaapveld *(Independent Non-Executive Director)*	Bernard Zweerskade 10 1077 TX Amsterdam The Netherlands	Dutch	Non-Executive Director
Andrew Philip Whittle *(Independent Non-Executive Director)*	27, Howitt Street South Yarra 3141 Melbourne Australia	Australian	Petroleum Geologist
Chan Chee Beng *(Non-Independent Non-Executive Director)*	3, Jalan TR 6/1 Tropicana Golf & Country Club 47410 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Farah Suhanah binti Ahmad Sarji *(Non-Independent Non-Executive Director)*	Unit 11, Beringin Residence No. 1, Jalan Beringin Damansara Heights 50490 Kuala Lumpur	Malaysian	Company Director
Lim Ghee Keong *(Non-Independent Non-Executive Director)*	31, Jalan PJU 1A/54 Damansara Idaman 47301 Petaling Jaya Selangor Darul Ehsan	Malaysian	Group Treasurer of UTSB Group
Hassan Assad Basma *(Executive Director/Chief Executive Officer)*	82A, Persiaran Nusantara Duta Nusantara Jalan Sri Hartamas 1 50480 Kuala Lumpur	Dutch	Executive Director
Shaharul Rezza bin Hassan *(Executive Director/Chief Financial Officer)*	2, Jalan Puncak Kiara 3 Kiara View Desa Sri Hartamas 50480 Kuala Lumpur	Malaysian	Executive Director

1. CORPORATE DIRECTORY (*cont'd*)

AUDIT COMMITTEE

Name	Designation	Directorship
Saiful Aznir bin Shahabudin	Chairman	Independent Non-Executive Director
Alexandra Elisabeth Johanna Maria Schaapveld	Member	Independent Non-Executive Director
Chan Chee Beng	Member	Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Alexandra Elisabeth Johanna Maria Schaapveld	Chairman	Independent Non-Executive Director
Andrew Philip Whittle	Member	Independent Non-Executive Director
Lim Ghee Keong	Member	Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Andrew Philip Whittle	Chairman	Independent Non-Executive Director
Alexandra Elisabeth Johanna Maria Schaapveld	Member	Independent Non-Executive Director
Chan Chee Beng	Member	Non-Independent Non-Executive Director

1. CORPORATE DIRECTORY (*cont'd*)

COMPANY SECRETARIES	:	Noor Hamiza binti Abd Hamid (MAICSA 7051227) Level 21, Menara Perak 24, Jalan Perak 50450 Kuala Lumpur Malaysia Mazita binti Mokty (LS0009356) Level 7, Menara Maxis Kuala Lumpur City Centre 50088 Kuala Lumpur Malaysia
REGISTERED OFFICE	:	Bumi Armada Berhad Level 21, Menara Perak 24, Jalan Perak 50450 Kuala Lumpur Malaysia Telephone no.: +603 2171 5799 Fax. no.: +603 2163 5799
HEAD/MANAGEMENT OFFICE	:	Level 21, Menara Perak 24, Jalan Perak 50450 Kuala Lumpur Malaysia Telephone no.: +603 2171 5799 Fax. no.: +603 2163 5799 Website: www.bumiarmada.com E-mail address: bumiarmada@bumiarmada.com
PRINCIPAL BANKERS	:	AmBank Group Berhad Level 24, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Telephone no.: +603 2036 2633 CIMB Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Telephone no.: +603 2084 8888 Malayan Banking Berhad Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Telephone no.: +603 2070 8833

1. CORPORATE DIRECTORY (*cont'd*)

PRINCIPAL BANKERS *(cont'd)*		RHB Bank Berhad Level 7, Tower 3 RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Malaysia Telephone no.: +603 9280 6437
AUDITORS AND REPORTING ACCOUNTANTS	:	PricewaterhouseCoopers Level 10, 1 Sentral, Jalan Travers Kuala Lumpur Sentral 50740 Kuala Lumpur Malaysia Telephone no.: +603 2173 1188
LEGAL ADVISERS	:	*To the Company as to Malaysian law* Kadir Andri & Partners 8th Floor, Menara Safuan 80, Jalan Ampang 50450 Kuala Lumpur Malaysia Telephone no.: +603 2078 2888 *To the Company as to United States and English law* Clifford Chance Pte Ltd One George Street 19th Floor Singapore 049145 Telephone no.: +65 6410 2200 *To the Joint Global Co-ordinators, Joint Managing Underwriters and Joint Bookrunners as to Malaysian law* Zul Rafique & Partners D3-3-8, Solaris Dutamas No. 1, Jalan Dutamas 1 50450 Kuala Lumpur Malaysia Telephone no.: +603 6209 8228 *To the Joint Global Co-ordinators, Joint Bookrunners and Lead Managers as to English law* Linklaters Allen & Gledhill Pte Ltd One Marina Boulevard #28-00 Singapore 018989 Telephone no.: +65 6890 7300

1. CORPORATE DIRECTORY (*cont'd*)

JOINT PRINCIPAL ADVISERS	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Telephone no.: +603 2084 8888 Maybank Investment Bank Berhad 33rd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Telephone no.: +603 2059 1888 RHB Investment Bank Berhad Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Malaysia Telephone no.: +603 9287 3888
JOINT GLOBAL CO-ORDINATORS	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Telephone no.: +603 2084 8888 Credit Suisse (Singapore) Limited 1, Raffles Link #03/#04-01 South Lobby Singapore 039393 Telephone no.: +65 6212 2000 Maybank Investment Bank Berhad 33rd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Telephone no.: +603 2059 1888

1. CORPORATE DIRECTORY (*cont'd*)

JOINT BOOKRUNNERS	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Telephone no.: +603 2084 8888 CLSA Singapore Pte Ltd 80, Raffles Place #18-01, UOB Plaza 1 Singapore 048624 Telephone no.: +65 6416 7888 Credit Suisse (Singapore) Limited 1, Raffles Link #03/#04-01 South Lobby Singapore 039393 Telephone no.: +65 6212 2000 Maybank Investment Bank Berhad 33rd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Telephone no.: +603 2059 1888 RHB Investment Bank Berhad Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Malaysia Telephone no.: +603 9287 3888 UBS AG, Hong Kong Branch 52/F, Two International Finance Centre 8, Finance Street Central, Hong Kong Telephone no.: +852 2971 8888

1. CORPORATE DIRECTORY (*cont'd*)

JOINT MANAGING UNDERWRITERS	:	CIMB Investment Bank Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysia Telephone no.: +603 2084 8888 Maybank Investment Bank Berhad 33rd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia Telephone no.: +603 2059 1888 RHB Investment Bank Berhad Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Malaysia Telephone no.: +603 9287 3888 AmInvestment Bank Berhad Level 24, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Telephone no.: +603 2036 2633
LEAD MANAGERS	:	Deutsche Bank AG, Hong Kong Branch Level 52, International Commerce Centre 1, Austin Road West Kowloon, Hong Kong Telephone no.: +852 2203 8888 Oversea-Chinese Banking Corporation Limited 65, Chulia Street #09-00, OCBC Centre Singapore 049513 Telephone no.: +65 6318 7222
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Telephone no.: +603 7841 8000

1. CORPORATE DIRECTORY (*cont'd*)

INDEPENDENT MARKET RESEARCHER	:	Infield Systems Limited Suite 502 1, Alie Street London E1 8DE United Kingdom Telephone no.: +44 207 423 5000
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Telephone no.: +603 7841 8000
LISTING SOUGHT	:	Main Market
SHARIAH STATUS	:	Approved by the SAC

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2. INTRODUCTION

This Prospectus is dated 30 June 2011.

Save as disclosed in this Prospectus, no securities will be allotted or issued or offered on the basis of this Prospectus later than 12 months after the date of this Prospectus.

We have registered this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Form, with the Registrar of Companies of Malaysia, who takes no responsibility for its contents.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a "prescribed security". Consequently, the Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealing in these Shares will be carried out in accordance with the SICDA and the rules of Bursa Depository.

On 20 June 2011, approval was obtained from the SC in respect of the IPO. On 18 May 2011, the SAC, for the purpose of the IPO and the Listing, classified our Company's securities as Shariah-compliant based on the audited consolidated financial statements of our Company for the year ended 31 December 2010. This classification remains valid until the next Shariah compliance review is undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities on the last Friday of May and November of each year. The approval of the SC shall not be taken to indicate that the SC recommends the IPO or assumes responsibility for the correctness of any statement made or opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of our Shares being offered for investment. The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. **You are advised to make your own independent assessment of our Company and should rely on your own evaluation to assess the merits and risks of the IPO and an investment in our Company. In considering the investment, if you are in any doubt as to the action to be taken, you should immediately consult your stockbrokers, bank managers, solicitors, accountants, or other professional advisers.**

We have obtained the approval of Bursa Securities on 28 June 2011 for the listing of and quotation for our Shares, including the IPO Shares which are the subject of this Prospectus, on the Main Market. Official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants. Admission to the Official List is not to be taken as an indication of the merits of the IPO, our Company or our Shares.

The completion of the Retail Offering and the Institutional Offering are inter-conditional and are subject to the minimum subscription as set out in Section 4.3.5 of this Prospectus.

Pursuant to the Listing Requirements, our Company is required to comply with the public spread requirements as determined by Bursa Securities, pursuant to which our Company is required to have a minimum of 25% of our Shares for which Listing is sought to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon completion of the IPO and at the time of Listing. Our Company is expected to achieve this at the time of Listing. In the event that the above requirement is not met, our Company may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applications will be returned in full without interest and if such monies are not returned in full within 14 days after our Company and the Selling Shareholders become liable to do so, the provisions of sub-sections 243(2) and 243(6) of the CMSA shall apply accordingly.

3. SUMMARY

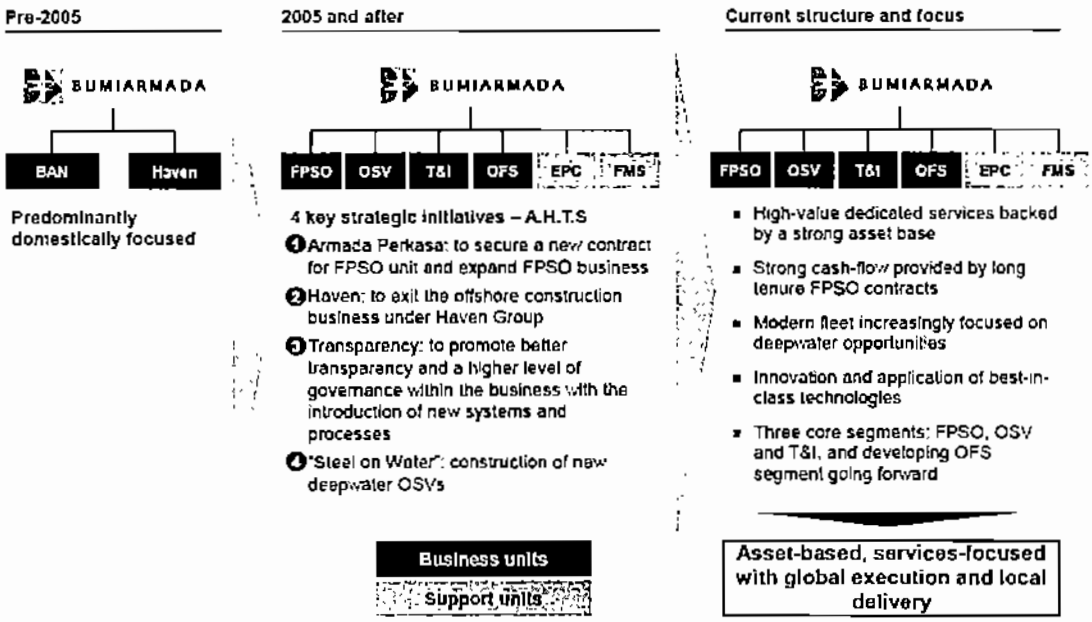
This summary highlights selected information from this Prospectus and may not contain all of the information about us which may be important to you. You should read and understand the whole Prospectus before deciding whether to invest in our Shares. You are advised to read the risk factors described in Section 5 of this Prospectus for an understanding of the risks associated with the investment in our Company.

3.1 Overview

We are a Malaysia-based international offshore services provider to the O&G industry in Malaysia and over 10 other countries in Asia, Africa and Latin America. We provide our services through owning and operating marine assets across the O&G value chain from exploration through field development and construction, production and operations and eventually, decommissioning. Having worked extensively in shallow water, we are increasing focus on deepwater and harsh environments and work with customers ranging from NOCs and IOCs to Independents.

Our Company was formed in 1995. We were previously listed on 25 June 1997 on the then Main Board of the Kuala Lumpur Stock Exchange (now the Main Market) and were subsequently delisted on 18 April 2003. Prior to our restructuring in 2005, our businesses were organised under 2 main business units, namely BAN and Haven.

Our subsequent corporate transformation and strategic focus are illustrated as follows:

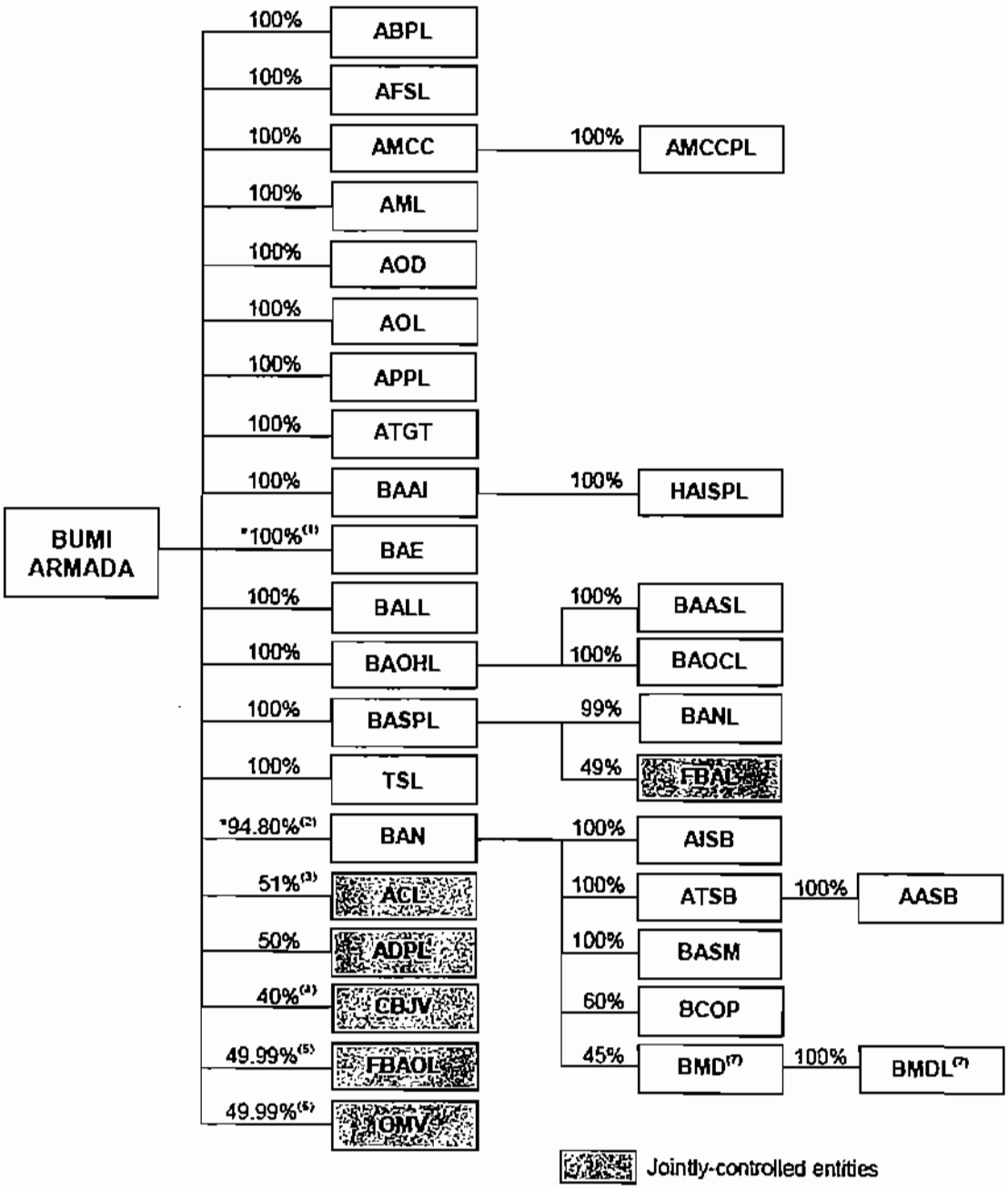


We provide offshore services via 4 business units, namely FPSO, OSV, T&I and OFS, and 2 support units, namely FMS and EPC. We have offices and shore bases set up in various locations in Asia, Africa and Latin America, which allow us to provide support services for our vessel operations in Malaysian and international markets.

We are the first company to own and operate an FPSO in Malaysia with the launch of the Armada Perkasa in 1997. We have successfully redeployed the Armada Perkasa to 3 different fields on 2 different continents, and we believe we are the only FPSO operator to have redeployed the same FPSO 3 times *(source: Bumi Armada Independent Market Research Report by ISL)*. We are the largest owner and operator of OSVs in Malaysia and one of the largest in South East Asia *(source: Bumi Armada Independent Market Research Report by ISL)* with over 40 vessels of various types and have operated in over 10 countries including Malaysia, Brunei, Vietnam, Congo, Nigeria, Brazil, Venezuela and Mexico.

For the year ended 31 December 2010 and the 3 months ended 31 March 2011, we achieved PAT of RM351 million and RM82 million, respectively and EBITDA of RM714 million and RM185 million, respectively. Revenue for the year ended 31 December 2010 was recorded at RM1,241 million of which our FPSO, OSV and T&I businesses contributed approximately 44.6%, 33.8% and 21.6%, respectively, whilst revenue for the 3 months ended 31 March 2011 was recorded at RM376 million of which our FPSO, OSV, T&I and OFS businesses contributed approximately 33.3%, 26.0%, 19.6% and 21.1%, respectively. Approximately 84.8% and 67.7% of our revenue for the year ended 31 December 2010 and the 3 months ended 31 March 2011, respectively, was derived from outside of Malaysia.

Our current Group structure, including our associated companies and jointly-controlled entities, is set forth below:



Notes:

* *Based on our Group's effective interest.*

(1) *Our Company has a deemed interest in the entire issued and paid-up share capital of BAE by virtue of (i) a loan agreement and a call option agreement both dated 8 June 2006 between our Company and Mohd Rafael bin Mohd Shamsudin; and (ii) our interest, through BAAI, in the shares held by Beherin bin Chik in BAE.*

(2) *We hold 48.92% of the ordinary share capital of BAN. However, BAN is treated as our subsidiary in our financial statements as we control the financial and operating policies of BAN pursuant to a shareholders' agreement entered between BAN, the shareholders of BAN and us on 25 March 2011, details of which are set out in Section 6.3.2.1 of this Prospectus.*

(3) *ACL is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and CESL effected on 14 April 2010, where we jointly control ACL's financial and operating policies with CESL.*

(4) *CBJV is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and CESL effected on 14 April 2010, where we jointly control CBJV's financial and operating policies with CESL.*

(5) *FBAOL is treated as our jointly-controlled entity in our financial statements pursuant to the agreement between us and Forbes & Company Limited effected on 18 January 2011, where we jointly control FBAOL's financial and operating policies with Forbes & Company Limited.*

(6) *OMV is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and FVSB effected on 7 July 2005, where we jointly control OMV's financial and operating policies with FVSB.*

(7) *J. Ray McDermott S.A. ("JRM") had on 25 January 2011 issued a notice of termination of the shareholders' agreement dated 22 June 2001 between BAN, JRM and Schematic Principle (M) Sdn Bhd in respect of BMD. BAN is disputing such termination. For further details, please refer to Section 15.7 of this Prospectus.*

Please refer to Section 7.2 of this Prospectus for further information on our business.

3.2 Competitive strengths

We believe that our position as an established offshore services provider in the O&G industry is due to our following strengths:

(i) A Malaysia-based international offshore services provider with an expanding reach;

(ii) Established and expanding FPSO operator;

(iii) A large and modern OSV fleet with cross-border operability;

(iv) Proven execution track record, with in-house expertise throughout our value chain;

(v) Experienced and culturally diverse senior management team with proven track record, who are leading an agile organisation;

(vi) Our established partnerships with our customers and suppliers as well as with the key players throughout the offshore O&G value chain; and

(vii) Strong orderbook in place.

Please refer to Section 7.6 of this Prospectus for further information on our competitive strengths.

3.3 Strategies and future plans

Our strategies and future plans are as set out below:

(i) Further market penetration in existing markets and expansion into selected new markets

(ii) Strategies and future plans for the business units:

FPSO
- Target to be the fourth largest FPSO player in the world by fleet size by end-2013
- Develop our own key technologies in moorings and risers
- Focus on long-term charters in the key markets of Africa, Asia and Latin America
- Form strategic alliances with key technology providers to develop new FPSO solutions

OSV
- Increase focus on deepwater and harsh environments
- Expand into high-end, efficient, Clean-Design vessels
- Maintain a balanced portfolio of higher value charters
- On-going investment in the fleet

T&I
- Pull-through business via FPSO and OFS units
- Expand our services in existing markets
- Acquire cost-effective assets to expand in Brazil, West Africa and India and also in the conventional installation services
- Establish and expand into the SURF market and provide IRM services

OFS
- Develop EOR and engineered production solutions
- Develop RBC business
- Develop marginal field solutions

(iii) Strategies and future plans for the support units:

FMS
- Operate and maintain own fleet
- Train and develop frontline resources
- Secure new talent to support growth plans
- Secure high level of local content
- Invest in strategic shore bases in selected areas

EPC
- In-house EPC unit to support business units
- Develop customised solutions for specific projects
- Control engineering, design, construction and conversion phases
- Engineering solutions developed with key software systems

Please refer to Section 7.7 of this Prospectus for further information on our strategies and future plans.

3.4 Risk factors

Before investing in our Shares, you should pay particular attention to the fact that our Company, and to a large extent our activities, are governed by the legal, regulatory and business environment in Malaysia and other countries in which we operate whether presently or in the future. Our business is subject to a number of factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider, along with the other matters set forth in this Prospectus, the risks and investment considerations below. You should note that the following list is not an exhaustive list of all the risks that we face or risks that may develop in the future.

3.4.1 Risks relating to the industry in which we operate

(i) We are dependent on the offshore O&G industry

(ii) The offshore O&G industry is subject to government regulations

3.4.2 Risks relating to our business and our operations

(i) Our business is subject to compliance with and changes in regulations and local and international laws

(ii) We may be subject to environmental risks and liabilities

(iii) We are subject to weather and natural hazards

(iv) We are affected by timely access to resources, yard space and price escalations and as such, may face delay in the completion and delivery of projects including conversion of FPSOs

(v) We are subject to a number of contractual and project execution risks

(vi) Our charter contracts may be terminated upon the occurrence of certain events

(vii) Our FPSO business is subject to significant operating risks

(viii) A small number of vessels and customers contribute a significant proportion of our revenue

(ix) We have significant indebtedness and expect to continue to require additional capital in the future and are exposed to the risks inherent in capital funding

(x) Maintenance and repair for our vessels and equipment may require substantial expenditure

(xi) We face competition from existing offshore support service providers and new entrants in the markets in which we operate

(xii) We are subject to political risks inherent in conducting our business internationally

(xiii) We are exposed to acts of piracy

(xiv) We are exposed to technological risk

(xv) We are dependent on our key management and key technical personnel as well as our ability to hire and retain skilled and specialised employees

(xvi) We are exposed to risks relating to growth and expansion

(xvii) We may have inadequate insurance coverage

(xviii) Our cash flow may be adversely affected by delays in collection or non-recoverability of trade receivables

(xix) We may be adversely affected by any change in the current taxation regulations in the jurisdictions in which we operate

(xx) We are exposed to risks arising from foreign exchange fluctuations

(xxi) There may be conflicts of interest between our Company and our related parties

(xxii) Control by a substantial shareholder

(xxiii) An adverse judgment or settlement in respect of any future claims against us could have an adverse effect on our financial condition and the results of our operations

3.4.3 Risks relating to our Shares

(i) There has been no public market for our Shares

(ii) There may be a potential delay or failure of the Listing

(iii) Our Share price and trading volume may be volatile

(iv) We may not be able to pay dividends or realise dividends from our subsidiaries

(v) The sale or the possible sale of a substantial number of our Shares in the public market following our IPO could adversely affect the price of our Shares

3.4.4 Other risks

(i) We may be materially and adversely affected by possible outbreaks of infectious diseases

(ii) Forward-looking statements are subject to uncertainties and contingencies

Please refer to Section 5 of this Prospectus for further details of our risk factors.

3.5 Summary of historical consolidated financial information

The following selected historical audited consolidated financial information as at or for the years ended 31 December 2008, 2009 and 2010, and as at or for the 3 months ended 31 March 2011 and historical unaudited consolidated financial information as at or for the 3 months ended 31 March 2010 have been derived from the Accountants' Report in Section 13 of this Prospectus. The selected historical audited and unaudited consolidated financial information should be read in conjunction with the Accountants' Report in Section 13 of this Prospectus and with Section 12.2 of this Prospectus. The financial information included in this Prospectus does not reflect our Group's results of operations, financial position and cash flows in the future, and our Group's past operating results are not indicative of our Group's future operating performance.

The audited consolidated financial statements of our Company were not subject to any audit qualification for the years ended 31 December 2008, 2009 and 2010, and for the 3 months ended 31 March 2011.

	Audited			Unaudited	Audited
	Year ended 31 December			3 months ended 31 March	
	2008	2009	2010	2010	2011
	(RM 000, except percentages and per share data)				
Statements of income:					
Revenue	519,839	732,090	1,241,383	262,461	376,159
Cost of sales	(272,674)	(399,026)	(636,272)	(141,890)	(223,058)
Gross profit	247,165	333,064	605,111	120,571	153,101
Other operating income	47,114	84,412	40,167	7,148	4,620
Selling and distribution costs	(62,375)	(59,223)	(81,839)	(21,541)	(26,739)
Administrative expenses	(36,405)	(83,861)	(96,303)	(13,247)	(17,535)
Profit from operations	195,499	294,392	467,136	92,931	113,447
Finance cost	(34,583)	(50,781)	(82,425)	(19,751)	(17,141)
Share of results of an associate	245	38,632	(1,428)	(357)	-
Share of results of jointly-controlled entities	727	1,885	(17)	(4)	(833)
PBT	181,888	283,928	383,286	72,819	95,473
Taxation	(11,865)	(6,486)	(32,511)	(6,177)	(13,399)
PAT	150,023	277,442	350,755	66,642	82,074
PAT attributable to:					
Owners of our Company	150,023	277,442	350,755	66,642	82,074
Non-controlling interests	-	-	-	-	-
	150,023	277,442	350,755	66,642	82,074
Profit from operations includes:					
Depreciation of vessels	101,573	180,295	239,874	58,444	69,402
Depreciation of other property, plant and equipment	4,764	5,659	8,544	1,883	2,742
Total depreciation	106,337	185,954	248,418	60,327	72,144
Total depreciation included in:					
Cost of sales	101,573	180,295	239,874	58,444	69,402
Administrative expenses	4,764	5,659	8,544	1,883	2,742
Other selected financial data:					
EBITDA[1]	302,808	520,663	714,109	152,897	164,758
Dividends declared	-	-	-	-	-
Gross profit margin (%)[2]	47.5	45.5	48.7	45.9	40.7
EBITDA margin (%)[3]	58.3	71.1	57.5	58.3	49.1
PBT margin (%)[4]	31.1	38.8	30.9	27.7	25.4
PAT margin (%)[5]	28.9	37.9	28.3	25.4	21.8
Basic earnings per ordinary share (sen)[6]	7.54	13.94	17.62	3.35	3.64
Diluted earnings per ordinary share (sen)[7]	7.44	12.71	16.02	3.08	3.64

3. SUMMARY (*cont'd*)

Notes:

(1) *EBITDA represents earnings before finance cost, taxation and depreciation. The table below sets forth a reconciliation of our PAT to EBITDA:*

	Year ended 31 December			3 months ended 31 March	
	2008	2009	2010	2010	2011
			RM 000		
EBITDA:					
PAT	150,023	277,442	350,755	66,642	82,074
Taxation	11,865	6,486	32,511	6,177	13,399
PBT	161,888	283,928	383,266	72,819	95,473
Finance cost	34,583	50,781	82,425	19,751	17,141
Depreciation	106,337	185,954	248,418	60,327	72,144
	302,808	520,663	714,109	152,897	184,758

EBITDA, as well as the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity and are not required by, or represented in accordance with FRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under FRS and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with FRS or as an alternative to cash flow from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate EBITDA differently to our Company, limiting its usefulness as a comparative measure.

(2) *Computed based on the gross profit over total revenue of our Group.*

(3) *Computed based on the EBITDA over total revenue of our Group.*

(4) *Computed based on the PBT over total revenue of our Group.*

(5) *Computed based on the PAT over total revenue of our Group.*

(6) *Computed based on the PAT of our Group divided by the number of Shares set out in the table below. Such number of Shares was arrived at after adjusting for certain events which were completed between February 2011 and March 2011 as follows:*

	As at 31 December			As at 31 March	
	2008	2009	2010	2010	2011
			000		
Ordinary shares of RM1.00 each in Bumi Armada:					
Existing shares issued as at 1 January	63,000	63,000	63,000	63,000	63,000
New shares issued pursuant to:					
Bonus element on rights issue of 1 share for every 12.5 shares held*	3,341^	3,341^	3,341^	3,341^	3,341
Weighted average number of shares under the rights issue	-	-	-	-	501
Bonus issue of 5 shares for every 1 share held	331,705^	331,705^	331,705^	331,705^	380,700
Weighted average number of shares under the call option exercised by OBSB	-	-	-	-	3,417
	398,046	398,046	398,046	398,046	450,959
Ordinary shares of RM0.20 each in Bumi Armada:					
Share split of 1 share of RM1.00 each into 5 shares of RM0.20 each	1,990,230^	1,990,230^	1,990,230^	1,990,230^	2,254,795
Shares as at 31 December/31 March	1,990,230	1,990,230	1,990,230	1,990,230	2,254,795

* *Bonus element calculated based on the difference between the fair value of the ordinary shares and the value of rights issue payable on the basis of 1 new ordinary share for every 12.5 existing ordinary shares.*

^ *Adjusted retrospectively.*

3. SUMMARY (*cont'd*)

Notes (cont'd):

(7) *Computed based on the adjusted PAT of our Group divided by the number of Shares set out in the table below. The adjusted PAT and number of Shares were arrived at after adjusting for certain events which were completed between February 2011 and March 2011 as follows:*

	31 December			31 March	
	2008	2009	2010	2010	2011
Profit for the year ended 31 December/3 months ended 31 March (RM 000)	150,023	277,442	350,755	66,642	82,074
Potential interest income earned (net of tax) pursuant to the exercise of call option by OBSB (RM 000)	346	4,208	4,208	1,052	-
Adjusted profit for the year ended 31 December/3 months ended 31 March (RM 000)	150,369	281,650	354,963	67,694	82,074
Ordinary shares of RM1.00 each in Bumi Armada (000):					
Existing shares issued as at 1 January	63,000	63,000	63,000	63,000	63,000
New shares issued pursuant to:					
Weighted average number of shares under the call option exercised by OBSB	1,021^#	7,500^#	7,500^#	7,500^#	3,417
Bonus element on rights issue of 1 share for every 12.5 shares held*	3,341^	3,341^	3,341^	3,341^	3,341
Weighted average number of shares under the rights issue	-	-	-	-	501
Bonus issue of 5 shares for every 1 share held	336,810^	369,205^	369,205^	369,205^	380,700
	404,172	443,046	443,046	443,046	450,959
Ordinary shares of RM0.20 each in Bumi Armada (000):					
Share split of 1 share of RM1.00 each into 5 shares of RM0.20 each	2,020,860^	2,215,230^	2,215,230^	2,215,230^	2,254,795
Shares as at 31 December/31 March (000)	2,020,860	2,215,230	2,215,230	2,215,230	2,254,795

^ *Adjusted retrospectively.*

\# *Assume full exercise of the call option by OBSB.*

* *Bonus element calculated based on the difference between the fair value of the ordinary shares and the value of rights issue payable on the basis of 1 new ordinary share for every 12.5 existing ordinary shares.*

Please refer to Sections 12 and 13 of this Prospectus for further financial information relating to our Company.

3.6 Summary of proforma consolidated statement of financial position of our Company

We have prepared the proforma consolidated statement of financial position below for illustrative purposes only, to show the effects of the IPO and utilisation of proceeds on the assumption that the events had been effected on 31 March 2011. The proforma consolidated statement of financial position have been prepared on the basis set out in the notes in Section 12.5 of this Prospectus, using financial statements prepared in accordance with FRS and in a manner consistent with both the format of the financial statements and the accounting policies of our Group.

The proforma consolidated statement of financial position should be read in conjunction with the Reporting Accountants' letter and the proforma consolidated statement of financial position as at 31 March 2011 and the notes thereon as set out in Section 12.5 of this Prospectus.

	As at 31 March 2011 (Audited)	Proforma After IPO
	RM 000	
ASSETS		
Property, plant and equipment	3,856,053	4,448,053
Goodwill	1,411	1,411
Jointly controlled entities	9,323	9,323
Other investments	5,506	5,506
Accrued lease rentals	323,682	323,682
Deferred tax assets	3,249	3,249
Total non-current assets	**4,199,224**	**4,791,224**
Inventories	1,366	1,366
Non-current assets held for sale	4,471	4,471
Trade receivables	265,904	265,904
Accrued lease rentals	241,464	241,464
Other receivables, deposits and prepayments	39,450	39,450
Tax recoverable	7,557	7,557
Amounts due from jointly controlled entities	27,587	27,587
Derivative financial instruments	17,405	17,405
Deposits, cash and bank balances	451,222	1,013,646
Total current assets	**1,056,426**	**1,618,850**
TOTAL ASSETS	**5,255,650**	**6,410,074**
EQUITY AND LIABILITIES		
Share capital	456,840	585,692
Reserves	807,386	2,607,958
Equity attributable to owners of our Company	**1,264,226**	**3,193,650**
Non-controlling interest	**9,744**	**9,744**
TOTAL EQUITY	**1,273,970**	**3,203,394**
Hire purchase creditors	761	761
Borrowings	2,343,221	1,968,221
Deferred tax liabilities	3,523	3,523
Total non-current liabilities	**2,347,505**	**1,972,505**
Amount due to customers on contracts	70,116	70,116
Trade payables	160,682	160,682
Other payables and accruals	242,094	242,094
Amounts due to an associate	44	44
Amounts due to jointly controlled entities	3,874	3,874
Hire purchase creditors	335	335
Borrowings	1,134,967	734,967
Derivative financial liabilities	6,577	6,577
Taxation	15,486	15,486
Total current liabilities	**1,634,175**	**1,234,175**
TOTAL LIABILITIES	**3,981,680**	**3,206,680**
TOTAL EQUITY AND LIABILITIES	**5,255,650**	**6,410,074**

	As at 31 March 2011 (Audited)	Proforma After IPO
	RM 000	
Number of Shares (000)	2,284,200	2,928,462
NA per Share attributable to owners of our Company (RM)[1]	0.55	1.09
Net tangible assets per Share attributable to owners of our Company (RM)[2]	0.55	1.09

Notes:

(1) Computed based on NA per Share attributable to owners of our Company over number of Shares.

(2) Computed based on net tangible assets per Share attributable to owners of our Company over number of Shares.

Please refer to Sections 12.4 and 12.5 of this Prospectus for further information on the proforma consolidated statement of financial position of our Company and for the Reporting Accountants' letter on the proforma consolidated statement of financial position.

3.7 Capitalisation and indebtedness

The following information should be read in conjunction with the Reporting Accountants' letter and the proforma consolidated statement of financial position as at 31 March 2011 and the notes thereon, and the Accountants' Report set out in Sections 12.5, 12.4 and 13 of this Prospectus, respectively.

The table below sets out the cash and cash equivalents as well as capitalisation and indebtedness of our Group based on the audited consolidated financial statements of our Company and based on the proforma consolidated statement of financial position as at 31 March 2011 set out in Section 12.4 of this Prospectus, on the assumption that the IPO and utilisation of proceeds had occurred on 31 March 2011. The proforma financial information below does not represent our Group's actual capitalisation and indebtedness as at 31 March 2011 and is provided for information purposes only. The total indebtedness of our Group is not guaranteed by any third party.

	As at 31 March 2011 (Audited)	Proforma After IPO
	RM 000	
Cash and cash equivalents[1]	443,857	1,008,281
Indebtedness		
Short term debt		
Secured		
- Term loans	210,623	210,623
- Hire purchase creditors	335	335
Unsecured		
- Term loans	120,828	120,828
- Revolving credits	201,236	51,236
- Bridging loans	602,280	352,280
	1,135,302	735,302

	As at 31 March 2011 (Audited)	Proforma After IPO
	RM 000	
Long term debt		
Secured		
- Term loans	918,221	918,221
- Hire purchase creditors	761	761
Unsecured		
- Term loans	1,050,000	1,050,000
- Bridging loans	375,000	-
	2,343,982	1,968,982
Total indebtedness[2]	3,479,284	2,704,284
Total shareholders' equity	1,284,226	3,193,650
Non-controlling interest	9,744	9,744
Total capitalisation	1,273,970	3,203,394
Total capitalisation and indebtedness	4,753,254	5,907,678
Gearing ratio (times)[3]	2.75	0.65

Notes:

(1) Cash and cash equivalents include deposits, cash and bank balances less bank overdrafts and designated deposits.

(2) Total indebtedness includes short-term debts and long-term debts.

(3) Computed based on total debt (interest bearing) over total shareholders' equity of our Group.

Please refer to Section 12.3 of this Prospectus for information on our capitalisation and indebtedness.

3.8 Principal statistics of the IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares are expected to be allocated in the manner described below, subject to clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus.

3.8.1 Institutional Offering

Institutional Offering at the Institutional Price payable in full upon allocation and determined by way of bookbuilding.

Our Company and the Selling Shareholders are offering up to 798,677,200 IPO Shares, representing up to 27.27% of the enlarged issued and paid-up share capital of our Company, to be allocated in the following manner:

(i) firstly, up to 336,773,000 IPO Shares, representing up to 11.50% of the enlarged issued and paid-up share capital of our Company are offered to Bumiputera investors approved by MITI; and

(ii) thereafter, up to 461,904,200 Issue Shares, representing up to 15.77% of the enlarged issued and paid-up share capital of our Company, are offered to other Malaysian institutional and selected investors and foreign institutional and selected investors outside the United States in reliance on Regulation S under the US Securities Act.

With respect to the IPO Shares offered to Bumiputera investors approved by MITI as referred to in Section 3.8.1(i), up to 234,277,000 Offer Shares, representing up to 8.00% of the enlarged issued and paid-up share capital of our Company will be offered first, and thereafter, if such Offer Shares are fully taken up, up to 102,496,000 Issue Shares, representing up to 3.50% of the enlarged issued and paid-up share capital of our Company will be offered, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus.

On 20 June 2011, we entered into the master cornerstone placing agreement with the Cornerstone Investors whereby the Cornerstone Investors have agreed to purchase, at the Institutional Price, an aggregate of 300,000,000 Shares, representing approximately 10.24% of the enlarged issued and paid-up share capital of our Company. None of the Cornerstone Investors will individually acquire 5% or more of the enlarged issued and paid-up share capital of our Company under the respective cornerstone placing agreements. However, a Cornerstone Investor may acquire additional Shares in the IPO such that its aggregate holding of our Shares at the date of Listing may exceed 5% of the enlarged issued and paid-up capital of our Company.

The cornerstone placing agreements are conditional upon the SC having approved the IPO and Bursa Securities having approved the Listing and such approvals continuing to be valid and the Retail Underwriting Agreement, International Placement Agreement and Malaysian Placement Agreement being entered into, having become unconditional and not having been terminated pursuant to their respective terms.

3.8.2 Retail Offering

Retail Offering at the Retail Price of RM3.15 per Issue Share, payable in full upon application and subject to refund of the difference between the Retail Price and the Final Retail Price in the event the Final Retail Price is less than the Retail Price.

Our Company is offering 79,861,400 Issue Shares, representing 2.73% of the enlarged issued and paid-up share capital of our Company, to be allocated in the following manner:

(i) 58,569,400 Issue Shares, representing 2.00% of the enlarged issued and paid-up share capital of our Company, are available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which 29,284,700 Issue Shares, representing 1.00% of the enlarged issued and paid-up share capital of our Company, are set aside for Bumiputera individuals, companies, co-operatives, societies and institutions. Any Issue Shares not subscribed by such Bumiputera investors will be made available for application by other Malaysian investors under the Retail Offering; and

(ii) 21,292,000 Issue Shares, representing 0.73% of the enlarged issued and paid-up share capital of our Company, have been reserved for our Directors (executive and non-executive), and eligible employees and persons who have contributed to the success of our Group in the following manner:

   (a) 9,700,000 Issue Shares, representing 0.34% of the enlarged issued and paid-up share capital of our Company, have been reserved for our Directors;

(b) 10,092,000 Issue Shares, representing 0.34% of the enlarged issued and paid-up share capital of our Company, have been reserved for 406 eligible employees of our Group, who have been confirmed employees of our Group for at least 6 months as at the LPD and who have not submitted their resignation as at the date of this Prospectus; and

(c) 1,500,000 Issue Shares, representing 0.05% of the enlarged issued and paid-up share capital of our Company, have been reserved for 2 persons who have contributed to the success of our Group.

Any Issue Shares not taken up by investors under Section 3.8.2(ii) will be made available for application by investors under Section 3.8.2(i), with any remaining Issue Shares thereafter underwritten by the Joint Managing Underwriters, subject to the clawback and reallocation provisions set out in Section 4.3.3 of this Prospectus.

Applicants who apply for the Issue Shares under Section 3.8.2(ii) may also apply for the Issue Shares available under Section 3.8.2(i).

The completion of the Institutional Offering and the Retail Offering are inter-conditional and subject to the minimum subscription as set out in Section 4.3.5 of this Prospectus.

Please refer to Section 4 of this Prospectus for further information on the details of the IPO.

3.9 Utilisation of proceeds

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of up to RM738 million will accrue entirely to the Selling Shareholders.

The gross proceeds from the Public Issue of up to RM2,029 million are expected to be utilised in the manner as set out below:

Details of utilisation	Estimated timeframe for utilisation upon Listing	RM million
Repayment of bank borrowings	Within 6 months	775
Capital expenditures	Within 24 months	592
Working capital	Within 24 months	562
Estimated listing expenses	Within 3 months	100
Total		2,029

Please refer to Section 4.8 of this Prospectus for further details on the utilisation of proceeds from the Public Issue.

3.10 Dividend policy

As our Company is a holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends that we receive from our subsidiaries.

The payment of dividends by our subsidiaries will depend upon their operating results, financial condition, capital expenditure plans and other relevant factors. The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, our Company intends to take into account various factors including:

(i) the level of our cash, gearing, debt profile and retained earnings;

(ii) our expected financial performance; and

(iii) our projected levels of capital expenditure and other investment plans.

Considering the current financial position of our Company, our Board intends to adopt a progressive dividend policy, subject to the factors stated above and in the absence of any circumstances which may affect or restrict our ability to pay dividends.

Please refer to Section 5.3.4 of this Prospectus for factors which may affect or restrict our ability to pay dividends.

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4. DETAILS OF THE IPO

4.1 Opening and closing of applications

Application for the Issue Shares under the Retail Offering will open at 10.00 a.m. on 30 June 2011 and will remain open until 5.00 p.m. on 7 July 2011, or such other date or dates as our Directors and the Majority Joint Managing Underwriters in their absolute discretion may decide.

4.2 Indicative timetable

The following events are intended to take place on the following tentative dates:

Events	Date
Opening of the Institutional Offering	28 June 2011
Opening of the Retail Offering	10.00 a.m., 30 June 2011
Closing of the Retail Offering	5.00 p.m., 7 July 2011
Closing of the Institutional Offering	8 July 2011
Price Determination Date	11 July 2011
Balloting of applications for the Issue Shares offered under the Retail Offering	11 July 2011
Allotment/Transfer of the Issue Shares/Offer Shares to successful applicants	19 July 2011
Listing	21 July 2011

Applications for the Issue Shares offered under the Retail Offering will close at the time and date stated above or such other date or dates as our Directors and the Majority Joint Managing Underwriters in their absolute discretion may decide. The Institutional Offering commenced on 28 June 2011 and will close on the date stated above or such other date or dates as our Directors, the Selling Shareholders and Joint Global Co-ordinators in their absolute discretion may decide.

In the event that the closing date and/or time of either the Institutional Offering or the Retail Offering is extended, the Price Determination Date and dates for the balloting and allotment of the Issue Shares, transfer of the Offer Shares and the Listing may be extended accordingly. Any extension will be announced in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

4.3 Particulars of the IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares are expected to be allocated in the manner described below, subject to clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus.

4.3.1 Institutional Offering

Institutional Offering at the Institutional Price payable in full upon allocation and determined by way of bookbuilding.

Our Company and the Selling Shareholders are offering up to 798,677,200 IPO Shares, representing up to 27.27% of the enlarged issued and paid-up share capital of our Company, to be allocated in the following manner:

(i) firstly, up to 336,773,000 IPO Shares, representing up to 11.50% of the enlarged issued and paid-up share capital of our Company are offered to Bumiputera investors approved by MITI; and

(ii) thereafter, up to 461,904,200 Issue Shares, representing up to 15.77% of the enlarged issued and paid-up share capital of our Company, are offered to other Malaysian institutional and selected investors and foreign institutional and selected investors outside the United States in reliance on Regulation S under the US Securities Act.

With respect to the IPO Shares offered to Bumiputera investors approved by MITI as referred to in Section 4.3.1(i), up to 234,277,000 Offer Shares, representing up to 8.00% of the enlarged issued and paid-up share capital of our Company will be offered first, and thereafter, if such Offer Shares are fully taken up, up to 102,496,000 Issue Shares, representing up to 3.50% of the enlarged issued and paid-up share capital of our Company will be offered, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus.

On 20 June 2011, we entered into the master cornerstone placing agreement with the Cornerstone Investors whereby the Cornerstone Investors have agreed to purchase, at the Institutional Price, an aggregate of 300,000,000 Shares, representing approximately 10.24% of the enlarged issued and paid-up share capital of our Company. None of the Cornerstone Investors will individually acquire 5% or more of the enlarged issued and paid-up share capital of our Company under the respective cornerstone placing agreements. However, a Cornerstone Investor may acquire additional Shares in the IPO such that its aggregate holding of our Shares at the date of Listing may exceed 5% of the enlarged issued and paid-up capital of our Company.

The cornerstone placing agreements are conditional upon the SC having approved the IPO and Bursa Securities having approved the Listing and such approvals continuing to be valid and the Retail Underwriting Agreement, International Placement Agreement and Malaysian Placement Agreement being entered into, having become unconditional and not having been terminated pursuant to their respective terms.

4.3.2 Retail Offering

Retail Offering at the Retail Price of RM3.15 per Issue Share, payable in full upon application and subject to refund of the difference between the Retail Price and the Final Retail Price in the event the Final Retail Price is less than the Retail Price.

Our Company is offering 79,861,400 Issue Shares, representing 2.73% of the enlarged issued and paid-up share capital of our Company, to be allocated in the following manner:

(i) 58,569,400 Issue Shares, representing 2.00% of the enlarged issued and paid-up share capital of our Company, are available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which 29,284,700 Issue Shares, representing 1.00% of the enlarged issued and paid-up share capital of our Company, are set aside for Bumiputera individuals, companies, co-operatives, societies and institutions. Any Issue Shares not subscribed by such Bumiputera investors will be made available for application by other Malaysian investors under the Retail Offering; and

(ii) 21,292,000 Issue Shares, representing 0.73% of the enlarged issued and paid-up share capital of our Company have been reserved for our Directors (executive and non-executive), and eligible employees and persons who have contributed to the success of our Group in the following manner:

  (a) 9,700,000 Issue Shares, representing 0.34% of the enlarged issued and paid-up share capital of our Company, have been reserved for our Directors;

  (b) 10,092,000 Issue Shares, representing 0.34% of the enlarged issued and paid-up share capital of our Company, have been reserved for 406 eligible employees of our Group, who have been confirmed employees of our Group for at least 6 months as at the LPD and who have not submitted their resignation as at the date of this Prospectus; and

  (c) 1,500,000 Issue Shares, representing 0.05% of the enlarged issued and paid-up share capital of our Company, have been reserved for 2 persons who have contributed to the success of our Group.

Any Issue Shares not taken up by investors under Section 4.3.2(ii) will be made available for application by investors under Section 4.3.2(i), with any remaining Issue Shares thereafter underwritten by our Joint Managing Underwriters, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus.

Applicants who apply for the Issue Shares under Section 4.3.2(ii) may also apply for the Issue Shares available under Section 4.3.2(i).

A summary of allocation of the 21,292,000 Issue Shares to our Directors, and eligible employees and persons who have contributed to the success of our Group is set out below:

Eligibility	Number of persons	Aggregate number of Issue Shares allocated
		000
Directors of our Company[1]	10	9,700
Eligible employees of our Group[2]	406	10,092
Persons who have contributed to the success of our Group[3]	2	1,500
Total	418	21,292

Notes:

(1) *The criteria for allocation to our Executive Directors is based on, among others, their respective roles, responsibilities and contribution in our Group. All our non-Executive Directors have been allocated the same number of Issue Shares eech.*

The number of Issue Shares to be allocated to our Directors is as follows:

Name	*Designation*	*No. of Issue Shares to be allocated*
Dato' Sri Mahamad Fathil bin Dato' Mahmood	*Non-Independent Non-Executive Chairman*	*750,000*
Dato' Ahmad Fuad bin Md Ali	*Non-Independent Non-Executive Deputy Chairman*	*750,000*
Saiful Aznir bin Shahabudin	*Independent Non-Executive Director*	*750,000*
Alexandra Elisabeth Johanna Maria Schaapveld	*Independent Non-Executive Director*	*750,000*
Andrew Philip Whittle	*Independent Non-Executive Director*	*750,000*
Chan Chee Beng	*Non-Independent Non-Executive Director*	*750,000*
Farah Suhanah binti Ahmad Sarji	*Non-Independent Non-Executive Director*	*750,000*
Lim Ghee Keong	*Non-Independent Non-Executive Director*	*750,000*
Hassan Assad Basma	*Executive Director/ Chief Executive Officer*	*2,500,000*
Shaharul Rezza bin Hassan	*Executive Director/ Chief Financial Officer*	*1,200,000*

(2) *Subject to the discretion of our Board, the criteria for allocation to the eligible employees of our Group is based on, among others, their staff grade, length of service and performance in our Group subject to a completed minimum service of 6 months as at the LPD.*

(3) *The criteria for allocation to persons who have contributed to the success of our Group is based on, among others, the nature, terms and duration of their respective business relationships with our Group.*

4. DETAILS OF THE IPO (*cont'd*)

In summary, the IPO Shares will be allocated and allotted in the following manner:

Categories	Offer Shares		Issue Shares		Total	
	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital
	000	%	000	%	000	%
Retail Offering						
Malaysian public (via balloting):						
- Bumiputera	-	-	29,285	1.00	29,285	1.00
- Non-Bumiputera	-	-	29,285	1.00	29,285	1.00
Our Directors, eligible employees and persons who have contributed to the success of our Group	-	-	21,292	0.73	21,292	0.73
	-	-	79,862	2.73	79,862	2.73
Institutional Offering^						
Bumiputera investors approved by MITI*	234,277	8.00	102,496	3.50	336,773	11.50
Other Malaysian and foreign institutional and selected investors	-	-	461,904	15.77	461,904	15.77
	234,277	8.00	564,400	19.27	798,677	27.27
Total	234,277	8.00	644,262	22.00	878,539	30.00

Note:

^ *This includes the 300,000,000 Shares, representing approximately 10.24% of the enlarged issued and paid-up share capital of our Company, to be acquired by the Cornerstone Investors.*

* *This is a voluntary allocation to Bumiputera investors approved by MITI in view that Bumi Armada, being a company with predominantly foreign-based operations, is exempted from having to comply with the Bumiputera equity requirement in relation to the IPO.*

The completion of the Retail Offering and the Institutional Offering are inter-conditional and subject to the minimum subscription as set out in Section 4.3.5 of this Prospectus.

4.3.3 Clawback and reallocation

The Retail Offering and Institutional Offering shall be subject to the following clawback and reallocation provisions:

(i) if the Issue Shares allocated to the Bumiputera investors approved by MITI are not fully taken up by such Bumiputera investors, the Issue Shares which are not taken up may be allocated to other Malaysian and foreign institutional and selected investors under the Institutional Offering (excluding the Bumiputera investors approved by MITI);

(ii) if the Offer Shares allocated to the Bumiputera investors approved by MITI are not fully taken up by such Bumiputera investors, the Offer Shares which are not taken up may be allocated to other Malaysian and foreign institutional and selected investors under the Institutional Offering (excluding the Bumiputera investors approved by MITI);

(iii) subject to Sections 4.3.3(i) and (ii) above, if there is an under-application in the Institutional Offering and a corresponding over-application in the Retail Offering, the IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and

(iv) if there is an under-application in the Retail Offering and a corresponding over-application in the Institutional Offering, the Issue Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

Subject to the clawback and reallocation provisions above, the clawback and reallocation provisions as set out in Sections 4.3.3(iii) and (iv) shall not apply in the event of over-application in both the Retail Offering and the Institutional Offering.

4.3.4 Classes of shares and ranking

As at the LPD, our Company has 1 class of shares, namely ordinary shares of RM0.20 each.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our other existing issued and paid-up Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable rules of Bursa Depository.

The Offer Shares rank equally in all respects with our existing issued and paid-up Shares including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable rules of Bursa Depository.

Subject to any special rights attaching to any shares which we may issue in the future, our shareholders shall, in proportion to the amount paid up on the Shares held by them, be entitled to share in the profits paid out by us in the form of dividends or other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus, in accordance with our Articles of Association.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy or by attorney or by other duly authorised representative. On a show of hands, each shareholder present either in person, by proxy, by attorney or other duly authorised representative shall have 1 vote. On a poll, each shareholder present either in person, by proxy, by attorney or other duly authorised representative shall have 1 vote for each Share held or represented. A proxy may but need not be a member of our Company.

4.3.5 Minimum subscription

There is no minimum subscription in terms of the proceeds to be raised by our Company and the Selling Shareholders. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of shares to be acquired will be the number of Shares required to be held by public shareholders for our Company to comply with public spread requirements as per the Listing Requirements or as approved by Bursa Securities.

4.4 Selling Shareholders

Our shareholders who are offering the Offer Shares and their respective relationships with our Company within the past 3 years are as follows:

Shareholders	Material relationship with our Group	Address	Before the IPO		Shares offered pursuant to the Offer for Sale			After the IPO[3]	
			No. of Shares	%[1]	No. of Shares	%[1]	%[2]	No. of Shares	%[2]
ODSB	Substantial shareholder of our Company	Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur	439,740,000	19.25	98,962,300	4.33	3.38	340,777,700	11.64
WSSB	Substantial shareholder of our Company	Level 39, Menara Maxis Kuala Lumpur City Centre 50088 Kuala Lumpur	274,680,000	12.03	61,816,000	2.71	2.11	212,864,000	7.27
KMSB	Substantial shareholder of our Company	Level 39, Menara Maxis Kuala Lumpur City Centre 50088 Kuala Lumpur	204,120,000	8.94	45,936,700	2.01	1.57	158,183,300	5.40
WBSB	Substantial shareholder of our Company	Level 39, Menara Maxis Kuala Lumpur City Centre 50088 Kuala Lumpur	122,472,000	5.36	27,562,000	1.21	0.94	94,910,000	3.24

Notes:

(1) *Based on the existing issued and paid-up share capital of 2,284,200,000 Shares, i.e. before the Public Issue.*

(2) *Based on the enlarged issued and paid-up share capital of 2,928,461,600 Shares, i.e. after the Public Issue.*

(3) *Excludes the effects of the exercise of the call option granted to Hassan Assad Basma of 7,500,000 Shares and the initial grant of Options under the ESOS set out in Sections 15.1(iv)(c) and 15.4 of this Prospectus, respectively.*

4.5 Basis of arriving at the price of the IPO Shares

4.5.1 Retail Price

The Retail Price of RM3.15 per Issue Share was determined and agreed upon between our Directors, the Joint Principal Advisers, Joint Global Co-ordinators, Joint Bookrunners and Joint Managing Underwriters, after taking into consideration the following factors:

(i) Our financial performance and operating history as described in Sections 12 and 13 of this Prospectus;

(ii) The proforma consolidated NA attributable to owners of our Company of RM1.09 per Share based on our enlarged issued and paid-up share capital pursuant to the Listing of 2,928,461,600 Shares;

(iii) Our competitive strengths, strategies and future plans as outlined in Sections 7.6 and 7.7 of this Prospectus;

(iv) The future outlook of the industry in which we operate, as described in Section 8 of this Prospectus; and

(v) The prevailing market conditions which include, among others, current market trends and investors' sentiments.

The Final Retail Price will be determined after the Institutional Price is fixed on the Price Determination Date and will be the lower of:

(i) the Retail Price of RM3.15 per IPO Share; and

(ii) the Institutional Price.

In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to successful applicants, without any interest thereon. Further details on the refund mechanism are set out in Section 4.5.3 of this Prospectus.

Prospective retail investors should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price of RM3.15 per IPO Share nor lower than the nominal value of our Shares.

The Final Retail Price and the Institutional Price are expected to be announced within 2 Market Days from the Price Determination Date in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment.

Applicants should also note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the price of our Shares.

4.5.2 Institutional Price

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional investors will be invited to bid for portions of the Institutional Offering by specifying the number of IPO Shares that they would be prepared to acquire and the price that they would be prepared to pay for such IPO Shares. This bookbuilding process commenced on 28 June 2011 and will end on 8 July 2011, or such other date or dates as our Directors, the Selling Shareholders and Joint Global Co-ordinators in their absolute discretion may decide. Upon the completion of the bookbuilding process, the Institutional Price will be fixed by us and the Selling Shareholders in consultation with the Joint Global Co-ordinators and Joint Bookrunners on the Price Determination Date.

4.5.3 Refund mechanism

In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to successful applicants without any interest thereon. The refund in the form of cheques will be despatched by ordinary post to the address stated in the Application Form or to the address as stated in Bursa Depository's records for applications made via the Electronic Share Application and Internet Share Application, of the successful applicants, within 10 Market Days from the date of the final ballot of applications, at the successful applicants' own risk.

4.5.4 Expected market capitalisation

Based on the Retail Price of RM3.15 per IPO Share, the total market capitalisation of our Company upon the Listing shall be approximately RM9.2 billion.

4.6 Objectives of the IPO

The objectives of the IPO are as follows:

(i) to obtain listing of and quotation for our entire enlarged issued and paid-up share capital of 2,928,461,600 Shares on the Main Market;

(ii) to enable us to access the equity capital market for cost effective capital raising and to provide us the financial flexibility to pursue growth opportunities;

(iii) to enhance the stature of our Company to market our services and expand our market position;

(iv) to establish liquidity of our Shares;

(v) to provide an opportunity for the investing community including eligible employees of our Group to become our shareholders and participate in the future performance of our Company by way of equity participation; and

(vi) to raise funds for the purposes as set out in Section 4.8 of this Prospectus.

4.7 Dilution

Dilution is the amount by which the price paid by retail and institutional investors for our Shares exceeds our consolidated NA per Share after the IPO. Our audited consolidated NA as at 31 March 2011 was RM1,264 million or RM0.55 per Share.

After giving effect to the issue of 644,261,600 new Shares under the Public Issue, and after further adjusting for the estimated listing expenses, our proforma consolidated NA per Share as at 31 March 2011 (based on an enlarged issued and paid-up share capital of 2,928,461,600 Shares) would have been RM1.09 per Share. This represents an immediate increase in NA per Share of RM0.54 to our existing shareholders and an immediate dilution in NA per Share of RM2.06, representing 65% of the Retail Price and the Institutional Price (assuming the Institutional Price and the Final Retail Price will be the Retail Price), to our retail and institutional investors. Further details on our NA per Share are set out in Section 12.4 of this Prospectus.

The following table illustrates such dilution on a per Share basis assuming the Final Retail Price and Institutional Price is equal to the Retail Price:

	RM
Retail Price/Institutional Price	3.15
Audited consolidated NA per Share as at 31 March 2011, before adjusting for the IPO	0.55
Proforma consolidated NA per Share as at 31 March 2011, after giving effect to the IPO	1.09
Increase in NA per Share to existing shareholders	0.54
Dilution in NA per Share to retail/institutional investors	2.06
Dilution in NA per Share to retail/institutional investors as a percentage to the Retail Price/Institutional Price	65%

Save as disclosed below, none of our substantial shareholders, Directors or key management, or persons connected to them have acquired and/or subscribed for our Shares in the past 3 years up to the LPD:

	No. of Shares	Consideration	Average price per Share
		RM	RM
OBSB	225,000,000	150,000,000	0.67
	92,088,000	108,851,086	1.18
ODSB	30,240,000	35,744,688	1.18
	31,500,000	37,000,000	1.17
WSSB	22,680,000	26,808,516	1.18
KMSB	15,120,000	17,872,344	1.18
WBSB	9,072,000	10,723,406	1.18

Note:

The number of Shares, consideration and average price per Share disclosed above has been adjusted to take into account the bonus issue and the share split implemented in March 2011.

4.8 Utilisation of proceeds

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of up to RM738 million* will accrue entirely to the Selling Shareholders.

The gross proceeds from the Public Issue of up to RM2,029 million* are expected to be utilised in the manner as set out below by our Group:

Details of utilisation	Estimated timeframe for utilisation upon Listing	RM million
Repayment of bank borrowings[1]	Within 6 months	775
Capital expenditures[2]	Within 24 months	592
Working capital[3]	Within 24 months	562
Estimated listing expenses[4]	Within 3 months	100
Total		2,029

Notes:

* *We have assumed that the Final Retail Price and Institutional Price are equal to the Retail Price in arriving at this figure.*

(1) *The proposed repayment of bank borrowings is as follows:*

Facility (RM million)	*Amount outstanding as at the LPD (RM million)*	*Proposed repayment (RM million)*	*Interest rate (% per annum)/ Maturity date*	*Purpose of borrowing*
500	*250*	*250*	*4.95/January 2012*	*Project bridging finance for FPSO projects and working capital*
525	*525*	*375*	*4.71/April 2012*	*Project bridging finance for FPSO projects and working capital*
150	*150*	*150*	*0.72/October 2011*	*Working capital*

(2) *Our capital expenditures requirements are principally associated with the expansion of our businesses primarily in the FPSO, OSV and T&I business units as set out in Section 7.7.2 of this Prospectus, details of which are set out below:*

Business unit	*Proposed utilisation*	*RM million*
FPSO	• *Capital expenditure relating to our target of securing up to 2 FPSO projects annually and development of moorings and risers technology via critical hiring and investment in an alliance with partners with technical capability*	*355*
OSV	• *To expand our deepwater capability and offering with new vessels which are aligned to the latest customer and regulatory requirements*	*147*
T&I	• *We plan to expand our T&I business into the SURF installation markets in the regions in which we currently operate, namely Asia, Africa and Latin America. The acquisition of the Acergy Hawk formed the initial platform for this expansion and we intend to acquire other suitable vessels and assets to expand our offering in this segment*	*90*

If the actual utilisation of any one of the above business units is higher than estimated, the shortfall will be funded out of the proceeds allocated to the remaining business units. However, if the actual utilisation of any one of the above business units is lower than estimated, the excess will be utilised by any of the remaining business units.

4. DETAILS OF THE IPO (*cont'd*)

Notes (cont'd):

(3) *Proceeds in excess of the amounts allocated for repayment of bank borrowings, capital expenditures and listing expenses (which may be in excess of or less than the estimated amount) will be utilised for general working capital requirements of our Group, including financing our daily operations and operating expenses, which include administration and other operating expenses. Conversely, any shortfall in proceeds raised will be adjusted accordingly to the working capital requirements.*

(4) *The expenses of the Public Issue to be borne by us are estimated to be RM100 million and will comprise the following:*

	RM million
Estimated professional fees	*30*
Brokerage, underwriting and placement fees	*55*
Other fees and expenses such as printing, advertising, travel and roadshow expenses incurred in connection with the IPO	*5*
Miscellaneous expenses and contingencies	*10*
Total estimated listing expenses	*100*

If the actual expenses are higher than estimated, the deficit will be funded out of working capital. However, if the actual expenses are lower than estimated, the excess will be utilised for general working capital requirements of our Group.

We intend to place the proceeds raised from the Public Issue (including accrued interest, if any) or the balance thereof as deposits with banks or licensed financial institutions or short-term money market instruments prior to the eventual utilisation of the proceeds from the IPO for the above intended purposes.

Our utilisation of the proceeds from the Public Issue is expected to have the following financial impact on our Group:

(i) Interest savings

As we will be using RM775 million to repay bank borrowings, based on the respective interest rates of our borrowings, we expect to achieve interest savings of about RM24 million.

(ii) Increase in efficiency and productivity

Our Group will use the proceeds to enhance our current capabilities through the further expansion of our fleet in the FPSO, OSV and T&I business units to enhance our services and support to our existing customer base as well as enable us to bid for new projects, domestically and internationally. We expect the expansion of our fleet in the FPSO, OSV and T&I units to result in an increase in revenues and profits over the next few years. We expect such new business opportunities to facilitate business growth and provide our Group with added flexibility in terms of utilisation of assets and resources.

(iii) Enhancement of capital structure

Through the IPO, we will increase our shareholders' funds and repay part of our bank borrowings, thereby resulting in a reduction to our gearing. We expect this to provide greater financial flexibility for us to fund our expansion both domestically and internationally as and when opportunities arise.

We have illustrated the financial impact of the utilisation of proceeds from the Public Issue on our proforma consolidated statement of financial position as at 31 March 2011 in Section 12.4 of this Prospectus.

4.9 Brokerage, underwriting commission and placement fee

We will pay brokerage in respect of the sale of the Issue Shares under the Retail Offering, at the rate of 1.0% of the Final Retail Price in respect of all successful applications which bear the stamp of the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Joint Global Co-ordinators, Joint Bookrunners and Lead Managers are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For avoidance of doubt, brokerage commission under the Institutional Offering will not be payable by us nor the Selling Shareholders.

As stipulated in the Retail Underwriting Agreement, we will pay the Joint Managing Underwriters an underwriting commission of 1.75% of the amount equal to the Retail Price multiplied by the Issue Shares underwritten pursuant to the Retail Offering.

The Selling Shareholders in respect of the Offer Shares and we in respect of the Issue Shares, will pay the relevant placement managers a placement fee and selling commission of 1.75% and a discretionary fee of up to 0.5% of the amount equal to the Institutional Price multiplied by the IPO Shares sold pursuant to the Institutional Offering to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by MITI.

4.10 Underwriting and lock-up arrangements

4.10.1 Underwriting

Pursuant to the Retail Underwriting Agreement, the Joint Managing Underwriters have agreed to severally but not jointly underwrite 79,861,400 Issue Shares under the Retail Offering ("**Underwritten Shares**") subject to the clawback and reallocation provisions set out in Section 4.3.3 of this Prospectus, for the underwriting commission set out in Section 4.9 of this Prospectus.

Subject to certain conditions precedent in the Retail Underwriting Agreement, each of the Joint Managing Underwriters has agreed to underwrite 19,965,350 Issue Shares.

The Majority Joint Managing Underwriters may elect to treat the following as releasing and discharging all the Joint Managing Underwriters of their obligations under the Retail Underwriting Agreement:

(i) any breach by our Company of any of the representations, warranties or undertakings contained in or in connection with the Retail Underwriting Agreement, which is not capable of remedy or if capable of remedy, is not remedied within 15 days from receipt of the notice of such breach being given by CIMB (as the co-ordinator of the Joint Managing Underwriters) to our Company, or by the closing of the Retail Offering, whichever is the earlier; or

(ii) there is failure on the part of our Company to perform any of our obligations contained in the Retail Underwriting Agreement and such obligations have not been complied with within 2 business days of default and in any event before the closing of the Retail Offering; or

(iii) there is withholding of information of material nature from the Joint Managing Underwriters which is required to be disclosed pursuant to the Retail Underwriting Agreement which, in the opinion of the Joint Managing Underwriters, would have a material adverse effect on our Group's business or operation or on the success of the IPO; or

(iv) there is any material and adverse change in the business or financial condition of our Group as a whole; or

(v) the closing of the Retail Offering does not occur within 60 days from the date of this Prospectus, subject to such extension which may be agreed between our Company and the Majority Joint Managing Underwriters; or

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

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

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

(bb) prior to the closing of the Retail Offering,

lower than 85% of the level of the Index at the last close of normal trading on the relevant exchange on the business day immediately prior to the date of the Retail Underwriting Agreement and remains at or below that level for at least 3 business days or any other adverse change in the market conditions which our Company and the Joint Managing Underwriters mutually agree to be sufficiently material and adverse to render it to be a terminating event, it shall be deemed a material adverse change in the stock market condition; or

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

(c) any *force majeure* event which is any event or series of events beyond the reasonable control of CIMB in its capacity as co-ordinator of the Joint Managing Underwriters, or any of the Joint Managing Underwriters which has or is likely to have the effect of making any material part of the Retail Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the IPO or pursuant to the underwriting of the Underwritten Shares; or

(d) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities for more than 3 consecutive business days due to exceptional financial circumstances or otherwise; or

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

(vii) in the event that the Listing is withdrawn, not procured or procured but subject to conditions not acceptable to CIMB (as the co-ordinator of the Joint Managing Underwriters) acting reasonably; or

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

(ix) either of the Malaysian Placement Agreement or the International Placement Agreement having been terminated or rescinded in accordance with the terms thereof.

The IPO Shares under the Institutional Offering are expected to be underwritten by the placement managers as set out in the Malaysian Placement Agreement and the International Placement Agreement in respect of settlement risk.

4.10.2 Lock-up arrangements

(i) In connection with the International Placement Agreement and the Malaysian Placement Agreement, our Company has entered into a lock-up agreement with the Joint Global Co-ordinators and the Joint Malaysian Co-ordinators (being CIMB, Credit Suisse (Malaysia) Sdn Bhd and Maybank IB), respectively. Under this agreement, our Company agreed that, for a period beginning on the date of the Listing and ending on, and including, the date that is 180 days after the date of the Listing, our Company will not, without the prior written consent of the Joint Global Co-ordinators and the Joint Malaysian Coordinators, (i) issue, allot, sell, offer to sell, contract or agree to sell, hypothecate, pledge, mortgage, charge, assign, grant any option to purchase or security over, or otherwise dispose of or agree to dispose of, directly or indirectly, any Shares or any other securities of our Company that are substantially similar to the Shares (or any interest therein or in respect thereof), or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing; (ii) enter into any swap, transaction or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company that are substantially similar to the Shares, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) publicly announce an intention to effect any transaction specified in (i) or (ii), except, in all cases, pursuant to the IPO; or for the grant of any Option (or allotment and/or issue of any Shares thereunder) to the executive Directors of our Company and the eligible employees of our Group under and pursuant to the terms of the ESOS;

(ii) In connection with the Malaysian Placement Agreement, each of the Selling Shareholders has entered into a lock-up agreement under which it has agreed with the Joint Malaysian Co-ordinators that, for a period beginning on the date of the Listing and ending on, and including, the date that is 180 days after the date of the Listing it will not, without the prior written consent of the Joint Malaysian Co-ordinators, (i) sell, offer to sell, contract or agree to sell, hypothecate, pledge, mortgage, charge, assign, grant any option to purchase or security over, or otherwise dispose of or agree to dispose of, directly or indirectly, any Shares or any other securities of our Company that are substantially similar to the Shares (or any interest therein or in respect thereof), or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing; (ii) enter into any swap, transaction or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company that are substantially similar to the Shares, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) publicly announce an intention to effect any transaction specified in (i) or (ii), except, in all cases, pursuant to the IPO. The foregoing restrictions on each of the Selling Shareholders shall not apply to the transfer of an aggregate of 1,152,000 Shares from the Selling Shareholders to Hassan Assad Basma in the event of the exercise by him, prior to the date of the Listing, of the call option described in Section 15.1(iv)(c) of this Prospectus.

(iii) The Cornerstone Investors are subject to lock-up arrangements pursuant to which they have agreed not to dispose our Shares acquired pursuant to their respective cornerstone placing agreements (as well as any other Shares or other securities of our Company which are derived from such Shares), for a period of 6 months following the date of the Listing, except with the prior consent of (aa) our Company and the Joint Malaysian Co-ordinators (in the case of the Malaysian incorporated Cornerstone Investors); or (bb) our Company and the Joint Global Co-ordinators (in the case of the foreign incorporated Cornerstone Investors).

4.11 Trading and settlement in secondary market

Upon our Listing, the IPO Shares will be traded through Bursa Securities and settled by book-entry settlement through CDS (which is operated by Bursa Depository), which will be effected in accordance with the rules of Bursa Depository and the provisions of the SICDA. Accordingly, our Company will not deliver share certificates to the purchasers of the IPO Shares.

Beneficial owners of our Shares are required under the rules of Bursa Depository to maintain the Shares in CDS accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as the shareholders of our Company in respect of the number of Shares credited to the respective securities accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for the Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

All Shares held in CDS accounts shall not be withdrawn from the CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate company restructuring process;

(iv) where a body corporate is removed from the Official List;

(v) to facilitate a rectification of any error; and

(vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares shall trade under the odd lot market. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the third Market Day following the transaction date.

It is expected that the Shares will not commence trading on Bursa Securities until about 9 Market Days after the close of the Retail Offering. Holders of our Shares will not be able to sell or otherwise deal in our Shares (except by way of a book-entry transfers to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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5. RISK FACTORS

Before investing in our Shares, you should pay particular attention to the fact that our Company, and to a large extent our activities, are governed by the legal, regulatory and business environment in Malaysia and other countries in which we operate whether presently or in the future. Our business is subject to a number of factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider, along with the other matters set forth in this Prospectus, the risks and investment considerations below. You should note that the following list is not an exhaustive list of all the risks that we face or risks that may develop in the future.

5.1 Risks relating to the industry in which we operate

5.1.1 We are dependent on the offshore O&G industry

As our customers operate mainly in the offshore O&G industry, our operations are dependent on the level of activity in the exploration, development and production of oil and natural gas, including the level of capital spending in the offshore O&G industry. Such activities are affected by factors such as volatility in demand for and supply of oil, fluctuations in current and future oil prices, the number, size and locations of oil fields, the demand for and supply of alternative fuels or energy supply, the prices of alternative fuels or energy supply, changes in capital expenditure by customers in the offshore O&G industry, and general economic, social and political conditions. These activities are also affected by laws, regulations, policies and directives relating to energy, investment and taxation and other laws and regulations promulgated by the various governments from which we must obtain licences and permits in order to continue to operate.

In the event that there is deterioration in the offshore O&G industry and offshore support services industry, or in global or regional economic conditions, O&G companies may defer or reduce their planned E&P expenditure which may reduce the demand for our vessels and services. This may result in a decrease in our business activities, and consequently our results of operations and financial condition may be materially and adversely affected.

5.1.2 The offshore O&G industry is subject to government regulations

The extraction and transport of O&G at sea is subject to inherent risks, such as blow-outs, equipment defects, discharge of pollutants and oil spills, malfunctions, failures and misuses that could cause significant environmental damage, personal injury or loss of life and commercial damage. The offshore O&G industry is subject to regulations which aim to limit and control these risks, and to govern the removal and cleanup of pollutants that may harm the environment.

The laws and regulations applicable to the offshore O&G industry, including us, have generally become more stringent, and penalties and potential liability have increased and may increase further in the future. Any additional regulations could increase the cost of our operations or those of our customers and reduce the area of operations for the offshore O&G industry, which could, in turn, materially and adversely affect our business, financial condition, results of operation and prospects by reducing demand for our services.

5.2 Risks relating to our business and our operations

5.2.1 Our business is subject to compliance with and changes in regulations and local and international laws

Our operations are subject to local and international regulations in jurisdictions where our vessels operate, as well as in the countries in which our vessels are registered.

We are required by our customers as well as by governments and regulatory agencies, to maintain HSE standards in the course of providing our services. These regulations govern, among other things, workers' health and safety, manning, construction, and the operations of our vessels. In the event of any change in these standards, we may have to incur additional expenses to comply with such changes. Any failure to maintain standards may result in the cancellation of our present contracts, failure to win new contracts or regulatory authorities imposing fines, penalties or sanctions on us, revocation of our licences and permits or prohibition from continuing our operations, each of which could have a material and adverse effect on our business. Failure to maintain HSE standards could also result in injuries, death, damage to property and to the environment, and potential liability arising from such events, as well as damage to our reputation.

In addition, our vessels require certain licences, permits and certifications to operate. If we fail to comply with the requirements of any such laws, rules or regulations, we could be subject to substantial administrative, civil and criminal penalties, the imposition of remedial obligations, the issuance of injunctive relief or the non-renewal or revocation of our Group's business and operational licences, permits, registration and certification. Further, certain of our licences, permits and certifications are subject to annual renewal. There can be no assurance that our existing licences, permits and certifications will be renewed in the future, despite the submission of relevant documentation. For example, in Nigeria, notwithstanding that the Nigerian Maritime Administration and Safety Agency ("**NIMASA**") is cognisant that 6 of our OSVs, namely the Armada Tugas 4, Armada 6 and Armada Tuah 101 (which have been operating in Nigeria since end-2009) and Armada Tugas 1, Armada Tuah 81 and Armada Firman 2 (which have been operating in Nigeria since 2010) are involved in the provision of O&G-related services in Nigerian waters, we have yet to formally obtain cabotage permits in respect of the same. These OSVs contributed 7.3% and 5.7% of our total revenue for the years ended 31 December 2009 and 31 December 2010, respectively. The application for the cabotage permits, which is managed by our joint-venture partner, was made in 2009 and subsequently, in 2010 and 2011. We are unable to ascertain the expected date of issuance of the cabotage permits by NIMASA as it is subject to the internal procedures of NIMASA. Notwithstanding that NIMASA has yet to formally issue the cabotage permits to us, we have paid the required cabotage fees upon request by NIMASA and such payments have been duly acknowledged by NIMASA. Under the Nigerian Coastal and Inland Shipping (Cabotage) Act 2003, participation in Nigerian domestic coastal trade without the necessary permits and approvals could result in fines of up to NGN15,000,000 (approximately RM290,000) per OSV and/or a forfeiture of the OSV, or such higher sums as the Nigerian court may deem fit. There can be no assurance that, despite the cognisance by NIMASA that we have been operating without these permits, these penalties will not be imposed in part or in full in the future. The imposition of any such fines in respect of any or all of our OSVs operating in Nigeria and/or the forfeiture of any or all of our OSVs operating in Nigeria could have a material adverse effect on our business, financial condition, results of operations and prospects. Further, in the event of failure to secure the abovementioned permits, we would not be able to fulfil our existing contractual obligations and would suffer loss in revenue. As these OSVs are currently on short-term charters, in the event of termination, the estimated loss of future income in 2011 from these OSVs is comparable to about 1.2% of our total revenue for the year ended 31 December 2010.

Changes to current laws and regulations or the introduction of new laws or regulations by local or international bodies or the imposition of additional conditions to our licences, permits and certifications could cause our Group to incur significant additional compliance costs. Furthermore, if we are unable to comply with the new laws and regulations or additional conditions imposed on our licences, permits and certifications, or should any of our licences, permits or certifications be suspended, revoked or not renewed, our vessels may not be allowed to operate and consequently, our results of operations and financial position may be materially and adversely affected.

5.2.2 We may be subject to environmental risks and liabilities

We are subject to environmental regulations pursuant to a variety of international conventions and state and municipal laws and regulations. Compliance with such regulations can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental laws may result in a material increase in our costs of operating our fleet or otherwise materially and adversely affect our financial condition, results of operations and prospects.

The discharge of pollutants into the air or water may give rise to liabilities to governmental authorities and third parties and may require us to incur costs to remedy such discharge. Changes in environmental laws may also expose us to liability for the conduct of or conditions caused by others, or for acts which were in compliance with all applicable laws at the time such actions were taken. Furthermore, some environmental laws provide for joint and several strict liabilities for environmental remediation of releases of hazardous substances, which could result in liability for environmental damage without regard to negligence or fault.

In April 2010, the Deepwater Horizon, a deepwater drilling rig in the Gulf of Mexico, sank after an apparent blowout and fire. Among the possible future consequences of this event are additional regulatory oversight and control with respect to offshore drilling, a potential ban or restriction on O&G exploration in certain offshore areas, particularly deepwater drilling, and an increase in insurance premiums for casualty insurance that may be more difficult to obtain. Any such development could reduce demand for offshore support services both in the Gulf of Mexico and internationally, which may have an adverse effect on our operations and prospects.

5.2.3 We are subject to weather and natural hazards

Our vessels and our equipment are also subject to weather and natural hazards. Adverse changes in weather and natural hazards such as the occurrence of typhoons, tsunamis and earthquakes in the areas where we operate may cause damage to our vessels and delays or suspensions in our operations. Our operations may experience disruption if any of our vessels and/or our equipment suffer significant downtime. This may have a material adverse impact on our revenue and profits and our financial position.

5.2.4 We are affected by timely access to resources, yard space and price escalations and as such, may face delay in the completion and delivery of projects including conversion of FPSOs

In many cases, our projects involve significant procurement of equipment and supplies and extensive construction management and other activities conducted over extended time periods. Any procurement difficulties, equipment performance failures or other factors may result in actual revenues or costs being significantly different from our original estimation. Some of these risks include:

- We may encounter difficulties related to the procurement of materials, or due to schedule disruptions, equipment performance failures or other factors that may result in additional costs to us, reductions in revenue, claims or disputes;
- We may not get access to labour and human resources required to continue to successfully execute our business strategy and operations;
- We may not get access to yard space in order to implement our conversion or construction projects;
- We may face difficulties in engaging third-party subcontractors, equipment manufacturers or materials suppliers or failures by third-party subcontractors, equipment manufacturers or materials suppliers could result in project delays and cause us to incur additional costs; and
- We are exposed to increase in labour costs and escalation in prices of key materials (such as steel and fabrication materials) from the time we execute these types of contracts to the time we place our order for the relevant materials.

As a result of the above factors, we may face delays in the completion and delivery of our projects. A significant delay in the completion and delivery of projects or a significant performance deficiency could have a material adverse effect on our Group's business, results of operations and financial condition. Furthermore, the consequent damage to our reputation resulting from significant delays in the delivery of projects or any significant performance deficiency may affect our ability to secure future contracts. These events and the losses associated therewith, to the extent that they are not adequately covered by contractual remedies or insurance, could materially and adversely affect our results of operations and financial condition.

In addition, from time to time we agree with our customers to convert and supply an FPSO to service a specific project. In the event of any material delay in the conversion of such vessels, although we may seek to impose penalties on yards or suppliers, there can be no assurance that we will recover amounts sufficient to cover any related losses or at all, which may have a material and adverse effect on our results of operations and financial condition.

5.2.5 We are subject to a number of contractual and project execution risks

We are engaged in a highly competitive industry, and we have contracted for a number of projects on a fixed-price basis, subject to specific terms and conditions. In addition, some of our contracts specify minimum performance requirements. These risks are generally inherent in the industry in which we operate and may result in reduced profitability or losses on projects, which in turn may materially and adversely affect our financial condition and results of operations.

Some of these risks include:

- Construction and project management associated with execution of our projects and maintenance of our operations;
- Cost overruns associated with our fixed-price contracts with limited price escalation provisions, where we bear all, or at least a portion of, increases in costs;
- Inability to meet delivery performance requirements of our contracts which may result in potential penalties or liquidated damages. For example, if we are unable to achieve our contractual availability and/or uptime, the related contracts generally provide for a reduction or suspension in payment of the daily charter rate; and
- Inability to obtain compensation for additional work we perform or expenses we incur as a result of customer change orders or faulty equipment or materials.

5.2.6 Our charter contracts may be terminated upon the occurrence of certain events

Our charter contracts are for varying periods of time. In line with industry practice, our customer contracts ordinarily contain clauses which could, amongst others, give the customer a right of early termination. Some of our charter contracts may be terminated for convenience under specified conditions, with related compensation and in certain cases, for cause upon the occurrence of certain events, such as non-performance, events of *force majeure*, loss or seizure of vessels or unavailability of the vessel due to various reasons such as confiscation or requisition by the government of the jurisdiction under which the vessels are registered and/or operate.

The termination of existing charter contracts and the inability to secure a replacement contract within a reasonable timeframe will reduce our revenue and may have a material adverse impact on the results of our operations. Our revenue and profitability will also be materially and adversely affected if we are not able to re-deploy our vessels for a period of time upon termination of existing contracts, if there are lengthy negotiations over the terms of any charter contracts, or the charter contracts are renewed on less favourable terms.

As such, there can be no assurance that the contracts in our orderbook will be performed and will generate revenue. The contracts that make up our orderbook as at the LPD amounted to RM5.8 billion as set out in Section 12.2.11 of this Prospectus. Given the forward-looking nature of our orderbook, the amount stated therein is not necessarily indicative of our future earnings. For example, we may not achieve our expected margin or we may suffer losses on one or more of these contracts, in which case our income would be reduced. Any operational issues with the performance of our contracts, cancellation or delays could materially and adversely affect our business, financial condition and results of operation.

5.2.7 Our FPSO business is subject to significant operating risks

Our FPSO vessels are designed and equipped according to specifications from our customers. Our contracts are usually structured to secure an acceptable return on the investment within the contract period, with a fixed period of contract and a further option period. There can be no assurance that our vessels will achieve the returns expected from them due to technical risks, unforeseen operational problems, unexpectedly high operating costs, additional capital expenditure and penalty payments, accidents such as human errors, weather conditions, faulty constructions, among other risks.

The probability of FPSO contract extension options being exercised, existing contracts being extended or new contracts being obtained, as well as the terms of new contracts, may be negatively impacted by factors such as reductions in oil reservoir reserves, changes in vessel specifications, and lower oil prices generally. When our contracts expire, or are terminated early, we may encounter difficulties redeploying our FPSO vessels at existing rate levels, or even redeploying our FPSO vessels at all. Furthermore such redeployment, if achieved, may require us to incur additional capital expenditure that may not be recoverable from our customers. In the event that we do not achieve adequate financial returns during our contract periods, our contracts are not extended, or our FPSO vessels cannot be re-deployed, our operations and financial condition may be materially and adversely affected.

5.2.8 A small number of vessels and customers contribute a significant proportion of our revenue

We are dependent on a small number of vessels of high value to provide our FPSO and installation services to the offshore O&G industry. These vessels operate in a hazardous marine environment, often in jurisdictions with complex legal and regulatory requirements. In the event of a service disruption or damage to our vessels, we may incur losses which in turn, may materially and adversely affect our financial condition and results of operations. Further, there can be no assurance that changes in the regulatory environment in the offshore O&G industry may not require us to undertake modifications to our existing vessels, which could result in disruption to our services.

In addition, historically, a limited number of customers have contributed to a substantial portion of our revenues. The loss of a key customer, if not replaced, could materially and adversely affect our financial condition and results of operations, as could factors that could have the effect of slowing our customers' sales. In particular, a reduction in any of our customers' sales prices or overall sales volumes may lead to decreased production by such customers, resulting in lower demand for our services. For the years ended 31 December 2008, 31 December 2009 and 31 December 2010, our largest customer represented 22%, 23% and 25% of our total revenue, whilst our 3 largest customers represented 53% of our total revenue for the year ended 31 December 2008, and our 4 largest customers for the years ended 31 December 2009 and 31 December 2010 represented 54% and 72% of our total revenue, respectively. Any cancellation or other termination in the future by any major customers could have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition.

5.2.9 We have significant indebtedness and expect to continue to require additional capital in the future and are exposed to the risks inherent in capital funding

We have and will continue to have a significant amount of borrowings. As at 31 March 2011, our total borrowings stood at RM3,479.3 million (including RM1.1 million of hire purchase). Our gearing ratio as at 31 March 2011 is about 2.75 times, which is higher than the average gearing ratio of the industry players of 1.03 times (*Source: Bloomberg as at 8 June 2011*). Nevertheless, our gearing ratio is expected to decrease to about 0.85 times post-IPO, details of which are set out in Section 12.3 of this Prospectus. Our ability to service our debts and other contractual obligations will depend on our future operations and cash flow generation, which in turn will be affected by various factors, many of which are beyond our control.

As we operate in a capital-intensive industry, we have historically required capital to acquire or carry out improvement work on vessels and may require additional capital in the future to fund the acquisition or construction of additional vessels. Generally, expenditures necessary for maintaining a vessel in good operating condition increases with the age of the vessel, but are difficult to predict with precision. In addition, unanticipated changes in governmental regulations and safety or other equipment standards may require unanticipated expenditures for alterations or the addition of new equipment to older vessels. As a consequence, we may need to take our vessels out of service for longer periods of time or more often than planned in order to perform necessary repairs or modify the vessels in order to meet such regulations. There can be no assurance that our vessels will not require extensive repairs which would result in significant expenses and extended periods of time during which these vessels would be out of service. Such an occurrence could have a material adverse effect on our business, results of operations and financial condition.

Our access to debt financing for new projects and acquisitions and to refinance maturing debt is subject to many factors, some of which are outside of our control. Failure to raise the required capital in the future on acceptable terms, or at all, may limit our Group's expansion and growth, which in turn may affect our Group's ability to execute our growth strategies and compete in the offshore support services industry. In addition, if we have difficulty servicing our debt or providing for other contractual obligations in the future, we may be forced to take actions such as reduce or delay capital expenditures, reduce costs, sell off assets, refinance or reorganise our debt or other obligations and seek additional equity capital, or any combination of the above. We may not be able to take or may be restricted from taking any of these actions on satisfactory terms, or at all due to, among other things, restrictive covenants within our financing agreements which prohibit or hamper our ability to dispose of or invest in any assets, change our scope of business and/or change our ownership structure. Alternatively, we may resort to further equity financing to raise the required capital for future expansion. Financing through the issuance of new equity or equity-linked securities may result in the dilution of the interests of our shareholders and such new equity securities may have rights, preferences or privileges senior to those of the existing shareholders.

As a result of our indebtedness, we are exposed to interest rate risk, primarily from borrowings bearing variable interest rates to the extent that our exposure to floating interest rates remains unhedged by interest rate swaps. As at 31 March 2011, RM3,377.4 million of our total indebtedness bear a variable rate of interest out of which we have entered into interest rate swap agreements in respect of RM601.3 million of indebtedness. As result, as at 31 March 2011, 82.2% of our total indebtedness was exposed to interest rate risk without the protection of interest rate swaps. Our financial expenses (including amounts expensed and capitalised) arising from such borrowings amounted to RM33.1 million for the 3 months ended 31 March 2011. Changes in economic conditions could result in higher interest rates, thereby increasing our interest expense and reducing our profitability and funds available to meet capital and operational expenditure or other purposes.

Our Group's ability to meet our payment obligations and to fund planned capital expenditure will depend on the success of our business strategy and our ability to generate sufficient revenues to satisfy the debt obligations, which are subject to many uncertainties and contingencies beyond our control, including those set out in this Prospectus.

5.2.10 Maintenance and repair for our vessels and equipment may require substantial expenditure

We are required to maintain our vessels and/or our equipment to certain standards and to maintain the certification of such vessels and/or certain equipment. Such maintenance may involve substantial costs, which may materially and adversely affect our results of operations.

Our operations are dependent on the operating efficiency and reliability of our vessels and/or our equipment in terms of operational worthiness and the safety environment. Any unexpected breakdown or non-performance of vessels and/or equipment is difficult to predict and in the event of downtime, additional costs and losses may be incurred by our customers arising from the disruption of their workflow and scheduled activities and some of these costs may be passed down to us. Rectification of the breakdown or non-performance, depending on its severity, may also require replacement or repair of key components and there may be long lead times required in the procurement of these components. Such rectification on the affected vessels and/or equipment may require us to incur significant costs and may result in such vessels and/or equipment being out of service and being unable to generate revenue for us over extended periods of time. In such an event, we may be unable to meet our contractual obligations with our customers, which in turn may materially and adversely affect our reputation as well as our results of operations and financial condition.

5.2.11 We face competition from existing offshore support service providers and new entrants in the markets in which we operate

The offshore support services industry is a competitive industry comprising a diversified group of players ranging from large multinational companies to small and medium-sized enterprises. As such, we face competition from existing and new domestic and international offshore support service providers in the markets in which we operate. We also face competition from foreign vessel suppliers which have joint-venture arrangements with local licensed vessel suppliers that provide various maritime services to oil field operators.

The principal competitive factors in the markets that we serve include price, quality of service, safety track record, reputation of vessel operators and crews, and the quality and availability of the type of vessels required by the customers. Our competitors may have longer operating histories and greater financial, technical, marketing and other resources than we do.

Should our existing or new competitors offer services at a lower cost or engage in aggressive pricing in order to increase their market share, our turnover may decline if we are not able to match their costs or aggressive pricing. We may have to provide more competitive pricing in order to attract new customers and retain our existing customers. A reduction in our pricing without any corresponding cost reduction could materially and adversely affect our profitability and financial condition. As a result, there can be no assurance that we will be able to compete successfully against our competitors as well as new market entrants in the future. Our failure to remain competitive may adversely affect our business and growth and could have a material adverse impact on our results of operations and financial condition.

5.2.12 We are subject to political risks inherent in conducting our business internationally

We are active in a number of regions with some of these regions being subject to political instability. A substantial portion of our vessels operate in international waters and we are therefore subject to a number of risks inherent in any business operating in foreign countries, especially in developing nations. These risks include, among others, political instability, expropriation, nationalisation or detention of vessels, import and export quotas and other forms of public and governmental regulation, foreign currency fluctuations, problems arising from collections from customers, repatriation of funds and terrorist attacks.

In addition, as we expand internationally, most of our operations will be subject to international regulations, including foreign laws. We may be required to procure a local partner or otherwise restructure our operations to comply with such regulations, or may be required to cease operations in these areas.

Furthermore, a government could seize one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner. Requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency.

For example, new legislation is being proposed to reform the O&G industry in Nigeria and this may or may not have a material adverse effect on our business and operations. Further details on such new legislation are set out in Section 8 of this Prospectus.

Although our business and operations have so far not been materially and adversely affected by any such events, we are unable to predict that our Company can remain unaffected by the consequences of any such events in the future. If any of these events or other similar events occur in the future, it may have a material impact on our operations and consequently, materially and adversely affect our financial condition and results of operations.

5.2.13 We are exposed to acts of piracy

Acts of piracy have historically occurred in areas where we have operated, such as the west coast of Africa and there is a risk that acts of piracy will continue to occur in these areas, as well as in other regions. Although our risk could be mitigated through security arrangements (such as armed security escorts and naval support) and insurance, such arrangements may be unavailable, may only be available at increased costs or may prove to be insufficient. In addition, crew costs could also increase if piracy continues to be a risk. Detention hijacking as a result of an act of piracy against our vessels, or an increase in cost or unavailability of insurance for our vessels could have a material adverse impact on our business, financial condition and results of operations. Although our business and operations have not been materially and adversely affected by acts of piracy, there can be no assurance that we will not be affected by such acts in the future.

5.2.14 We are exposed to technological risk

The offshore O&G industry is a highly technical and technology-based industry. As our customers move their offshore operations into deeper waters, they may demand more powerful vessels equipped with greater technological capabilities and larger capacities to support their operations. In addition, we may also need to improve our technical know-how and technological understanding associated with large and complex projects. If we are unable to meet their requirements, this may affect our customers' confidence in us, and hence our revenue and profitability could be materially and adversely affected.

We continually seek to stay on top of new technologies and to implement new technologies into our major projects in a safe and cost competitive way. There is a risk that such new technologies may not function as expected and thus resulting in modifications or delays, which could have a material adverse impact on our business, financial condition, results of operations and prospects.

There can be no assurance that we will be successful in coping with any future technological change and innovation to avoid any material adverse effect on our operations.

5.2.15 We are dependent on our key management and key technical personnel as well as our ability to hire and retain skilled and specialised employees

We believe that our continued success and future performance depends to a large extent upon the skills, abilities, experience, competency and continuous efforts of our key management, and on our Group's ability to hire and retain qualified and competent personnel. The experience, knowledge and expertise of our key management are pivotal to our Group's success. While we have made efforts to nurture and maintain good relationships with our key management, there can be no assurance that the loss of any of our key management personnel can be avoided and would not materially and adversely affect our Group's business, operating results and financial condition.

Our business units are dependent on the application of highly advanced technology and knowledge. The number of people with the required expertise and experience is small whilst competition to acquire their services is usually intense in the offshore O&G industry.

As such, we could experience difficulties in attracting, recruiting and retaining the appropriate number of specialists for our business needs. We may be required to increase our remuneration package to attract and retain such personnel. As our future performance will depend on the continued services of these specialists, a sudden loss of key personnel or the inability to manage the attrition rate in different employee categories could adversely affect the quality of our services, the growth of our business and result in increased costs.

5.2.16 We are exposed to risks relating to growth and expansion

Our future operating results will depend on our management's ability to manage our growth, which includes recruiting and retaining qualified employees, controlling costs and expanding our fleet of vessels and facilities and their capacity utilisation. As part of our future plans, we intend to expand our business, both geographically and operationally. Any such expansion carries with it inherent risks and uncertainties and requires significant management attention and company resources and may not yield the results we expect.

The expansion of our international operations will expose us to risks relating to investments in certain foreign countries. Any future international expansion may also fail due to other difficulties inherent in foreign operations, including:

- unexpected changes in international and foreign regulatory requirements and tariffs;
- difficulties in staffing and managing foreign operations;
- potential adverse tax consequences;
- cultural differences;
- price controls or other restrictions on foreign currency; and
- difficulties in obtaining export and import licences.

There is no assurance that our business expansion will be successful or lead to an increase in our profits. Our expansion could also result in an increase in the fixed costs of our operations. Our ability to maintain or increase our profitability will continue to depend, in part, on our ability to increase revenues and to maintain or increase the utilisation rates of our facilities and vessels. In addition, the growth of our operations will place additional demands on our management team, our in-house design and technical production teams, and our procurement, financial reporting and information technology teams and systems. The expansion of our operations will also require significant attention from our management and other personnel and may divert such resources from other aspects of our business. We may also not be able to find qualified high-level management to oversee our expansion into new markets or to find managers who will understand and be able to integrate into our corporate culture.

In addition, we will have to integrate all of our reporting, logistics, accounting, financial and fulfilment systems or functions across our locations. If we do not manage such integration effectively, our business, financial condition and results of operations could be materially and adversely affected.

5.2.17 We may have inadequate insurance coverage

The operation of our vessels involves inherent risks such as oil spills, damage to and loss of vessels and cargo sustained in collisions, property loss and interruptions to operations caused by adverse weather and environmental conditions, mechanical failures, crew negligence and navigation errors.

The occurrence of any of these events may result in damage to or loss of our vessels and our vessels' cargo or other property and injury to passengers and personnel on board. Such occurrences may also result in a significant increase in operating costs or liability to third parties. In addition, concerns about other factors (including hijacks or attacks), have caused significant increases in the cost of insurance coverage and may result in higher insurance charges and in turn, higher operating costs in the future.

In the event of an oil spill or damaged or lost cargo, we may incur liability for containment, clean-up, salvage costs and other damage that may arise as a result. We may also be liable for damage sustained in collisions and wreck removal charges arising from the operation of our vessels. Moreover, our customers may become subject to penalties, fines or insurance claims and attempt to pass on part or all of these costs to us. In addition, we may be liable for substantial fines and penalties imposed by the authorities of the relevant jurisdictions. Any of such events will disrupt our business and lead to a reduction in revenue and profits and increase our cost of operations.

Currently, we believe that our vessels are sufficiently covered by, amongst others, hull and machinery insurance, loss of hire insurance and protection and indemnity insurance, in line with industry practice. Further, we have not made any material insurance claims in the past. However, there can be no assurance that all risks can be adequately insured at all times against all potential liabilities and losses or that any insured sum will be paid. In the event of damage or losses in excess of the insurance coverage taken up, we may be required to make material compensation payments. As such, our financial condition may be materially and adversely affected.

Furthermore, events such as wars, piracy or terrorist attacks may result in substantial increases in our insurance premiums, thereby affecting our financial performance.

5.2.18 Our cash flow may be adversely affected by delays in collection or non-recoverability of trade receivables

Cash flow constraints may arise due to delays in collection or non-recoverability of trade receivables. This may affect our ability to pay our suppliers, potentially delaying our project implementation and consequently materially and adversely affecting our financial condition.

We generally grant credit terms of between 30 and 45 days to our customers, and are therefore exposed to potential payment delays and default by such customers. There is no assurance that we will be able to collect such debts on time, or at all. If our customers experience cash flow difficulties or a decline in their business performance, they may default in their payments to us. Further, during economic downturns, our customers may be materially and adversely affected financially and the possibility of defaults in payment to us may be greater. As a result, we may experience payment delays or in more severe cases, non-recovery of debts from our customers. We would then have to make provisions for doubtful debts, or incur debt write-offs, which may have a material adverse impact on our financial results.

5.2.19 We may be adversely affected by any change in the current taxation regulations in the jurisdictions in which we operate

Any changes in the current tax regime and/or laws, rules and regulations pertaining to the taxation of companies, or the interpretation thereof, whether in Malaysia or in any other jurisdictions in which we operate, which have a retrospective, current and/or prospective effect, will affect the tax paid or payable by us arising from a tax reassessment on our financial results. For example, there was a tax reassessment for BAN for the years of assessment from 2002 to 2007, for which voluntary payments were made.

Currently, under Section 54A of the Malaysian Income Tax Act, 1967, income arising from the business of transporting passengers or cargo by sea on a Malaysian ship or from letting out on charter a Malaysian ship on a voyage or time charter basis of our Group is exempt from tax. A Malaysian ship is defined under the Malaysian Income Tax Act, 1967 as a sea-going ship registered as such under the Malaysian Merchant Shipping Ordinance, 1952 and excludes ferries, barges, tug boats, supply vessels, crew boats, lighters, dredgers, fishing boats or other similar vessels. Business income from our non-Malaysian ships is taxed at the relevant statutory rates for the year. Any changes in the current tax regulations in Malaysia or tax positions taken by the Malaysian tax authorities in respect of shipping income may adversely affect the amount of income tax payable by our Group and may have a material adverse impact on our financial results.

5.2.20 We are exposed to risks arising from foreign exchange fluctuations

Our customer contracts, capital expenditure and operating costs are generally denominated in USD, with a small portion denominated in RM and other foreign currencies. However, we report our financial results in RM. As a result, our financial results are impacted by foreign currency fluctuations, and in particular fluctuations of the USD, against the RM, which may affect our Group's financial position.

We are also exposed to foreign exchange fluctuations in the event of mismatches between the amounts and timing of receipts and payments in foreign currencies. To the extent there are any such mismatches, a significant fluctuation in the applicable foreign currencies against the RM arising from such timing differences, for example in respect of credit terms given to our customers and by our suppliers, we may incur foreign exchange losses.

5.2.21 There may be conflicts of interest between our Company and our related parties

We have entered into various transactions with companies directly or indirectly controlled by or connected to our related parties. The Listing Requirements define a related party as a director, a major shareholder or a person connected with such director or major shareholder (including a person that was a director or major shareholder within the preceding 6 months before the terms of the transaction were agreed upon). A "major shareholder" means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company. In addition, we expect that we will in the future enter into other transactions with related parties. These transactions may involve conflicts of interest which may be detrimental to us. Further, some of our substantial shareholders, Directors or key management have engaged and may in the future engage in businesses carrying on a similar trade as ours or businesses which are the customers or suppliers of ours, from which potential conflicts of interest may arise.

There can be no assurance that competition between our businesses and the businesses of our substantial shareholders and companies associated with our substantial shareholders or with our Directors or key management will not arise or that there will not be any other direct or indirect competition and conflicts of interest between our Company and our substantial shareholders and companies associated with our substantial shareholders, Directors or key management. Also, there can be no assurance that direct or indirect competition will not arise in the future between our Company and our substantial shareholders and companies associated with our substantial shareholders, Directors and key management.

5.2.22 Control by a substantial shareholder

As disclosed in Section 9.4 of this Prospectus, upon completion of our IPO, OBSB will own about 42% of our enlarged issued and paid-up share capital and thus will be able to exercise control over more than 33% of our Company. The direct and indirect substantial shareholders of OBSB are as set out in Section 9.4 of this Prospectus. As the controlling shareholder of our Company, other than in respect of certain votes regarding matters in which it is an interested party and must abstain from voting under the Listing Requirements, OBSB will be able to influence the election of our Directors, and the approval of any corporate proposals or transactions requiring the approval of our shareholders.

Although we will be required to comply with the conflict of interests rule under the Listing Requirements, the interests of OBSB may differ from or conflict with the interests of other shareholders of our Company.

5.2.23 An adverse judgment or settlement in respect of any future claims against us could have an adverse effect on our financial condition and the results of our operations

The operation of our vessels involves the risk of accidents and other incidents that may lead to claims against our Group. An adverse judgment or settlement in respect of any future claims against our Group may lead to negative publicity about us and adversely affect our reputation and customers' perception of our safety record as well as have a material and adverse effect on our cash flow, financial condition and results of operations.

5.3 Risks relating to our Shares

5.3.1 There has been no public market for our Shares

There has been no public market for our Shares since our delisting on 18 April 2003. There can be no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares.

Our Shares could trade at prices that may be lower than the Institutional Price or the Final Retail Price depending on many factors, including prevailing economic and financial conditions in Malaysia, our operating results and the markets for similar securities. In addition, the market for securities in emerging markets has been subject to disruptions that have caused intense volatility in the prices of securities similar to our Shares. There can be no assurance that the market for our Shares, if any, will not be subject to similar disruptions. Any disruption in such markets may have a material and adverse effect on the holders of our Shares.

5.3.2 There may be a potential delay or failure of the Listing

The Listing may be potentially delayed or aborted upon the occurrence of certain events, including the following:

(i) we are unable to meet the public spread requirements as determined by Bursa Securities of having at least 25% of our enlarged issued and paid-up Shares being held by a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing; or

(ii) revocation of the approval of Bursa Securities for the Listing and/or admission to the Official List for whatever reason.

If the Listing is aborted, investors will not receive any IPO Shares and we and the Selling Shareholders will return in full, without interest, all monies paid in respect of any application for the IPO Shares. If any such monies are not repaid within 14 days after we and the Selling Shareholders become liable to repay it, the provisions of sub-sections 243(2) and 243(6) of the CMSA shall apply accordingly.

5.3.3 Our Share price and trading volume may be volatile

The market price of our Shares may fluctuate as a result of variations in the liquidity of the market for our Shares, differences between our actual financial operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations. The market price of our Shares is also susceptible to developments in the offshore O&G industry, including new developments or technology advancements within the offshore O&G industry, corporate exercises, acquisitions or strategic alliances by our competitors or customers.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the Institutional Price or the Final Retail Price.

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that have affected the share price of many companies. Share prices of many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. There can be no assurance that the price and trading of our Shares will not be subject to such fluctuation in the future.

5.3.4 We may not be able to pay dividends or realise dividends from our subsidiaries

Dividend payments are not guaranteed and our Board may decide, at its sole absolute discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

Any payment of dividends may adversely affect our ability to fund unexpected capital expenditures as well as our ability to make interest and principal repayments on our debt. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be possible or may not be on favourable terms or at all. Further, in the event we incur new borrowings subsequent to the Listing, we may be subject to covenants restricting our ability to pay dividends.

We are an investment holding company and conduct substantially all of our operations through our subsidiaries. Accordingly, an important source of our income, and consequently an important factor in our ability to pay dividends on our Shares, is dividends and other distributions received from our subsidiaries. Our subsidiaries' ability to pay dividends or make other distributions to us in the future is subject to them having sufficient funds and distributable profits after setting aside funds required for their operations, other obligations or business plans. Our subsidiaries' ability to make and obtain dividends may also be restricted by the terms contained in the shareholders' agreements governing those subsidiaries and financing agreements entered into by them. Terms of the financing agreements typically only allow for dividends to be declared provided that financial covenants in these agreements continue to be complied with and no event of default and/or material and adverse effect to the business of these subsidiaries would result from such dividend declaration and/or payment. Further, as our Company is a shareholder of our operating companies, our claims as such will generally rank junior to all other creditors and claimants against our operating companies. In the event of an operating company's liquidation, there may not be sufficient assets for our Company to recoup our investment. For a description of our dividend policy, please refer to Section 12.6 of this Prospectus.

5.3.5 The sale or the possible sale of a substantial number of our Shares in the public market following our IPO could adversely affect the price of our Shares

Following the Listing, approximately 70% of our enlarged issued and paid-up share capital will be held by the Promoters and Selling Shareholders, and approximately 30% of our enlarged issued and paid-up share capital will be held by investors participating in our IPO. The IPO Shares will be tradable on the Main Market without restriction following the Listing. While we and the Selling Shareholders have entered into the lock-up arrangements as set out in Section 4.10.2 of this Prospectus, and in addition, the Shares held by the Promoters are subject to a moratorium as described in Section 10.2 of this Prospectus, it is possible that we may issue additional Shares after the end of the lock-up period in connection with financing activities or otherwise in the future, and it is possible that the Promoters as well as the Selling Shareholders may dispose of some or all of their Shares pursuant to their own investment objectives. If the Promoters and/or the Selling Shareholders sell or are perceived as intending to sell a substantial amount of our Shares, the market price for our Shares could be materially and adversely affected.

The Promoters and Selling Shareholders will own the balance of the remaining Shares not offered under the IPO, of which the Shares held by the Promoters will be subject to a moratorium in accordance with the SC's requirements and the lock-up arrangements. For a description of the moratorium and lock-up arrangements, please refer to Sections 10.2 and 4.10.2 of this Prospectus, respectively.

5.4 Other risks

5.4.1 We may be materially and adversely affected by possible outbreaks of infectious diseases

We, as well as our customers and suppliers, operate in countries which may be affected by the outbreak or re-emergence of severe acute respiratory syndrome ("SARS"), avian influenza, Influenza A (H1N1) or other infectious diseases. In 2003, certain countries in Asia experienced an outbreak of SARS, a highly contagious form of atypical pneumonia, which seriously disrupted economic activities in the region and caused demand for goods and services to plummet throughout the area. In late 2003 and early 2004, outbreaks of avian influenza occurred in several countries in Asia and spread to other parts of the world including Europe in 2005, and the Middle East and Africa in 2006. In June 2007, new cases of human infection of avian influenza in China and Indonesia were reported. In early 2009, outbreaks of Influenza A (H1N1) occurred in Mexico. In May 2009, the first cases were detected in Asia, and in June 2009, the World Health Organisation ("WHO") declared a global flu pandemic. The WHO and other agencies continue to issue warnings of a potential avian influenza pandemic if there are sustained human-to-human transmissions.

An outbreak of SARS, avian influenza, Influenza A (H1N1) or other contagious disease, or the perception that such an outbreak may occur, or the measures taken by the governments of affected countries against such potential outbreaks could seriously disrupt our operations or those of our suppliers and customers and negatively impact economic conditions globally, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

5.4.2 Forward-looking statements are subject to uncertainties and contingencies

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results. Other statements, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, which are forward-looking in nature, are subject to uncertainties and contingencies. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will subsequently materialise. Their inclusion in this Prospectus should not be regarded as a representation or warranty by our Company, the Promoters, Selling Shareholders, Joint Principal Advisers or any other advisers that the plans and objectives of our Group will be achieved.

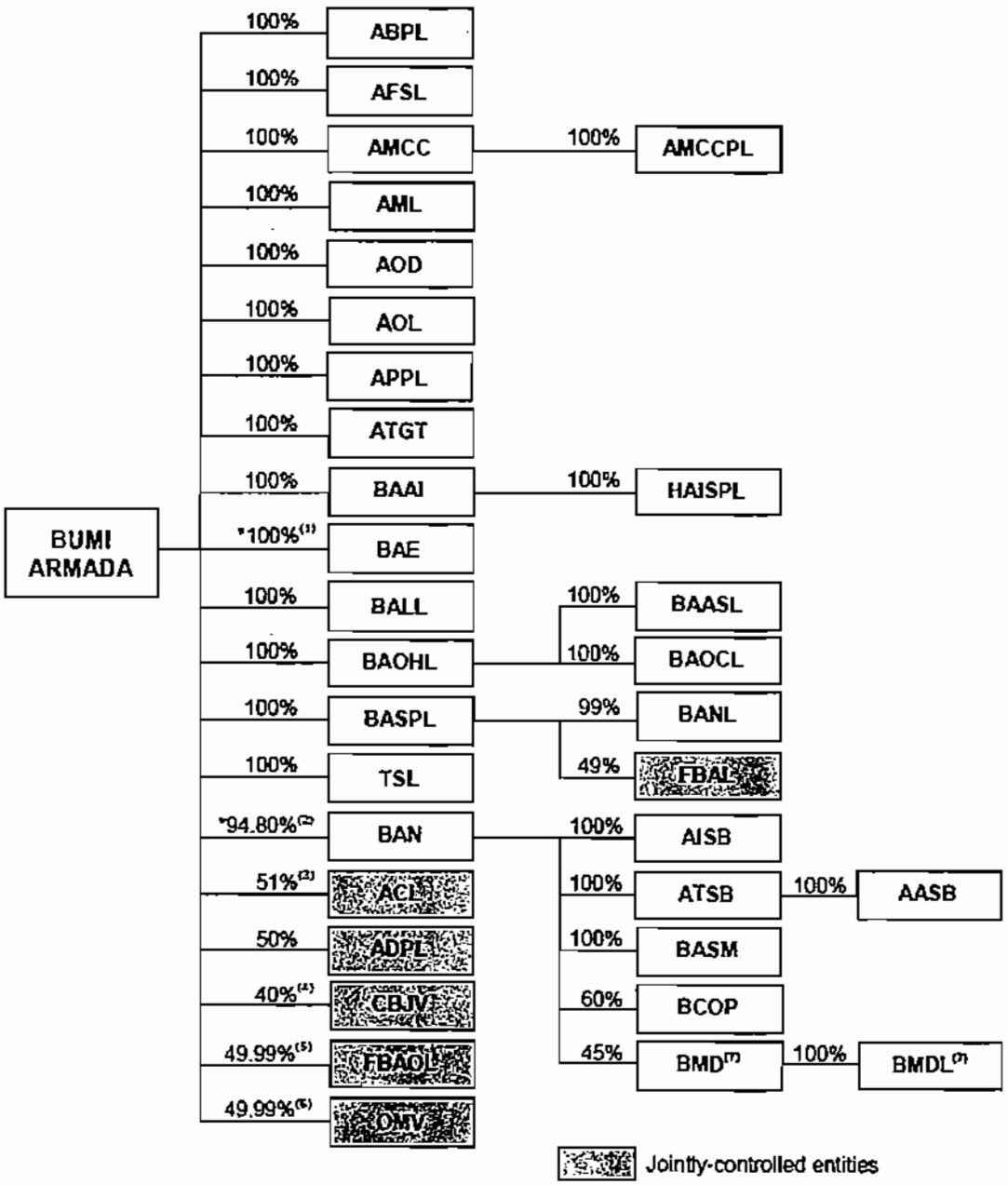
6. INFORMATION ON OUR GROUP

6.1 Our Company

Our Company was incorporated in Malaysia under the Act as a public company limited by shares on 12 December 1995 under its present name and commenced its business on 28 March 1997. We were previously listed on 25 June 1997 on the then Main Board of the Kuala Lumpur Stock Exchange (now the Main Market) and were subsequently delisted on 18 April 2003.

We are principally an investment holding company whilst our subsidiaries are principally involved in the provision of marine transportation, FPSO operations, vessel construction, and engineering and maintenance services to the offshore O&G companies.

Our current Group structure, including our associated companies and jointly-controlled entities, is set forth below:



Notes:

* *Based on our Group's effective interest.*

(1) *Our Company has a deemed interest in the entire issued and paid-up share capital of BAE by virtue of (i) a loan agreement and a call option agreement both dated 8 June 2006 between our Company and Mohd Rafael bin Mohd Shamsudin; and (ii) our interest, through BAAI, in the shares held by Baharin bin Chik in BAE.*

(2) *We hold 48.92% of the ordinary share capital of BAN. However, BAN is treated as our subsidiary in our financial statements as we control the financial and operating policies of BAN pursuant to a shareholders' agreement entered between BAN, the shareholders of BAN and us on 25 March 2011, details of which are set out in Section 6.3.2.1 of this Prospectus.*

(3) *ACL is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and CESL effected on 14 April 2010, where we jointly control ACL's financial and operating policies with CESL.*

(4) *CBJV is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and CESL effected on 14 April 2010, where we jointly control CBJV's financial and operating policies with CESL.*

(5) *FBAOL is treated as our jointly-controlled entity in our financial statements pursuant to the agreement between us and Forbes & Company Limited effected on 18 January 2011, where we jointly control FBAOL's financial and operating policies with Forbes & Company Limited.*

(6) *OMV is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and FVSB effected on 7 July 2005, where we jointly control OMV's financial and operating policies with FVSB.*

(7) *J. Rey McDermott S.A. ("JRM") had on 25 January 2011 issued a notice of termination of the shareholders' agreement dated 22 June 2001 between BAN, JRM and Schematic Principle (M) Sdn Bhd in respect of BMD. BAN is disputing such termination. For further details, please refer to Section 15.7 of this Prospectus.*

6.2 Share capital

Our authorised share capital as at the LPD is RM456,840,000 comprising 2,284,200,000 Shares whilst our issued and paid-up ordinary share capital as at the LPD is RM456,840,000 comprising 2,284,200,000 Shares.

As at the LPD, save for the uncalled capital set out in Sections 6.3.3.3(ii) and 6.3.10.1(ii) of this Prospectus and the outstanding options set out in Sections 15.1(iv)(a) and 15.1(iv)(b) of this Prospectus, neither our Company nor our subsidiaries, associated companies and jointly-controlled entities has any outstanding warrant, options, convertible security or uncalled capital.

Details of the changes to our issued and paid-up share capital for the past 3 years preceding the LPD are as follows:

Date of allotment	No. of shares	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
Ordinary shares				
21.02.2011	7,500,000	1.00	Cash	70,500,000
23.03.2011	5,640,000	1.00	Cash	76,140,000
30.03.2011	380,700,000	1.00	Bonus issue	456,840,000
31.03.2011	2,284,200,000	0.20	Subdivision of shares	456,840,000

6.3 Subsidiaries, associated companies and jointly-controlled entities

As at the LPD, our subsidiaries, associated companies and jointly-controlled entities are as follows:

Name	Date and country of incorporation	Issued and paid-up share capital	Group's effective interest	Principal activities
			%	
Direct wholly-owned subsidiaries of Bumi Armada				
ABPL	18.02.2011 Singapore	SGD2	100.00	Ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies (It has not commenced its business)
AFSL	10.05.2007 BVI	USD10,000	100.00	Bareboat charter of an FPSO unit
AMCC	25.09.2008 BVI	USD10,000	100.00	Ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies
AML	03.05.2005 BVI	USD10,000	100.00	Ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies
AOD	26.02.2008 UAE	AED1,000,000	100.00	Dormant
AOL	04.03.2008 BVI	USD10,000	100.00	Bareboat charter of an FPSO unit
APPL	01.12.2010 Singapore	SGD2	100.00	Dormant
ATGT	28.10.2009 Marshall Islands	USD10,000	100.00	Ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies
BAAI	05.11.1987 Malaysia	RM1,600,000 ordinary shares; RM160,000 7% redeemable cumulative preference shares	100.00	Investment holding
BAE	03.05.1993 Malaysia	RM100,000	100.00[1]	Provision of engineering consultancy services
BALL	10.08.2007 Federal Territory of Labuan, Malaysia	USD1	100.00	Dormant
BAOHL	17.06.2010 Marshall Islands	USD10,000	100.00	Dormant

6. INFORMATION ON OUR GROUP *(cont'd)*

Name	Date and country of incorporation	Issued and paid-up share capital	Group's effective interest	Principal activities
			%	
BASPL	21.12.2004 Singapore	SGD50,000	100.00	Ship management, and chartering O&M of FPSO unit
TSL	18.08.2010 Marshall Islands	USD10,000	100.00	Ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies
Direct partly-owned subsidiary of Bumi Armada				
BAN	24.06.1977 Malaysia	RM10,220,000 ordinary shares; RM900,000 redeemable preference shares	94.80[2]	Provision of marine transportation, and support services to the offshore O&G companies and vessel construction
Jointly-controlled entities of Bumi Armada				
ACL	15.10.2009 BVI	USD100,000	51.00[3]	Ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies
ADPL	24.02.2011 Singapore	SGD128,436	50.00	Ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies
CBJV	08.02.2008 Nigeria	-[4]	40.00[5]	O&G exploration, and production and marine services
FBAOL	29.10.2010 India	INR1,000,000	49.99[6]	Ship owners, charterers and managers of ships and vessels, marine support and other services to O&G companies
OMV	22.07.2005 Malaysia	RM7,500,001	49.99[7]	Provision of integrated service solutions for the supply, O&M of support vessels and logistics and maritime transportation services to the O&G industry
Subsidiary of AMCC				
AMCCPL	13.03.1996 Singapore	SGD2,000,000	100.00	Chartering of ships, barges and boats with crew (freight)
Subsidiary of BAAI				
HAISPL	13.02.1993 Singapore	SGD2,000,000	100.00	Repair of ships, tankers and other ocean-going vessels and the manufacture and repair of marine engine and ship parts

Name	Date and country of incorporation	Issued and paid-up share capital	Group's effective interest	Principal activities
			%	
Subsidiaries of BAOHL				
BAASL	25.04.2011 Marshall Islands	USD10,000	100.00	Ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies
BAOCL	10.05.2011 Marshall Islands	USD10,000	100.00	Ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies
Subsidiary of BASPL				
BANL	09.06.2009 Nigeria	NGN10,000,000	99.00	Dormant
Subsidiaries of BAN				
AISB	26.12.1992 Malaysia	RM500,000	94.80	Sea charter transportation
ATSB	03.12.1994 Malaysia	RM1,500,000	94.80	Dormant
BASM	07.02.1998 Malaysia	RM2	94.80	Dormant
BCOP	19.11.1996 Malaysia	RM1,000,000	56.88	Dormant
Associated company of BAN				
BMD*	28.04.2000 Malaysia	RM5,000,000 ordinary shares; RM100,000 redeemable cumulative participating preference shares	42.66	Provision of construction and installation of offshore pipelines and structures
Jointly-controlled entity of BASPL				
FBAL	23.02.2006 India	INR12,500,000[8]	49.00	Ship owners, charterers and managers of ships and vessels, marine support and other services to O&G companies
Subsidiary of ATSB				
AASB	03.12.1994 Malaysia	RM2	94.80	Dormant

6. INFORMATION ON OUR GROUP *(cont'd)*

Name	Date and country of incorporation	Issued and paid-up share capital	Group's effective interest	Principal activities
			%	
Subsidiary of BMD				
BMDL*	08.05.2002 Federal Territory of Labuan, Malaysia	USD125,000 ordinary shares; USD250,000 redeemable cumulative participating preference shares	42.66	Leasing

Notes:

* *JRM had on 25 January 2011 issued a notice of termination of the shareholders' agreement dated 22 June 2001 between BAN, JRM and Schematic Principle (M) Sdn Bhd in respect of BMD. BAN is disputing such termination. For further details, please refer to Section 15.7 of this Prospectus.*

(1) *Our Company has a deemed interest in the entire issued and paid-up share capital of BAE by virtue of (i) a loan agreement and a call option agreement both dated 8 June 2006 between our Company and Mohd Rafael bin Mohd Shemsudin; and (ii) our interest, through BAAI, in the shares held by Baharin bin Chik in BAE.*

(2) *We hold 46.92% of the ordinary share capital of BAN. However, BAN is treated as our subsidiary in our financial statements as we control the financial and operating policies of BAN pursuant to a shareholders' agreement entered between BAN, the shareholders of BAN and us on 25 March 2011, details of which are set out in Section 6.3.2.1 of this Prospectus.*

(3) *ACL is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and CESL effected on 14 April 2010, where we jointly control ACL's financial and operating policies with CESL.*

(4) *The issued share capital of CBJV is NGN25,000,000, none of which has been paid-up, details of which are set out in Section 6.3.3.3(ii) of this Prospectus.*

(5) *CBJV is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and CESL effected on 14 April 2010, where we jointly control CBJV's financial and operating policies with CESL.*

(6) *FBAOL is treated as our jointly-controlled entity in our financial statements pursuant to the agreement between us and Forbes & Company Limited effected on 18 January 2011, where we jointly control FBAOL's financial and operating policies with Forbes & Company Limited.*

(7) *OMV is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and FVSB effected on 7 July 2005, where we jointly control OMV's financial and operating policies with FVSB.*

(8) *The issued share capital of FBAL is INR55,000,000 but the allotment of the shares in FBAL on 27 April 2009 was only partly paid-up, details of which are set out in Section 6.3.10.1(ii) of this Prospectus.*

The details of our subsidiaries, associated companies and jointly-controlled entities as at the LPD are set out below:

6.3.1 Direct wholly-owned subsidiaries of Bumi Armada

6.3.1.1 ABPL (Company No. 201104072D)

(i) History and business

ABPL was incorporated in Singapore under the Singapore Companies Act (Cap. 50) as a private limited company on 18 February 2011 under its present name. It has not commenced its business as at the LPD.

The principal activities of ABPL are ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies.

(ii) Share capital*

As at the LPD, the issued and paid-up share capital of ABPL is SGD2 comprising 2 ordinary shares.

There has been no change to the issued and paid-up share capital of ABPL since its incorporation on 18 February 2011 up to the LPD.

Note:

* *There is no requirement for authorised shere capital and par value for shares under the Singapore Companies Act (Cap. 50).*

(iii) Shareholder

As at the LPD, ABPL is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

As at the LPD, ABPL does not have any subsidiary or associated company.

6.3.1.2 **AFSL (Company No. 1403728)**

(i) History and business

AFSL was incorporated in BVI under the BVI Business Companies Act, 2004 as a BVI Business Company on 10 May 2007 under its present name and commenced its business on 10 May 2007.

The principal activity of AFSL is the bareboat charter of an FPSO unit.

(ii) Share capital

As at the LPD, the authorised share capital of AFSL is USD50,000 comprising 50,000 ordinary shares of USD1.00 each. The issued and paid-up share capital of AFSL as at the LPD is USD10,000 comprising 10,000 ordinary shares of USD1.00 each.

There has been no change to the issued and paid-up share capital of AFSL for the past 3 years preceding the LPD.

(iii) Shareholder

As at the LPD, AFSL is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

As at the LPD, AFSL does not have any subsidiary or associated company.

6.3.1.3 **AMCC (Company No. 1504710)**

(i) History and business

AMCC was incorporated in BVI under the BVI Business Companies Act, 2004 as a BVI Business Company on 25 September 2008 under its present name and commenced its business on 25 September 2008.

The principal activities of AMCC are ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies.

(ii) Share capital

As at the LPD, the authorised share capital of AMCC is USD50,000 comprising 50,000 shares of a single class of USD1.00 each. The issued and paid-up share capital of AMCC as at the LPD is USD10,000 comprising 10,000 shares of a single class of USD1.00 each.

There has been no change to the issued and paid-up share capital of AMCC since its incorporation on 25 September 2008 up to the LPD.

(iii) Shareholder

As at the LPD, AMCC is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

The subsidiary of AMCC as at the LPD is AMCCPL, details of which are set out in Section 6.3.4.1 of this Prospectus. AMCC does not have any associated company as at the LPD.

6.3.1.4 AML (Company No. 654871)

(i) History and business

AML was incorporated in BVI under the BVI International Business Companies Act, Cap. 291 as an International Business Company on 3 May 2005 under the name of Alpha Legend Investments Limited. AML was re-registered under the BVI Business Companies Act on 1 January 2007. It commenced its business on 3 May 2005 and assumed its present name on 16 June 2005.

The principal activities of AML are ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies.

(ii) Share capital

As at the LPD, the authorised share capital of AML is USD50,000 comprising 50,000 registered shares of USD1.00 each. The issued and paid-up share capital of AML as at the LPD is USD10,000 comprising 10,000 registered shares of USD1.00 each.

There has been no change to the issued and paid-up share capital for the past 3 years preceding the LPD.

(iii) Shareholder

As at the LPD, AML is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

As at the LPD, AML does not have any subsidiary or associated company.

6.3.1.5 **AOD (Company No. 80058)**

(i) **History and business**

AOD was registered as an Establishment on 26 February 2008 pursuant to the Implementing Regulations Regarding Dubai Maritime City Establishments issued by the Dubai Maritime City Authority under the name of Armada Offshore FZE. It assumed its present name on 26 February 2008.

AOD is currently dormant.

(ii) **Share capital***

As at the LPD, the issued and paid-up share capital of AOD is AED1,000,000 comprising 1 share of AED1,000,000.

There has been no change to the issued and paid-up share capital of AOD for the past 3 years preceding the LPD.

Note:

* *There is no requirement for authorised share capital under the Implementing Regulations Regarding Dubai Maritime City Establishments issued by the Dubai Maritime City Authority.*

(iii) **Shareholder**

As at the LPD, AOD is our wholly-owned subsidiary.

(iv) **Subsidiary and associated company**

As at the LPD, AOD does not have any subsidiary or associated company.

6.3.1.6 **AOL (Company No. 1467708)**

(i) **History and business**

AOL was incorporated in BVI under the BVI Business Companies Act, 2004 as an International Business Company on 4 March 2008 under its present name and commenced its business on 4 March 2008.

The principal activity of AOL is the bareboat charter of an FPSO unit.

(ii) **Share capital**

As at the LPD, the authorised share capital of AOL is USD50,000 comprising 50,000 shares of a single class of USD1.00 each. The issued and paid-up share capital of AOL as at the LPD is USD10,000 comprising 10,000 shares of a single class of USD1.00 each.

There has been no change to the issued and paid-up share capital of AOL for the past 3 years preceding the LPD.

(iii) Shareholder

As at the LPD, AOL is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

As at the LPD, AOL does not have any subsidiary or associated company.

6.3.1.7 APPL (Company No. 201025412N)

(i) History and business

APPL was incorporated in Singapore under the Singapore Companies Act (Cap. 50) as a private limited company on 1 December 2010 under the name of Armada Forbes D1 India Pte Ltd and assumed its present name on 23 March 2011.

APPL is currently dormant.

(ii) Share capital*

As at the LPD, the issued and paid-up share capital of APPL is SGD2 comprising 2 ordinary shares.

There has been no change to the issued and paid-up share capital of APPL since its incorporation on 1 December 2010 up to the LPD.

Note:

* *There is no requirement for authorised share capital and par value for shares under the Singapore Companies Act (Cap. 50).*

(iii) Shareholder

As at the LPD, APPL is our wholly-owned subsidiary.

(iv) Subsidiary or associated company

As at the LPD, APPL does not have any subsidiary or associated company.

6.3.1.8 ATGT (Company No. 37748)

(i) History and business

ATGT was incorporated in Marshall Islands under the Marshall Islands Business Corporations Act as a Marshall Islands Corporation on 28 October 2009 under its present name and commenced its business on 28 October 2009.

The principal activities of ATGT are ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies.

(ii) Share capital

As at the LPD, the authorised share capital of ATGT is USD50,000 comprising 50,000 registered shares of USD1.00 each. The issued and paid-up share capital of ATGT as at the LPD is USD10,000 comprising 10,000 registered shares of USD1.00 each.

There has been no change to the issued and paid-up share capital of ATGT since its incorporation on 28 October 2009 up to the LPD.

(iii) Shareholder

As at the LPD, ATGT is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

As at the LPD, ATGT does not have any subsidiary or associated company.

6.3.1.9 BAAI (Company No. 165839-T)

(i) History and business

BAAI was incorporated in Malaysia under the Act as a private limited company on 5 November 1987 under the name of Ikrar Emas Sdn Bhd and commenced its business on 5 November 1987. It changed its name to Usahasama Bahagia-Haven (M) Sdn Bhd on 6 July 1988. It subsequently changed its name to Haven Automation Industries Sdn Bhd on 6 July 1993 and assumed its present name on 29 July 2008.

BAAI is an investment holding company.

(ii) Share capital

As at the LPD, the authorised share capital of BAAI is RM10,000,000 comprising 7,000,000 ordinary shares of RM1.00 each and 3,000,000 redeemable preference shares of RM1.00 each. The issued and paid-up share capital of BAAI as at the LPD is RM1,760,000 comprising 1,600,000 ordinary shares of RM1.00 each and 160,000 7% redeemable cumulative preference shares of RM1.00 each.

There has been no change to the issued and paid-up share capital of BAAI for the past 3 years preceding the LPD.

(iii) Shareholder

As at the LPD, BAAI is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

The subsidiary of BAAI as at the LPD is HAISPL, details of which are set out in Section 6.4.5.1 of this Prospectus. BAAI does not have any associated company as at the LPD.

6.3.1.10 BAE (Company No. 263230-V)

(i) History and business

BAE was incorporated in Malaysia under the Act as a private limited company on 3 May 1993 under the name of Dinaz Engineering Sdn Bhd and commenced its business on 3 May 1993. It assumed its present name on 1 August 2006.

The principal activity of BAE is the provision of engineering consultancy services.

(ii) Share capital

As at the LPD, the authorised share capital of BAE is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of BAE as at the LPD is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

There has been no change to the issued and paid-up share capital of BAE for the past 3 years preceding the LPD.

(iii) Shareholders

As at the LPD, Mohd Rafael bin Mohd Shamsudin owns 99.9% of BAE whilst Baharin bin Chik owns the remaining 0.1% of BAE.

Our Company has a deemed interest in the entire issued and paid-up share capital of BAE by virtue of (i) a loan agreement and a call option agreement both dated 8 June 2006 between our Company and Mohd Rafael bin Mohd Shamsudin; and (ii) our interest, through BAAI, in the shares held by Baharin bin Chik in BAE.

(iv) Subsidiary and associated company

As at the LPD, BAE does not have any subsidiary or associated company.

6.3.1.11 BALL (Company No. LL06041)

(i) History and business

BALL was incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act, 1990 as a company limited by shares on 10 August 2007 under its present name.

BALL is currently dormant.

(ii) Share capital*

As at the LPD, the issued and paid-up share capital of BALL as at the LPD is USD1 comprising 1 ordinary share.

There has been no change to the issued and paid-up share capital of BALL for the past 3 years preceding the LPD.

Note:

* *Under the Labuan Companies Act 1990, there is no requirement for a Labuan company to have an authorised share capital and par value for its shares.*

(iii) Shareholder

As at the LPD, BALL is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

As at the LPD, BALL does not have any subsidiary or associated company.

6.3.1.12 BAOHL (Company No. 41800)

(i) History and business

BAOHL was incorporated in Marshall Islands under the Marshall Islands Business Corporations Act as a Marshall Islands Corporation on 17 June 2010 under the name of Tetra Navigation Limited and changed its name to Armada D1 India Limited on 16 November 2010. It assumed its present name on 25 April 2011.

BAOHL is currently dormant.

(ii) Share capital

As at the LPD, the authorised share capital of BAOHL is USD50,000 comprising 50,000 registered shares of USD1.00 each. The issued and paid-up share capital of BAOHL as at the LPD is USD10,000 comprising 10,000 registered shares of USD1.00 each.

Details of the changes to the issued and paid-up share capital of BAOHL since its incorporation on 17 June 2010 up to the LPD are as follows:

Date of allotment	No. of shares	Par value USD	Consideration	Cumulative issued and paid-up share capital USD
Registered shares				
26.10.2010	10,000	1.00	Subscriber shares	10,000

(iii) Shareholder

As at the LPD, BAOHL is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

The subsidiaries of BAOHL as at the LPD are BAASL and BAOCL, details of which are set out in Section 6.3.7 of this Prospectus. BAOHL does not have any associated company as at the LPD.

6.3.1.13 BASPL (Company No. 200416430E)

(i) History and business

BASPL was incorporated in Singapore under the Singapore Companies Act (Cap. 50) as a private limited company on 21 December 2004 under its present name and commenced its business on 21 December 2004.

The principal activities of BASPL are ship management, and chartering O&M of FPSO unit.

(ii) Share capital*

As at the LPD, the issued and paid-up share capital of BASPL is SGD50,000 comprising 50,000 ordinary shares.

There has been no change to the issued and paid-up share capital of BASPL for the past 3 years preceding the LPD.

Note:

* *There is no requirement for authorised share capital and par value for shares under the Singapore Companies Act (Cap. 50).*

(iii) Shareholder

As at the LPD, BASPL is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

The subsidiary of BASPL as at the LPD is BANL, details of which are set out in Section 6.3.7.1 of this Prospectus, whilst BASPL's jointly-controlled entity is FBAL, details of which are set out in Section 6.3.10.1 of this Prospectus. BASPL does not have any associated company as at the LPD.

6.3.1.14 TSL (Company No. 42769)

(i) History and business

TSL was incorporated in Marshall Islands under the Marshall Islands Business Corporations Act as a Marshall Islands Corporation on 18 August 2010 under its present name and commenced its business on 18 August 2010.

The principal activities of TSL are ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies.

(ii) Share capital

As at the LPD, the authorised share capital of TSL is USD50,000 comprising 50,000 registered shares of USD1.00 each. The issued and paid-up share capital of TSL as at the LPD is USD10,000 comprising 10,000 registered shares of USD1.00 each.

Details of the changes to the issued and paid-up share capital of TSL since its incorporation on 18 August 2010 up to the LPD are as follows:

Date of allotment	No. of shares	Par value USD	Consideration	Cumulative issued and paid-up share capital USD
Registered shares				
08.09.2010	10,000	1.00	Subscriber shares	10,000

(iii) Shareholder

As at the LPD, TSL is our wholly-owned subsidiary.

(iv) Subsidiary and associated company

As at the LPD, TSL does not have any subsidiary or associated company.

6.3.2 Direct partly-owned subsidiary of Bumi Armada

6.3.2.1 BAN (Company No. 33546-P)

(i) History and business

BAN was incorporated in Malaysia under the Act as a private limited company on 24 June 1977 under its present name and commenced its business on 24 June 1977.

The principal activities of BAN are the provision of marine transportation and support services to the offshore O&G companies and vessel construction.

(ii) Share capital

As at the LPD, the authorised share capital of BAN is RM16,900,000 comprising 16,000,000 ordinary shares of RM1.00 each and 90,000,000 redeemable preference shares of RM0.01 each. The issued and paid-up share capital of BAN as at the LPD is RM11,120,000 comprising 10,220,000 ordinary shares of RM1.00 each and 90,000,000 redeemable preference shares of RM0.01 each.

Details of the changes to the issued and paid-up share capital of BAN for the past 3 years preceding the LPD are as follows:

Date of allotment	No. of shares	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
Redeemable preference shares				
23.03.2011	90,000,000	0.01	Bonus issue	5,900,000
Ordinary shares				
25.03.2011	300	1.00	Cash	5,900,300
25.03.2011	5,219,700	1.00	Cash	11,120,000

(iii) Shareholders

As at the LPD, BAN is our 48.92%-owned subsidiary* whilst WBSB, WSSB and KMSB each owns 17.03% of BAN.

BAN is treated as our subsidiary* in our financial statements as we control the financial and operating policies of BAN pursuant to a shareholders' agreement between BAN, the shareholders of BAN and us on 25 March 2011. As the holder of the redeemable preference shares issued by BAN, we maintain the right to participate in the economic interests of BAN in accordance to the capital contributed. Hence, we consolidate BAN based on the economic interests accorded to it by the redeemable preference shares and ordinary shares held by us in BAN.

Note:

* *Our direct equity interest in BAN is 48.92%. We regard BAN as our subsidiery es our Company controls the financial and operating policies of BAN pursuant to e sharaholders agreement entered between BAN, our Company and the shareholders of BAN on 25 March 2011. In addition, as holder of redeemable preference shares ("RPS") issued by BAN, our Company maintains tha right to participate in the econemic interests of BAN in accordance with the capital contributed. Hence, our effective interest in BAN is 94.80% based on the econemic interests accorded to us by the RPS and the ordinary shares we hold in BAN.*

(iv) Subsidiaries and associated company

The subsidiaries of BAN as at the LPD are AISB, ATSB, BASM and BCOP whilst the associated company of BAN as at the LPD is BMD, details of which are set out in Sections 6.3.7 and 6.3.8.1 of this Prospectus, respectively.

6.3.3 Jointly-controlled entities of Bumi Armada

6.3.3.1 ACL (Company No. 1552071)

(i) History and business

ACL was incorporated in BVI under the BVI Business Companies Act, 2004 as a BVI Business Company on 15 October 2009 under its present name and commenced its business on 15 October 2009.

The principal activities of ACL are ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies.

(ii) Share capital

As at the LPD, the authorised share capital of ACL is USD100,000 comprising 100,000 shares of a single class of USD1.00 each. The issued and paid-up share capital of ACL as at the LPD is USD100,000 comprising 100,000 shares of a single class of USD1.00 each.

Details of the changes to the issued and paid-up share capital of ACL since its incorporation on 15 October 2009 up to the LPD are as follows:

Date of allotment	No. of shares	Par value	Consideration	Cumulative issued and paid-up share capital
		USD		USD
Shares of a single class				
14.04.2010	90,000	1.00	Cash	100,000

(iii) Shareholder

As at the LPD, ACL is our 51%-owned jointly-controlled entity whilst CESL owns the remaining 49% of ACL.

ACL is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and CESL effected on 14 April 2010, where we jointly control ACL's financial and operating policies with CESL.

(iv) Subsidiary and associated company

As at the LPD, ACL does not have any subsidiary or associated company.

6.3.3.2 ADPL (Company No. 201104521C)

(i) History and business

ADPL was incorporated in Singapore under the Singapore Companies Act (Cap. 50) as a private limited company on 24 February 2011 under its present name and commenced its business on 24 February 2011.

The principal activities of ADPL are ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies.

(ii) Share capital*

As at the LPD, the issued and paid-up share capital of ADPL is SGD128,436 comprising 128,436 ordinary shares.

There has been no change to the issued and paid-up share capital of ADPL since its incorporation on 24 February 2011 up to the LPD.

Note:

* *There is no requirement for authorised share capital and par value for sheres under the Singapore Companies Act (Cap. 50).*

(iii) Shareholders

As at the LPD, ADPL is our 50%-owned jointly-controlled entity whilst Shapoorji Pallonji & Company Limited and Clean Environment Investments Company Limited own the remaining 49% and 1% of ADPL, respectively.

(iv) Subsidiary and associated company

As at the LPD, ADPL does not have any subsidiary or associated company.

6.3.3.3 **CBJV (Company No. RC 729827)**

(i) History and business

CBJV was incorporated in Nigeria under the Nigerian Companies and Allied Matters Act, 1990 on 8 February 2008 as a private limited company under its present name and commenced its business on 8 February 2008.

The principal activities of CBJV are O&G exploration, and production and marine services.

(ii) Share capital

As at the LPD, the authorised share capital of CBJV is NGN25,000,000 comprising 25,000,000 ordinary shares of NGN1.00 each. The issued share capital of CBJV as at the LPD is NGN25,000,000 comprising 25,000,000 ordinary shares of NGN1.00 each, none of which has been paid-up.

Details of the changes to the issued share capital of CBJV for the past 3 years preceding the LPD are as follows:

Date of allotment	No. of shares	Par value	Consideration	Cumulative issued share capital*
		NGN		NGN
Ordinary shares				
03.02.2011	15,000,000	1.00	Cash	25,000,000

Note:

* *None of the issued share capital has been paid-up as at the LPD.*

(iii) Shareholders

As at the LPD, CBJV is our 40%-owned jointly-controlled entity whilst CESL owns the remaining 60% of CBJV.

CBJV is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and CESL effected on 14 April 2010, where we jointly control CBJV's financial and operating policies with CESL.

(iv) Subsidiary and associated company

As at the LPD, CBJV does not have any subsidiary or associated company.

6.3.3.4 FBAOL (Company No. U11102MH2010PLC209600)

(i) **History and business**

FBAOL was incorporated in India under the India Companies Act, 1956 as a limited company on 29 October 2010 under its present name and commenced its business on 30 November 2010.

The principal activities of FBAOL are ship owners, charterers and managers of ships and vessels, marine support and other services to O&G companies.

(ii) **Share capital**

As at the LPD, the authorised share capital of FBAOL is INR1,000,000 comprising 100,000 ordinary shares of INR10.00 each. The issued and paid-up share capital of FBAOL as at the LPD is INR1,000,000 comprising 100,000 ordinary shares of INR10.00 each.

Details of the changes to the issued and paid-up share capital of FBAOL since its incorporation on 29 October 2010 up to the LPD are as follows:

Date of allotment	No. of shares	Par value	Consideration	Cumulative issued and paid-up share capital
		INR		INR
Ordinary shares				
28.01.2011	50,000	10.00	Cash	1,000,000

(iii) **Shareholders**

As at the LPD, FBAOL is our 49.99%-owned jointly-controlled entity whilst Forbes & Company Limited owns the remaining 50.01% of FBAOL.

FBAOL is treated as our jointly-controlled entity in our financial statements pursuant to the agreement between us and Forbes & Company Limited effected on 18 January 2011, where we jointly control FBAOL's financial and operating policies with Forbes & Company Limited.

(iv) **Subsidiary and associated company**

As at the LPD, FBAOL does not have any subsidiary or associated company.

6.3.3.5 **OMV (Company No. 703842-M)**

(i) History and business

OMV was incorporated in Malaysia under the Act as a private limited company on 22 July 2005 under its present name and commenced its business on 22 July 2005.

The principal activities of OMV are the provision of integrated service solutions for the supply, O&M of support vessels and logistics and maritime transportation services.

(ii) Share capital

As at the LPD, the authorised share capital of OMV is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of OMV as at the LPD is RM7,500,001 comprising 7,500,001 ordinary shares of RM1.00 each.

Details of the changes to the issued and paid-up share capital of OMV for the past 3 years preceding the LPD are as follows:

Date of allotment	No. of shares	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
Ordinary shares				
11.08.2008	7,000,000	1.00	Cash	7,500,001

(iii) Shareholders

As at the LPD, OMV is our 49.99%-owned jointly-controlled entity whilst FVSB owns the remaining 50% plus 1 share of OMV.

OMV is treated as our jointly-controlled entity in our financial statements pursuant to the shareholders' agreement between us and FVSB effected on 7 July 2005, where we jointly control OMV's financial and operating policies with FVSB.

(iv) Subsidiary and associated company

As at the LPD, OMV does not have any subsidiary or associated company.

6.3.4 Subsidiary of AMCC

6.3.4.1 AMCCPL (Company No. 199601745H)

(i) History and business

AMCCPL was incorporated in Singapore under the Singapore Companies Act (Cap. 50) on 13 March 1996 as a limited liability company under the name of ICS-Haven (Singapore) Pte Ltd and commenced its business on 13 March 1996. It changed its name to Haven System Integration Pte Ltd on 1 October 1998 and assumed its present name on 23 April 2010.

The principal activity of AMCCPL is the chartering of ships, barges and boats with crew (freight).

(ii) Share capital*

As at the LPD, the issued and paid-up share capital is SGD2,000,000 comprising 2,000,000 ordinary shares.

There has been no change to the issued and paid-up share capital of AMCCPL for the past 3 years preceding the LPD.

Note:

* *There is no requirement for authorised share capital and par value for shares under the Singapore Companies Act (Cap. 50).*

(iii) Shareholder

As at the LPD, AMCCPL is a wholly-owned subsidiary of AMCC.

(iv) Subsidiary and associated company

As at the LPD, AMCCPL does not have any subsidiary or associated company.

6.3.5 Subsidiary of BAAI

6.3.5.1 HAISPL (Company No. 199300833C)

(i) History and business

HAISPL was incorporated in Singapore under the Singapore Companies Act (Cap. 50) as a limited liability company on 13 February 1993 under its present name and commenced its business on 13 February 1993.

The principal activities of HAISPL are the repair of ships, tankers and other ocean-going vessels and the manufacture and repair of marine engine and ship parts.

(ii) Share capital*

As at the LPD, the issued and paid-up share capital is SGD2,000,000 comprising 2,000,000 ordinary shares.

There has been no change to the issued and paid-up share capital of HAISPL for the past 3 years preceding the LPD.

Note:

* *There is no requirement for authorised share capital and par value for shares under the Singapore Companies Act (Cap. 50).*

(iii) Shareholder

As at the LPD, HAISPL is a wholly-owned subsidiary of BAAI.

(iv) Subsidiary and associated company

As at the LPD, HAISPL does not have any subsidiary or associated company.

6.3.6 Subsidiaries of BAOHL

6.3.6.1 BAASL (Company No. 47185)

(i) History and business

BAASL was incorporated in Marshall Islands under the Marshall Islands Business Corporations Act as a Marshall Islands Corporation on 25 April 2011 under its present name.

The principal activities of BAASL are ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies.

(ii) Share capital

As at the LPD, the authorised share capital of BAASL is USD50,000 comprising 50,000 registered shares of USD1.00 each. The issued and paid-up share capital of BAASL as at the LPD is USD10,000 comprising 10,000 registered shares of USD1.00 each.

There has been no change to the issued and paid-up share capital of BAASL since its incorporation on 25 April 2011 up to the LPD.

(iii) Shareholder

As at the LPD, BAASL is a wholly-owned subsidiary of BAOHL.

(iv) Subsidiary and associated company

As at the LPD, BAASL does not have any subsidiary or associated company.

6.3.6.2 BAOCL (Company No. 47503)

(i) History and business

BAOCL was incorporated in Marshall Islands under the Marshall Islands Business Corporations Act as a Marshall Islands Corporation on 10 May 2011 under its present name.

The principal activities of BAOCL are ship owners, charterers, managers of ships and vessels, marine support and other services to the offshore O&G companies.

(ii) Share capital

As at the LPD, the authorised share capital of BAOCL is USD50,000 comprising 50,000 registered shares of USD1.00 each. The issued and paid-up share capital of BAOCL as at the LPD is USD10,000 comprising 10,000 registered shares of USD1.00 each.

There has been no change to the issued and paid-up share capital of BAOCL since its incorporation on 10 May 2011 up to the LPD.

(iii) Shareholder

As at the LPD, BAOCL is a wholly-owned subsidiary of BAOHL.

(iv) Subsidiary and associated company

As at the LPD, BAOCL does not have any subsidiary or associated company.

6.3.7 Subsidiary of BASPL

6.3.7.1 BANL (Company No. RC822942)

(i) History and business

BANL was incorporated in Nigeria under the Nigerian Companies and Allied Matters Act, 1990 as a private limited company on 9 June 2009 under its present name.

BANL is currently dormant.

(ii) Share capital

As at the LPD, the authorised share capital of BANL is NGN10,000,000 comprising 10,000,000 ordinary shares of NGN1.00 each. The issued and paid-up share capital of BANL as at the LPD is NGN10,000,000 comprising 10,000,000 ordinary shares of NGN1.00 each.

There has been no change to the issued and paid-up share capital since its incorporation on 9 June 2009 up to the LPD.

(iii) Shareholders

As at the LPD, BANL is a 99%-owned subsidiary of BASPL whilst CBJV owns the remaining 1% of BANL.

(iv) Subsidiary and associated company

As at the LPD, BANL does not have any subsidiary or associated company.

6.3.8 Subsidiaries of BAN

6.3.8.1 AISB (Company No. 254483-P)

(i) History and business

AISB was incorporated in Malaysia under the Act as a private limited company on 26 December 1992 under its present name and commenced its business on 26 December 1992.

The principal activity of AISB is sea charter transportation.

(ii) Share capital

As at the LPD, the authorised share capital of AISB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of AISB as at the LPD is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

There has been no change to the issued and paid-up share capital of AISB for the past 3 years preceding the LPD.

(iii) Shareholder

As at the LPD, AISB is a wholly-owned subsidiary of BAN.

(iv) Subsidiary and associated company

As at the LPD, AISB does not have any subsidiary or associated company.

6.3.8.2 ATSB (Company No. 325713-D)

(i) History and business

ATSB was incorporated in Malaysia under the Act as a private limited company on 3 December 1994 under the name of Aspirasi Bakti Sdn Bhd. It assumed its present name on 20 January 1995.

ATSB is currently dormant.

(ii) Share capital

As at the LPD, the authorised share capital of ATSB is RM25,000,000 comprising 24,000,000 ordinary shares of RM1.00 each and 1,000,000 redeemable preference shares of RM1.00 each. The issued and paid-up share capital of ATSB as at the LPD is RM1,500,000 comprising 1,500,000 ordinary shares of RM1.00 each. There were 11,000 redeemable preference shares of RM1.00 each allotted on 7 July 1995, of which 5,390 were redeemed on 14 February 2001 and the remaining 5,610 were fully redeemed on 29 October 2004.

There has been no change to the issued and paid-up share capital of ATSB for the past 3 years preceding the LPD.

(iii) Shareholder

As at the LPD, ATSB is a wholly-owned subsidiary of BAN.

(iv) Subsidiary and associated company

The subsidiary of ATSB as at the LPD is AASB, details of which are set out in Section 6.3.11.1 of this Prospectus. ATSB does not have any associated company as at the LPD.

6.3.8.3 BASM (Company No. 457467-A)

(i) History and business

BASM was incorporated in Malaysia under the Act as a private limited company on 7 February 1998 under the name of Cita Pedoman Sdn Bhd and commenced its business on 7 February 1998. It assumed its present name on 15 May 1998.

BASM is currently dormant.

(ii) Share capital

As at the LPD, the authorised share capital of BASM is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of BASM as at the LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

There has been no change to the issued and paid-up share capital of BASM for the past 3 years preceding the LPD.

(iii) Shareholder

As at the LPD, BASM is a wholly-owned subsidiary of BAN.

(iv) Subsidiary and associated company

As at the LPD, BASM does not have any subsidiary or associated company.

6.3.8.4 BCOP (Company No. 410506-P)

(i) History and business

BCOP was incorporated in Malaysia under the Act as a private limited company on 19 November 1996 under its present name.

BCOP is currently dormant.

(ii) Share capital

As at the LPD, the authorised share capital of BCOP is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of BCOP as at the LPD is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

There has been no change to the issued and paid-up share capital of BCOP for the past 3 years preceding the LPD.

(iii) Shareholders

As at the LPD, BCOP is a 60%-owned subsidiary of BAN whilst Care Production Inc owns the remaining 40% of BCOP.

(iv) Subsidiary and associated company

As at the LPD, BCOP does not have any subsidiary or associated company.

6.3.9 Associated company of BAN

6.3.9.1 BMD* (Company No.512907-M)

(i) History and business

BMD was incorporated in Malaysia under the Act as a private limited company on 28 April 2000 under the name of Mutual Faith Unity Sdn Bhd. It assumed its present name on 13 February 2001.

The principal activities of BMD are the provision of construction and installation of offshore pipelines and structures.

(ii) Share capital

As at the LPD, the authorised share capital of BMD is RM5,100,000 comprising 5,000,000 ordinary shares of RM1.00 each and 100,000 redeemable cumulative participating preference shares of RM1.00 each. The issued and paid-up capital of BMD as at the LPD is RM5,100,000 comprising 5,000,000 ordinary shares of RM1.00 each and 100,000 redeemable cumulative participating preference shares of RM1.00 each.

The changes in the issued and paid-up share capital of BMD for the past 3 years preceding 26 March 2010 are as follows:

Date of allotment	No. of shares	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
Ordinary shares				
24.03.2009	150,000	1.00	Cash subscription	1,283,300
14.05.2009	3,716,700	1.00	Cash subscription	5,000,000

(iii) Shareholders

As at the LPD, BMD is a 45%-owned associated company of BAN whilst J. Ray McDermott, S.A. and Schematic Principle (M) Sdn Bhd own the remaining 25% and 30% of BMD, respectively.

(iv) Subsidiary and associated company

The subsidiary of BMD as at 29 March 2010 is BMDL, details of which are set out in Section 6.3.12.1 of this Prospectus.

Note:

* *JRM hed on 25 January 2011 issued a notice of termination of the shareholders' egreement dated 22 June 2001 between BAN, JRM and Schematic Principle (M) Sdn Bhd in respect of BMD. BAN is disputing such termination. For further details, please refer to Section 15.7 of this Prospectus. As such, the above information is besed on latest available information, which may or may not be availeble, and if available, may not be as at the LPD.*

6.3.10 Jointly-controlled entity of BASPL

6.3.10.1 FBAL (Company No. U35100MH2006PLC159958)

(i) History and business

FBAL was incorporated in India under the Indian Companies Act, 1956 as a public limited company on 23 February 2006 under its present name and commenced its business on 14 August 2006.

The principal activities of FBAL are ship owners, charterers and managers of ships and vessels, marine support and other services to O&G companies.

(ii) Share capital

The authorised share capital of FBAL is INR100,000,000 comprising 10,000,000 ordinary shares of INR10.00 each. As at the LPD, the issued share capital of FBAL is INR55,000,000 comprising 5,500,000 ordinary shares of INR10.00 each whilst the paid-up share capital of FBAL is INR12,500,000. The difference between the issued share capital and the paid-up share capital of FBAL, being an amount of INR42,500,000, arises from the fact that pursuant to the allotment of 5,000,000 ordinary shares of INR10.00 each on 27 April 2009, only INR1.50 per share (out of the issue price of INR10.00 per share) was called-up by FBAL and paid by the allottee. Accordingly, FBAL has an uncalled share capital of INR42,500,000.

Details of the changes to the issued and paid-up share capital of FBAL for the past 3 years preceding the LPD are as follows:

Date of allotment	No. of ordinary shares	Par value	Consideration	Cumulative issued and paid-up share capital
		INR		INR
Ordinary shares				
27.04.2009	5,000,000	10.00	Cash subscription, only INR1.50 per share was called-up	12,500,000

(iii) Shareholders

As at the LPD, FBAL is a 49%-owned jointly-controlled entity of BASPL whilst Forbes Campbell Finance Ltd owns the remaining 51% of FBAL.

(iv) Subsidiary and associated company

As at the LPD, FBAL does not have any subsidiary or associated company.

6.3.11 Subsidiary of ATSB

6.3.11.1 AASB (Company No. 325716-M)

(i) History and business

AASB was incorporated in Malaysia under the Act as a private limited company on 3 December 1994 under the name of Motif Megah Sdn Bhd. It assumed its present name on 20 January 1995.

AASB is currently dormant.

(ii) Share capital

As at the LPD, the authorised share capital of AASB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of AASB as at the LPD is RM2 comprising 2 ordinary shares of RM1.00 each.

There has been no change to the issued and paid-up share capital for the past 3 years preceding the LPD.

(iii) Shareholder

As at the LPD, AASB is a wholly-owned subsidiary of ATSB.

(iv) Subsidiary and associated company

As at the LPD, AASB does not have any subsidiary or associated company.

6.3.12 Subsidiary of BMD

6.3.12.1 BMDL*

(i) History and business

BMDL was incorporated in The Federal Territory of Labuan, Malaysia under the Labuan Companies Act, 1990 on 8 May 2002 as a company limited by shares under its present name.

The principal activity of BMDL is leasing.

(ii) Share capital*

The issued and paid-up share capital of BMDL as at 29 March 2010 is USD375,000 comprising 125,000 ordinary shares of USD1.00 each and 250,000 redeemable cumulative participating preference shares of USD1.00 each.

There has been no change in the issued and paid-up share capital of BMDL for the past 3 years preceding 29 March 2010.

Note:

* *Under the Lebuan Companies Act 1990, there is no requirement for a Labuan company to have an authorised share capital and par valua for its shares.*

(iii) Shareholder

As at 29 March 2010, BMDL is a wholly-owned subsidiary of BMD.

Note:

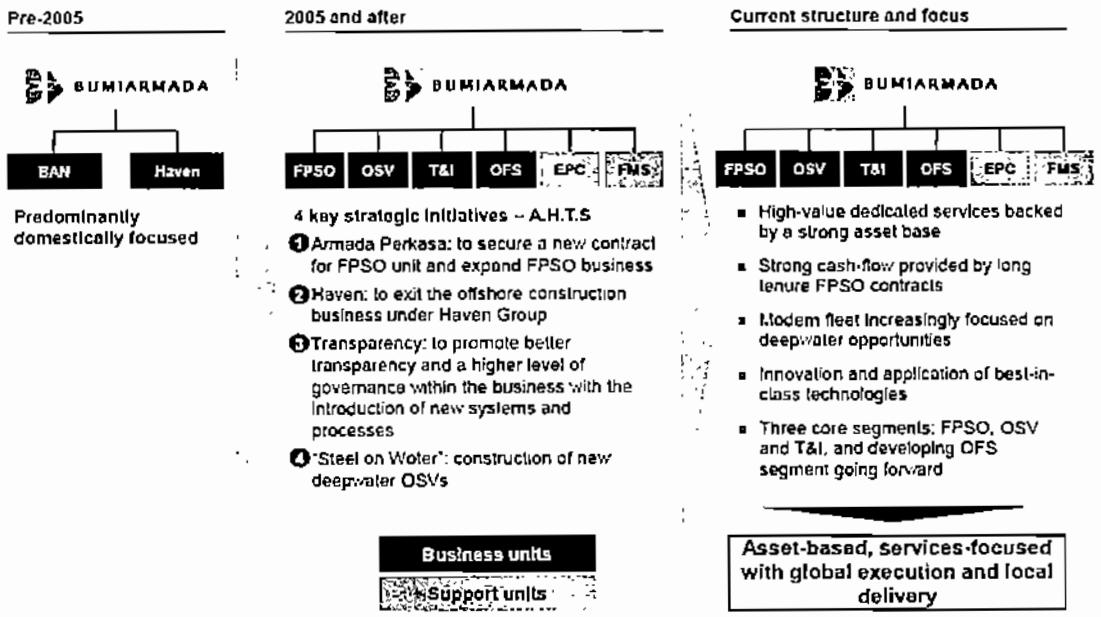
* *JRM had on 25 January 2011 issued a notice of termination of the shareholders' agreement dated 22 June 2001 between BAN, JRM and Schematic Principle (M) Sdn Bhd in respect of BMD. BAN is disputing such termination. For further details, please refer to Section 15.7 of this Prospectus. As such, the above information is besed on latest available information, which may or may not be available, and if available, may not be as at the LPD.*

7. BUSINESS OVERVIEW

7.1 Background and history

We were incorporated under the Act as a public company limited by shares on 12 December 1995 and are principally an investment holding company whilst our subsidiaries are principally involved in the provision of marine transportation, FPSO operations, vessel construction, and engineering and maintenance services to the offshore O&G companies. We were previously listed on 25 June 1997 on the then Main Board of the Kuala Lumpur Stock Exchange (now the Main Market) and were subsequently delisted on 18 April 2003 following a mandatory take-over offer by OBSB under Section 6 of the Malaysian Code of Take-overs and Mergers, 1998 as at that time, OBSB did not intend to maintain our listing status. OBSB and its concert parties had, in September 2002, acquired about 61% of our issued and paid-up share capital at that time, which triggered a mandatory take-over offer for the remaining shares in our Company not already held by OBSB and its concert parties. OBSB had undertaken the aforesaid acquisition to upgrade and increase our fleet of vessels over the long-term (which would have required significant capital expenditure) to strengthen our position in the offshore marine support services industry in Malaysia.

Our subsequent corporate transformation and strategic focus are illustrated as follows:



Prior to the restructuring in 2005, our businesses were organised under 2 main business units, namely BAN and Haven, with a predominantly domestic focus. BAN was established in 1977 to provide vessel chartering services whilst Haven was established in 1987 to provide offshore construction, installation and maintenance services.

In 2005, as part of our restructuring plan, we developed 4 key strategic initiatives under the acronym A.H.T.S.:

(i) **Armada Perkasa**: to secure a new contract for our FPSO unit and expand our FPSO business;

(ii) **Haven**: to exit the offshore construction business under Haven Group;

(iii) **Transparency**: to promote better transparency and a higher level of governance within our business with the introduction of new systems and processes; and

(iv) **"Steel on Water"**: construction of new deepwater OSVs.

The offshore construction business unit was deemed as a non-core segment in which we did not have a competitive advantage. As such, we decided to exit this business unit under our restructuring plan. The disposal of Haven Group's offshore construction operations was completed in 2008. We have also put in place new systems and processes to promote a higher level of compliance within our organisation, as a foundation for our continued growth in the industry.

In 2006, we launched our OSV fleet expansion programme, which is referred to as "Steel on Water". This programme entailed the construction of 20 new deepwater OSVs with a total value of RM1 billion. The majority of these new vessels have an output of 8,000 bhp or more and are equipped with DP capability, which enables them to operate in deepwater and harsh environments. We are the first Malaysian owner and operator of a Malaysia-built DP AHTS (Armada Tuah 100) for Kikeh Field, off Sabah, the first deepwater project in Malaysia. We have taken delivery of all 20 OSVs under this programme. We believe these newer, modern and more powerful OSVs will enable us to gain a larger share of the higher margin deepwater segment. In addition to adding new vessels, we continue to monitor the vessel mix and efficiency levels of our overall fleet to ensure we have the right balance between vessel age and customer requirements. In 2010, we disposed 6 OSVs with an average age of 19 years.

The FPSO business has also been a key focus area as FPSO contracts provide a stable and recurring cashflow for our offshore business. In 2007, we secured a new contract for our first FPSO, the Armada Perkasa, which commenced operations for Afren in the Okoro-Setu Field, Nigeria in May 2008. This was our first major step towards establishing our presence in the African market. Since then, the Armada Perkasa and our second FPSO, the Armada Perdana, which has been operational since December 2009, have met all their contractual uptime performance requirements. In 2009, we commenced the charter for our third FPSO, the Armada Perwira (which has since been renamed the Armada TGT 1), which is currently undergoing conversion and is expected to be operational in the third quarter of 2011. In December 2010, we acquired the Griffin Venture (which has since been renamed the Armada Prima) as a conversion candidate for our next FPSO project with Apache Julimar Pty Ltd for the Balnaves development in Australia, for which we secured a conditional letter of award on 30 March 2011.

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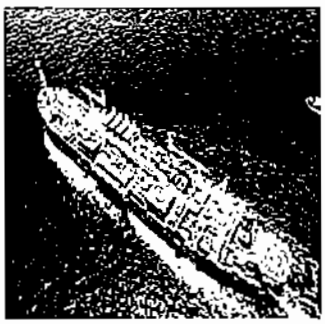
7.2 Overview

We are a Malaysia-based international offshore services provider to the O&G industry in Malaysia and over 10 other countries in Asia, Africa and Latin America. We provide our services through owning and operating marine assets across the O&G value chain from exploration through field development and construction, production and operations and eventually, decommissioning. Having worked extensively in shallow water, we are increasing focus on deepwater and harsh environments and work with customers ranging from NOCs and IOCs to Independents. We are the largest owner and operator of OSVs in Malaysia and one of the largest in South East Asia *(source: Bumi Armada Independent Market Research Report by ISL)*. We have more than 40 OSVs, 4 FPSOs and under the T&I business, we have a DLB in the Caspian Sea and we are also acquiring the Acergy Hawk, a DP2 subsea installation vessel.

We provide offshore services via 4 business units and 2 support units:

(i) Business units



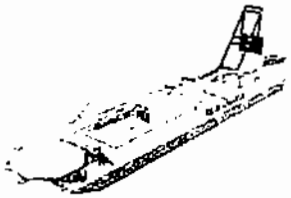
FPSO

Our 2 operational FPSOs, the Armada Perkasa and Armada Perdana, are operating in Nigeria. We have secured a contract with Vietnam's HLJOC for our third FPSO, the Armada Perwira (which has since been renamed as the Armada TGT 1), which is expected to commence operations in the third quarter of 2011. In December 2010, we acquired the Griffin Venture (which has since been renamed the Armada Prima) as a conversion candidate for our next FPSO project with Apache Julimar Pty Ltd for the Balnaves development in Australia, for which we secured a conditional letter of award on 30 March 2011.

OSV

We own and operate a modern fleet of over 40 vessels comprising AHTS/AHT vessels, SSVs, utility vessels and accommodation workboats/workbarges to support the offshore O&G industry.

T&I



We provide pipelay, heavy lift, subsea installation, floater and mooring installation and marine spread support services. Previous work includes installation of the pre-set moorings for the FPSO Armada Perdana and the mooring hook-up using an adapted in-house 12,000 bhp vessel. We own and operate a DLB under contract to PETRONAS Carigali in the Caspian Sea, off Turkmenistan. We are also acquiring the Acergy Hawk, a DP2 subsea installation vessel.

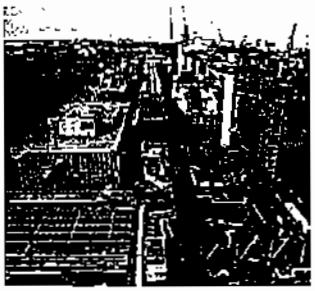
OFS

We plan to provide a range of services required to cover all aspects of an oil field life cycle, from exploration through development, production and abandonment. We have initiated our exposure to this segment with the conversion and sale of an FSO to Petrofac, for the Sepat Field, off Terengganu, Malaysia.

(ii) Support units

FMS

We conduct in-house management and operations of our vessel fleet in all aspects of O&M. We have access to over 1,300 crew members, and have offices and shore bases in Malaysia, Singapore, India, Brazil, Congo, Mexico, Nigeria and Turkmenistan.



EPC

We provide in-house EPICC services which entail engineering, design, procurement and project management services for our FPSOs, FSOs, modules, turret mooring systems, riser systems and pipelay and crane vessels. We have extensive experience in EPICC services from conceptual design through to commissioning and start-up. We have completed the conversion of both our current operating FPSOs, and the construction and integration of the DLB Armada Installer.

The diagram below shows the lifecycle of an offshore O&G project and illustrates how our customers may utilise our offshore support services in various stages throughout the lifecycle:

OFFSHORE FIELD LIFECYCLE

		Surveying and exploration Seismic surveying and drilling	Development/ Construction Installation of platforms, subsea structures and pipelines	Production Oil extraction, supply/storage and maintenance of production units	De-commissioning Removal of installations
Business units	FPSO			✓	
	OSV	✓	✓	✓	✓
	T&I		✓	✓	✓
	OFS	✓	✓	✓	
Support units	FMS	✓	✓	✓	✓
	EPC		✓	✓	✓

We have offices and shore bases set up in various locations in Asia, Africa and Latin America, which allow us to provide support services for our vessel operations in Malaysian and international markets. The table below sets forth the locations and functions of our offices and shore bases:

Location		Function
Malaysia	:	Headquarters in Kuala Lumpur and 3 shore bases located in Miri, Labuan and Kemaman to provide support and FMS for customers in South East Asia
Singapore	:	Office to support the EPICC unit
India	:	Office in Mumbai, India for our joint-venture with India's Forbes & Company Limited offering services for the Indian offshore O&G market
UAE	:	Marketing office in Dubai for our activities in this region
Africa	:	Shore bases in Congo and Nigeria to support our operations in West Africa and an office in Lagos, Nigeria for our joint-venture with Nigeria-based CESL for projects in Africa
Turkmenistan	:	Shore base in Turkmenbashy and an office in Ashgabat to support our operations in the Caspian Sea
Mexico	:	Shore base to support our operations in Mexico
Brazil	:	Marketing office in Rio de Janerio, Brazil to support our expansion into this market

As at the LPD, we offer our offshore support services in various countries in Asia, Africa and Latin America as set out below:

Countries	FPSO	OSV	T&I	OFS
Asia				
Brunei Darussalam		✓		
Malaysia		✓		✓
Turkmenistan			✓	
Africa				
Congo		✓		
Nigeria	✓	✓		
Latin America				
Brazil		✓		
Mexico		✓		
Venezuela		✓		

As we operate in various countries in Asia, Africa and Latin America, we are subject to risks inherent in conducting our business internationally, as set out in Section 5.2 of this Prospectus. We attempt, to the extent possible, to minimise our exposure to these risks through contract terms and conditions as well as procuring additional insurance such as political risk insurance and kidnap and ransom insurance. Further, we believe we have taken necessary measures to ensure that our critical business, operations, equipment, assets and personnel have adequate insurance coverage, which also meets any applicable regulatory requirements in the countries in which we operate.

For the year ended 31 December 2010 and the 3 months ended 31 March 2011, we achieved PAT of RM351 million and RM82 million, respectively and EBITDA of RM714 million and RM185 million, respectively. Revenue for the year ended 31 December 2010 was recorded at RM1,241 million of which our FPSO, OSV and T&I businesses contributed approximately 44.6%, 33.8% and 21.6%, respectively, whilst revenue for the 3 months ended 31 March 2011 was recorded at RM376 million of which our FPSO, OSV, T&I and OFS businesses contributed approximately 33.3%, 26.0%, 19.6% and 21.1%, respectively. Approximately 84.8% and 67.7% of our revenue for the year ended 31 December 2010 and the 3 months ended 31 March 2011, respectively, was derived from outside of Malaysia.

7.3 Milestones and key achievements

Some of our recent business milestones and key achievements are as follows:

Year	Achievements/Milestones
2006	• Awarded the Grand Award for Safety Excellence by EMEPMI
	• Exited the construction services business under Haven Group and established strategy to focus on offshore marine business
	• Launch of our "Steel On Water" programme for our fleet expansion of 20 new OSVs
	• First Malaysian owner and operator of a Malaysia-built DP AHTS (Armada Tuah 100) for Kikeh Field, off Sabah, the first deepwater project in Malaysia
2007	• Third contract secured for the Armada Perkasa, Malaysia's first FPSO, for Afren's operations in the Okoro-Setu Field, Nigeria
	• Signed joint-venture with Forbes & Company Limited, India and established FBAL
	• Awarded the Star Gold Award, an award that recognises Safety Excellence for 2007 by EMEPMI
	• Initiated the first DP training programme in Malaysia together with the Malaysian Maritime Academy ("ALAM")
2008	• Secured contract for the FPSO Armada Perdana, for operations of ENI's subsidiary, NAE's in the Oyo Field, in Nigeria
	• Secured our first DLB contract for the Armada Installer, for PETRONAS Carigali's operations in the Caspian Sea, Turkmenistan
	• The Armada Perkasa achieved first oil for Afren
	• The EP Asia Pacific Shell Safety Recognition Award 2008 was awarded for our outstanding contribution to building a culture of compliance and intervention towards "Living Goal Zero"
	• Our Company and BAE awarded the ISO 9001:2008 for the full range of our services, from vessel procurement through to vessel operations
2009	• Secured contract for our third FPSO, the Armada Perwira (which has since been renamed the Armada TGT 1), for a 7-year HLJOC contract in the Te Giac Trang Field, Vietnam
	• Marine Money International Asia's Bank Debt Deal of the Year 2008/2009 Award for our success in securing the project financing for the FPSO Armada Perdana
	• Award from Sarawak Shell Berhad and Sabah Shell Petroleum Co. Ltd, for achieving a "Four-Year Goal Zero Days", which signifies 4 years of incident-free operations
	• Awarded the Merit Award in recognition of HSE performance by PETRONAS Carigali Sdn Bhd
	• The FPSO Armada Perdana achieved first oil for NAE
	• First DP Master graduated under the DP training programme initiated with ALAM

7. BUSINESS OVERVIEW *(cont'd)*

Year	Achievements/Milestones
2010	• Frost & Sullivan's 2010 Malaysia Excellence Award – Oil & Gas Services Provider of the Year
	• The Armada Tuah 9 and the Armada Tuah 20 receive Safety Recognition for "Hurt-Free Operation <100,000 manhours" from EMEPMI
	• Recognition of HSE performance by our vessels contracted to the Drilling Department Development Division of PETRONAS Carigali Sdn Bhd for their "250 days free of Total Recordable Case"
	• Award from Shell Malaysia Upstream International, Sarawak Shell Berhad and Sabah Shell Petroleum Company Limited celebrating "1900 Goal Zero Days" for safe operations, which signifies 1,900 days of incident-free operations
	• The FPSOs, the Armada Perkasa and the Armada Perdana achieved 365 days without LTI
	• Successfully delivered and commissioned the DLB Armada Installer in the Caspian Sea and completed the first campaign for PETRONAS Carigali
	• Awarded the first deepwater PSV contract for the Gumusut deepwater project, off Sabah, Malaysia, by Shell Sarawak Berhad
	• Our Company and BAE were awarded the OHSAS 18001:2007 for HSE Management System procedures to identify, reduce and control health and safety concerns
	• Our Company and BAE were awarded the ISO 14001:2004 for Environmental Management Certification
	• Acquired the Griffin Venture (which has since been renamed the Armada Prima) as a conversion candidate for our next FPSO project
2011	• The Armada Tuah 10 received HSE Award for "1-year Operation without LTI and Downtime" from Petrovietnam Technical Services Corporation
	• The Brand Laureate Master Awards 2010-2011 for best brands in Logistics - Offshore and Marine Support Vessels by The Asia Pacific Brands Foundation
	• Award from EMEPMI for Marine Contractor Of The Quarter Award 4Q 2010 in Recognition of Outstanding Contribution to Safety
	• Award from EMEPMI for Marine Contractor Of The Year Award 2010 in Recognition of Outstanding Contribution to Safety
	• Conditional Letter of Award from Apache Julimar Pty Ltd for the development of an FPSO for the Balnaves development in Australia
	• Awarded the EPC and installation contracts by Petrofac for the FSO for the Sepat Field, off Terengganu, Malaysia, the first under the marginal fields initiative of the Malaysian Economic Transformation Programme
	• Awarded our first contract in Brazil, with a firm 4-year charter of the Armada Tuah 104 by Petróleo Brasileiro S.A. (Petrobras)
	• Acquiring the Acergy Hawk as part of our T&I business expansion to offer subsea and IRM services
	• Secured a purchase option on the Aframax tanker, Monte Umbe, as a conversion candidate for our next FPSO project in Asia and in respect of which FBAOL has secured a letter of award from Oil and Natural Gas Corporation Limited on 25 June 2011, which will be located at D1 Field, Western Offshore Areas, India

7.4 Business units

7.4.1 FPSO

We provide FPSO units, which are vessels (either a converted oil tanker or newbuild) that are used for receiving hydrocarbons sourced from remote oil fields. The hydrocarbons received are processed into crude oil and stored on-board the vessel, to be later offloaded into an oil tanker or pipeline. The gas that is extracted and processed on board the FPSO can either be used or handled in the following manner:

(i) for powering the compressors, power generators or other equipment on the FPSO;

(ii) re-injected into the wells to increase pressure in the reservoir to improve the extraction of more hydrocarbons;

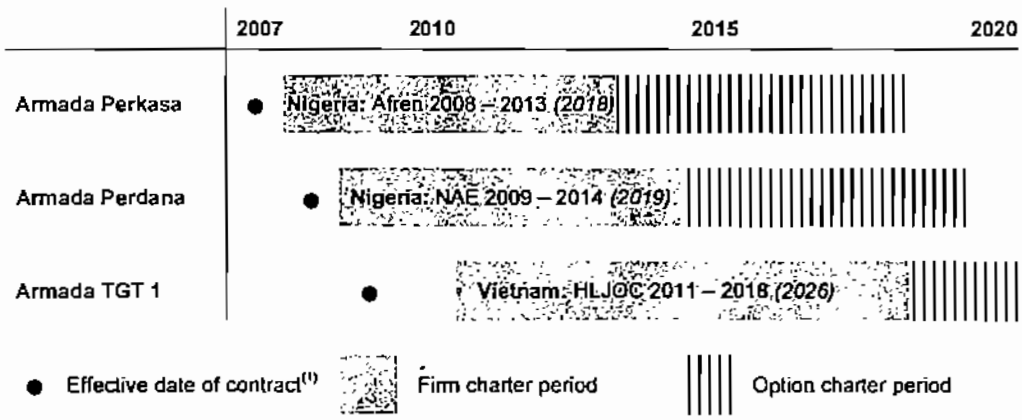
(iii) exported to the shore via a pipeline if there is excess amounts of produced gas; or

(iv) where necessitated by safety and in limited offset conditions, the gas is routed to flare.

The FPSO is a technical and cost-effective solution for application in locations which are remote or do not have the required processing and production infrastructure. It eliminates the need to install large fixed oil production platforms or to lay expensive long-distance seabed pipelines from oil fields to a receiving terminal. In a more benign ocean environment, the FPSO will be spread moored. In areas where natural hazards such as typhoons, cyclones or icebergs are prevalent, an FPSO may have systems in place to release their mooring and riser system and move away to safety during an emergency.

We are the first company to own and operate an FPSO in Malaysia with the launch of the Armada Perkasa in 1997. We have successfully redeployed the Armada Perkasa to 3 different fields on 2 different continents, and we believe we are the only FPSO operator to have redeployed the same FPSO 3 times *(source: Bumi Armada Independent Market Research Report by ISL)*.

The contract structure for our FPSOs (save for Armada Prima for which we have secured a conditional letter of award on 30 March 2011 and our next FPSO project for which FBAOL has secured a letter of award on 25 June 2011) is illustrated as follows:



Note:

(1) Indicates commencement of lease period.

The total NBV of our FPSOs as at 31 March 2011 is RM1,752 million.

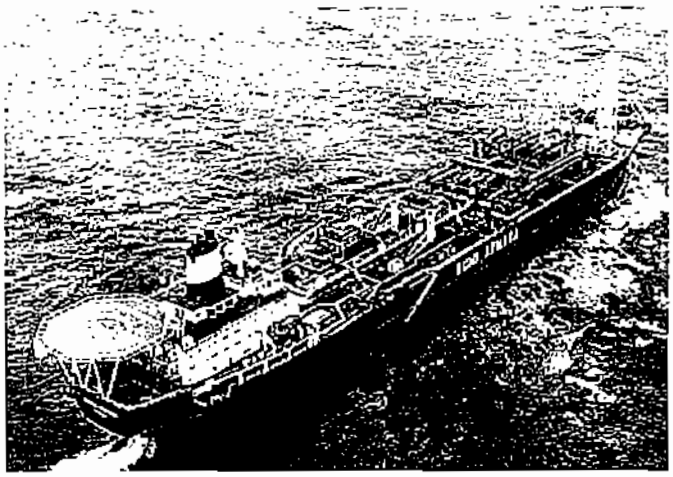
We intend to grow our FPSO business by leveraging on the combined industry experiences of our FPSO and EPC teams. All FPSO-related design, engineering, procurement, project management and other capabilities are available in-house under the ambit of our EPC team. Please refer to Section 7.5.2 for further details on our in-house EPC unit.

Further details of our FPSOs are as follows:

(i) Armada Perkasa

The Armada Perkasa was initially a 1975 Panamax sized tanker with storage capacity for 360,000 barrels of crude oil which was converted and commissioned as an FPSO in 1997 for IPC Malaysia Ltd at the Bunga Kekwa Field, located off the coast of Malaysia and Vietnam under the Malaysia-Vietnam Commercial Arrangement Area. We believe it is one of the few FPSOs in the world to have serviced more than 2 contracts and is currently moored at a significantly shallow water depth of 13 metres, which required a complex mooring solution. Following its first 7-year charter at the Bunga Kekwa Field, it went on to service the Baram Field, offshore Miri, for PETRONAS Carigali Sdn Bhd in 2005/2006. Currently, the Armada Perkasa is in operation for its third FPSO project with Afren in the Okoro-Setu Field, Nigeria. The bareboat charter with Afren is for an initial firm 5-year period, which may be extended for additional 1 year periods over a further 5-year period.

The total net production of the Armada Perkasa for its current contract up to the LPD is 16.1 million bbls.



Specifications:

First oil	May 2008
Oil production capacity	30,000 bpd
Storage capacity	298,357 bbls
Length	211.2 metres
Breadth	32.2 metres
Depth	17.5 metres
Deadweight tonne	58,557 tonnes
Mooring type	10 point spread mooring
Hull type	Single hull
Accommodation	67 persons
Year built	1975
Year converted to an FPSO	1997
Conversion shipyard	Keppel Shipyard, Singapore
Class	ABS
Flag	Panama

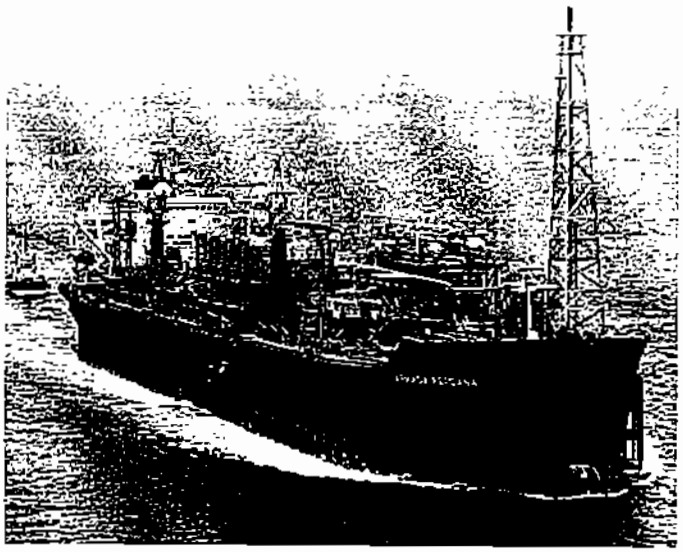
(ii) **Armada Perdana**

We secured the contract for our second FPSO, the Armada Perdana, from ENI's subsidiary, NAE in the Oyo Field, Nigeria in April 2008 with first oil produced in December 2009. The conversion of the Armada Perdana was engineered and project-managed in-house. In connection with this, our subsidiaries, AOL and BASPL, had entered into with NAE, a bareboat charter party contract ("**Perdana Bareboat Charter**") and an O&M contract ("**Perdana O&M Contract**").

The Perdana Bareboat Charter is for a firm 5-year contract period, of which the contract period may be extended by NAE for 5 additional periods of 12 months each. Similarly, the Perdana O&M Contract is for a firm 5-year contract period and NAE may extend the contract period for 5 additional periods of 12 months each.

We are currently in the midst of formalising an amendment contract with NAE to revise the respective contract periods for the Perdana Bareboat Charter and the Perdana O&M Contract from a firm 5-year term to a firm 10-year term.

The total net production for the Armada Perdana up to the LPD is 4.3 million bbls.



Specifications:

First oil	December 2009
Production capacity	40,000 bpd
Storage capacity	1.1 million bbls
Length	308.7 metres
Breadth	46.0 metres
Depth	22.6 metres
Deadweight tonne	156,483 tonnes
Mooring type	12 point spread mooring
Hull type	Single hull with side impact protection
Accommodation	87 persons
Year built	1984
Year converted to an FPSO	2009
Conversion shipyard	Keppel Shipyard, Singapore
Class	ABS
Flag	Panama

(iii) Armada TGT 1 (formerly known as Armada Perwira)

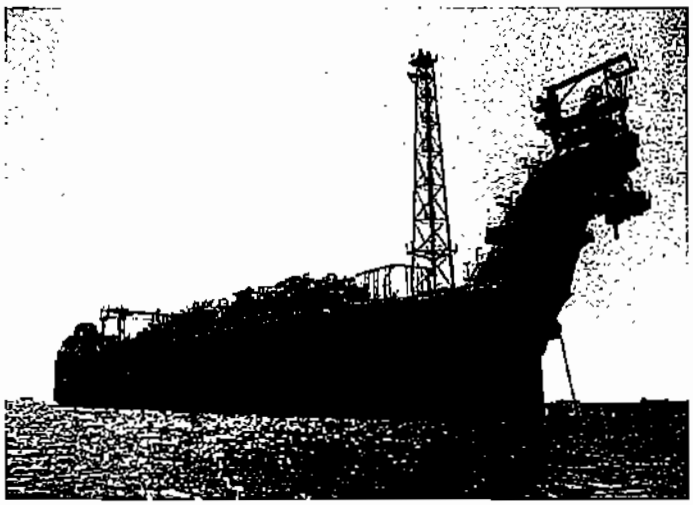
We secured the contract for our third FPSO, the Armada Perwira (which has since been renamed Armada TGT 1), in late-2009. It is expected to start production in the third quarter of 2011 for HLJOC in Vietnam. The bareboat charter and the O&M agreement in respect of the HLJOC contract is for an initial firm 7-year period, which may be extended for additional 1 year periods over a further 8-year period.

Specifications:

Production capacity	55,000 bpd
Storage capacity	620,000 bbls
Length	274.0 metres
Breadth	47.8 metres
Depth	22.8 metres
Deadweight tonne	147,000 tonnes
Mooring type	External turret
Hull type	Double hull
Accommodation	100 persons
Year built	1996
Year converted to an FPSO	2011
Conversion shipyard	Keppel Shipyard, Singapore
Class	ABS
Flag	Marshall Island

(iv) Armada Prima (formerly known as the Griffin Venture)

In December 2010, we acquired the Griffin Venture (which has since been renamed the Armada Prima) as a conversion candidate for our next FPSO project with Apache Julimar Pty Ltd for the Balnaves development in Australia, for which we secured a conditional letter of award on 30 March 2011.



Specifications:

Storage capacity	805,035 bbls
Length	240.7 metres
Breadth	41.8 metres
Depth	22.9 metres
Deadweight tonne	102,123 tonnes
Mooring type	External turret
Hull type	Double hull
Flag	Australia

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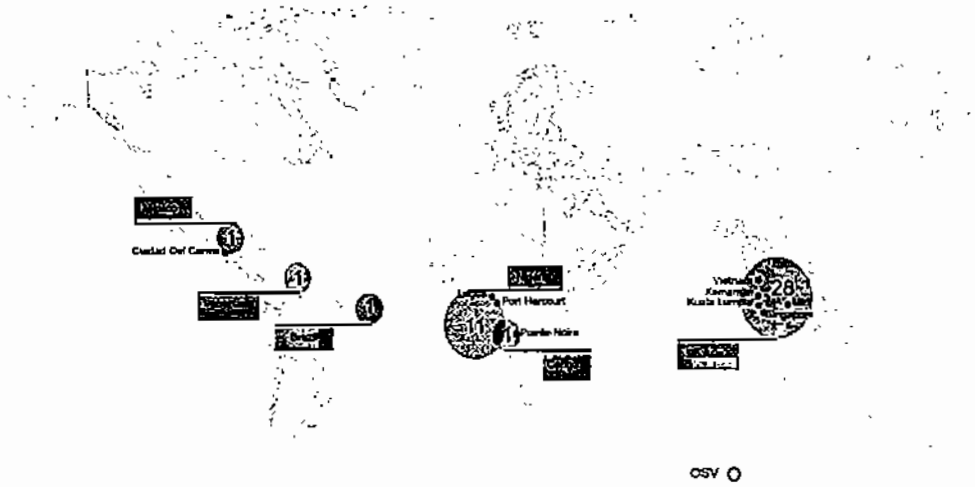
7.4.2 OSVs

We own, operate and charter vessels to provide support for exploration, development and production activities in the offshore O&G industry. Equipped with in-house expertise, we are also able to project-manage the construction of our vessels.

We are one of the largest OSV owners and operators in South East Asia *(source: Bumi Armada Independent Market Research Report by ISL)* with over 40 vessels of various types and have operated in over 10 countries including Malaysia, Brunei, Vietnam, Congo, Nigeria, Venezuela and Mexico.



We charter our vessels on a time charter or bareboat basis, either on a long charter or short charter. The following are the various types of OSV in our fleet and their respective functions:

Vessel type	No. of vessels	Examples of usage
AHTS/AHT	25	Used to support offshore oil rigs, platforms and other offshore installations, tow mobile structures to location and position their mooring anchors, making sure anchors are placed in a well-suited position.
Accommodation workbarge/workboats	8	Used to support offshore construction activity. The main factors related to these vessels are the number of people that can be accommodated on-board (number of beds), the clear deck space (for carrying out maintenance or construction of equipment) and the capacity of the crane fitted on the vessel.
Mooring launch	3	Used to assist mooring and unmooring of larger vessels, to a single-point mooring or multi-buoy mooring system offshore.
Standby vessel	1	Used as a safety vessel which remains in an offshore location when any offshore operations are underway on the offshore rig, platform or installation. In the event that there is an emergency, these vessels provide rescue activities, fire-fighting or other safety intervention operations.

7. BUSINESS OVERVIEW *(cont'd)*

Vessel type	No. of vessels	Examples of usage
SSV	2	Used as a "transport truck" for the offshore O&G industry, for the provision and transportation of equipment, cargo pipe, cement, fuel oil and freshwater between supply bases and offshore platforms and facilities. SSVs tend to comprise smaller vessels that operate in shallow waters.
Utility vessels	2	This multipurpose vessel is commonly used to ferry offshore construction personnel, production materials, machineries and equipment between supply bases, offshore platforms, drilling vessels and construction barge.
Others	2	Comprises an oil recovery vessel and a survey support vessel. Oil recovery vessels are used to recover oil spills and survey support vessels are used to support seismic surveys.
Total	43	

We replaced older, lower-end and lower tonnage vessels with our "Steel on Water" OSV fleet expansion programme which was launched in 2006 and was completed in 2010. The programme outlined the construction of 20 new OSVs with a total value of RM1 billion. This programme was initiated in anticipation of shifting trends in E&P, away from continental shelf shallow waters into deeper waters and harsher environments which require more sophisticated and higher horsepower OSVs. These newer vessels, with output in excess of 8,000 bhp, are equipped with DP capability and digital global positioning systems that allow the vessels to stay at a programmed position using computer-aided thrusters and propulsion systems. The total installed bhp of our OSVs is 220,000 bhp.

We believe that the introduction of these new OSVs has enabled us to strengthen our position in the international offshore sector and our early commitment to a newbuild programme in 2006 was an opportune move, enabling us to secure shipyard slots and procure major equipment and machinery at competitive rates ahead of our competitors. We believe our timely investment in fleet expansion and fleet renewal gave us a cost advantage over our competitors.

In addition to adding new OSVs, we continue to monitor the vessel mix and efficiency levels of our overall fleet to ensure we have the right balance between vessel age and customer requirements. Currently, we do not have a formal vessel replacement policy with regards to OSVs.

7. BUSINESS OVERVIEW *(cont'd)*

As at the LPD, over 50% of our fleet is aged 5 years or less and the entire OSV fleet has an average age of about 7 years. Over 90% of our OSV fleet is on time charter to our customers. Details of our vessels are as follows:

No.	Vessel[#(1)]	Type	Year built	Age	bhp	Bed	DP	Current location	Status*	NBV as at 31 March 2011
										RM
1.	Armada Tuah 6	AHT	1997	14	4,000	n/a	n/a	Labuan	Short charter	8,088,618
2.	Armada Tuah 8	AHT	2002	9	4,840	n/a	n/a	Kemaman	Long charter	12,549,876
3.	Armada Tuah 9	AHT	2002	9	5,040	n/a	n/a	Kemaman	Long charter	13,257,444
4.	Armada Tuah 10	AHT	2003	8	5,040	n/a	n/a	Kemaman	Long charter	15,521,145
5.	Armada Tugas 4	AHT	2005	6	4,000	n/a	n/a	Nigeria	Long charter	12,696,710
6.	Armada Tuah 20	AHTS	2004	7	5,040	n/a	n/a	Nigeria	Unemployed	20,483,941
7.	Armada Tuah 21	AHTS	2005	6	5,040	n/a	n/a	Labuan	Long charter	21,504,584
8.	Armada Tuah 22	AHTS	2005	6	5,040	n/a	n/a	Nigeria	Long charter	22,054,183
9.	Armada Tuah 23	AHTS	2006	5	5,040	n/a	n/a	Kemaman	Long charter	22,491,590
10.	Armada Tuah 24	AHTS	2006	5	5,040	n/a	n/a	Labuan	Unemployed	22,523,245
11.	Ventures Tuah Satu**	AHTS	2007	4	6,000	n/a	n/a	Kemaman	Long charter	Not available
12.	Ventures Tuah Dua**	AHTS	2007	4	5,000	n/a	n/a	Kemaman	Long charter	Not available
13.	Armada Tuah 25	AHTS	2007	4	5,040	n/a	DP1	Kemaman	Long charter	30,621,200
14.	Armada Tuah 26	AHTS	2007	4	5,040	n/a	DP1	Labuan	Long charter	30,527,570
15.	Armada Tuah 80	AHTS	2008	3	8,000	n/a	DP1	Labuan	Short charter	58,503,201
16.	Armada Tuah 82	AHTS	2009	2	8,000	n/a	DP1	Vietnam	Long charter	59,754,596
17.	Armada Tuah 81	AHTS	2010	1	8,000	n/a	DP1	Nigeria	Long charter	74,306,039
18.	Armada Tuah 83	AHTS	2010	1	8,000	n/a	DP1	Nigeria	Unemployed	69,196,989
19.	Armada Tuah 84	AHTS	2010	1	8,000	n/a	DP1	Kemaman	Long charter	61,706,478
20.	Armada Tuah 85	AHTS	2010	1	8,000	n/a	DP1	Kemaman	Short charter	67,464,124
21.	Armada Tuah 100	AHTS	2006	5	9,000	n/a	DP2	Labuan	Long charter	53,145,758
22.	Armada Tuah 101	AHTS	2007	4	9,000	n/a	DP2	Nigeria	Short charter	49,706,113
23.	Armada Tuah 102	AHTS	2008	3	12,000	n/a	DP2	Kemaman	Long charter	73,908,689
24.	Armada Tuah 104^	AHTS	2009	2	12,000	n/a	DP2	Brazil	Short charter	101,726,831

7. BUSINESS OVERVIEW *(cont'd)*

No.	Vessel#(1)	Type	Year built	Age	bhp	Bed	DP	Current location	Status*	NBV as at 31 March 2011 RM
25.	Armada Tuah 105	AHTS	2009	2	12,000	n/a	DP2	Venezuela	Long charter	95,006,003
26.	Armada Goodman	Accommodation workboat	1991	20	3,000	95	n/a	Labuan	Short charter	7,198,095
27.	Armada Topman	Accommodation workboat	1991	20	3,000	95	n/a	Labuan	Short charter	6,402,763
28.	Armada Iman	Accommodation workboat	1998	13	4,000	140	n/a	Labuan	Long charter	19,750,441
29.	Armada Salman	Accommodation workboat	2002	9	3,600	132	n/a	Brunei	Long charter	22,497,063
30.	Armada Firman	Accommodation workboat	2004	7	4,000	200	n/a	Kemaman	Long charter	30,207,554
31.	Armada Firman 2	Accommodation workboat	2008	3	6,000	200	DP2	Nigeria	Short charter	69,013,255
32.	Armada Firman 3	Accommodation workboat	2008	3	6,000	200	DP2	Mexico	Long charter	66,964,344
33.	Mahakam	Accommodation workbarge	2004	7	n/a	300	n/a	Congo	Long charter	34,305,065
34.	Armada Mutiara 2	Mooring launch	2008	3	750	n/a	n/a	Labuan	Long charter	3,527,405
35.	Armada Mutiara 3	Mooring launch	2009	2	750	n/a	n/a	Miri	Long charter	3,499,255
36.	Armada Mutiara 4	Mooring launch	2009	2	2 x 400	n/a	n/a	Miri	Long charter	3,474,825
37.	Armada Aman	Standby vessel	1996	15	3,600	n/a	n/a	Kemaman	Long charter	5,037,364
38.	Armada 5***	SSV	1984	27	2,600	n/a	n/a	Nigeria	Unemployed	Not available
39.	Armada 6***	SSV	1984	27	2,600	n/a	n/a	Nigeria	Long charter	Not available
40.	Armada Tugas 1***	Utility vessel	2003	8	2,500	n/a	n/a	Nigeria	Unemployed	Not available
41.	Armada Tugas 3	Utility vessel	2005	6	3,200	n/a	n/a	Kemaman	Unemployed	8,626,763
42.	Armada Tugas 2	Oil recovery vessel	2003	8	3,000	n/a	n/a	Brunei	Long charter	10,343,666
43.	Armada Hydro***	Survey support vessel	1988	23	1,060	n/a	n/a	Nigeria	Unemployed	Not available
	Average age			7						

7. BUSINESS OVERVIEW *(cont'd)*

Notes:

n/a	*Not applicable.*
*	*Long charter refers to tenures of more then 18 months whilst short charter refers to tenures of less then 18 months.*
**	*Owned by our jointly-controlled entity, OMV.*
***	*Owned by our jointly-controlled entity, ACL.*
#	*All our vessels are registered under BAN, save for Armada 5 and Mahekam, of which AFSL and AML are the registered owners, respectively.*
^	*Capable of being converted to a mooring and subsea installation vessel for use in our T&I business unit.*
(1)	*Excludes the PSV which is currently under construction pursuant to the PSV contract awarded by Shell Sarawak Berhad for the Gumusut deepwater project, off Sabah, Malaysia.*

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The charter rates of each type of vessel for the 3 months ended 31 March 2011 are as follows:

		3 months ended 31 March 2011		
Vessel type	**Basis**	Low rate	High rate	Utilisation rate[2]
AHTS/AHT	USD/bhp per day	1.40	2.62	65.8%
Accommodation workboat/ barge	USD/bed per day	83.35	257.50	63.9%
Other OSVs[1]	USD/unit per day	1,269	5,500	53.7%

Notes:

(1) Including mooring launches, SSVs, utility vessels and other vessels.

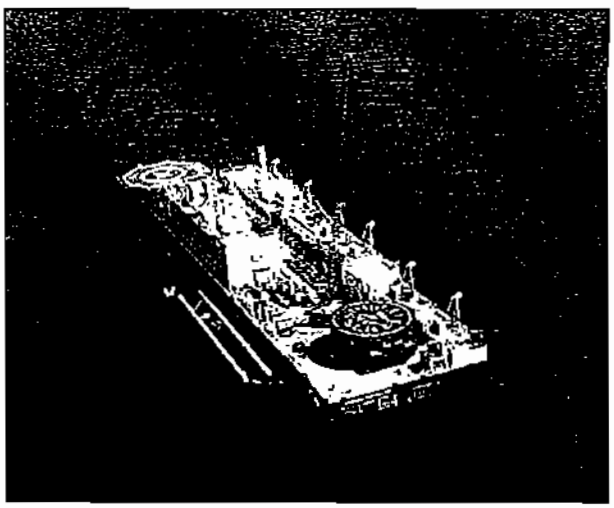
(2) Please refer to Section 12.2.7 of this Prospectus for the computation formula of utilisation rate.

For historical charter rates for the years ended 31 December 2008, 2009 and 2010, and the 3 months ended 31 March 2011, please refer to Section 12.2.7 of this Prospectus.

7.4.3 T&I

Our T&I services currently cover 2 main areas: pipeline and platform installation and floater installation (including riser hook up).

The Armada Installer, a key marine asset for our T&I business unit, is a purpose-built DLB constructed at Keppel Shipyard in Singapore and integrated in the Caspian Sea. This vessel, which can operate in water depths of between 8 metres and 300 metres, has been commissioned and in operation since the second quarter of 2010 in the Caspian Sea, off Turkmenistan for an 8-year contract awarded by PETRONAS Carigali.



Specifications:

Pipe-laying capability	4-inch – 48-inch diameter pipe
Lifting capability	800 tonnes
Deadweight tonne	11,896 tonnes (gross), 3,569 tonnes (net)
Mooring type	10 point mooring system, electric drive winches
Accommodation	240 beds
Year built	2009
Construction shipyard	Keppel Shipyard, Singapore
Class	DNV
Flag	Panama

The Armada Installer has completed her first year of pipelaying operations and achieved the following:

(i) Completed laying of 2 lengths of 12-inch diameter pipe of 7 kilometres each;

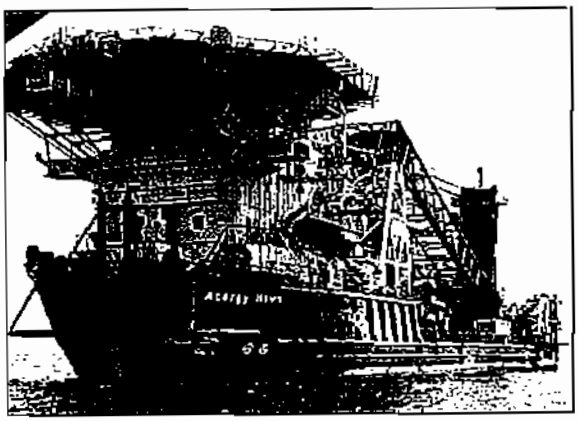
(ii) Completed laying of 72 kilometres of 12-inch diameter pipe and 4-inch diameter piggy back pipe; and

(iii) Completed laying of 72 kilometres of 26-inch diameter pipe.

In 2011, the Armada Installer will have an 800 metric tonne crane installed. The installation of the crane is expected to commence in July 2011 and will take between 4 and 5 months. This will allow the Armada Installer to undertake heavy-lift operations, which is part of the scope required under the contract with PETRONAS Carigali.

Our floater installation expertise complements our FPSO business. Our T&I business unit managed the installation of the FPSO Armada Perkasa in the Okoro-Setu Field, Nigeria, and installed all the pre-set moorings for the FPSO Armada Perdana in the Oyo Field, Nigeria. In addition to this project, we will be supporting the installation of the FPSO Armada TGT 1 (formerly known as Armada Perwira) in Vietnam and installing the FSO in the Sepat Field, off Terengganu, Malaysia. Mooring systems are installed on vessels to secure them in position at sea for production, storage and offloading. We also own and operate the Armada Tuah 104, a 12,000 bhp DP2 deepwater AHTS which can be quickly converted to be used as a mooring and subsea installation vessel for installing pre-set mooring and subsea equipment in medium to deepwater fields. Further details on the Armada Tuah 104 are set out in Section 7.4.2 above.

We will also be expanding our T&I services with SURF installation capabilities. We are acquiring the Acergy Hawk, a DP2 subsea installation vessel, which will give us the platform to offer SURF installation as both a complementary service to our FPSO business when bidding for new projects, as well as the ability to bid directly on SURF installation packages. In addition to SURF installation, this vessel will also allow us to bid for IRM projects.



Specifications:

Lifting capability	240 tonnes
Deck space	792 square metres
Length	94.1 metres
Breadth	18.8 metres
Mooring type	DP2
Accommodation	140 beds
Others	Helideck Sikorski S61N, moon-pool (3 metres x 3 metres)
Year built	1978
Class	DNV
Flag	Panama

The NBV of our T&I assets as at 31 March 2011 is RM774 million.

Our expansion in the T&I market will depend on having the right vessel as a platform to offer additional services. Our T&I business is regularly evaluating both existing and newbuild vessels and we have identified assets that we feel are of the right specification for the markets that we are both currently in and plan to enter in the near future.

7.4.4 OFS

We have initiated our venture into the OFS segment with the conversion and sale of an FSO to Petrofac, for the Sepat Field, off Terengganu, Malaysia. In this segment, we plan to offer a range of services required to cover all aspects of the oil field life-cycle, from exploration, through development, production and abandonment. Customers are likely to require a single or a combination of services in order to maximise returns from their investment in the relevant project.

OFS entails the provision of various specialised services required in the offshore mature/brownfield markets. These include, amongst others, marginal field production solutions such as EOR, process modules to enhance the extraction of hydrocarbons from the reservoir as well as specific services and assets offered on a RBC basis for working in the marginal and mature/brownfield environment.

We currently offer services, either directly or through our partnerships or alliances, in the exploration (survey), development (facilities and installation), production (FPSO) and abandonment (T&I) phases of the marginal oil field/brownfield projects under our OFS business. We can also provide support vessels via our OSV business throughout the field life to the customer.

7.5 Support units

7.5.1 FMS

The focus of our in-house FMS support unit is primarily the manning of and maintenance services for our vessel fleet and crew. Other items such as scheduled maintenance and repairs of vessels are also coordinated under our FMS unit. Our OSVs and FPSOs are managed centrally from Malaysia via operational shore bases. All our vessels are connected to the internet via satellite. This allows full ship-to-shore connectivity and communication for both our offshore crew as well as our shore bases.

Safety is a vital factor in the offshore O&G industry and taking this into consideration, we maintain our operations in-house, taking a hands-on approach to the day-to-day activities on our vessels. We also view the management of our assets as a major factor in maintaining the integrity and operational capacity of our vessels.

The information technology back-bone to our FMS unit is BASS. This system is a critical operational component as it coordinates our entire fleet and over 1,100 crew members in over 10 countries around the world. BASS also facilitates the following:

(i) controls the fleet, improves management of maintenance and repairs, work practices and condition monitoring of equipment;

(ii) ensures all aspects of the fleet management are in compliance with mandatory rules and regulations as well as charterers' requirements; and

(iii) ensures that the right materials are available and scheduled maintenance takes place on time.

7.5.2 EPC

The key focus of our EPC unit is to create an in-house capability to drive growth and to provide value-added services which are complementary to our overall growth plans.

Currently, our focus is on EPICC services for all our own assets and major projects and on a turnkey basis as part of our RBC business. We have successfully established our in-house expertise to design, procure and build on all major projects, such as the FPSOs, Armada Perkasa, Armada Perdana and Armada TGT 1 (formerly known as Armada Perwira) as well as the DLB Armada Installer. Over the years, we have built a good working relationship with our key partners and suppliers such as Keppel Shipyard Limited, Solar Turbines International, Rolls Royce Singapore Pte Ltd, Nam Cheong Dockyard Sdn Bhd, Drydocks World-Singapore Pte Ltd, Converteam Group SAS, Dyna-Mac Engineering Services, Oiltech Engineering and Siemens.

Our in-house EPICC competencies allow us to manage our FPSO projects better and serve as an internal project risk mitigation and cost control measure. We are able to mitigate the risks involved in outsourcing detailed engineering scope to external contractors, whilst developing cost efficient solutions. All our EPICC services are in-line with the latest ISO guidelines and requirements.

7.6 Competitive strengths

We believe that our position as an established offshore services provider in the O&G industry is due to our following strengths:

(i) A Malaysia-based international offshore services provider with an expanding reach

We are a Malaysia-based international offshore services provider to the O&G industry in Malaysia and over 10 other countries in Asia, Africa and Latin America. We are increasing focus on deepwater and harsh environments and work with customers ranging from NOCs and IOCs to Independents. For the year ended 31 December 2010, about 84.8% of our revenue was derived from outside of Malaysia. We believe that the diversity of our geographical markets reduces our dependence and risk exposure to any single market and/or single customer.

We are the first Malaysian offshore asset owner and operator in Africa and in the Caspian Sea *(source: Bumi Armada Independent Market Research Report by ISL)*. Through the establishment of shore bases in Congo, Mexico, Nigeria and Turkmenistan, we have been able to expand our operations internationally and into new markets. We have also established a marketing office in Brazil. We believe we have established a significant presence in West Africa, and a 50% market share of the DLB pipe-laying market in the Caspian Sea as we own and operate one of only 2 DLBs currently operating in the Caspian Sea.

In addition, as more countries enforce local content requirements, we believe that our ability to develop local capability is a key advantage in penetrating and increasing our market share in new regions. For example, we believe we can maintain a competitive advantage in local markets through our Local Content Development Programme, which we have established in Malaysia, Nigeria and Turkmenistan, and which aims to provide comprehensive training for skilled local personnel. In addition, we have forged alliances with local business partners in various countries in which we operate. For instance, we have entered into joint-ventures with Nigeria-based CESL, India-based Forbes & Company Limited and Vietnam-based Vietsovpetro for local projects. We believe these programmes and alliances have facilitated our local understanding, helped reduce our risk exposure and enabled us to operate successfully in markets that may appear challenging to others.

Finally, we believe that our initiative to develop local content in our markets has helped us integrate with the local communities and reduce security risks in the respective countries in which we operate, thereby helping us maintain our strong safety track record.

(ii) Established and expanding FPSO operator

We are currently the eighth ranked FPSO operator by fleet size globally (*source: Bumi Armada Independent Market Research Report by ISL*) and have a proven track record of consistent execution in the FPSO business, delivering vessels on time, fully funded and within budget, even during difficult financial market conditions. All of our operating FPSOs have met their contractual uptime performance requirements since the commencement of operations, such as:

(a) availability of the FPSOs in the field as required; and

(b) operational availability of the units.

Over the past 4 years, we have:

(a) refurbished the Armada Perkasa, for its third contract in Nigeria's Okoro-Setu Field with Afren. We believe our technical capability has been demonstrated by our ability to relocate this FPSO 3 times i.e. to 3 different fields on 2 different continents, including currently being moored at a significantly shallow water depth of 13 metres requiring a complex mooring solution;

(b) delivered our second FPSO, the Armada Perdana, which has been operating in Nigeria's Oyo Field with ENI's subsidiary, NAE since December 2009;

(c) secured a contract for our third FPSO, the Armada Perwira (which has since been renamed the Armada TGT 1), which is scheduled to commence operations in the third quarter of 2011 in Vietnam's Te Giac Trang Field with HLJOC;

(d) acquired the Griffin Venture (which has since been renamed the Armada Prima) in December 2010, as a conversion candidate for our next FPSO project with Apache Julimar Pty Ltd for the Balnaves development in Australia, for which we secured a conditional letter of award on 30 March 2011; and

(e) secured a purchase option on the 1997-built, double hull, 107,222 deadweight tonne Aframax tanker, Monte Umbe, as a conversion candidate for our next FPSO project in Asia.

We believe that the successful expansion of our FPSO business has resulted in large part from our lower cost base compared to that of our European competitors, allowing us to realise higher margins while offering competitive pricing to our customers. In addition, we believe we have a strong industry reputation for reliability and technical excellence, in particular with respect to engineering and project execution. We expect our continued focus on securing long-term FPSO contracts to provide stable and recurring cashflows for our offshore business.

(iii) A large and modern OSV fleet with cross-border operability

We have one of the largest and most modern fleets of OSVs owned and operated out of Asia (*source: Bumi Armada Independent Market Research Report by ISL)*. We commenced our OSV business with the establishment of BAN in 1977 and have steadily built up our expertise and credentials in the offshore support services business. We launched our fleet expansion programme, "Steel on Water", in 2006, and as a result have increased our fleet size by 20 OSVs in slightly over 4 years to over 40 OSVs, making us one of the largest players in the OSV market in South East Asia.

We have expanded our vessel deployment footprint from our origins in Malaysia to over 10 countries in Asia, Africa and Latin America. Internationally, our OSVs operate in new and established O&G markets, such as Mexico, Vietnam, Venezuela, Nigeria, Angola and Brazil.

The majority of our AHTS fleet is installed with DP systems to meet both the requirements of the traditional offshore market and harsher deepwater offshore environments. We believe that our technical advantages provide us with the ability to operate across boundaries and to capitalise on the demand for deeper-water offshore services. As a result of our focused fleet renewal strategy, as at the LPD, the average age of our fleet was about 7 years and over 50% of our fleet was 5 years old or less.

(iv) **Proven execution track record, with in-house expertise throughout our value chain**

We have structured our business to be flexible and scalable, which we believe is an important factor in building a strong platform for long-term business growth in the offshore services industry. As a result, we are able to provide our customers with a range of integrated and value-added services across our value chain. These services range from discovery and extraction to field preparation, from production to processing and full field operations and support. Furthermore, we believe that these in-house competencies provide benefits across our various services, allowing us to realise synergies through the application of these competencies to our OSV and T&I businesses as well.

We have developed an in-house EPC competency which, when applied towards our FPSO contracts, we believe provides us with a competitive advantage over other FPSO operators without similar in-house expertise. This expertise has allowed us to design, engineer, procure and project-manage all our major construction activities. We are currently developing our own turret mooring systems, which we believe will be an important future competitive advantage and will allow us to expand our offerings in the FPSO market.

We also focus on our fleet management capability, which we believe directly benefits our operations. By operating our own vessels, we are able to establish and access a database of critical offshore and marine personnel whilst developing a pool of younger talent which we will be able to benefit from in the future. In addition, we have also invested in database and maintenance systems to support our fleet, actively tracking and coordinating both routine and planned maintenance.

Having the ability to control all essential aspects of a project, as well as having an experienced and well-trained workforce that is headquartered and operating out of a fiscal-friendly, cost-effective base in Malaysia, are important risk and cost control tools. Partially as a result of these measures, we have been able to achieve an average EBITDA margin of 62.3% for the past 3 years ended 31 December 2010. Although we may be subject to foreign taxation on income generated from our vessels operating outside of Malaysia, under Section 54A of the Income Tax Act, 1967, we currently benefit from the tax-exempt status for most of our vessels which are on time charters and which are registered under the Malaysian Merchant Shipping Ordinance, 1952. This benefit will continue until and unless there is a change in the said legislation.

(v) **Experienced and culturally diverse senior management team with proven track record, who are leading an agile organisation**

We have an experienced, multinational senior management team with in-depth knowledge of the offshore and marine services industry. Our Company is led by our Chief Executive Officer, Hassan Assad Basma, who has over 30 years of experience in the O&G industry, of which the last 17 years were spent in Asia. Our senior management team consists of members with an average of more than 13 years of experience each in the offshore O&G industry in Asia, Africa, Australia and the Americas.

Furthermore, our multicultural organisation is capable of attracting and pooling talents worldwide to operate across multiple countries. Our FPSO and OSV business units are headed by Andrew Day Lamshed (who has over 15 years of relevant industry experience) and Wee Yam Khoon (who has over 30 years of relevant industry experience), respectively. Our T&I business unit is headed by Massimiliano Bellotti (who has over 12 years of relevant industry experience) while Adriaan Petrus Van De Korput (who has over 25 years of relevant industry experience) is managing our EPC business unit. Please refer to Section 9.2 for their respective profiles. We are also regularly adding management capability and building talent throughout the organisation. We have a diverse talent pool which consists of members of over 20 nationalities working in over 10 countries.

We have a flat organisational structure which we believe gives us the ability to react efficiently and quickly to business threats and opportunities both domestically and internationally. We believe that the combined experience and depth of knowledge of our senior management team enables us to manage our existing business in an efficient, safe and cost-effective manner, while also providing strategic direction to help ensure the successful implementation of our expansion plans.

(vi) **Our established partnerships with our customers and suppliers as well as with the key players throughout the offshore O&G value chain**

We have established relationships with NOCs, such as PETRONAS, Oil and Natural Gas Corporation Limited, Petrovietnam, CNOOC and ENI, IOCs such as Royal Dutch Shell plc and The Exxon Mobil Corporation as well as Independents such as Afren. Given our proven track record, we believe we can offer Asian NOCs services with a familiar and trusted brand name as they venture into new markets. We view the NOCs' familiarity with us outside of Asia, as well as the close working relationship that we have established, as an advantage over our competitors.

As the developing regions in Africa, Asia and Latin America continue to grow, and as NOCs and Independents with limited or no prior capabilities in the deployment of FPSOs or experience in these regions continue to emerge as significant players among the major oil companies, we believe that there are distinct advantages for companies, such as ourselves, which can provide a broader range of relevant offshore services.

Furthermore, we believe we benefit from our long-term relationships with our key suppliers of equipment and services as well as our strategic location in South East Asia, which is in close proximity to shipyards and fabrication yards, where the majority of fabrication for oil field vessels, including FPSOs, is currently taking place. We believe that our established relationships with such suppliers and yards allow us to obtain favourable pricing and access to yard space even during periods of high demand.

Further details of our major customers and suppliers are set out in Sections 7.19 and 7.20 of this Prospectus.

(vii) Strong orderbook in place

As at the LPD, we had in place an orderbook of firm contracts of RM5.8 billion across our FPSO, OSV and T&I business units. All our 3 existing FPSO units and our DLB have firm contracts in place which account for all our large assets and provide clear revenue and earnings visibility for the businesses going forward. This orderbook is generated in various markets with different customers, reducing our dependency on any particular market or customer. In addition to these firm contracts, there are extension options, callable at the customers' discretion, on a majority of these firm contracts with a potential total value of RM2.5 billion. In total, as at the LPD, we had a potential total contracted orderbook of over RM8.3 billion (including total potential contract sum of RM2.5 billion over the entire option periods) in place. Further details of our orderbook are set out in Section 12.2.11 of this Prospectus.

We expect to be able to grow our firm orderbook further as and when we secure new FPSO contracts, which are generally long-term (for a duration of 5 years or more) in nature.

7.7 Strategies and future plans

Our strategies and future plans are as set out below:

7.7.1 Further market penetration in existing markets and expansion into selected new markets

Over the next 2 to 3 years, we intend to increase our business presence in existing markets as well as to selectively seek opportunities to expand our business geographically and enter new markets in Latin America, Africa and Asia, either on a strategic or opportunistic basis.

We believe our key competitive advantages for entering and growing in new markets are as follows:

(i) we have an experienced and culturally diverse management team that brings together a range of on-the-ground knowledge and lessons learnt from a variety of markets and business segments;

(ii) when entering new markets, we leverage on our global execution capability to drive a clear Local Content Development Programme that we believe is consistent with local aspirations and is key to developing local capability as well as controlling the long-term costs of our operations;

(iii) where required or where we believe it is advantageous, we will team up with an established local partner to create added value either through a combined service offering or access to a local market, and

(iv) we approach our investments in each existing and new market with a long-term view.

We have entered new markets with a single asset, and used that foothold to offer our other assets or services. For example, we initially entered Nigeria with a contract for our FPSO Armada Perkasa, and have since expanded our presence through the deployment of our FPSO Armada Perdana in the Oyo Field, an enlarged shore base with additional personnel, which is able to support the FPSO Armada Perdana, the deployment of 8 OSVs and the provision of our T&I services. We are currently employing this strategy in Turkmenistan, where we have initially deployed our DLB, and intend to continue to employ this strategy as we expand into other new markets.

7.7.2 Business units

Strategies and future plans for the business units

FPSO	• Target to be the fourth largest FPSO player in the world by fleet size by end-2013 • Develop our own key technologies in moorings and risers • Focus on long-term charters in the key markets of Africa, Asia and Latin America • Form strategic alliances with key technology providers to develop new FPSO solutions
OSV	• Increase focus on deepwater and harsh environments • Expand into high-end, efficient, Clean-Design vessels • Maintain a balanced portfolio of higher value charters • On-going investment in the fleet
T&I	• Pull-through business via FPSO and OFS units • Expand our services in existing markets • Acquire cost-effective assets to expand in Brazil, West Africa and India and also in the conventional installation services • Establish and expand into the SURF market and provide IRM services
OFS	• Develop EOR and engineered production solutions • Develop RBC business • Develop marginal field solutions

(i) FPSO

We intend to capitalise on our existing FPSO operating presence in Africa and Asia, as well as expand into new markets in these regions and in Latin America, to grow our FPSO business. We aim to be the fourth largest FPSO player in the world by fleet size by the end of 2013. According to ISL, 103 FPSO installations are expected to be made between 2011 and 2015, equating to a forecast of approximately USD66 billion in capital expenditures, of which demand is predominantly expected to be driven by West African, Asian and Latin American markets (*source: Bumi Armada Independent Market Research Report by ISL*). Accordingly, our expansion plans entail a continued focus on opportunities in Africa and Asia. In order to facilitate expansion, we intend to leverage on our branding and reputation, which we believe we have successfully established in the last few years. As a longer term target, we may also explore suitable opportunities to expand into Latin America.

We do not engage in speculative construction or conversion of FPSO, but instead commence FPSO conversions only upon securing contracts for them. We are targeting to secure another FPSO project in the next 12 months. Our medium-term target is to secure at least one new FPSO contract annually over the next few years in order to gain a greater market share and presence. In addition, we may seek inorganic growth opportunities in this segment, including opportunistic acquisitions of FPSO operators or owners, which would provide us with suitable assets for our target markets.

Moving forward, we believe FPSO O&M services may be a significant value-added service as some contracts will be based on a lump-sum rate basis. Therefore, we believe it is critical to have an efficient operational solution based on a high degree of local content and capability development, which will be both commercially competitive and socially responsible to our customers. We believe we are able to offer this solution via collaboration with local partners in the countries in which we operate.

Over the next 2 to 3 years, we also intend to improve our technological offerings and aim to develop in-house capabilities in mooring and riser systems. We have to-date applied to register 2 patents for the designs of our proprietary shallow water mooring systems in the patent registries of various jurisdictions as set out in Section 7.13 of this Prospectus. We are also developing our capabilities in turret technology and solutions in partnership with a third-party company and we plan to implement our own turrets and mooring solutions in the near future. We believe these capabilities are critical to ensure success in the evolving FPSO market.

Over the longer term, we believe there will be new solutions required in the FPSO market, particularly in respect of new processing systems, applications and regulations. While some solutions to these new developments may be engineered in-house, there will be others that we expect to be unable to completely provide, such as a gas FPSO solution. In order to be able to meet these demands successfully and with a commercially competitive solution, we expect that strategic alliances, collaborations and partnerships with key specialist technology providers will be a critical future step for our FPSO business.

In meeting our customers' needs and assisting them to overcome operational obstacles, we intend to continue to expand our capabilities in order to provide a wide range of services to our customers.

(ii) OSV

The OSV segment has historically been the principal contributor to our profitability, and we expect it to remain one of our core businesses for the foreseeable future.

Over the next 1 to 2 years, we will be increasing our focus on the deepwater market and intend to expand our vessel fleet to include large high-end DP2 and DP3 vessels, enabling us to move up the OSV value chain. In addition, we believe there is a need to provide advanced, safer and cleaner (meaning lower carbon emissions and more fuel-efficient systems) vessels and therefore we intend to continue to build new vessels that meet these criteria. We believe that these new vessels will offer the best solutions and technology to our customers.

As part of our future plans over the next 2 to 3 years, we intend to focus on assets that generate higher margins for the company by offering added services and capabilities to our customers. This includes adapting a single type of OSV with the ability to carry out various support roles (e.g. a modified PSV), so that we are able to maximise the utilisation of the vessels, while adding short-term value-added services.

Furthermore, as we continue to expand our business into Africa, Asia and Latin America, we plan to construct new vessels, including large multi-purpose PSVs and accommodation workboats to service the increasing needs of these markets. These new vessels are intended to be Clean-Design and compliant with the latest regulations.

(iii) T&I

The T&I business is asset-intensive, and we generally expect to continue to seek to acquire or build appropriate vessels for potential projects in our target markets over the next 1 to 2 years. Through the expansion of our fleet, we believe that we will be able to leverage increased market share to achieve improved margins on our projects.

Our DLB, Armada Installer, operational since 2010 on an 8-year contract with PETRONAS Carigali, opened a new market for us in the Caspian Sea and we will be looking to explore new T&I opportunities and introduce more T&I services into this market where possible.

Furthermore, as more offshore installations move into deepwater, we believe demand for subsea installations will continue to grow. We have acquired the Acergy Hawk, a cost-effective DP2 subsea installation vessel, which will also allow us to offer SURF capabilities and services as an expansion of our synergistic service to FPSO installation as well as to third parties. We also intend to acquire a pipelay vessel to expand the geographical offering of our T&I capabilities in Brazil, West Africa and India. We also expect that our T&I business will benefit from our future FPSO projects, such as the potential to package the installation of moorings, risers and flow-lines for a new FPSO in our proposal to customers.

Finally, we intend to offer IRM services to complete our subsea offering over the next 2 to 3 years. IRM services will allow our T&I business to benefit from "repeat customers" as the services are recurring over a longer period of time. These types of contract could also allow us to balance asset and service utilisation against any seasonal or campaign factors in the T&I business portfolio.

(iv) OFS

Our OFS business entails the provision of various specialised services required in the offshore mature/brownfield markets. These include, amongst others, marginal field production solutions such as EOR, process modules to enhance the extraction of hydrocarbons from the reservoir as well as specific services and assets offered on a RBC basis for working in the marginal and mature/brownfield environment. As part of our EOR offering over the medium to longer-term, we intend to leverage on our existing engineering and EPC capabilities to offer customised floating production solutions and the other supporting services, including installation, support, demobilisation and transportation.

We see huge potential in the OFS segment and this will be a key part of our strategic focus in Malaysia and of our future growth plans in providing specialised services in conjunction with our marine assets. There is a global drive towards extracting the "last-drop of oil" and we intend to provide services to support that goal. Specifically in Malaysia, as part of the Economic Transformation Programme ("**ETP**"), the Government of Malaysia has identified, amongst others, the following as Entry Point Projects in the Oil, Gas and Energy section of the ETP:

- Rejuvenating existing fields through enhanced oil recovery; and
- Developing small fields through innovative solutions.

The overall investment envisaged by the Government of Malaysia for these 2 segments amounts to approximately RM81.9 billion. We achieved a first success in relation to the ETP by having been awarded the EPC and installation contracts to provide an FSO for the Sepat Field, off Terengganu, Malaysia by Petrofac.

7.7.3 Support units

Strategies and future plans for the support units

FMS
- Operate and maintain own fleet
- Train and develop frontline resources
- Secure new talent to support growth plans
- Secure high level of local content
- Invest in strategic shore bases in selected areas

EPC
- In-house EPC unit to support business units
- Develop customised solutions for specific projects
- Control engineering, design, construction and conversion phases
- Engineering solutions developed with key software systems

(i) FMS

We believe that our in-house FMS enhance our operational and execution capabilities. Under this unit, we operate and maintain our own fleet, which is critical to ensuring vessel integrity and operational uptime. This capability is further strengthened by our operational procedures and systems, such as the BASS fleet management system. We are committed to training and developing our frontline resources, as well as securing a strong "pipeline" of new talent to support our growth plans. We also incorporate a high level of local content for operations in overseas markets such as West Africa and the Caspian Sea, led by a multinational senior management team that is experienced in those markets. We believe the development of local content and capability is a key competitive edge in driving sustainable growth. We will continue to invest with a long-term view by, amongst other, establishing shore bases in strategic markets that we enter.

(ii) EPC

We utilise our in-house EPC capabilities to support our business units, providing us with a proven track record in managing tight delivery schedules and budgets. We have concurrently managed 3 large projects valued at over USD800 million across our OSV, FPSO and T&I businesses through the recent economic crisis.

We believe our in-house engineering capability is a key strength as it allows us to proactively control our costs as well as manage and mitigate execution risks, which is not possible when this function is outsourced to a third-party. In addition, the engineering function also works to develop existing designs to generate new solutions.

Our capabilities in this segment are supported by various systems and procedures including ISO certification, as well as engineering software and document control systems to improve efficiency and execution such as Electronic Document Management System, Plant Design and Maintenance System and Computerised Maintenance Management System.

We believe that our support function under FMS and EPC are a competitive advantage as they allow us to mitigate execution and operational risks as well as to control our costs while remaining flexible in providing commercially viable solutions and services to our customers. We intend to continue leveraging off these support units to maintain and expand our customer base and appeal.

7.8 Sales and marketing

Our sales and marketing function comprises the following:

(i) Maintaining close relationships with customers

We have an experienced management team which is actively involved in assessing customers' requirements and our business development units have in-depth knowledge of the industry and are able to assess and capitalise on industry trends and opportunities. We believe that our FPSO, OSV and T&I teams are always up-to-date with the development plans of our customers. This allows us to anticipate their future needs, enabling our marketing efforts to be focused in the right direction.

We are in regular communication with our existing and potential customers to look into various areas which require our services. Customer retention is an integral part of our marketing strategy. Over the years, we believe that our ability to deliver quality services has enabled us to build on our reputation in the marketplace. The business development team capitalises on our reputation, strengths and capabilities to secure various new O&G support projects and contracts on a regular basis.

(ii) Active corporate branding through participation in industry seminars, conferences and trade fairs

We participate in various regional conferences, seminars, briefings and trade fairs related to both the O&G and maritime industries as part of our public relations and branding efforts. Printed materials such as catalogues and brochures are distributed at such events to create greater visibility and awareness of our products and services.

For example, we participated in the following events:

Year	Location	Event
2007	India	India Oil and Gas Summit
2008	Malaysia	6th PetroMin Deepwater, Subsea and Underwater Technology Conference, Malaysia
	Azerbaijan	Caspian Oil and Gas Conference
2009	Singapore	10th Annual FPSO Congress 2009
2010	Malaysia	Oil and Gas Asia Pacific Summit
	Nigeria	Nigeria Oil and Gas Conference 2010
	Malaysia	Sabah O&G Conference and Exhibition 2010
	Nigeria	D-8 Trade Exhibition
	South Africa	Africa Oil Week 2010
2011	Nigeria	Nigeria Oil and Gas Conference 2011
	Singapore	Turkmenistan Oil & Gas Road Show 2011

(iii) Market awareness via media

Upon achieving major milestones such as the delivery of new vessels, we seek to ensure there is sufficient media coverage, articles and other write-ups describing these latest achievements in the industry. These include local and industry-specific media as well as our own dedicated website. We believe that the media plays an important role in helping us gain greater visibility in both the local and international markets, and creates positive enquiries and referrals from the O&G industry and overall business community.

7.9 Major licences and permits

Save as disclosed in Section 5.2.1 of this Prospectus, as at the LPD, we have obtained various licences and permits for our operations in Malaysia and other jurisdictions in which we operate.

For further details of our major licences and permits, please refer to Annexure B of this Prospectus.

7.10 Competition

Our businesses operate in a highly competitive offshore marine industry. For example, while there are numerous players competing for projects in the FPSO segment, the competition is defined by technical and financial capabilities and the pricing of the proposed solution. Currently, there are 3 sub-segments in the FPSO segment: the large players (with more than 10 units each), the medium-sized players, such as our Company (with 3 to 6 units) and the small-sized FPSO players (1 to 2 units). These sub-segments can also be used to reflect the size of the project that the players generally will pursue, with the large players bidding for projects of USD750 million and above, medium-sized players (such as our Company) bidding for projects of USD300 million to USD750 million and the smaller players active on smaller projects of USD150 million to USD300 million. Most of our competitors in the FPSO segment are from Northern Europe, and unlike us, are not in close proximity to the fabrication yards in Asia, where most FPSO conversions are currently taking place.

By contrast, in the OSV market, barriers to entry are relatively low and there is currently high competition and oversupply in this segment. For this reason, we have focused our OSV business on larger, advanced and Clean-Design vessels for deepwater and harsh environments where barriers to entry are higher. These barriers include investment cost for the vessels, technical knowledge of their O&M as well as the markets and operability of the vessels.

The T&I business is also very competitive and is usually tendered on a lump-sum basis, where technical capability and competitive pricing are key to being selected for projects. Competition is wide-ranging from those companies that focus only on deepwater and harsh environment projects to the niche market/location/shallow-water specific players.

In the OFS segment, there is competition at each level of the oil field life-cycle, from players in the individual segments to specific services.

7.11 R&D

Currently, we do not have any formal R&D facilities and systems in place, and for the past 3 financial years, we have not incurred any R&D expenditure.

Our R&D policy centres on our objective of providing the right technological solutions in meeting our customers' needs and specification requirements for each project tendered. Our team of engineers and industry experts will collaborate in formulating the appropriate technological solution, design and specifications for the tender or study.

In our FPSO development unit, we focus on 4 key areas: mooring and risers, hull, gas processing and field production. Mooring and riser development involves the analysis of a complex interaction of sea-states, vessel motion and riser configurations, which is often a key consideration in providing the most competitive solution. We are currently developing our own turret mooring systems, which we believe will be an important future competitive advantage and will allow us to expand our offerings in the FPSO market. The turret mooring design capability is a critical component for deepwater and harsh environment FPSOs, as it gives the FPSO the ability to rotate around the turret mooring in locations where directional currents are changing and the FPSO can be easily disconnected if required, during extreme weather conditions. Hull selection involves the study of tanker types and new purpose built hull designs, which will have substantial cost implications. We are also conducting studies of various gas technologies including LNG, LPG, gas-to-liquids and gas-to-wire as we believe this is the future direction for FPSO projects. Finally, early field production facilities and FDPSO offer customers future technologies which will accelerate their oil reservoir understanding and assist in early cash flow for their O&G field.

Any new technologies and designs that are presented to the customer, if applicable, will then be patented prior to commercialisation. In most cases, in the event that our team collaborates with other technology partners to formulate solutions for our customers, the contractual agreement will be such that any new technologies or designs developed shall belong to us or become joint property.

We maintain a close working relationship with our customers and suppliers, and their feedback and preferences are communicated to our engineering and project management team to enable process improvements and expansion of our in-house capabilities. New designs developed to cater for such improvements as a result of the achievement of our engineering and project management team are generally patented, details of which are set out in Section 7.13 of this Prospectus.

Our engineering and project management team will continue to develop new technological solutions and design improvements to enable us to provide better services and improve the cost structures of our business.

7.12 Corporate social responsibility ("CSR")

We are committed to minimising or mitigating any negative impact on our business and the environment and to implementing sustainable practices progressively, where appropriate and practical. A Corporate Sustainability Report 2009, which disclosed and reported our sustainability practice was compiled in 2010 and was audited and accorded an "A(+)" by Global Reporting Initiative, one the world's leading sustainability reporting organisation.

An overview of our CSR efforts in 3 areas is as follows:

(i) Community engagement

We are committed to investing in and supporting the communities in which we operate, and we are constantly looking for ways to bring growth and development and help to improve the lives of the people in these communities.

We have assisted various charitable organisations such as orphanages, homes for the aged and schools with funds for basic necessities, educational material and school building improvements in Malaysia, Vietnam, Nigeria and Turkmenistan. We encourage voluntary work throughout our organisation.

(ii) Employment creation and skills training

We have a philosophy of incorporating and maximising local content wherever we operate through job creation, use of local resources and collaboration with local companies.

In Nigeria, we selected and trained Nigerians for jobs on board our 2 FPSOs. Training was conducted in Malaysia, Singapore and also at locations in Nigeria. At present, 60 Nigerians work on board the FPSO Armada Perkasa and another 60 on board the FPSO Armada Perdana.

The DLB Armada Installer is the only Turkmenistan-flagged DLB in the Caspian Sea. A total of 38 Turkmen are employed with 2 offices established; in Ashgabat and Turkmenbashy. Local sourcing is prioritised and we have also invested in community development initiatives including education and culture.

In Vietnam, together with our strategic partner, Vietsovpetro, we provided scholarships for 10 final year Vietnamese students of the PetroVietnam Manpower Training College in 2009.

In Malaysia, to offset the shortage of Malaysian trained crew members, we recently offered scholarships to 40 school graduates from Malaysia in 2010. This is in addition to the 5 students we sponsored in 2007, 17 in 2008 and 55 in 2009. Five of the cadets are studying at the Sarawak Maritime Academy ("**SMA**"), while the rest are studying at ALAM. The scholarships offered are for a Diploma in Nautical Studies ("**DNS**") and a Diploma in Marine Engineering ("**DME**"), which are particularly important for the development of nautical and engine officers. We expect that these cadets will be offered employment opportunities with our Group once they pass their examinations and obtain relevant certifications.

In addition to the global shortage of trained crew members, there has historically been a shortage of specially trained DP officers. Together with ALAM, we initiated a DP training programme in 2007 and provided funding and resources to establish the first DP training programme in Malaysia. DP training, which was previously conducted only in Singapore, was made available in Malaysia through this initiative which commenced in June 2007. The centre is now accredited by the Nautical Institute in UK as an international DP2 training centre.

(iii) Safe and efficient operations

For the operation of our vessels and FPSOs, we have in place corporate management systems that are implemented in line with internationally recognised standards including ISO 9001:2008, MARPOL Regulations 2002, and ISM/ISPS Codes (International Safety Management/International Ship and Port Facility Security).

We have attained ISO 9001:2000 Certification in September 2008 covering the full range of our services, from vessel procurement through to vessel operations. In October 2008, we were upgraded to ISO 9001:2008, the latest version of the standard. In 2010, we were certified by DNV for both ISO 14001 (for Environmental Management Certification) and OHSAS 18001 (for our HSE Management System procedures to identify, reduce and control health and safety concerns).

In addition, for the past 3 years ended 31 December 2010 and as at the LPD, we have achieved the following overall HSE record:

	Year ended 31 December			As at
Indicator	2008	2009	2010	the LPD
LTI frequency	0.065	0.051	0.043	0
Total recordable injury frequency	0.131	0.202	0.085	0
Total manhours worked (million)	3.056	3.956	4.703	2.157

Our overall HSE record over the past 3 years up to the LPD has been improving as we recorded a declining trend in the number of incidents despite an increase in the number of total manhours worked.

7.13 Intellectual property

Save as disclosed below, as at the LPD, we do not have any brand names, patents, trademarks, technical assistance agreements, franchises and other intellectual property rights:

(i) Patent applications in respect of a riser support system in the patent registries in the following jurisdictions:

(a) Patent Application No. 1-2009-01077 (Filing Date: 25 May 2009) for the Riser Support System (Invention) under International Patent Classification E21B17/01 by Bumi Armada at the National Office of Intellectual Property, Vietnam. Inventors: Tim Latham Withall (Australian) and Hayden Marcollo (Australian);

(b) Patent Application No. PI 20091250 (Filing Date: 27 March 2009) for the Riser Support System (Invention) by Bumi Armada at the Perbadanan Harta Intelek Malaysia. Inventors: Tim Latham Withall (Australian) and Hayden Marcollo (Australian);

(c) Patent Application No. 2009243413 (Filing Date: 27 November 2009) for the Riser Support System (Invention) by Bumi Armada at the Australian Government IP Australia. Inventors: Tim Latham Withall (Australian) and Hayden Marcollo (Australian);

(d) Patent Application No. 2455/DEL/2009 A (Filing Date: 27 November 2009) for the Riser Support System (Invention) by Bumi Armada to The Patent Office (India). Inventors: Tim Latham Withall (Australian) and Hayden Marcollo (Australian);

(e) Patent Application No. 091005337 (Filing Date: 27 November 2009) for the Riser Support System by Bumi Armada at the Department of Intellectual Property (Thailand). Inventors: Tim Latham Withall (Australian) and Hayden Marcollo (Australian);

(f) Patent Application No. 12/627,860 (Filing Date: 30 November 2009) for the Riser Support System (Invention) by Bumi Armada at the United States Patent and Trademark Office. Inventors: Tim Latham Withall (Australian) and Hayden Marcollo (Australian);

(g) Patent Application No. EP09177552.8 (Filing Date: 30 November 2009) for the Riser Support System (Invention) by Bumi Armada at the European Patent Office. Inventors: Tim Latham Withall (Australian) and Hayden Marcollo (Australian);

(h) Patent Application No. 200911000021.9 (Filing Date: 30 November 2009) for the Riser Support System (Invention) by Bumi Armada at the Intellectual Property Office of the People's Republic of China. Inventors: Tim Latham Withall (Australian) and Hayden Marcollo (Australian); and

(i) Patent Application No. TT/A/2009/00215 (Filing Date: 16 December 2009) for the Riser Support System (Invention) by Bumi Armada at the Intellectual Property Office (Republic of Trinidad and Tobago). Inventors: Tim Latham Withall (Australian) and Hayden Marcollo (Australian).

(ii) Patent applications in respect of an external turret with above water connection point in the patent registries in the following jurisdictions:

(a) Patent Application No. 2010227055 (Filing Date: 8 October 2010) for the External Turret with Above Water Connection Point by Bumi Armada at the Australian Government IP Australia. Inventor: Jacob de Baan (Netherlands);

(b) Patent Application No. 10251773.7 (Filing Date: 8 October 2010) for the External Turret with Above Water Connection Point by Bumi Armada at the European Patent Office. Inventor: Jacob de Baan (Netherlands);

(c) Patent Application No. 2800/MUM/2010 (Filing Date: 8 October 2010) for the External Turret with Above Water Connection Point by Bumi Armada at The Patent Office (India). Inventor: Jacob de Baan (Netherlands);

(d) Patent Application No. 1001001565 (Filing Date: 8 October 2010) for the External Turret with Above Water Connection Point by Bumi Armada at the Department of Intellectual Property (Thailand). Inventor: Jacob de Baan (Netherlands);

(e) Patent Application No. 1-2010-02703 (Filing Date: 8 October 2010) for the External Turret with Above Water Connection Point under International Patent Classification B63B 21/00; B63B 21/24; B63B 21/50, B63J 5/00 by Bumi Armada at the National Office of Intellectual Property, Vietnam. Inventor: Jacob de Baan (Netherlands);

(f) Patent Application No. 12901044 (Filing Date: 8 October 2010) for the External Turret with Above Water Connection Point by Bumi Armada at the United States Patent and Trademark Office. Inventor: Jacob de Baan (Netherlands);

(g) Patent Application No. Not yet assigned (Filing Date: 8 October 2010) for the External Turret with Above Water Connection Point by Bumi Armada at the Intellectual Property Office (Republic of Trinidad and Tobago). Inventor: Jacob de Baan (Netherlands);

(h) Patent Application No. PI 20094255 (Filing Date: 9 October 2009) for the External Turret with Above Water Connection Point by Bumi Armada at the Perbadanan Harta Intelek Malaysia. Inventor: Jacob de Baan (Netherlands); and

(i) Patent Application No. 201010549442.3 (Filing Date: 9 October 2010) for the External Turret with Above Water Connection Point by Bumi Armada at the Intellectual Property Office of the People's Republic of China. Inventor: Jacob de Baan (Netherlands).

7.14 Environmental compliance

Our business is guided by various environmental regulations in jurisdictions where our vessels operate or are registered. Please refer to Section 7.17 of this Prospectus for further details on the regulations governing our operations. As part of our commitment to ensure the sustainable use and protection of our oceans for future generations and to comply with these environmental regulations, we have in place a HSE protection policy, which amongst others, is aimed at the prevention of damage to the environment and property. We are committed to achieving the highest industry standards through continuous improvement and adoption of best practices.

Our strong HSE track record is evident from our numerous HSE achievement awards as well as various industry accreditations as set out in Section 7.3 of this Prospectus.

7.15 Employees

We are an international organisation serving our customers worldwide with a multicultural team across many nationalities. As at the LPD, we have 484 on-shore employees (comprising 277 permanent employees, 123 long-term contract staff and 84 short-term contract staff), of which about 70% are Malaysians.

Category	31 December 2008	31 December 2009	31 December 2010	As at the LPD
Senior Management	16	18	15	19
Management	73	90	92	98
Engineers	47	45	50	54
Executive	99	121	136	155
Technical	66	74	76	80
Clerical	57	56	55	57
General Worker	19	18	20	21
Total	**377**	**422**	**444**	**484**

As at the LPD, our on-shore employees were located in the following locations:

Location	Number of employees
Kuala Lumpur	240
Kemaman	36
East Malaysia (Miri and Labuan)	56
Singapore	125
West Africa, Turkmenistan and Mexico	27
Total	484

In addition, as at the LPD, we have an internal database of over 1,300 crew members who can be recruited on a permanent and/or contractual basis depending on our charter requirements. This database allows us to have flexibility for crew rotation as well as to meet charter crew criteria as required by the charterers.

The table below sets forth the number of offshore vessel crew available to us in the ranks below as at the LPD:

Rank	As at the LPD
DP Master/Chief Officer	25
Class 1 Master	43
Chief Officer – Unlimited Licence	66
Chief Officer – Domestic/Near coastal Licence	14
Chief Mate Domestic/2nd Officer	76
DP Watch Keeping Officer	7
Radio Officer/Deck Cadet	39
Chief Engineer – Class 1	71
Chief Engineer	16
2nd Engineer/Repairman	83
3rd Engineer/Electrician	104
Engine Cadet	31
Medic	9
Maintenance Supervisor	3
Crane Operator	13
Chief Steward	7
Bosun	70
Cook	81
Able Bodied Seaman	251
Greaser	146
Others: Oiler, Machinist, Janitor, etc.	147
Total	1,302

None of our employees are represented by any union and we have not experienced any disruptions due to labour disputes in the past. We believe that labour relations within our Group and our relationships with our employees are good.

Scholarships

As mentioned in Section 7.12(ii) of this Prospectus, we have since 2007 offered scholarships to 117 students for the DNS and DME courses in ALAM and SMA. These students (cadets) are expected to undergo 3 years of studies, where 2 academic years are spent at ALAM or SMA followed by 1 year training at sea. These cadets will later be recruited by us, where suitable.

DP Training Programme

We also run a joint DP Training Programme together with ALAM, which was set up at our request. The DP Training Programme is the first in Malaysia and has so far successfully graduated 8 Malaysian DP Officers which we have recruited into our organisation.

Graduate Development Programme

New graduates are an important source of strong and diverse future leaders for us. Under the Graduate Development Programme, students are generally hired after graduation to work in a full-time capacity. They are placed on a robust development plan to give them both functional and business skills. Their manager assumes a mentoring role to guide their success.

This 24-month programme provides accelerated development for individuals to build their management skills. It is a formalised rotational programme, which can include assignments within Malaysia or Singapore, or across operating companies. This programme has been designed to accelerate the development of a select group of university graduates who have been hired on a permanent basis within a function, for example, engineering, human resources, finance, information technology or health, safety, environment and quality.

Under this programme, we ensure employees receive formal feedback, typically every 6 months. However, ongoing informal feedback is provided by multiple sources, including among others, immediate supervisors, senior managers and human resources.

Our Graduate Development Programme started in 2009. To date, we have successfully hired 26 young graduates.

Training and development

We provide our employees with continuous training and development to enhance their skills and knowledge, with recommended courses, conferences, seminars and other training programmes. Some of the training programmes which were completed in 2010 are as follows:

	Training programmes	Organiser
(i)	Ships – Sale and Purchase, Financing and Registration	KL Bar Professional Development Committee
(ii)	Industrial Relations Act 1967 (amended 2008) & Industrial Relations Regulations (gazetted October 2009)	MEF Academy
(iii)	Internal Auditor (Quality and Environment Course)	DNV AS Sdn Bhd
(iv)	Advanced Environmental Management System Auditing	DNV AS Sdn Bhd
(v)	Advanced Knowledge on Anchor Handling for Offshore Fields	Uni Strategic Pte Ltd
(vi)	Combined Offshore Safety B.O.S.E.T-R Including Re-Breather	Construction and Industrial Safety Training Centre Sdn Bhd
(vii)	ISM & ISPS Internal Auditor Course	Sealestial Marine Services Kuala Lumpur
(viii)	2nd Annual Corporate Governance Summit 2010 "Truth, Lies & Corporate Governance"	Asian World Summit
(ix)	TBOSIET at Borneo Safety Training School (BSTS), Miri	Borneo Safety Training School (BSTS), Miri
(x)	Project Management Professional	iKompass

As part of our management succession plan to retain our key management, we have, among others, offered competitive remuneration packages and provided training and career development opportunities.

7.16 Interruptions to business for the past 12 months

There was no interruption to our business and operations which had a significant effect on operations in the 12 months preceding the LPD.

7.17 Regulation of the offshore O&G industry

Rights related to the exploration and extraction of petroleum in Malaysia are vested in PETRONAS under the Petroleum Development Act 1974. All organisations seeking to participate in activities relating to the exploration and extraction of petroleum in Malaysia must secure the necessary licences from PETRONAS before they are allowed to participate in these activities. Under the Petroleum Development Act 1974, organisations carrying out downstream activities and development relating to petroleum and its products, other than PETRONAS, are required to seek permission from MITI before carrying out such activities.

All vessels engaged in providing shipping services in the Malaysian domestic shipping sector must be licensed by the Domestic Shipping Licensing Board under the Ministry of Transport, Malaysia. Malaysia has adopted a legislative framework for the control of pollution and the protection of the environment in Malaysia. The environmental legislation applies to the offshore petroleum industry through the Environmental Quality Act 1974 and the Exclusive Economic Zone Act 1984.

The Malaysian Department of Environment ("DOE") enforces the environment legislation in respect of O&G activities carried out within Malaysian territorial waters. If the O&G activities are beyond Malaysian territorial waters and in the Economic Exclusive Zone, the regulatory control rests with the Petroleum Authorities (namely, PETRONAS and the Ministry of Domestic Trade Cooperatives and Consumerism, Malaysia) with input from the DOE.

The Federation of Malaysian Manufacturers, Malaysian Gas Association and Society of Petroleum Engineers are the major industry associations that outline and promote environmental performance of O&G activities.

The other relevant legislations are:

(i) Petroleum Mining Act 1966

(ii) Petroleum (Safety Measures) Act 1984

(iii) Continental Shelf Act 1966

(iv) Merchant Shipping Ordinance 1952

The following international conventions are applicable to our business operations:

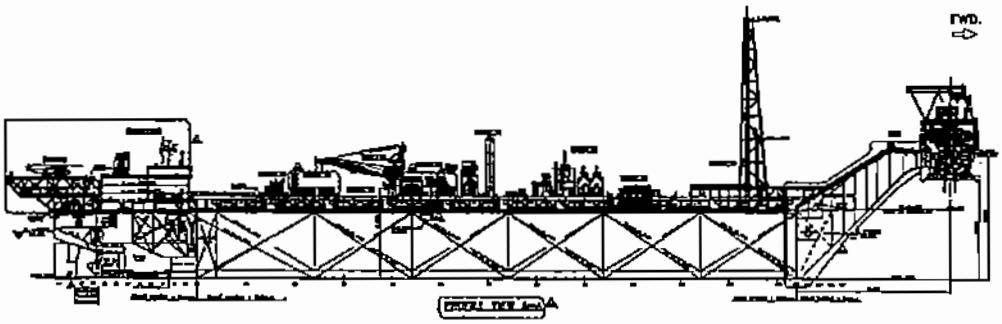
International conventions	Description
ISM	The ISM Code provides an international standard for the safe management and operation of ships and for pollution prevention: • To ensure safety at sea • To prevent injury or loss of life • To avoid damage to the environment and to the ship
Safety Management System (SMS)	A management system to manage all aspects of safety throughout an organisation. It provides a systematic way to identify hazards and control risks while maintaining assurance that these risk controls are effective
Intergovernmental Maritime Consultative Organisation (IMCO)	Codes which relate to international shipping, particularly regarding safety and marine pollution
International Convention for the Safety of Life at Sea (SOLAS)	An international treaty protecting the safety of merchant ships in the world
International Convention for the Prevention of Pollution From Ships, 1973 as modified by the Protocol of 1978 ("MARPOL")	MARPOL was designed to minimise pollution of the seas, including dumping, oil and exhaust pollution. Its stated object is: to preserve the marine environment through the complete elimination of pollution by oil and other harmful substances and the minimisation of accidental discharge of such substances
International Marine Contractors Association (IMCA)	The international trade association representing offshore, marine and underwater engineering companies promoting good practice, particularly in the areas of HSE standards, quality and efficiency and technical standards
Oil Companies International Marine Forum (OCIMF)	A voluntary association of marine companies with an interest in the safe shipment of petroleum, crude oil, liquefied gas and other associate products

In addition to these international conventions, we are governed by the regulations which are applicable to our business operations in the areas in which we operate.

Vessels operating in international waters are governed by the cabotage laws of the country owning the coast which gives priority to its local flagged vessels including Nigeria, Congo, Mexico, Venezuela and Turkmenistan. For example, in Nigeria, our largest market in Africa, the Coastal and Inland Shipping (Cabotage) Act 2003 ("**Nigeria Act**") regulates maritime cabotage and contains provisions restricting foreign participation in maritime cabotage within Nigerian coastal waters. However, the Nigeria Act empowers the Minister of Transport of Nigeria to grant waivers to foreign operators if he is satisfied that the Nigerian partner has at least 60% of the equity shares in the relevant joint venture. With respect to our local joint venture, CBJV, our local joint venture partner CESL owns 60% of the equity shares of CBJV.

7.18 Technology

(i) FPSO



An FPSO consists of 3 major components: (1) topsides; (2) marine/hull; and (3) mooring system.

Topsides

By utilising various processing systems, a typical processing plant on the deck (topside) of the FPSO treats the incoming well stream fluids. Well stream fluids are a mixture of oil, gas, produced water and other impurities. The fluids are put through a 3-stage separation process. The first 2 stages of separation are designed to separate the bulk of the oil from the gas and produced water, the final stage consists of a coalescer where the export oil specification (i.e. 0.5 BS&W) is achieved.

The produced water is then routed to a hydro-cyclone unit to remove entrained oil and then the oil-free water (which is cleaned to at least the minimum required level) is either released overboard or re-injected into the reservoir. The gas is routed to the compression systems, where it is also dried by a dehydration system. The "dry gas" may be exported to pipeline, re-injected into the reservoir, used for gas lift or used as fuel.

Gas FPSOs, which are used for the extraction of gas from an offshore field, have a gas processing topside, which removes the condensates or liquids from the gas and then processes the gas and the residual oil from the condensate. There is existing technology for LPG FPSOs, which have been built and are in use, but there has yet to be a successful development of an LNG FPSO. This is due to the technical complexities, scale and costs associated in developing a commercial LNG FPSO.

Marine/Hull

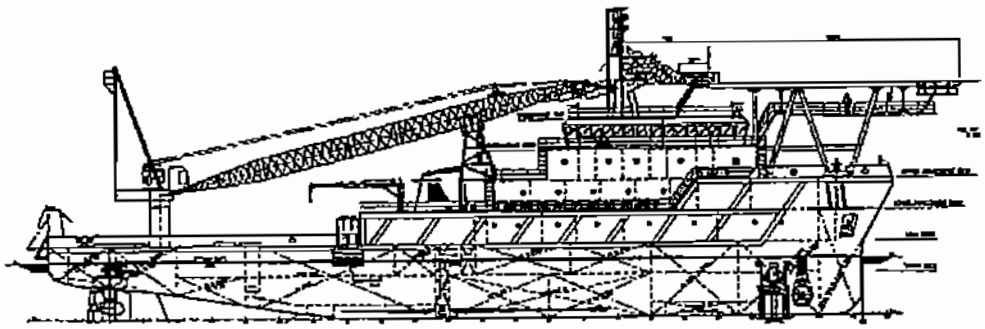
The oil produced by the FPSO topsides is stored in the cargo tanks of the FPSO. These cargo tanks are periodically emptied by offloading to a transport tanker. This oil is discharged from the FPSO tanks via a fiscal metering system through an offloading hose to the awaiting tanker. When the FPSO has completely discharged the oil, the tanker sails away to a suitable onshore refinery where the oil will be further treated.

There are 2 main types of FPSOs, a converted oil tanker option or a purpose built option. The choice of option to be used will depend on various criteria, which include, amongst other considerations, the size of the project, the leased contract period, environmental conditions, etc. For our past 3 FPSO projects, we have chosen to convert oil tankers which have had their marine systems repaired, hull strengthened, and then been equipped with the facilities described above (i.e. topsides).

Mooring system

The mooring systems will typically be either fixed directional (or spread) moored or single point rotating (or turret) moored, and in the latter case, disconnectable or permanently moored. This will depend on the sea-state and water depth at the location of the FPSO in the oil field. In relatively benign waters, such as that of our 2 FPSO in Nigeria, direction and location is fixed by a permanent spread mooring. In more hostile waters such as our third FPSO contract in Vietnam, the vessel is free to rotate according to prevailing wind and current, utilising a single point turret mooring.

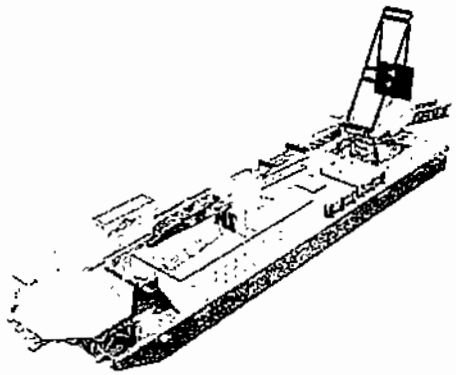
(ii) OSV



The majority of our new OSVs are equipped with DP technology with DGPS that allows the vessels to stay at a programmed position using computer-aided thrusters and propulsion systems built into the vessel's hull. The DP system is made up of a computer controlled system that automates the maintenance of a vessel's position and heading by using its own propellers, rudders and thrusters. Position reference sensors, combined with wind sensors, motion sensors and gyro compasses, provide information to the computer pertaining to the vessel's position and the magnitude and direction of environmental forces affecting its position. Vessels that are fitted with DP systems will have the DP acronym in their specifications, followed by the level of redundancy (DP, DP2 or DP3). The DP-level indicates the number of safety systems built into the system to remove redundancy or failure of the DP system. DP systems may be used to "lock" a vessel in a fixed position in the sea, or relative to a moving object like another ship or an underwater vehicle. One may also position the ship at a favourable angle towards wind, waves and current, called weathervaning, allowing the vessel to operate in adverse weather conditions, avoiding costly down time to offshore operations.

(iii) T&I

Pipe-laying



The technology for installing offshore pipelines in relatively shallow/medium water is commonly referred to as the S-lay method because of the profile of the pipe. As it moves in a horizontal plane from the welding and inspection stations across the stern of the pipe-lay barge and on to the ocean floor, it forms an elongated "S". As the pipeline moves across the stern of the lay barge and before it reaches the ocean floor, the pipe is supported by a truss-like circular structure equipped with rollers and known as a stinger. The purpose of the stinger in the S-lay configuration is to control the angle of the pipe between the barge and the ocean floor. The curvature radius of the stinger corresponds to at least the maximum bending stress. To avoid bending at the last roller, the pipe must lift off smoothly from the stinger well ahead of the lower end of the stinger.

Subsea installation by heave compensation

Heave compensation is a system for increasing control over an object when it is moved to and from the seabed by a ship at sea. It relies on eliminating the vessel movements, so that the movement of the object itself is much more controlled.

A typical offshore construction task uses heave compensation as follows:

(i) The crane lifts the module from the vessel deck;

(ii) The crane lowers the module into the water, and through the splash zone;

(iii) The crane engages heave compensation;

(iv) The crane docks the module onto the subsea template, and lands it on the seabed; and

(v) The crane disconnects, disengages heave compensation and recovers the hook up to the surface

Heave compensation makes it possible to carry out lifting work in more severe weather conditions, thereby increasing the operational "weather window". This can have a significant impact as customers normally pay for the time the vessel is actually working, and not when the vessel is on stand-by due to weather. Heave compensation can therefore reduce the financial impact due to bad weather.

Active heave compensation ("AHC")

AHC is a modern system that utilises motion sensors stationed on board the vessel, and based on their information, it lowers or raises the load. This is either done using gas driven cylinders (which raises or lowers the wire) or by wire winches.

7.19 Major customers

Our major customers that have contributed 10% or more of our revenue for each of the last 3 years ended 31 December 2010 and/or 3 months ended 31 March 2011 are as follows:

Customer	Nature/type of service	No. of years of relationship	Year ended 31 December						3 months ended 31 March 2011	
			2008		2009		2010			
		Years	RM million	%	RM million	%	RM million	%	RM million	%
NAE	FPSO and/or OSV	2	115.2	22	165.0	23	242.2	20	50.3	13
Afren	FPSO and/or OSV	3	85.8	17	96.3	13	124.7	10	24.3	6
PETRONAS	T&I and/or OSV	More than 15	72.9	14	57.4	8	215.0	17	75.7	20
HLJOC	FPSO	1.5	-	-	75.2	10	312.6	25	60.1	16
Petrofac Limited	OSV and/or OFS	9	13.8	3	17.1	2	14.2	1	82.4	22
TOTAL			287.7	56	411.0	56	908.7	73	292.8	77

The charter rates and operational costs of our FPSO business are much higher than those of our conventional OSV business. As such, FPSO customers such as HLJOC, NAE and Afren contribute a significant proportion of our revenue. We have entered into long-term contracts with these customers for the provision of FPSO services, which we view as significant contracts in terms of contribution to revenue and profitability, details of which are set out in Section 7.21 of this Prospectus. Whilst we are dependent on existing contracts with these customers, we expect to also participate in future tenders for projects involving other potential customers.

Revenue from Petrofac Limited for the 3 months ended 31 March 2011 was due to revenue from the ongoing conversion and sale of an FSO to Petrofac, for the Sepat Field, off Terengganu, Malaysia under our new OFS segment.

We are not dependent on any one particular customer for the chartering services of OSVs as these are essentially commodity items which are not generally designed or built to specific requirements of the customer and/or oil field.

7.20 Major suppliers

Our major suppliers that have contributed 10% or more of our purchases for each of the last 3 years ended 31 December 2010 and/or 3 months ended 31 March 2011 are as follows:

Vendor	Nature/type of service	No. of years of relationship	Year ended 31 December						3 months ended 31 March 2011	
			2008		2009		2010			
		Years	RM million	%	RM million	%	RM million	%	RM million	%
Keppel Shipyard Limited	FPSO conversion	More than 10	166.3	23	433.5	37	155.5	11	41.5	12
Rolls-Royce Marine AS	Provision of engines for OSV	More than 10	75.8	10	77.2	7	-	-	1.6	1
Sofec Inc	Turret system	1	-	-	-	-	60.0	4	40.2	12
TOTAL			**242.1**	**33**	**510.7**	**44**	**215.5**	**15**	**83.3**	**25**

We are not dependent on any one particular major supplier as the various purchases from suppliers mainly relate to items utilised for the construction of new vessels. These comprise, among others, shipyard slots, spare parts and other equipment of which we have the option of sourcing from various shipyards and suppliers.

We have been in the business for many years and have established relationships with our suppliers such as Keppel Shipyard Limited, Kencana Bestwide Sdn Bhd, Solar Turbines International, Rolls-Royce Singapore Pte Ltd, Nam Cheong Dockyard Sdn Bhd, Drydocks World-Singapore Pte Ltd and Converteam Group SAS where we have been able to procure supplies from them at competitive prices.

Keppel Shipyard Limited has been a major supplier for the past 3 years. This was a result of the award of our FPSO refurbishment and/or conversion contracts based on, amongst others, its track record, capability and reliability. Purchases from Sofec Inc for the 3 months ended 31 March 2011 were for the turret system for FPSO Armada TGT 1 (formerly known as Armada Perwira).

7.21 Dependence on material contracts/agreements/other matters

As at the LPD, save as disclosed below and in Section 7.9 on "Major licences and permits", there are no material contracts, agreements, arrangements or other matters which had been entered into by us which we are highly dependent on:

(i) FPSO Armada Perkasa

On 3 April 2007, Afren entered into 2 contracts with our wholly-owned subsidiaries, comprising: (1) a bareboat charter with AFSL (the bareboat charter contractor) ("**Perkasa Bareboat Charter**"); and (2) a contract with BASPL (the O&M contractor) for the operational and maintenance services ("**Perkasa O&M Contract**") in respect of the FPSO Armada Perkasa.

The Perkasa Bareboat Charter and the Perkasa O&M Contract will operate for the primary term i.e. the period commencing from the commencement date (being the date of issuance of the First Provisional Acceptance Certificate which took place on 1 July 2008) and ending on the fifth anniversary from the said date ("**Primary Term**"). Afren has an option to extend the Primary Term for a period of at least 1 year but up to a maximum period of 5 years from the expiration of the Primary Term, on the same terms and conditions of the Perkasa Bareboat Charter and the Perkasa O&M Contract.

Additionally, Afren has an option to purchase the FPSO Armada Perkasa during the contract period at the price stipulated in the Perkasa Bareboat Charter.

(ii) FPSO Armada Perdana

Our subsidiaries, AOL and BASPL had, in relation to the FPSO Armada Perdana, entered into a bareboat charter party ("**Perdana Bareboat Charter**") and an O&M contract ("**Perdana O&M Contract**") with NAE (a subsidiary of ENI), respectively, both of which took effect on 15 April 2008.

The Perdana Bareboat Charter involves a bareboat charter of the FPSO Armada Perdana consisting of a spread moored FPSO facility, including mooring system, located in the offshore of Nigeria OML-120 (Oyo Field), in water depth of approximately 350 metres with an initial period of 5 years from the date on which NAE provides the notice of final acceptance. NAE may extend the said period for 5 additional periods of 12 months each. Any extension beyond the aforesaid periods shall be on mutually agreed terms which are not less favourable than those available in the market.

The Perdana O&M Contract covers the operations and logistics and maintenance of the FPSO Armada Perdana. Similar to the Perdana Bareboat Charter, the Perdana O&M Contract has an initial period of 5 years from the date on which NAE provides the notice of final acceptance to BASPL. NAE may extend the said period for 5 additional periods of 12 months each, subject to the Perdana Bareboat Charter being extended for an identical period. Any extension beyond the aforesaid periods shall be on mutually agreed terms which are not less favourable as compared to those available elsewhere.

The notice of final acceptance was issued by NAE on 11 April 2011, specifying the date of acceptance as effective from 7 June 2010.

Additionally, NAE has an option to purchase the FPSO Armada Perdana during the contract period at the price stipulated in the Perdana Bareboat Charter.

We are currently in the midst of formalising an amendment contract with NAE to revise the respective contract periods for the Perdana Bareboat Charter and the Perdana O&M Contract from a firm 5-year term to a firm 10-year term.

(iii) FPSO Armada TGT 1 (formerly known as Armada Perwira)

We had, on 1 September 2009, jointly with Vietsovpetro (collectively, "**Contractor**"), entered into a contract with HLJOC for the engineering, procurement, construction and installation contract for an FPSO facility for the construction of an FPSO and subsea system for the area known as Te Giac Trang Field located in offshore Vietnam, in the northern part of Block 16-1, in the Cuu Long Basin some 100 kilometres southeast of Vung Taw, 20 kilometres northwest of the Bach Ho Field and 35 kilometres west of the Rang Dong Field ("**EPCI Contract**"). Under the EPCI Contract, the Contractor shall commence work as soon as practicable after the date of the EPCI Contract and complete the same on or before the completion date (being 30 June 2011 or such other date mutually agreed by the parties).

On the same date, the Contractor entered into 2 further contracts with HLJOC. The first is a bareboat charter ("**Perwira Bareboat Charter**") which the Contractor has novated to ATGT on 13 September 2009. The second is a contract for the operational and maintenance services for the FPSO ("**Perwira O&M Contract**"). The charter period for both the Perwira Bareboat Charter and Perwira O&M Contract is for a period of 7 years, commencing from the charter commencement date (being the date indicated on the preliminary offshore completion certificate) ("**Initial Charter Period**") provided that HLJOC shall have the right to extend such Initial Charter Period (periodically) for additional 1 year periods up to the end of the design life of the FPSO (i.e. an additional 8 years), by giving 6 months written notice to the Contractor before expiration of the Initial Charter Period plus any notified extensions.

Additionally, HLJOC has an option to purchase the FPSO Armada TGT 1 (formerly known as Armada Perwira) during the contract period on terms to be mutually agreed between the parties to the Perwira Bareboat Charter.

(iv) DLB Armada Installer

On 20 July 2009, our wholly-owned subsidiary, AMCC, entered into a contract with PETRONAS Carigali for the provision of charter services of the DLB Armada Installer by AMCC to PETRONAS Carigali on a bareboat charter basis for 8 years ("**DLB Contract**"). The charter period under the DLB Contract is 8 years, which shall commence on the charter commencement date (being the date of the acceptance of the DLB Armada Installer which shall take place upon successful completion of the sea trial of the DLB Armada Installer by PETRONAS Carigali or any other mutually agreed date).

Additionally, PETRONAS Carigali has an option to purchase the DLB Armada Installer during the contract period in the event there is early termination without cause or a prolonged *force majeure* event. The price for the purchase is stipulated in the DLB Contract.

AMCC novated all its rights and obligations under the DLB Contract to AMCCPL on 15 March 2010.

7.22 Quality assurance

We were awarded Quality Management System ISO 9001:2000 certification in September 2008 and the ISO 9001:2008 certification in October 2008 by DNV Sdn Bhd. The ISO 9001 certification was awarded as recognition of our efforts and commitment in maintaining a quality management system, from which our customers can be assured that we have implemented the necessary internal processes to meet our obligations to them.

As for our vessels, we are subject to international safety and classification standards under the ISM code. We comply with the ISM code by fulfilling the ISM requirements such as the establishment of a safety management system setting out procedures by which safety and pollution aspects of a vessel are managed. Each ISM-compliant vessel is inspected regularly and undergoes an intermediate survey every 2.5 years as well as certification under drydock examination every 5 years by the relevant classification society. Marine vessels are considered sea-worthy only when they are certified by a classification society. The classification society which the majority of our fleet is registered with is the ABS.

7.23 Sources and availability of raw materials or input

We have limited exposure to raw material prices in relation, but not limited to, the following:

(i) Consumables such as some diesel and lubricants in relation to our FPSO and T&I operations, although the bulk of our OSV diesel is currently supplied by our customers; and

(ii) Steel and other fabrication materials, which we attempt as much as possible to mitigate our exposure to, by locking in prices as early as possible in our contracts.

7.24 Summary of landed properties

Details of the landed properties owned, leased or occupied by our Group are set out in Annexure A of this Prospectus.

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www.infield.com

13 JUN 2011

The Board of Directors
Bumi Armada Berhad
Level 21, Menara Perak,
24, Jalan Perak,
50450 Kuala Lumpur, Malaysia

Dear Sirs,

Independent Market Research Report assessing the core markets in which Bumi Armada Berhad ("Bumi Armada") operates

We, Infield Systems Limited ("**ISL**"), have prepared the Independent Market Research Report ("**Report**") on the offshore support vessels ("**OSV**"), floating production, storage and offloading ("**FPSO**") and transportation and installation ("**T&I**") markets for inclusion in Bumi Armada's Prospectus dated 30 JUN 2011 in relation to the initial public offering and the listing of and quotation for the entire enlarged issued and paid-up share capital of Bumi Armada on the Main Market of Bursa Malaysia Securities Berhad.

We acknowledge that this Report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 214 of the Capital Markets and Services Act 2007.

This research is undertaken with the purpose of providing an overview of the OSV, FPSO and T&I markets in the offshore oil and gas ("**O&G**") industry.

We acknowledge that if we are aware of any significant changes to the accuracy of the information contained in this Report between the date of this Report and the issue date of the Prospectus, or after the issue of the Prospectus and before the issue of the securities, we have an on-going obligation to either cause this Report to be updated so as to correct any inaccuracies, and, where applicable, cause Bumi Armada to issue a supplementary prospectus, or, should they fail to do so, withdraw our consent to the inclusion of this Report in the Prospectus.

ISL has prepared this Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this Report. We believe that this Report presents a true and fair view of the industry within the limitations of among others, secondary statistics and primary research. Our research has been conducted with an "overall industry perspective" and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/or actions of the readers of this Report. This Report should also not be considered as a recommendation to buy or not to buy the securities of any company or companies.

Yours sincerely,

Julian Callanan
Manager – Business Strategy and Analysis

1 INTRODUCTION

Recent high energy demand and associated high O&G prices have encouraged oil companies to look into developing and delivering as much hydrocarbon resources to the market as possible. The companies offering support services to oil companies have been some of the main beneficiaries of these recent developments, witnessing both an increase in business volumes, and also benefitting from a period of price escalation.

This dynamic was somewhat interrupted by the global economic recession that began in the latter months of 2008. At this time, oil prices became volatile, and energy demand diminished. This created uncertainty around the future levels of demand for hydrocarbon products, and oil companies reacted by delaying projects. Now, in 2011, the broader economic outlook is much more positive, and this has created a market conducive for investment. Two notable early examples of this include The General Electric Company's purchase of Wellstream Holdings plc, and the further acquisition of Converteam Inc in the first quarter of 2011.

With the price of oil rising steadily, and indicators suggesting that energy demand is sustainably increasing also; should these conditions continue, then the oilfield services market is likely to remain highly attractive for investment. Indeed, on the back of positive macro fundamentals, we are seeing, and can expect to see, many oil companies announcing substantially higher capital expenditure ("capex") budgets in 2011. This in turn, is likely to lead to higher activity levels in the offshore support services sector, and more opportunities for companies active in this sphere to generate revenue.

Although the signs of recovery and a return to increasing investment are positive signs for the offshore industry, there are deeper rooted developments which must also be considered. One of these is the developing influence and role of national oil companies ("**NOC**"), who are looking to increase the amount of national revenue derived from hydrocarbons, and retain more of this locally. Recent periods of high oil prices have allowed some of these NOCs to develop strong cash positions, and this has led to them expanding their influence, taking on more complex projects, and in some cases moving outside of their indigenous markets. This in turn has led to more competition for international acreage. This characteristic has placed strain on international oil companies ("**IOC**"), and in particular the super-majors which have business models geared around developing large fields. Increased competition with cash rich, often government backed competitors, or the necessity of partnering up with a NOC as often stipulated in local petroleum law, has incentivised IOCs to pursue technological advantages. The most important technological advantages have come in deeper, more operationally challenging waters, and in investment made into increasing the amount of oil recovered from existing fields.

Whilst the rise of NOCs is important in dictating the development of IOCs, we must also consider other key factors dictating the shape of the oil and gas industry today. In particular; national fears over energy security – note moves by the United Kingdom ("**UK**") energy utility companies to secure reserves in the North Sea; the rise of energy demand from the Brazil, Russia, India, China and South Africa ("**BRIC**") countries, and the increased strain there development places on global energy markets; the maturing of existing mature hydrocarbon basins; the rapid depletion of existing operational fields.

It is the combination of all the above factors, both short term oil price and energy demand trends, and the longer term deeper rooted contextual developments, that mean that we are currently undergoing an unprecedented search for all forms of hydrocarbon energy. This search is pushing the offshore oil and gas industry into ever deeper, more remote, and operationally challenging areas. Each drop of oil is important, and we need to increase the amount recovered from existing and future fields. Companies which in this respect are deepwater capable, offer solutions such as the FPSO - which allows for remote extraction and exportation of hydrocarbons, or provide services aimed at enhanced oil recovery ("EOR"), have business models which very closely match the likely future dynamics of the market.

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2 GLOBAL INDUSTRY OVERVIEW

2.1 Identifying core business drivers

The O&G industry provides a key source of energy for the global economy. The performance of the industry is therefore inextricably linked with the broader economic context. At present, a consensus has emerged around our current economic context. Firstly, although we have not fully emerged from a period of acute market recession, the outlook is now much more positive than it has been in recent times. Secondly, the emerging economies of the BRIC countries in tandem with other countries in Asia, are currently providing the engine for growth in the world economy.

This positive consensus around future energy demand provides the context from which companies providing support services to the offshore O&G industry can expect to grow. The prospect of rising energy demand, and potentially associated increasing O&G prices, encourages oil companies to look into developing and delivering more hydrocarbon resources. In order to do that, they require assistance from the offshore O&G support services industry. To understand then, how a company providing support services within the O&G industry is likely to perform, it is important to include a view on future energy demand and potential oil prices, as these in turn drive the level of capex which will be available to be turned into revenue.

2.2 World O&G Consumption

Data from the International Energy Agency ("**IEA**"), Energy Information Administration ("**EIA**") and Organization of the Petroleum Exporting Countries ("**OPEC**") shows that after weakness in 2008 and 2009, global oil consumption showed fairly strong growth in 2010. These agencies also forecast that this growth will continue in the next five years. The average estimate for oil demand growth is slightly less than 2 million barrels per day ("**bpd**") in 2010, slowing to an average forecast of growth of just over 1.33 million bpd. Thus, there is a consensus among these agencies that oil demand throughout 2010 to 2011 will be restored to the broad range of incremental growth seen in the years prior to the global economic recession which started during the latter part of 2008.

The IEA estimates that global oil demand grew by 2.4 million bpd in 2010 (or by 2.8%), with one-third of this coming from China alone (or 800,000 bpd). Latin America and the Middle East are regions that are also expected to have shown strong oil consumption growth. The outlook is similar for natural gas demand, with non-OECD countries including China, India and the Middle Eastern countries, forecast to be the key regions from 2010 onwards. Following a similar trend to oil consumption, the IEA forecasts that natural gas demand prospects in the mature OECD economies to be generally much weaker.

Whilst the forecasts for future global O&G consumption are largely positive, it is possible to argue that pricing for these commodities has moved away from its true fundamentals, and that we are now seeing a premium added on top of these prices. This premium is arguably derived from those willing to pay more to achieve security of supply, and those who use commodity classes for speculation. These premiums can distort the true strength or significance of a recovery trend, or equally mask the true depths of a recession. However the premiums and any associated price volatility should not detract from the fact that as the global economy continues to grow, we require more O&G to feed this growth. A point emphasised by the lack of any real alternative energy sources, and the likely negative impact which the Fukushima Daiichi nuclear incident will have on the development of nuclear energy as a hydrocarbon alternative.

2.3 O&G Infrastructure Spending

Increasing expectations of energy demand trigger higher levels of capex investment, as oil companies seek to develop hydrocarbon resources and bring them to the market. By way of quantifying this increase, "The Original E&P Spending Survey", published by Barclays Capital in December 2010, forecasts an 11% increase in capex from oil companies for 2011 relative to 2010.

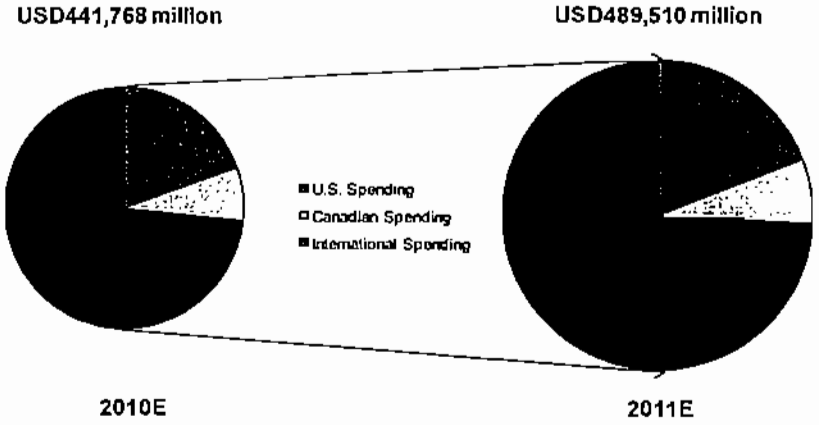

Figure 2-1:Summary of O&G exploration and production expenditure 2010 & 2011 (USD millions) **[Source: Barclays Capital 'The Original E&P Spending Survey']**

We believe that in the future, more oil companies' capex will be focused on deeper waters, more remote fields, and in improving the amount of oil or gas recovered from existing fields. The trend towards deepwater production is illustrated in Figure 2-2, which shows the fields that are coming on-stream by water depth. The size of the bubble denotes the size of the reserves.

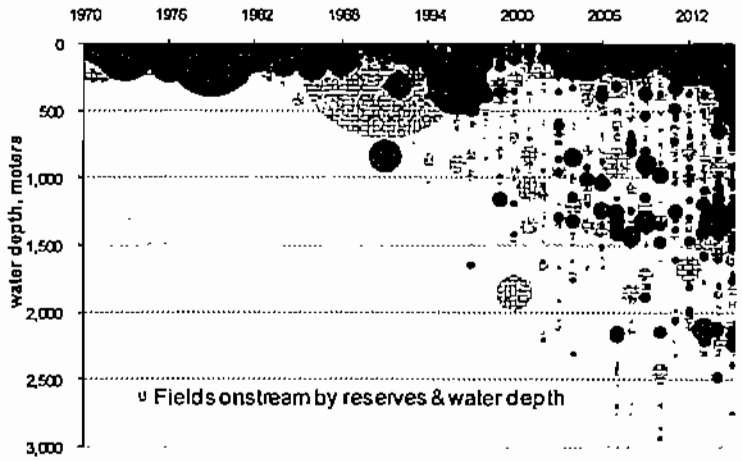

Figure 2-2:Fields on-stream by reserves (barrels of oil equivalent ("BOE") and water depth (metres) **[Source: ISL]**

2.4 Oil Price outlook

Both the actual change in oil demand and supply dynamics, and/or expectations of changes in these dynamics can cause the price of oil to fluctuate. Oil price fluctuation and volatility can create uncertainty with operators on field development plans. Each field has a sanction price (a calculation of cost per barrel ("**bbl**") of any oil produced) and should the price of oil drop below a field's economic feasibility threshold, development plans may be deferred or delayed. This in turn has an impact on the offshore O&G support service sector, as oil companies withhold capex, and less field development contracts are awarded. Figure 2-3 gives estimate sanction price ranges for different field types. Typically, deepwater and EOR require higher oil prices than conventional offshore oil fields due to the complexity of operations and technical requirements of these projects.

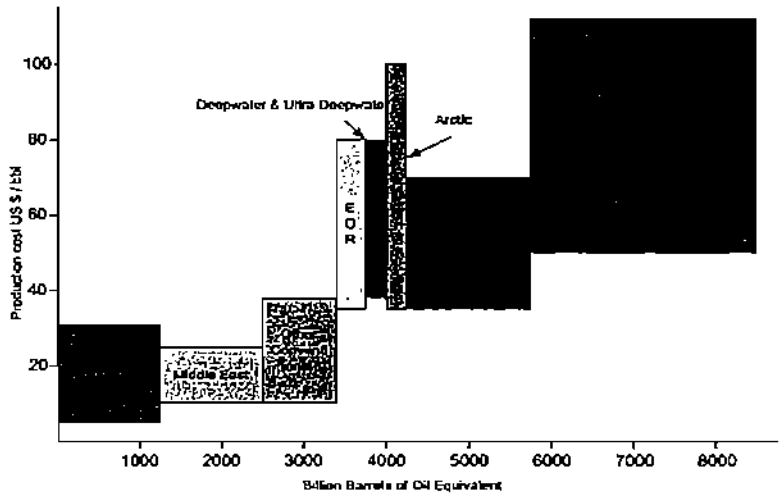

Figure 2-3: Economic sanction price range for fields **[Source: EIA World Energy Outlook 2008]**

Currently, we have three forward views on oil prices. In our short-term view, unrest in the Middle East and North Africa has significantly contributed to pushing up the price of Brent oil futures by nearly 20% since January 2011. The trajectory of the oil price increase which we are currently undergoing forms a parallel with the oil price bull run which led to oil hitting USD147 per bbl in July 2008. This process brought inflationary pressures, and is largely unsustainable. Our mid-term view is based on the rate of oil price escalation in line with the trend which we have seen develop following the oil price crash in 2008. This is reflective of the economic recovery and the continued development of non-OECD economies. Finally, our long-term view is based upon the longer term historical trend. It views the price bull run of 2008 and the following price crash as an anomaly on a broader upwards and sustainable trend. These views are illustrated in Figure 2-4.

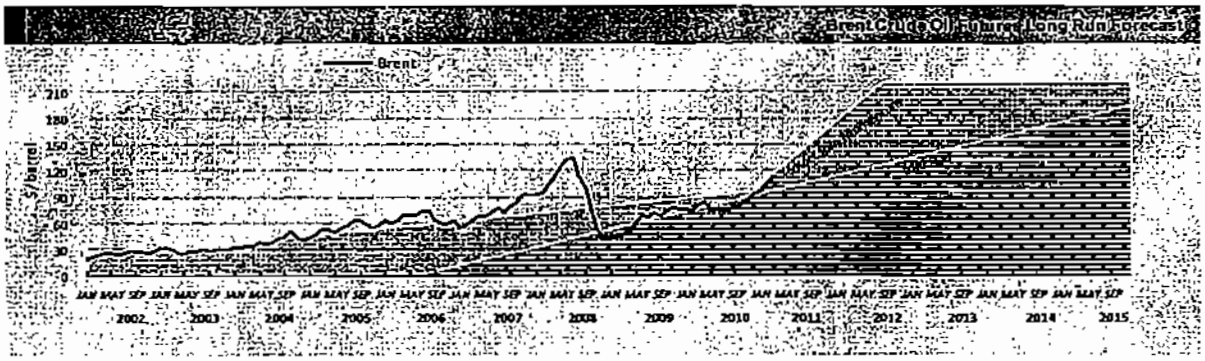

Figure 2-4: Brent crude oil futures long run forecast [Source: ISL]

Whilst all these forecasts are positive, in line with our expectations about the development of the global economy, it is necessary to state that should economic recovery falter, this is likely to undermine oil price stability and lead to more difficult market conditions for those companies providing support services to the offshore O&G industry.

2.5 Gas Outlook

Gas markets, and the price of a unit of gas, have historically moved broadly in line with oil markets and oil prices. This threatened to change in 2007, when over 4,000 shale gas wells were sunk in the United States of America ("US"). Shale gas refers to natural gas stored in organic rich rocks such as dark coloured shale, interbedded with layers of shaley siltstone and sandstone. The gas is contained in difficult-to-produce reservoirs that require special completion, stimulation and/or production techniques to achieve economic production. It is only very recently that the technology has been developed, allowing for the wide scale commercial development of shale gas prospects [Source: ISL].

With the realisation that shale gas could be profitably produced on a broad scale, gas markets slumped. LNG markets in particular were extremely hard hit. The US had, until the discovery of shale gas, been known as the 'LNG dustbin' of the world; an energy hungry market which would always take an LNG shipment. This changed completely with shale gas. Within the space of a year the US went from being a net gas importer, to being completely self-sufficient for gas. The impact on the global gas market was significant. Gas prices hit a glass ceiling, and several high profile projects were delayed. [Source: ISL]

Now, prompted by an improvement in broader macro-economic conditions, gas markets have recovered, and this is having a positive impact on project scheduling and capex allocation. Looking longer-term, gas looks likely to be increasingly important in the future global energy supply picture. In Europe, recent energy supply scares involving both Russia and Libya, have highlighted once more the dangers of having too much reliance on a limited number of sources for a significant part of a countries energy requirements. This is something which both countries and utility providers are seeking to change, by diversifying their energy supply basket, and in turn incentivising gas production and transportation from a more diverse geographic area. One example of this being UK gas giant Centrica plc, and the move by their upstream branch into Trinidad and Tobago to secure future UK energy supplies. [Source: ISL].

Environmental concerns and a shifting desire to reduce carbon emissions also favour gas based energy. Gas is cleaner burning than either oil or coal, and is likely to be increasingly used in energy generation. In Nigeria for example, the 'Gas Master' plan, calls for less gas to be burnt off when produced offshore, and instead for it to be delivered to the Nigerian market and turned into energy to help encourage economic growth.

2.6 Offshore O&G Support Services Overview

The O&G industry is a global industry. Hydrocarbon products are required in every country which has a competitive economy, and hydrocarbon reserves are found in nearly every country worldwide. The supply chain which has evolved to cater for this complex global industry is broadly split into three areas:

- Upstream – covering exploration and production
- Midstream – covering transport and trading
- Downstream – covering refining and distribution

This Report covers the offshore aspect of the upstream portion of the O&G industry. This aspect alone will include activities such as:

- Seismic survey activity
- Exploration drilling
- Appraisal drilling
- Engineering
- Procurement
- Project management
- Construction services
- Installation services
- Heavy transport services
- Maintenance and modifications
- Transportation
- Production platforms
- Drilling rigs
- Subsea trees
- Decommissioning and abandonment services

Within this area we see three key layers of market players; the oil company (or field operator) the primary contractor, and the sub-contractor. The oil company is at the head of the supply chain, and, as owner of the field, has responsibility for raising finance for its development. Oil companies include BP plc. ("**BP**"), Petroliam Nasional Berhad ("**PETRONAS**"), Royal Dutch Shell plc ("**Shell**") and ExxonMobil Corporation ("**ExxonMobil**"). Oil companies typically fall within four different brackets; super majors, mid-cap IOCs, NOC, and privately-held independent operators ("**Independent**").

Companies within each of these brackets have different operational capabilities and different organisational aims. A super major for example is typically publicly held, and has a duty to derive the best return on investment for its investors. They usually have a business model which covers upstream to downstream, and as such, super majors tend to be very large companies in terms of revenue and number of employees. The super majors use their financial strength and highly-trained workforces to target projects which are typically larger, in terms of reserves and production, than other brackets of oil companies. Super majors have been pivotal in pushing forward deepwater production. Due to their publically held nature, we tend to see super majors awarding contracts to companies with established track records in the areas within which they are bidding, and those which fulfil strict health and safety criteria [Source: ISL].

The IOCs are typically nimble companies that have a cost effective structure but are still commercially driven. These companies have typically witnessed fast growth in terms of company size, regions of operation, values, production and proven reserves. Examples of operators within this category are Addax Petroleum, Tullow Oil plc, Anadarko Petroleum Corporation, Apache Corporation, Murphy Oil Corporation and Talisman Energy Inc.

NOCs have become increasingly important as the offshore O&G industry has matured away from the traditional production zones found in the US and the UK, and moved towards developing countries. The NOCs primary role is to maximise the revenue generated for a country by its natural resources. A NOC may take into non commercial considerations when acting, and is likely to prioritise indigenous companies, or companies with operations in the NOC's country, when developing its resources. This procurement practice can be viewed both as a threat and as an opportunity. Companies established in countries which have a strong NOC presence, such as Malaysia, Brazil, Nigeria, Angola and Saudi Arabia, would be well placed to capitalise on any future opportunities which materialise in those countries, and continue expanding within the country. Conversely, for those companies not within the country, we believe that the entry costs can be prohibitive and a deterring factor [Source: ISL].

Independents are typically smaller oil companies. They may or may not be publicly listed. They may have no producing reserves and purchase acreage to sell later, or they may have a number of fields already in production. Generally an independent oil company is well placed to save costs when needed, as it will typically have little in-house capacity to project manage or execute projects, and will often rely on external investment for exploration or production activity. Within this category there are an increasing amount of companies that are purely financially driven and play a crucial role in EOR, local content and marginal fields.

Beneath the oil companies are those businesses providing support services, known in this Report as "contractors". A primary contractor will typically take a project, or a key part of the project, and manage this for an operator. Typically, primary contractors are experts in their field, and have a better understanding of the supply chain and delivery requirements around the products they supply or services they provide. For example, a company such as SBM Offshore N.V. ("**SBM**") or Mitsui Ocean Development & Engineering Inc. ("**Modec**") could be awarded a contract by an oil company to deliver an FPSO. SBM or Modec may undertake certain portions of this project themselves, for example the specialised engineering, however they would also play a key role in overseeing all project management, ensuring the construction process is executed properly, and being responsible for the timely procurement of specific equipment. The final layer would then be the sub-contractor, whose role is to provide specific equipment, or particular services or products [Source: ISL].

Two major trends are becoming apparent in the contracting sector of the offshore O&G industry. The first is a move towards 'local content'. Local content is the term used to describe the requirement for a certain proportion of the workload of a future project to be undertaken by entities or persons from the country in which the project is happening, rather than being provided from the global market. This relates directly back to the concept of NOCs becoming increasing influential as the offshore industry expands into new frontier areas. We believe companies which are able to comply with local content criteria, or which have demonstrated an ability to work in countries with NOCs are at a competitive advantage in comparison to those who cannot, and have not [Source: ISL].

The second trend is a move by IOCs and Independents towards larger engineering, procurement, installation and construction ("**EPIC**") or turnkey contracts. A turnkey contract is one where a product is ordered, such as an FPSO, and it is then delivered upon completion to the oil company who will operate it. Both forms of contract, and the myriad of different potential contracting options in between, lead to a similar result; oil companies would like their contractors to manage more of the project themselves, and to take on more risk for project delivery and execution. We have witnessed that companies which have internal project management and procurement capabilities are likely to be at an advantage compared to companies that do not have such capabilities [Source: ISL].

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3 REGIONAL MACRO OVERVIEW

3.1 South East Asia and Malaysia

Non-OECD economies have been cited earlier in this Report as being a pivotal driver of the current global economy. While this generally leads to a consideration of the economies of Brazil, Russia, India and China, we also need to contemplate the rapidly developing economies of South East Asia. This latter region includes the member states of the Association of South East Asian Nations (i.e. Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam). These countries are industrialising quickly, and require more energy to support them through this process.

Currently imports, typically from the Middle East, provide most of South East Asia's oil demand. Significant investment is underway to increase South East Asia's oil production capacity to decrease its dependence on imports. The gas outlook however, is slightly different. South East Asia is one of the major LNG exporting regions in the world and is well positioned to supply the broader Asian region's two largest economies, China and India, with natural gas. This is in addition to supplying the developed but resource poor economies of Japan, South Korea and Taiwan. The vast majority of natural gas that is liquefied for export from South East Asia to the broader Asian region is sourced from offshore reserves. [Source: LNG World News].

With regard to Malaysia, it is not only the largest O&G producer in South East Asia, but is also the second largest global exporter of LNG, behind only Qatar. In 2009, Malaysia exported 22.2 million tonnes of LNG, representing a 13% global market share. Currently, Japan is coming to terms with the aftermath of one the most powerful tsunamis ever recorded. The country is faced with a humanitarian disaster and coping with an increasingly dangerous atomic incident at Tokyo Electric's Fukushima Daiichi nuclear facility. The nuclear plant suffered catastrophic damage in the tsunami and it is highly likely that following containment, the facility will be decommissioned [Source: Reuters]. Consequently, LNG demand from Japan, which accounts for 60% of Malaysia's total LNG exports, could potentially surge as the country seeks to reconstruct and substitute the nuclear power output that was lost. The long term outlook for Japan's energy mix has also been cast into doubt following the incident as it has been suggested that the nation may scale back the amount of energy sourced from nuclear power [Source: Reuters]. We believe that this would lead to a large increase in oil and gas imports in the immediate term, which would primarily benefit those Asian countries which export them.

Other major LNG markets include South Korea and Taiwan. Unlike neighbouring O&G producer Indonesia (which recently became a net oil importer and which withdrew from the OPEC), Malaysia is a net exporter of crude oil in addition to also being a net exporter of LNG. Oil production in Malaysia has been gradually decreasing since its peak in 2004 and in 2009, total oil production amounted to 693,000 barrels ("**bbls**") of oil equivalent per day ("**boepd**"). Total domestic oil consumption in 2009 was 536,000 boepd, with the remaining 157,000 boepd to be exported. Natural gas production has been rising steadily over the last decade, reaching 2.1 trillion cubic feet ("**Tcf**") in 2009 whilst total consumption in the same year was 1.0 Tcf. [Source: EIA]

In an attempt to maintain production levels, Malaysia has been forced to move into increasingly deeper waters exploration. At present, it is forecast that Malaysia will shift from being a net exporter of oil, to being a net importer of oil in 2013. This has prompted the Malaysian government to offer a series of tax breaks which will encourage the further development of existing fields, and increase production from them utilising EOR techniques.

This is likely to give the Malaysian market a dual focus of greenfield deepwater investment, and brownfield shallow water life-extension investment, which is estimated at around USD4 billion. We believe that this translates to an increase in opportunities for the Malaysian oilfield services market, in particular those companies involved in OSVs, T&I and also engineering services [Source: ISL].

ISL forecast nine deepwater fields will come on-stream in India over the next five years, compared with seven in Malaysia and six in Indonesia. This represents a big increase over the period from 2006 to 2010, where a total of five deepwater fields came on-stream across the region. Of the five fields, three were in India whilst two were in Malaysia. Although there is no direct comparison over the same period, the deepwater growth in the US' side of the Gulf of Mexico prior to 2000 demonstrated how quickly deep and ultra-deepwater discoveries can move into large scale production over a short period of time.

PETRONAS is the main offshore player in Malaysia's O&G industry and produced over 1.75 million boepd of crude oil and natural gas in 2010. In Malaysia, PETRONAS' O&G reserves stood at 27.12 billion bbls of oil equivalent ("**boe**") at the end of 2010. On the same date, PETRONAS' disclosed O&G reserves outside Malaysia stood at 6.56 billion boe. Firms which are able to build a long standing and successful relationship with PETRONAS within Malaysia are likely to be well placed to win contracts and future work with the NOC outside of Malaysia. Furthermore, PETRONAS operates in 32 countries, and if offshore O&G support services companies have an existing relationship with the NOC within Malaysia they may be able to benefit and gain access to new regions [Source: PETRONAS].

3.2 West Africa and Nigeria

While South East Asia represents one of the fastest growing regions in terms of energy demand, the picture in West Africa is somewhat different, as local O&G demand is low due to the under-developed state of economies in the region. Angola is an exception as the country witnessed double digit economic growth through much of the 2000's. However, we maintain that West African O&G producers are primarily export-oriented and thus are playing an increasing role in supplying the global O&G market [Source: ISL].

Given a lack of domestic infrastructure and security concerns, much of the growth in West Africa's O&G production has been from offshore developments and more recently from deepwater projects. In 2009, West Africa exported 4.373 million boepd of crude oil, or 8.3% of the total amount of crude oil exported globally in that year (i.e. 52.930 million boepd). The US is West Africa's largest market, followed by Europe, China and India. In terms of production, the West African energy scene is heavily dominated by Nigeria and Angola, both of which are members of OPEC and which produced close to 2.1 million boepd and 1.6 million boepd, respectively, in February 2011. [Source: OPEC]

Based on ISL databases, Nigeria has the largest amount of crude oil reserves in West Africa, followed closely by Angola. Both countries are generally associated with having relatively difficult business environments. Companies that have the tools to be successful in this region are likely to have the resources to be successful in most other countries worldwide. Nigeria's onshore production potential for example has been eroded by separatist violence in the oil-rich Niger Delta region of the country. This violence has often involved attacks on energy infrastructure, such as pipelines, and kidnapping of oil industry employees.

Potential onshore security concerns, in tandem with a favourable tax scheme, have encouraged the IOCs active in Nigeria to focus on deeper water prospects. For these deeper water prospects, the FPSO is swiftly becoming the production platform of choice. We consider that the FPSO is a concept which is likely to be selected where any, or a combination of the following factors is found: [Source: ISL].

- Limited deep to shallow pipeline infrastructure
- Limited onshore refining capacity
- Low domestic energy consumption
- Potential political instability and threats to pipeline infrastructure

Nigeria's oil industry has arguably become largely inefficient, hampered by militancy, and growingly unattractive for external investment. At the time of writing (June 2011) a piece of legislation is currently being debated in the Nigeria government. This legislation is referred to as the Nigerian Petroleum Industry Bill ("**PIB**"). The PIB has broad aims to reform nearly all aspects of the hydrocarbon industry in Nigeria and its key outputs can be summarised as:

- Increasing government stake in deep-water production
- Treating oil and gas separately by establishing different tax structures and incentives
- Restructuring industry and creating separate regulatory and production bodies
- Allowing the Nigerian National Petroleum Corporation, Nigeria's NOC, to raise finance privately, become a limited company and an IOC
- Introducing an use it or lose it policy for 10 year old licenses

A further key area of change within Nigeria has been the codification of its local content laws, with the passing of the National Industry Content Bill ("**NIC**") in 2010. The NIC stipulates that a certain proportion of all work conducted for an offshore O&G field must be done in the country. We believe these laws greatly favour companies which are Nigerian, or companies which have operations in Nigeria, and should see less work available for companies which do not have a local footprint [Source: ISL].

Reform of the Nigerian O&G industry is crucial. Nigeria is blessed with an abundance of natural resources, and could be one of the largest O&G producers globally. Currently an estimated 50% of Nigerian oil production is shut-in, due to either militant actions destroying transportation infrastructure, or threat of militant action hindering operations. Nigeria's gas predicament is even worse. Nigeria has the largest proven gas reserves in West Africa and has the 7th largest reserves worldwide [Source: BP Statistical Review 2010]. However, most of its gas production is burnt off at source.

Yet within Nigeria there remains great potential. New legislation, as outlined above, is aimed at increasing the investment made into destroyed and off-line oil facilities. The current 'gas masterplan' places gas at the heart of Nigeria's future economic growth, and paves the way for more gas to be brought to the domestic market. In short, if these legislative proposals are passed and enforced, then Nigeria is likely to see significant growth within its O&G sector. Given the local content rules which are in place, it is probable that those companies which are already physically established in country, will be best placed to capitalise on this.

3.3 Latin America

Latin America is emerging as a major offshore O&G frontier, driven mainly by substantial Brazilian pre-salt O&G discoveries in the Santos basin, and Petróleo Brasileiro S.A. ("**Petrobras**")'s ambitious production growth targets. Mexico also reportedly has untapped deepwater reserves, while Venezuela is seeking to develop offshore shallow water gas deposits.

Venezuela's offshore natural gas sector is governed by separate laws to the oil sector. To produce oil, a non-Venezuelan oil company must partner with the NOC Petróleos de Venezuela S.A. ("**PDVSA**"). To produce gas on the other hand, the legislation is more relaxed. Capex on Venezuelan offshore gas projects is expected to be focused on developments at the Plataforma Deltana and Mariscal Sucre development blocks. The Venezuelan government views offshore gas as a potential source of feedstock for the development of an LNG export sector as well as a source of energy for the development of local industries such as petrochemicals, and to provide power for the proposed expansion of Venezuela's onshore heavy oil projects. PDVSA is understandably looking to promote the development of its gas resources and has highlighted this in its business plan through to 2015 [Source: PDVSA].

Venezuela's offshore industry is still youthful and under-explored. If anything can be inferred from recent successes in deepwater plays in neighbouring Mexico and Trinidad & Tobago, then Venezuela may hold significant future potential, and could emerge to be a deepwater market of tomorrow.

Meanwhile, Mexico's oil sector is currently facing tough challenges including declining production, falling exports to its largest market, the US, and rising domestic consumption. Compounding these problems is the constitutional limit placed on foreign investment in Mexico's O&G sector which prevents any direct operatorship of O&G fields by firms other than Mexico's NOC, Petróleos Mexicanos ("**PEMEX**"). Currently, PEMEX can only contract out services to assist it in field exploration and development. Given that the Mexican government is heavily reliant on oil revenue to finance its spending PEMEX is taxed heavily and this, combined with the limits on foreign participation in the oil and gas sector, hinders the ability of the Mexican oil sector to deal with the challenges highlighted above. For example, a range of industry sources have stated that PEMEX lacks the technical expertise and experience to explore and develop the estimated 30 billion bbls of deepwater oil reserves located in the Mexican side of the Gulf of Mexico [Source: OilOnline]

Despite these constraints PEMEX has devised a business plan to invest an average of approximately USD20 billion per year between 2010 and 2024, targeting a production level of 2.7 million bpd by 2012 and 3.3 million bpd by 2024. The majority of investment will be directed towards shallow water fields including Ayin, Akal (Cantarell) and Sihil. Should this business plan be adopted, we argue that this investment will be essential for PEMEX to realise its objective of reversing its production decline, which in the longer term threatens Mexico's oil export revenue [Source: ISL].

Brazil has become one of the leading countries in the offshore O&G industry. Brazil is currently the third-largest crude oil producer in Latin America behind Venezuela and Mexico. However, if Petrobras' expected production growth targets are realised then Brazil may become the leading oil producer in the region by the end of this decade [Source: ISL].

Brazil's NOC, Petrobras, is the centre piece for significant production growth plans. Petrobras is more commercially driven in comparison to some other NOCs, largely due to the Brazilian Petroleum Law introduced in 1997, which partially privatised Petrobras. These reforms also gave Petrobras a more corporate orientation and opened up competition for O&G exploration. However, the NOC still controls 95% of Brazilian crude production today. Just over a decade after the introduction of the Brazilian Petroleum Law, Petrobras adopted an ambitious investment plan which includes a five year USD224 billion spending target over 2010 to 2014. This five-year plan forms a major part of Brazil's strategy to become one of the major oil producers and exporters in the world by the end of this decade [Source: Petrobras].

With such a broad five year plan, and such a large capex commitment, Petrobras will require the support of a multitude of contractors providing different services. The majority of the yet to be produced reserves in Brazil are located in deeper waters in pre-salt geographical formations. We reason that these deeper water projects will tend to favour FPSOs, and will require contractors who are able to leverage on deepwater expertise, or show ingenuity in the face of technical challenges [Source: ISL].

3.4 Caspian

The Caspian region includes the former Soviet Union ("**FSU**") states of Azerbaijan, Kazakhstan, and Turkmenistan, as well as the Caspian Sea territory belonging to Russia and an area belonging to Iran. Prospects for the region are dominated by two major field developments: Azerbaijan's Shah Deniz gas field and Kazakhstan's Kashagan field. In addition to this, ISL forecast that a significant amount of investment will be driven by operators PETRONAS and Dragon Oil Plc, who have plans to enhance the recovery rates of older Soviet-era discoveries [Source: ISL].

Activity in the Caspian region is largely aimed at developing hydrocarbon resources for export to the large neighbouring economies of Europe, Russia or China. The Caspian is a predominantly landlocked region and hence, exporting hydrocarbons will require large export pipelines. In recent years, Europe, Russia, and China have initiated competing pipeline projects to get access to the reserves of the countries positioned around the Caspian. The key to these pipeline projects is to command enough reserves to justify their capex. This means that much of the focus on the Caspian is around larger fields. However, once these export pipelines are in place, the cost of developing fields will decrease, and smaller fields will become more attractive. This gives the market long-term appeal.

BP's Shah Deniz field was discovered in 1999 and began producing gas and condensate in 2006. The coming on-stream of this major field (Phase 1) has enabled Azerbaijan to become a net gas exporter in the last three years and more development is expected with further Phases expected to come on-stream in 2016 and 2017. Total reserves for the field's combined Phases are estimated to be in the vicinity of 34 Tcf. To put this into perspective, the UK's West of Shetland region, which has the potential to be one of the most productive frontier areas of the North Sea, holds only an estimated 5 – 8 Tcf of identified reserves [Source: ISL].

The Shah Deniz field has been seen as a viable supplier for the proposed Nabucco natural gas pipeline, a project stretching from Turkey into the heart of Europe which aims to ease Europe's dependence on gas supplies from Russia [Source: Nabucco-pipeline.com].

Other significant Caspian Sea developments include Kazakhstan's Kashagan oil field, one of the largest oil fields discovered in recent times. ISL estimates that Kashagan's total O&G reserves amount to 14.4 billion boe. The Caspian region remains largely unexplored since the Soviet era, and could potentially hold more discoveries yet.

PETRONAS has been active in the Caspian region for some time. In 1996, PETRONAS signed a 25-year production sharing contract with Turkmenistan for the exploration and development of the Magtymguly, Ovez and Diyarbekir fields found in block 1, giving the oil company a long-term presence in the Caspian region. Since then, PETRONAS has invested an estimated USD2 billion into developing these reserves and has actively sought to encourage Malaysian companies into the Caspian to support the development of its Caspian assets by providing the support services required to bring these fields into production [Source: PETRONAS].

3.5 Australia

Australia is likely to continue its emergence as a major player in the global O&G market over the next five years and beyond. The country has a unique combination of small to medium sized light crude oil accumulations underlying massive gas reservoirs. A domestic predisposition to coal based energy consumption, and close proximity to the rapidly growing and energy hungry, means that the vast majority of Australia's O&G is to be produced for export. This trend, and the cyclonic operational characteristics found in the country, strongly favours the FPSO as a development solution for oil, and the enticing prospect of FLNG solutions for gas. Such is the prospects of Australia's new resources boom that the country has, been dubbed as the potential "Saudi Arabia of natural gas" [Source: theage.com.au] to the rapidly growing gas-consuming economies of Asia, especially China.

Following recent discoveries, Australia's conventional natural gas reserves have more than doubled. According to the BP Statistical Review of World Energy, Australia's proven reserves of natural gas have grown from 32.7Tcf in 1990 to 77.7Tcf in 2000, and further still to 110Tcf in 2010. Such is the significance of this recent discoveries that Australia is now estimated to be the second-largest holder of proven reserves of natural gas in the Asia-Pacific region, behind Indonesia [Source: EIA and BP Statistical Review of World Energy 2010].

The vast majority of Australia's natural gas reserves are located offshore in the country's north-western and northern regions, in the Carnavon, Browse and Bonaparte basins. These three basins collectively contain more than 91% of Australia's natural gas reserves. According to the Australian Bureau of Agricultural and Resource Economics (**"ABARE"**) projections for the market share of total gross output from the north western and northern regions – most of which will be converted into LNG for export – will be maintained over the next two decades [Source: ABARE].

Australia is expected to rival leading LNG exporters in the medium term due to several LNG projects – either planned or proposed, which will provide export outlets for its abundant offshore and unconventional gas reserves such as Coal Seam Gas (CSG) – given that production is expected to exceed domestic consumption requirements. [Source: ABARE]. ABARE forecasted in 2010 that Australia's LNG exports will reach 41.4 million tonnes per year (**"tpy"**) by 2015/2016, reflecting an expectation of exceptionally strong growth in LNG export volumes given the fact that the ABARE also reported in 2010 that Australian exports of LNG totalled 15 million tpy in 2008/09 [Source: ABARE].

Should they proceed, we believe these projects will confirm Australia's growing role in the global LNG market, supported mainly by the expected rapid development of its offshore gas reserves. Furthermore, multi-billion dollar long-term supply deals have been signed between the operators of these proposed LNG projects and power and energy companies located in China, India and Japan – and in some cases, acquisitions of equity share in LNG-related projects have been made by Asian energy interests as well, most notably CNOOC Limited, China's offshore national oil company. [Source: ABARE]. The Asian region will be a fast-growing region in terms of natural gas demand, and Australia is well-placed to meet this region's growing need.

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4 FPSO MARKET

4.1 FPSO Market

A FPSO system is a crucial enabling technology of the modern offshore O&G industry, which allows oil to be produced from the sea floor, stored and then offloaded to a waiting shuttle tanker which will deliver it to the market.

FPSOs have become important in the offshore O&G industry as production has moved into more remote areas, deeper waters, further away from export pipelines and often in countries which have no domestic oil refining capacity.

Two business models exist for the provision of FPSOs. They are either rented from a 'leased FPSO provider' for a number of years, or they are purchased and owned directly by the oil company responsible for developing the field. This decision is usually driven by:

- The size of a fields' reserves – whether total potential revenue would cover total potential cost of the FPSO
- The length of time the field is likely to be in production for – a field with a 20-year lifetime is more attractive for a purchase solution versus a field with an 8-year life time
- The type of oil company developing the field – whether they have enough capital to be able to purchase their own FPSO, or whether they would have to lease and therefore avoid the initial capital requirement

Leased FPSO providers are targeted based on production uptime and an ability to maximise the production levels of a field. In terms of their business model, leased FPSO providers are able to retain tighter control over the procurement process and are also able to deliver on pre-agreed schedules and thus are more likely to generate greater revenue and incur less risk of activating penalty clauses in their contracts.

During the period of economic recession, the FPSO market as a whole suffered for the extended period without any new orders. This placed pressure on many of the leased FPSO providers, in particular some providers of speculative FPSO became bankrupt as they were unable to secure contracts for units under construction. During this time we also saw some market consolidation, most notably BW Offshore ASA's ("**BW Offshore**") acquisition of Prosafe Production Services Pte Ltd ("**Prosafe**"). We see good potential for future market consolidation between FPSO providers.

An FPSO can either be a 'newbuild' or a 'conversion' solution. A newbuild is typically favoured by IOCs who are developing large fields which are likely to be in production for a period of around 20 years. In these instances the projected life time of the field justifies the decision to build a specified unit to match the field's exact characteristics. A newbuild solution is almost always owned by the oil company developing the field. A converted solution takes an existing oil tanker hull, and converts it into an FPSO. Typically this conversion process will include the strengthening of the deck and the addition of oil separation and processing modules on the topsides. It is typically cheaper to convert an existing hull into an FPSO than choosing a newbuild option. Historically, companies which lease FPSOs tend to convert tanker hulls [Source: ISL].

Given the FPSOs drivers, it looks to be a technology which is set to be at the epicentre of the offshore O&G industry for many years to come. Nonetheless, the FPSO market, like many other offshore O&G markets, was acutely affected by the slowdown in the global economy.

This slowdown was attributable to the uncertainty surrounding the future price of oil, and the future energy requirements of the global economy. FPSOs tend to be long-term and high capex projects. They therefore need stable market conditions to be awarded contracts. Figure 4-1 illustrates how the number of large FPSO contracts being awarded increased in tandem with increasing oil prices, which includes Hyundai Heavy Industries Co., Ltd. being awarded the newbuild contract for the Usan FPSO, and Modec being awarded a contract to lease an FPSO to Tullow Oil plc for deployment offshore Ghana. However, when the price of oil crashed and market conditions became less stable, we saw a number of project cancellations and deferrals. More recently, market conditions have improved, and the number of contract awards has increased; SBM for example were awarded the contract for the Aseng FPSO in August 2009. Teekay Corporation signed a contract with Petrobras in 2010 for the provision of an FPSO for the Tiro and Sidon field in Brazil. In 2011, the Bonga SW FPSO project offshore Nigeria, which was shelved, has now been revived and is likely to be pushed ahead [Source: Shell].

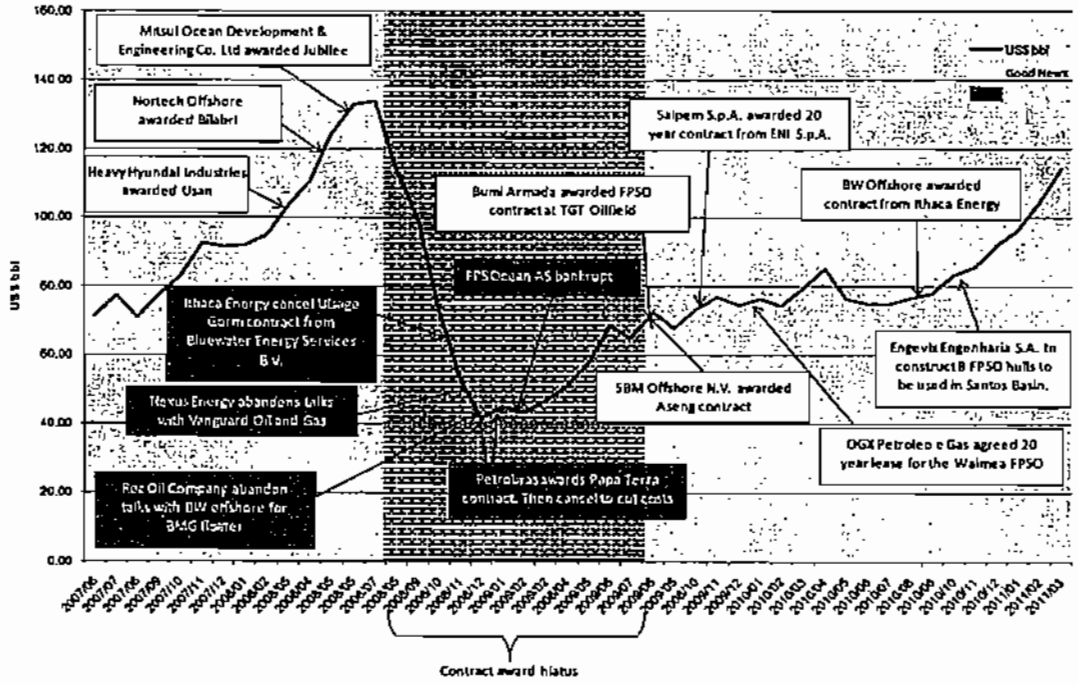


Figure 4-1: Select FPSO market events since 2007 to 2011 vs oil price [Source: ISL]

A further area which is increasingly important within the FPSO market is in relation to 'redeployments'. FPSO redeployment only applies to those companies who are providing leased FPSO solutions. It refers to the multiple use of one FPSO on several different fields during its life-time. FPSOs were originally conceived to be multi-field assets, moving continually from one oil field to the next. However, as the industry has improved production capacity from existing discoveries, FPSOs have moved far less than anticipated. As each field is unique and requires a tailored solution, redeployment options are more complex than originally thought. However, we are now coming to a stage where we have a significant amount of FPSOs working on fields which are coming to the end of their productive lives. For companies who lease FPSOs, being able to redeploy these on to a second contract will be an extremely valuable process. One example of this valuable redeployment is the Armada Perkasa, the first full-fledge FPSO to be relocated to three different fields on two different continents. Companies which have demonstrated a proven track record of redeploying FPSOs, of which there are few, we understand to be at a competitive advantage in understanding how this market works, and how value can be maximised from this process [Source: ISL].

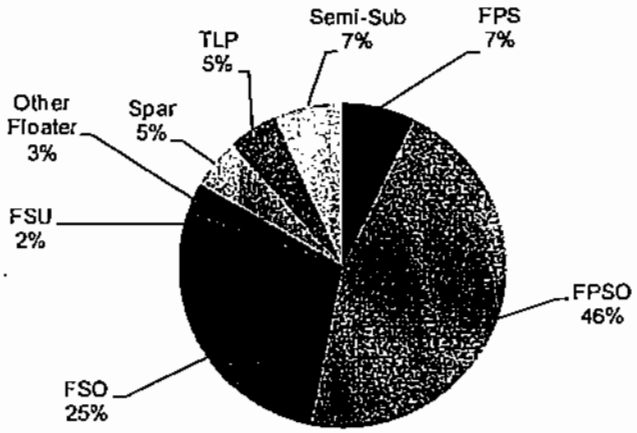


Figure 4-2: Global floating platform installations (units) by floater type (2003-2010) **[Source: ISL]**

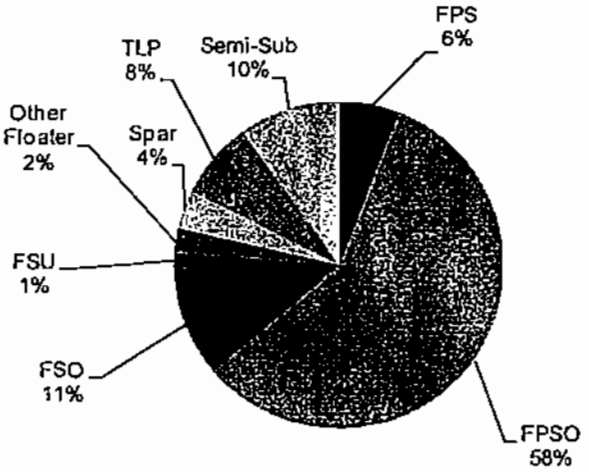


Figure 4-3: Estimated global floating platform installations (units) by floater type (2011-2020) **[Source: ISL]**

Figures 4-2 and 4-3 show how the floating production market has been dominated by FPSOs during the period 2003 to 2010, and how we expect to see FPSOs become even more dominant from 2011 to 2020.

4.2 Forecasting FPSO Market Performance

With short-term factors becoming more suitable for investment and both medium and long-term drivers for the FPSO market remaining strong, the fundamentals for the market are positive as illustrated in Figures 4-4 and 4-5.

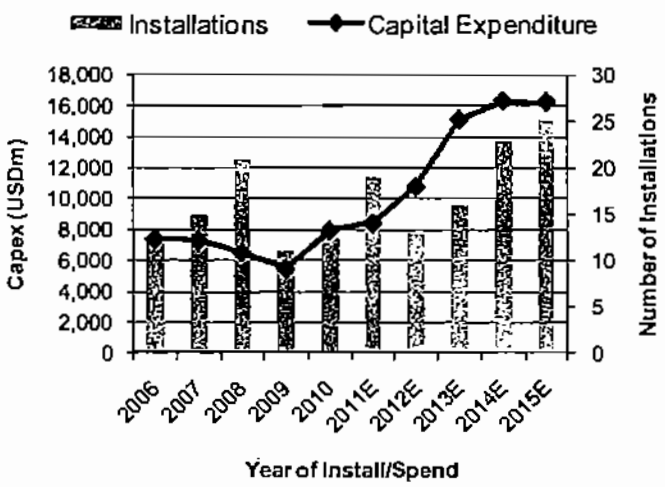


***Figure 4-4: Global FPSO demand by capex (USD million) and number of installations (2006-2015)* [Source: ISL]**

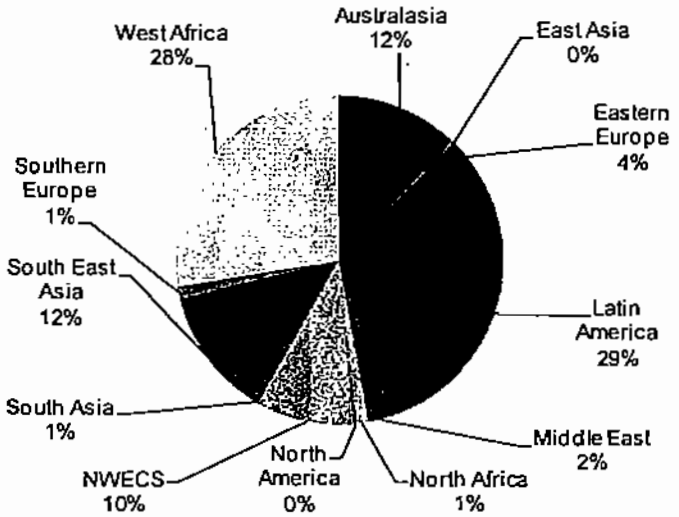


***Figure 4-5: Global FPSO estimated capex demand by region (%) (2011-2015)* [Source: ISL]**

We expect growth in the market over the next five years with peak levels of investment as well as the number of FPSOs entering operations to peak towards 2014 and 2015. We believe the key regions for capex to be Latin America, West Africa, South East Asia and Australasia from 2011 to 2015 as illustrated in Figure 4-5, whilst deepwater locations such as offshore Brazil, Angola and Nigeria should require the largest amount of FPSO investment over the period.

Despite the expected demand for FPSOs from Latin America and West Africa, regions that have been well established within the market for a considerable time, the demand growth in the South East Asia and Australasia regions are far more recent additions to global FPSO demand dynamics.

We expect the Northwest of Australia to be a key area for new FPSO developments over the next five years, especially with the possibility of the new floating LNG ("FLNG") platforms to begin fabrication before 2015 [Source: ISL], as well as more marginal fields forecast to be brought on stream in the next five years.

However for South East Asia, the increase in investment and operator preference for FPSOs has been mainly attributable to the large growth in energy demand from the greater Asia area, the lack of existing offshore pipeline infrastructure, and the proximity of the world's largest FPSO fabrication facilities. We forecast Indonesia and Malaysia to account for more FPSO installations and capex over the next five years. Vietnam should witness similar levels of investment as it has done in recent years [Source: ISL].

South Asia (i.e. India) is not currently expected to be a major region for the FPSO market, however this could quickly change with a number of fields in the region have no announced development scheme yet have field characteristics not so dissimilar to fields proposed as FPSO developments offshore Australia. This coupled with the recent success of the D1 tender could lead the region to be a FPSO focus within the decade.

Driving the development of FPSO demand in Malaysia and Indonesia is the development of deepwater prospects, such as Kikeh in Malaysia, and Gendalo – Gehem in Indonesia. These projects utilise a 'hub and spoke' technology approach, whereby the FPSO stands at the centre, or hub of the development, and subsea wells are installed around the FPSO and tied-back into the FPSO. Oil is then processed and stored, until it is offloaded to a shuttle

tanker, and taken to a refinery.

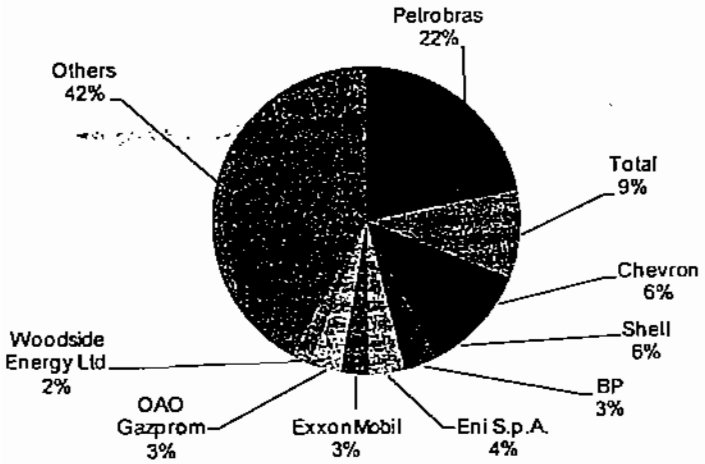


Figure 4-6: Global FPSO estimated capex by operator (%) (2011-2015) **[Source: ISL]**

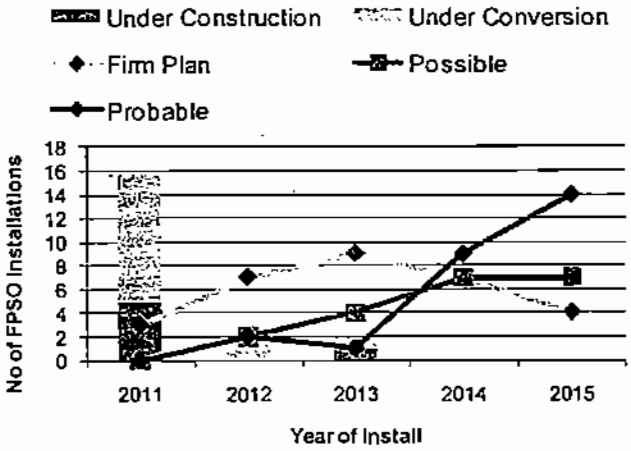


Figure 4-7: Global FPSO estimated installations by ISL project status (2011-2015) **[Source: ISL]**

Figure 4-6 illustrates the oil companies with the largest amount of FPSO expenditure over the next five years. Petrobras is expected to be the main operator for FPSO capex over the next five years, with Total S.A. ("**Total**"), Shell and Chevron Corporation ("**Chevron**"), the next key players in terms of overall investment. In addition to the role of the Majors in this market, we are starting to notice an increase of Independents, such as Woodside Petroleum Limited. A greater mix of Independents in the FPSO market is deemed likely to create more opportunities for companies which lease FPSOs, as Independents typically do not have the funding required to build and own their own FPSOs.

Figure 4-7 sets out the forecast of FPSO installations. By tracking news and contract information regarding FPSO projects we assign a status on the likelihood of a project being installed in that year. A large part of installation is expected to occur in 2014 and 2015 with projects that have a firm plan, possible and probable status. It is a positive sign within the market that we believe that probable and firm plan projects will be installed in 2014 and 2015 despite the year of installation not being forecast until a later date as it shows the market has long term demand. FPSO projects that are currently at yard locations receiving work are categorised as 'under construction' or 'under conversion'.

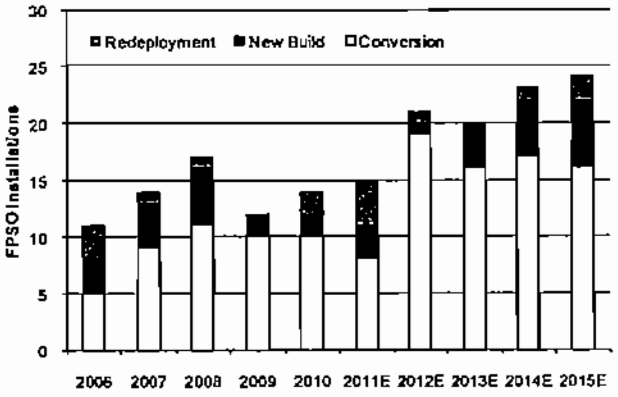


Figure 4-8: Global FPSO installations by deployment type (2006-2015) **[Source: ISL]**

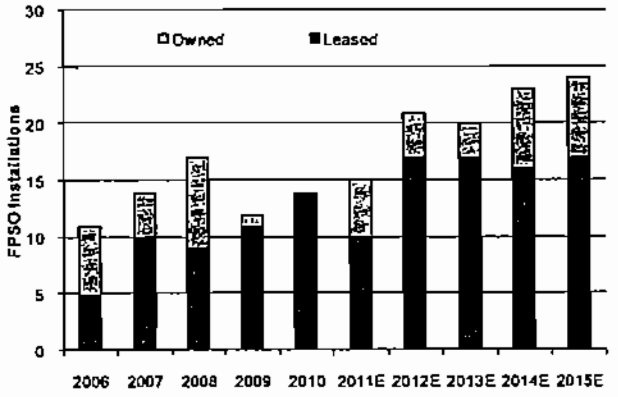


Figure 4-9: Global FPSO installations by lease type (2006 2015) **[Source: ISL]**

Figures 4-8 and 4-9 illustrate our projection that in the future more converted, rather than newbuild FPSOs will be required. Again, companies which are able to manage the FPSO conversion process are likely to be the beneficiaries of this dynamic.

4.3 Key Regional FPSO Markets

4.3.1 South East Asia

The FPSO market looks very robust within South East Asia, which is expected to be driven primarily by Malaysia, Vietnam and Indonesia as Majors, Independents and NOC oil companies are expected to look to develop reserves with FPSO platforms over the next ten years. There is a healthy outlook for the region in terms of both the number of installations and capex for FPSOs from 2011-2015 [Source: ISL].

We believe that Malaysia in particular is likely to increase its market share of FPSO installations from 2011-2015 compared to 2006-2010, as Petrofac Limited ("**Petrofac**"), Murphy Oil Corporation ("**Murphy**"), Hess Corporation, Shell and Talisman Energy Inc. ("**Talisman**"), as well as PETRONAS are anticipated to develop both deepwater and shallow water fields.

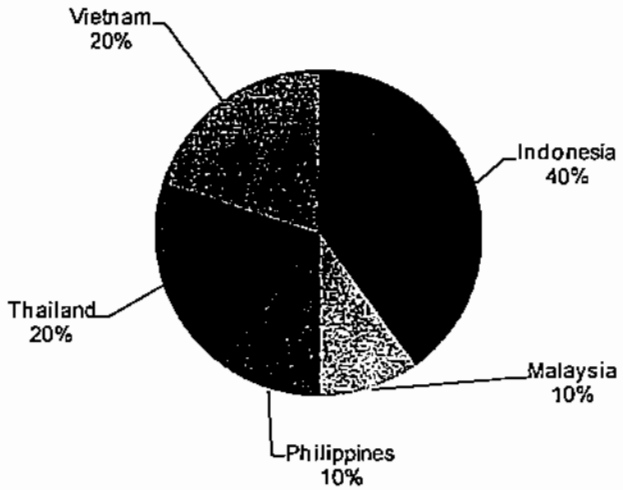


Figure 4-10: FPSO installations by country (2005-2010) **[Source: ISL]**

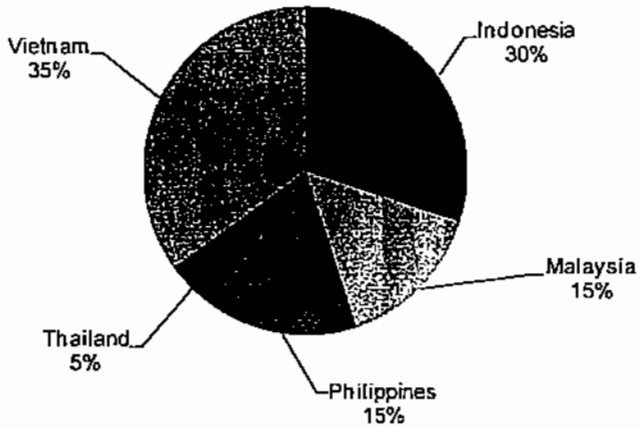


Figure 4-11: Estimated FPSO installations by country (2011-2015) **[Source: ISL]**

Table 4-1: Summary of South East Asian FPSO installations **[Source: ISL]**

Country	2006-2010	2011-2015 (estimated)	Grand Total
Indonesia	4	6	10
Malaysia	1	3	4
Philippines		3	3
Thailand	2	1	3
Vietnam	3	7	10
Grand Total	10	20	30

One demand dynamic within the South East Asian FPSO market that we believe will change over the next five years is within Thailand. Thailand's market share for FPSO installations and capex is anticipated to decline drastically as the country looks to more traditional fixed platforms to develop offshore fields whilst other countries opt for floating production platform solutions. With Thailand having a large amount of fractured reserves offshore, utilising small low cost piled platforms looks to be a more viable option for operators in the country instead of leasing or purchasing FPSOs which can have high lead times for delivery.

Historically, FPSO operations in the region have been primarily undertaken by Independent operators, however, we expect to see more Major and NOC operators enter the FPSO market within South East Asia over the next five years. This diversification of operators in the FPSO market is primarily attributable to Indonesian deepwater fields that are planned to be developed by FPSO solutions. Within Malaysia, there is a similar diversity but on a lower scale with Talisman, PETRONAS and Petrofac expected to use FPSO solutions over the next five years adding to the one current FPSO which has been operating for Murphy offshore Malaysia since 2007 [Source: ISL].

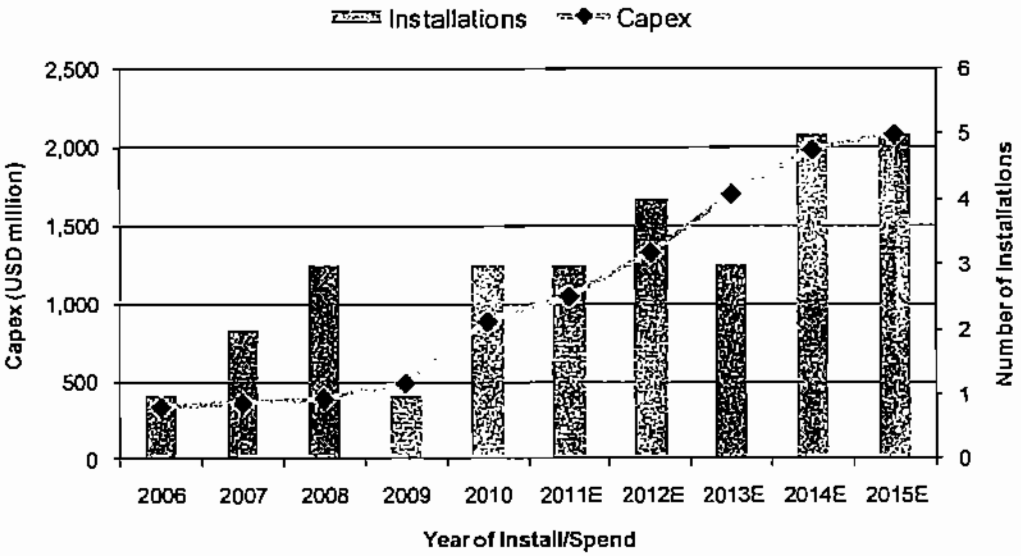


Figure 4-12: South East Asia FPSO installations and capex (USD million) (2006-2015) **[Source: ISL]**

4.3.2 West Africa

Deepwater projects located offshore West Africa, and primarily Angola and Nigeria have acted as catalysts for offshore oil and gas investment into the region over the last few years and the same can be said with the FPSO market in the region. Although the recession dampened overall capex, investment continued to flow into the FPSO market and we believe that this will continue over the next few years before increasing substantially as Majors as well as a growing number of Independent operators develop offshore fields with FPSOs.

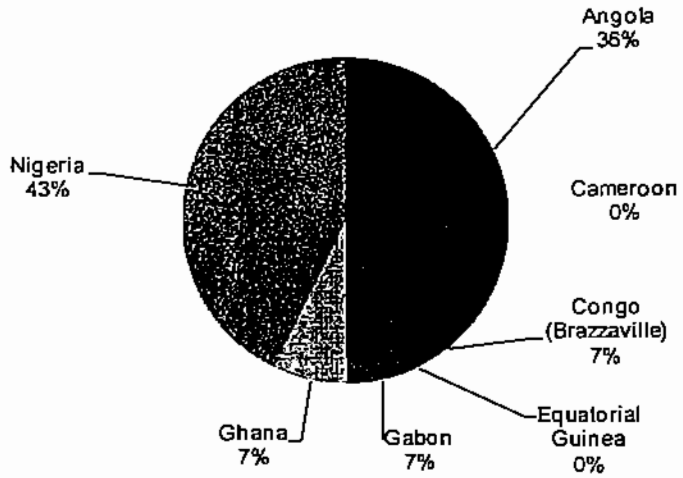


Figure 4-13: FPSO installations by country (2006-2010) **[Source: ISL]**

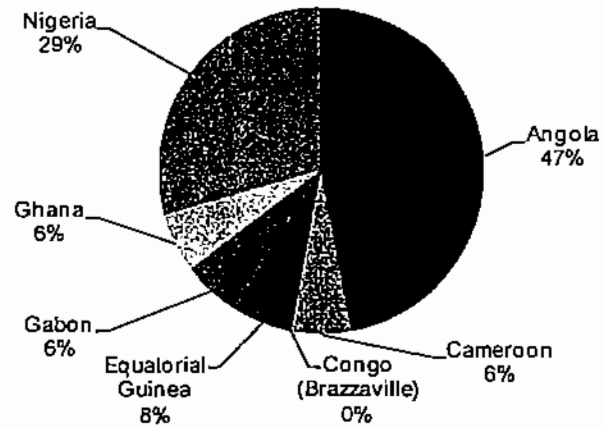


Figure 4-14: FPSO estimated installations by country (2011-2015) **[Source: ISL]**

Table 4-2: Summary of West African FPSO installations **[Source: ISL]**

Country	2006-2010	2011-2015 (estimated)	Grand Total
Angola	5	8	13
Cameroon	0	1	1
Congo (Brazzaville)	1	0	1
Equatorial Guinea	0	1	1
Gabon	1	1	2
Ghana	1	1	2
Nigeria	6	5	11
Grand Total	14	17	31

Over the last five years, we have seen increasing number of Independent operators enter the West African market whilst major operators also continue with operations showing that despite some concerns over security and stability in the region, the benefits for operators are there and worth the risk for these companies. We have also witnessed a similar trend with FPSO lease owners as whilst established players such as Modec, BW Offshore and SBM have been present in the region, there is an increasing diversification of lease owners, for example Fred Olsen Production ASA and Bumi Armada (who were the first Malaysian owner and operator of an FPSO in West Africa). Whilst the trend of Independent operators diversifying into markets is expected to continue moving forward, the diversification into regions is also expected to occur [Source: ISL]. We believe that emerging hydrocarbon nations such as Cameroon and Equatorial Guinea will see continued growth within the FPSO market through to 2015 compared to 2006-2010 as new operators in the region look to develop new acreage in West Africa, creating niche markets for the operators. Whilst these new emerging countries will bolster the FPSO market in West Africa, long standing nations Angola and Nigeria are expected to continue as the primary drivers for the FPSO market in the region.

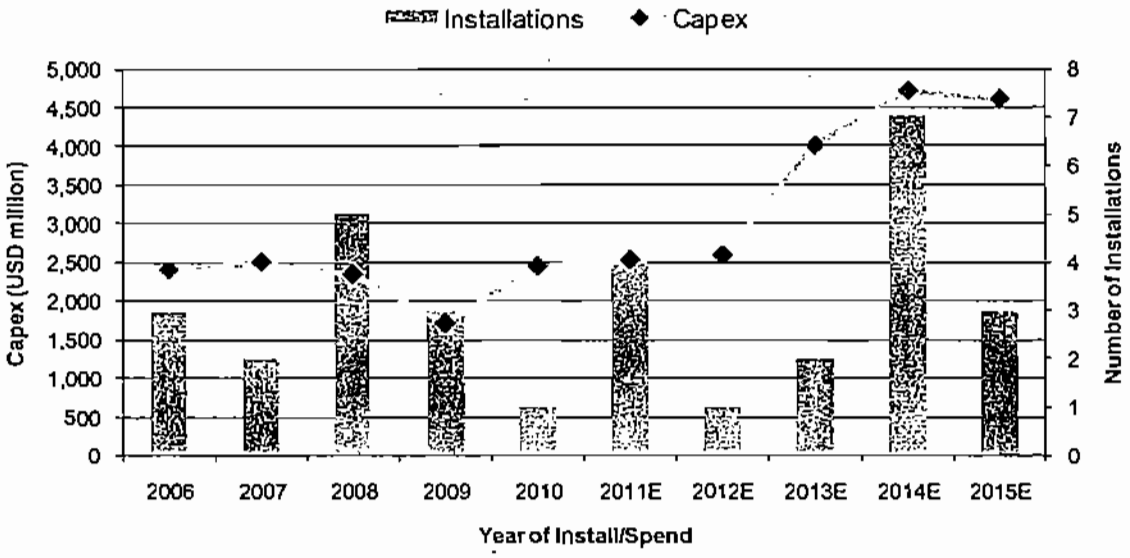


Figure 4-15: West Africa FPSO installations and capex (USD million) (2006-2015) **[Source: ISL]**

4.3.3 Latin America

Table 4-3 Summary of Latin American FPSO installations **[Source: ISL]**

Country	2006-2010	2011-2015 (estimated)	Grand Total
Brazil	23	28	51
Mexico	2	1	3
Peru	1	0	1
Grand Total	26	29	55

Table 4-3 illustrates the importance of Brazil in the FPSO market of Latin America. Brazil's high FPSO requirement is driven by a string of recent discoveries in its deep and ultra deepwater plays. Of these deep and ultra deepwater plays, the most prospective are Petrobras' pre-salt projects, which have attracted a great deal of media attention recently. According to ISL databases, deepwater Brazil now holds the world's largest accumulation of undeveloped deepwater reserves, making this region one of the most strategically important regions for companies providing services in the deepwater spectrum.

The term 'pre-salt' makes reference to an aggregation of rocks located offshore Brazil which were formed under a large and extensive layer of salt, which, in certain areas of the coast, can be as much as 2,000 metres thick. The 'pre' expression is used because, through time, these rocks were deposited before the salt layer. The total depth of these rocks, i.e. the distance between the surface of the sea and the oil reservoirs under the salt layer, can be as much as 7,000 metres [Source: Pre-Salt.com].

Pre-salt offers impressive hydrocarbon potential, but also poses some extremely difficult questions. At depths of up to 7,000 metres, oil is under extremely high pressure and high temperature. The technology which is required to deliver safely from its source rocks to market must therefore be very strong and immensely durable. Pre-salt deposits are also typically found quite some distance away from the shore. The combination of hot and highly pressurised oil, in tandem with it being located a long way from the shore, means that export pipelines are not the best solution for developing these reserves. Instead, FPSOs have been adopted as the favoured development solution of choice [Source: ISL].

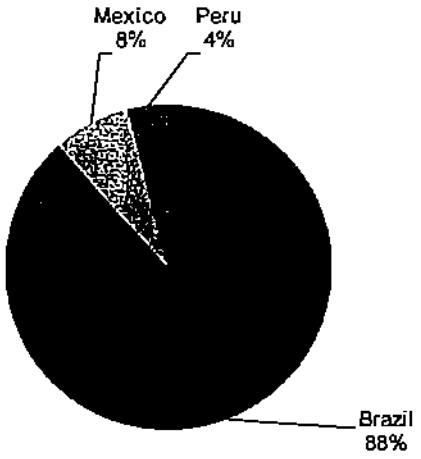


Figure 4-16: FPSO installations by country (2006-2010) **[Source: ISL]**

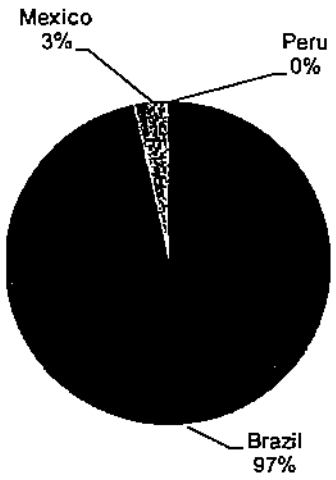


Figure 4-17: FPSO estimated installations by country (2011-2015 **[Source: ISL]**

With Petrobras expected to be the predominant player in the region with plans to increase production and proven reserves through to 2020 [Source: Petrobras], Brazil is expected to witness the largest amount of FPSO capex and installations over the next five years. Other countries offshore Latin America are more focussed on shallow water fixed platform developments as a solution for production than FPSOs which is why Brazil continues to have the largest market share within the region for FPSO installations. The number of installations during 2011 and 2012 is expected to be lower than 2013 through to 2015 as the investment for these projects took place during the economic recession [Source: ISL].

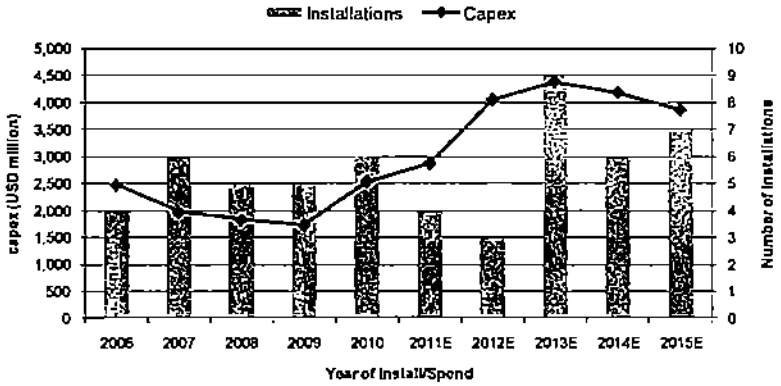


Figure 4-18: Latin America FPSO installations and capex (USD million) (2006-2015) **[Source: ISL]**

4.3.4 FPSO Market Place

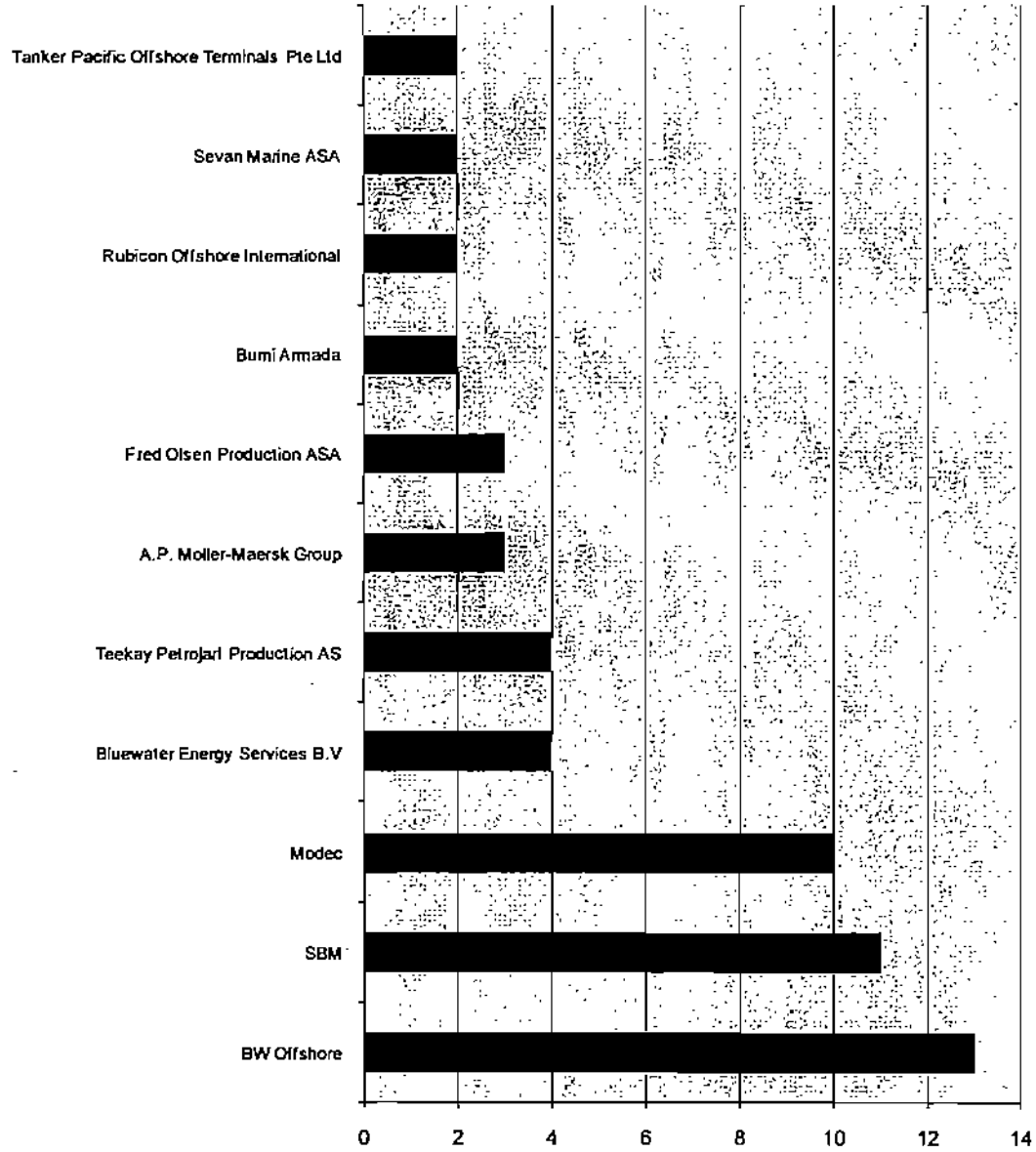


Figure 4-19: Number of operational FPSO by selected FPSO lease owners (as of 14/04/2011) **[Source: ISL]**

The FPSO market place is made up of both leased FPSO providers and oil companies which own their own FPSOs. The market is quite fractured, with a large number of smaller companies owning one or two assets. In Figure 4-19, we have listed some select FPSO lease owners that we believe represent a good cross section of the global providers.

Within the leased FPSO market we perceive there to be three layers of competition [Source: ISL]. The first layer would relate to companies such as Modec, BW Offshore and SBM. These companies have the largest fleets, and are able to leverage these revenue generating assets to take on the bigger projects which require larger FPSOs. Below these players is the second tier of leased FPSO providers who have two or more FPSOs, and have been able to win additional contracts due for installation in 2011 to 2015. These companies include Bluewater Energy Services B.V., Rubicon Offshore International, and Bumi Armada. For these companies, there is a good possibility for inorganic growth, targeting smaller companies with fewer assets, or companies with similar sized assets without any new contracts. This tier predominantly targets the medium to small projects for operations. The final layer of leased FPSO providers has typically one asset currently deployed with no recent contract success.

4.4 Market Threats and Concerns

Alternative Development Concepts

One of the recent emerging trends within the FPSO market is a move away from ship-shaped FPSOs towards cylindrical designs. Cylindrical designs, such as that recently chosen for use on Eni S.p.A.'s Goliat field in Norway by Sevan Marine ASA, as well as designs promoted by SSP Offshore, could impact the leased FPSO market, as providers of leased FPSOs tend to use converted tanker hulls as the basis of the FPSO. Although there has not been a large amount of demand for these new design types, there has been an increase in interest. These designs are however, largely viewed as niche concepts, applicable as development solutions only in certain market products. The supply chain around them is less established, and generally we would expect delivery schedules to be greater relative to a conversion design.

Accounting Change

The Financial Accounting Standards Board is currently reviewing its practices in relation to leasing. It has submitted a draft outline of proposed changes, and consulted with the industry until December 2010 [Source: FASB.org]. Whilst the board is still currently accumulating all comments and may change accounting practice for leased assets in the future, there are a number of leased FPSO providers that have pre-empted the board's decision and adopted these proposed changes. Although the changes are not yet a fully required practice, those leased FPSO providers which have moved early to adopt these new standards are likely to be well placed relative to competitors that have yet to take on these practices.

Local content

NOCs are becoming more influential and powerful in today's offshore O&G industry. They have a dual role of overseeing hydrocarbon production and maximising their countries return on its hydrocarbon resources. Recently in places such as Nigeria, we have seen stringent regulations being introduced which means that a significant part of any project must be undertaken in the country in which the project is due to be installed. Whilst this could be advantageous for any companies which already have operations in countries with increasing local content requirements, when procuring a large and complex asset such as an FPSO, there is some uncertainty as to whether countries which have local content requirements actually have the capacity to carry out this work [Source: ISL].

Environmental Legislation

The issue of reducing carbon emissions has impacted all types of business across the globe and the offshore industry is no exception to this. In recent years, major operators and large Independents have been very public in stating their intentions on carbon emission reductions throughout their entire supply chain but their focus remains on producing assets. Although operators have taken the first step towards lowering emissions such as reducing the amount of flaring, when gas which cannot be taken to market is burnt at the platform, there could be increased regulations from governments across the globe that would be forced upon the industry [Source: ISL].

Industry reliance and vulnerability to imports

According to ISL databases, over 90% of FPSOs are fabricated in Asia and exported to their country of operation. The supply chain for an FPSO is global. Engineering is often done in Houston, Aberdeen, London, Tokyo or Monaco, whilst fabrication is usually then done in Singapore or Korea. As such, the FPSO is deemed as not vulnerable to risks associated with imports.

Substitute Products/Services

Whilst there are no direct substitute products or services to the FPSO market there are alternative solutions for operators to choose from for floating platform production. Drivers for alternative floating platform solutions can vary and include legislation not allowing FPSO deployment, harsh metocean conditions that would usually support a semi-submersible platform over an FPSO and major gas production fields. However, evaluation of these field and regional characteristics would require a project-by-project approach in order for an operator to decide upon the right solution for them. FPSOs have the advantage of being capable of disconnection from a field in the event of bad weather conditions such as in the hurricane season as well as having a large storage capacity. There can also be less capex required as FPSOs can be converted from existing transport tankers; which is again dependent on a project-by-project basis [Source: ISL].

5 OSV MARKET

For this Report, the OSV market has been defined as vessels either associated with anchor handling duties ("**AHTs**"), which are used for towing rigs and platforms onto location, platform support vessels ("**PSVs**"), which are primarily used to supply existing platforms and assist with construction duties as well, and accommodation vessels, which offer offshore accommodations services during the construction and installation phase of offshore infrastructure and also during periods that require inspection, repair and maintenance ("**IRM**").

All three types of vessels have similar but slightly different market drivers. Demand for AHTs is driven by the number of rigs that are actively drilling, which is in turn driven by the need to drill wells, which is in turn driven by the price of oil and future expectations about the price of oil. PSV demand is driven by the number of operational platforms. More platform installations will occur if the price of oil is high, and if expectations over future energy demand are also high. Further, a high oil price context may also mean that existing platforms remain economically feasible and remain operational for a longer period of time. Demand for accommodation vessels is driven by offshore construction and installation, and also through IRM activities for shallow water infrastructure.

Although under the same umbrella as OSVs, AHTs, and PSVs, accommodation vessels have different capabilities and therefore there are some different dynamics when looking at the drivers between the two sectors.

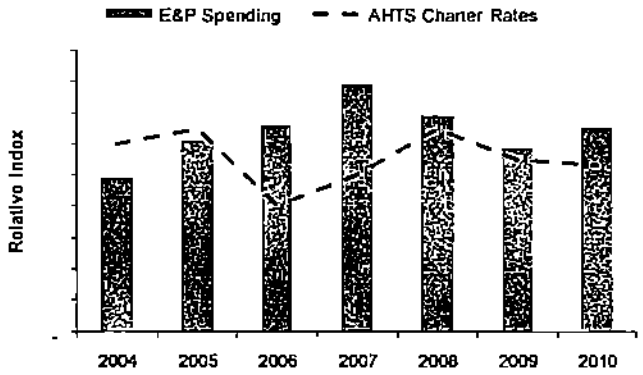


Figure 5-1: Exploration and production ("E&P") spending indexed with AHTS charter rates 2004 - 2010[1] [Source: ISL]

An AHT is traditionally deployed to tow offshore rigs from one location to another and to deploy their anchors in order for them to maintain a specific position during the drilling process. AHTs are also utilised to support the asset during the drilling process in terms of supply runs and safety assurances. Given that the primary function of an AHT is to support offshore drilling, we note that the main driver for this market is activity in the drilling market. The drilling market is in turn driven by a number of factors:

- Global energy consumption patterns
- Seismic surveying activity
- Newly available license block acreage
- Compulsory drilling requirements on old license block acreage

[1] AHTS are an acceptable proxy for general OSV market in Asia

- Number of rigs in the market
- Depletion of existing fields
- Growth of subsea market and movement away from platform drilling
- Growth of subsea operational market and requirement for subsea intervention

A PSV is employed to transport supplies to offshore platforms and return any other cargoes to shore. PSVs typically have cargo tanks for a variety of goods, however fuel, water and chemicals are the primary supplies required by platforms. A PSV will typically have less horsepower than its AHT counterpart, as its role is more supply focussed, rather than having to move heavy anchors [Source: ISL].

As with AHTs, we do see quite some variation in design and capability; we also see a difference in performance characteristics between vessels built more than 25 years ago compared to those of today. With the trend of exploring and producing from more remote offshore locations continuing to characterise the offshore industry, more sophisticated and younger PSVs with greater drive capacity, load capabilities, and better fuel efficiency are well placed within the market to win charters.

Given that the PSV's primary role is to support offshore platforms, the main driver for this market is the size of the installed and operational platform market. Offshore platforms are a crucial part of offshore O&G production and as the global demand for oil and gas increases, more offshore platforms are proposed, awarded and installed. Whilst the number of new platforms increases as energy demand increases, existing platforms typically witness reinvestment in the asset or field in order to prolong production or tap into reserves that were once deemed not economically viable. The reverse is also true that with a market slowdown, new platform installations decrease and operators are less likely to reinvest in assets whilst global commodity prices are low [Source: ISL].

For accommodation vessels, the market is driven by new platform installations as well as the number of existing platforms. For new offshore installations, accommodation vessels will be required to provide accommodation for engineers, contractors and other personnel involved in the project as shuttles via helicopter and boats are typically less efficient than the chartering of a purpose built accommodation vessel on-site. The same is true for IRM, where long shutdowns or maintenance to offshore installations may require personnel to be on site for a length of time without staying on the platform itself for HSE reasons.

5.1 OSV Market Recent Performance

Given the strong relationship between OSVs and the offshore drilling and platform markets, which are in turn primarily driven by energy demand patterns, with the recent economic slowdown we have noticed a consequential cooling of activity in the OSV sector. However, this occurred after a period of almost frenetic activity, strong utilisation, and record charter rates. Figure 5-2 shows that up to late 2008 OSV utilisation was increasing and demand for OSV services was also increasing. Beyond the second half of 2008 a combination of plateauing OSV demand, and the influx of a number of new builds, caused utilisation and charter rates to fall.

Demand for OSVs grew strongly through the last business cycle (i.e. from 2005 to 2008), driven by rapidly increasing energy demand and lucrative commodity prices which encouraged oil companies to look into delivering more hydrocarbon energy to the market. As competition to develop offshore fields increased, so did the core support services required by field operators to bring fields into production, which experienced significant revenue inflation. Looking at AHTs, day-rates for drilling rigs sky rocketed, fuelled by utilisation, which in some markets was more than 90%. With increased utilisation and day-rates for rigs, utilisation and day-rates for AHTs increased in tandem, with global utilisation recording figures of 83% to 85% through 2008 and average day-rates peaking towards the end of 2008 at a level approximately three times greater than in 2000 [Source: ISL]. Through 2009 the market began to see newbuild OSVs, sanctioned during the boom years prior to the economic downturn, enter the global market. This addition to overall supply was witnessed predominately during the second and third quarters of 2009 and caused utilisation rates to fall even further as demand continued to remain flat until the second half of 2009 when demand began to decline incrementally leading to overall OSV utilisation rates for 2009 to sit at around 77% [Source: ISL]. 2010 began to show signs of recovery across the entire offshore industry, however oilfield services were the last sector within the overall supply chain to feel the benefits of recovery.

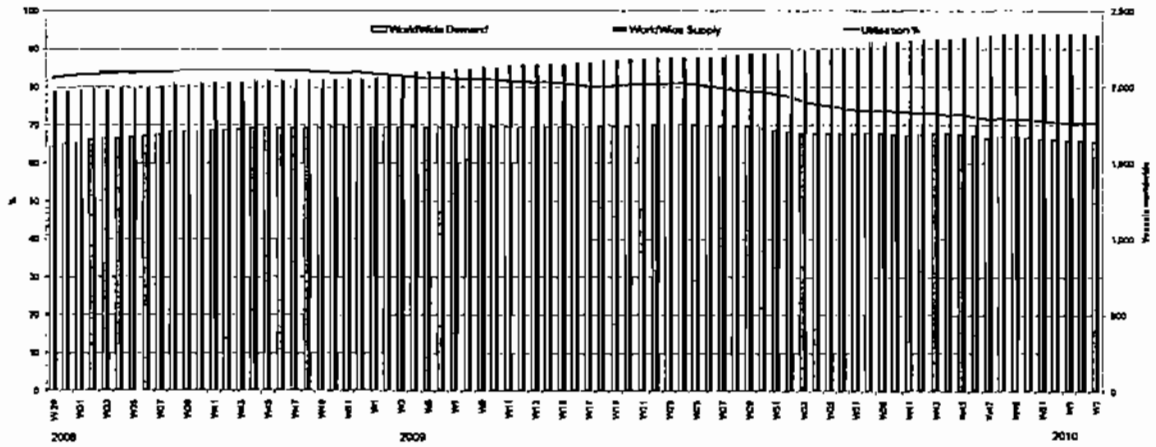


Figure 5-2: OSV demand, supply and utilisation from mid-2008 to early-2010 **[Source: ISL]**

Within the PSV market, a significant step forward in the number of installed platforms in tandem with a concerted effort to keep existing units in production, led to increasing demand for PSVs.

Whilst the period commencing from 2005 to 2008 was undoubtedly a very positive one for the OSV industry, the economic downturn and a corresponding decrease in offshore activity adversely affected the OSV market. This was compounded by the large number of higher specification vessels which were ordered pre-downturn, but not delivered until post-downturn.

Prior to the global recession, the OSV market was generally oversupplied on a global scale, especially in regions such as the North Sea and South East Asia. This oversupply could still affect day-rates and impact the service sector recovery witnessed over the last year. Although there is oversupply in West Africa, the region has witnessed a more robust recovery compared to other regions due to the Major operators that are currently in operation there [Source: ISL].

Looking to the future, the OSV market has gone through a modernisation process to equip them for an offshore O&G industry which is moving into deeper waters and into more remote locations. To meet this challenge, leading OSV providers have sought to modernise their fleets and deliver vessels which are capable of supplying missions over longer-ranges, and which have greater torque for positioning anchors and chains into deeper waters. Companies which have made these kinds of investments are likely to be able to generate higher day-rates for their assets than their shallow water competitors [Source: ISL].

5.2 Forecasting OSV Market Performance

We believe that the global OSV market will witness growth over the next five years as key performance indicators such as offshore capex, the number of wells to be drilled, and the number of new platform installations scheduled, are all set to increase incrementally through to 2013 before peaking in 2014 as illustrated in Figure 5-3. Towards 2015, we expect an increasing amount of subsea wells to be installed which will drive demand for drilling rigs and subsequent AHTs to support them. Likewise, the increase of platform installations will encourage demand for PSVs to supply the cumulative base.

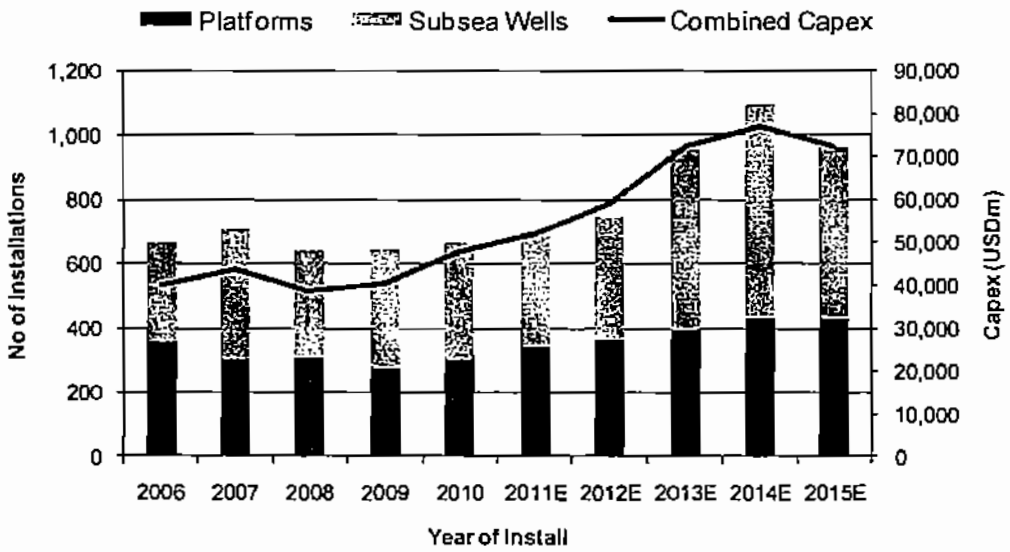


Figure 5-3: Global installations by platforms/subsea wells and global combined platform and subsea capex (USD million) (2006-2015) **[Source: ISL]**

Figures 5-4 to 5-7 show key regions for platform capex and subsea well capex. West Africa, South East Asia, and Latin America are key contributors to platform capex. From a subsea perspective, South East Asia is less sizeable than other regions; however it is growing at an extremely quick rate. Meanwhile, although the platform capex global market share within South East Asia is expected to be less over the next five years, there is still growth expected in the region in the next two to five years.

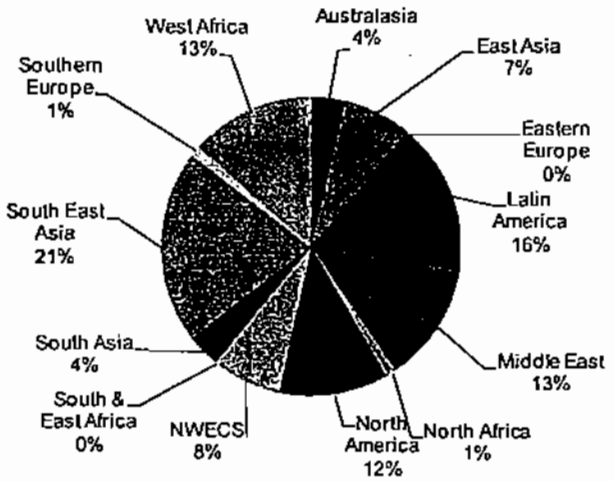


Figure 5-4: Global platform capex by region (2006-2010) **[Source: ISL]**

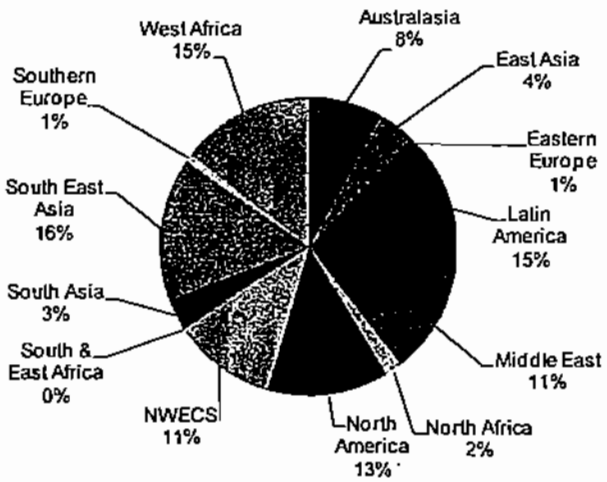


Figure 5-5: Global platform estimated capex by region (2011-2015) **[Source: ISL]**

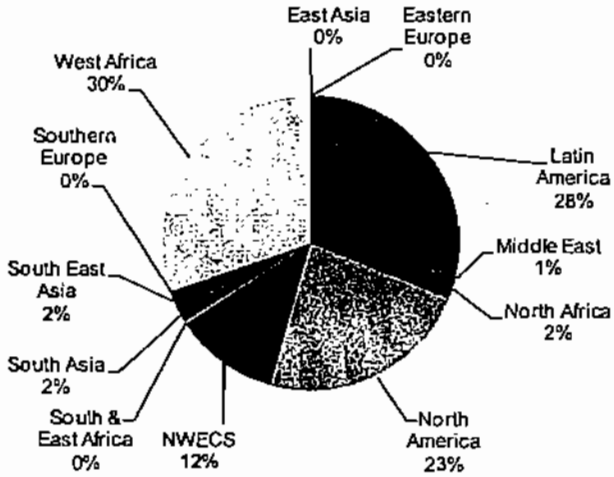


Figure 5-6: Global subsea well capex by region (2006-2010) **[Source: ISL]**

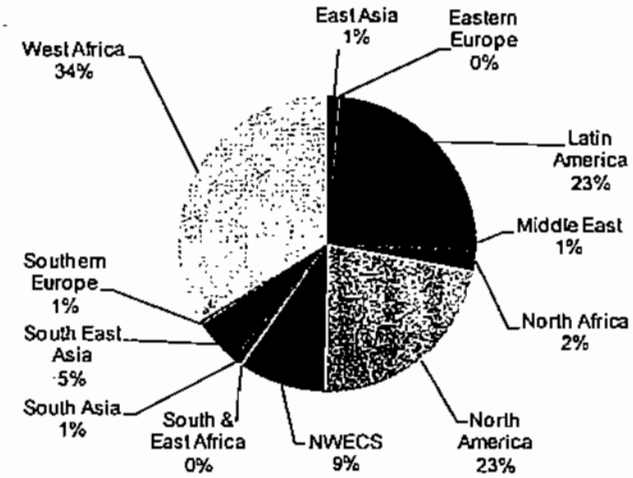


Figure 5-7: Global subsea well estimated capex by region (2011-2015) **[Source: ISL]**

Figure 5-8 shows that the cumulative volume of operational platforms is expected to increase significantly over the next five years. Whilst South East Asia, Latin America and West Africa only represent a small amount of global cumulative installations, this is skewed by the large number of very small wellhead only platform installations found in shallow waters in the Gulf of Mexico. Nevertheless, in terms of platform installations over the next five years, South East Asia is on par with North America which highlights the growth in E&P spending within the South East Asia region, in particular offshore Malaysia and Indonesia.

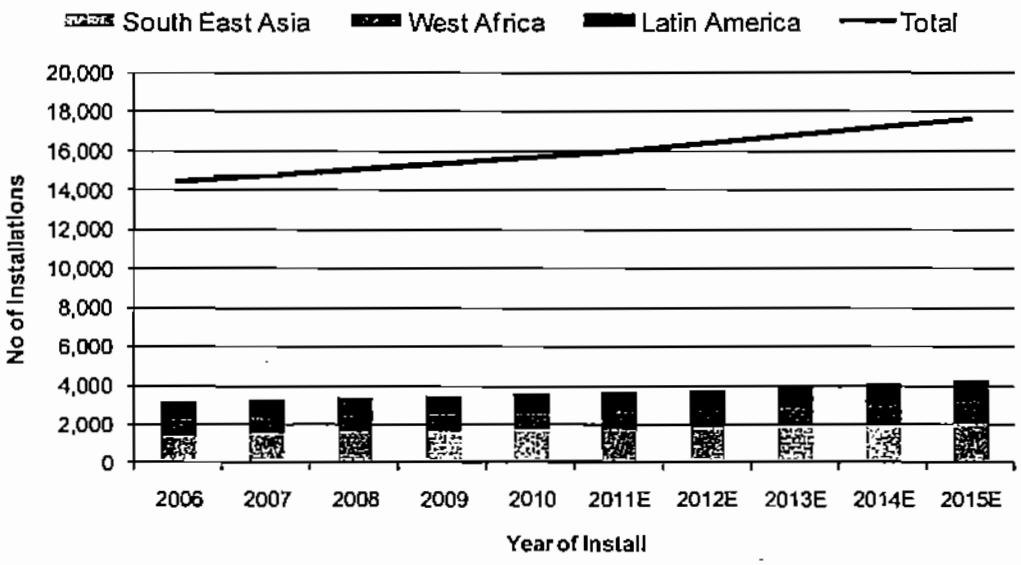


Figure 5-8: Cumulative platform installations by selected region (2006-2015) **[Source: ISL]**

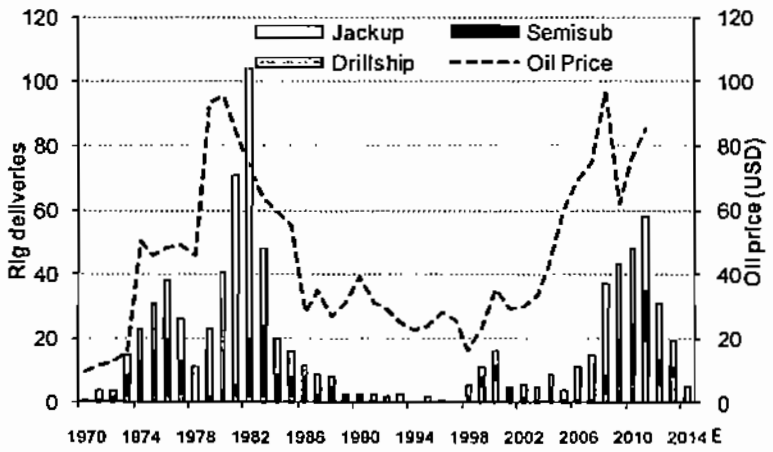


Figure 5-9: Global rig deliveries by rig type vs oil price (USD) (1970-2014) **[Source: ISL]**

The global rig market is also expected to improve its performance in 2011 as more exploration programmes go forward. Figure 5-9 shows historic rig building activity versus oil price. In the past, when we have seen a period of high oil prices this has been followed by a period of high rig building activity. The current oil price scenario is likely to trigger such a building cycle. This in turn will drive a requirement for more AHTs. Furthering the requirement for more AHTs is the low level of scrapping in the rig market [Source: ISL].

5.2.1 Malaysian OSV Market

Due to cabotage laws prioritising local OSV service providers and the presence of financially strong Majors and NOCs in Malaysia, the OSV market has witnessed a stable period over the last few years. Whilst charter rates became depressed in other global regions, the rates in the Malaysian market remained comparatively buoyant [Source: ISL].

One of the key drivers for the Malaysian OSV market continues to be PETRONAS, and its plans to develop hydrocarbons offshore Malaysia. During 2010, 69% of PETRONAS' E&P spending was within the domestic market (Source: PETRONAS Annual Report 2010). This is expected to increase in 2011 as the operator moves away from its international focus and looks to address declining production from its shallow water fields. PETRONAS' expenditure plans at this stage are two pronged; the development of deep water reserves, which will require deep water capable PSVs, and also the re-development of fields which are experiencing declining production. This will require additional drilling, which will in turn require greater support from AHTs. We believe that the O&G industry in the country will continue to provide opportunities within the OSV market [Source: ISL].

5.3 Key Regional Overview

5.3.1 South East Asia

Within South East Asia, the two countries with the greatest forecast investment in their offshore O&G industry, in terms of platforms and subsea, are expected to be Malaysia and Indonesia. These two countries are developing both their shallow water plays, whilst also moving towards the deeper waters. The process of moving into deeper waters creates demand for more modern, deepwater capable vessels.

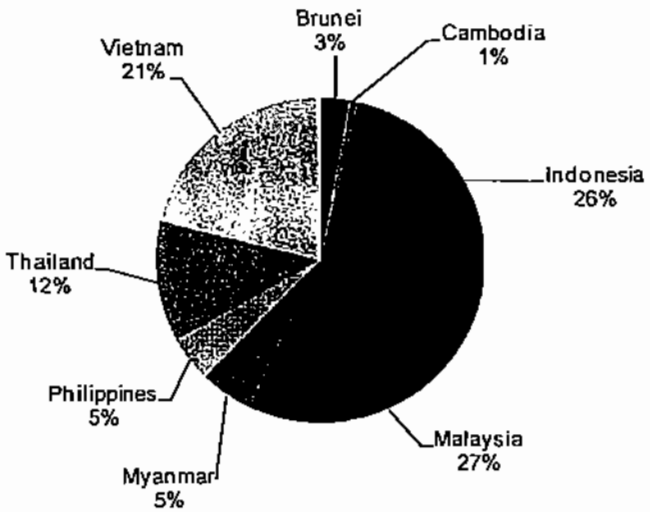


Figure 5-10: South East Asian platform estimated capex by region (2011-2015) **[Source: ISL]**

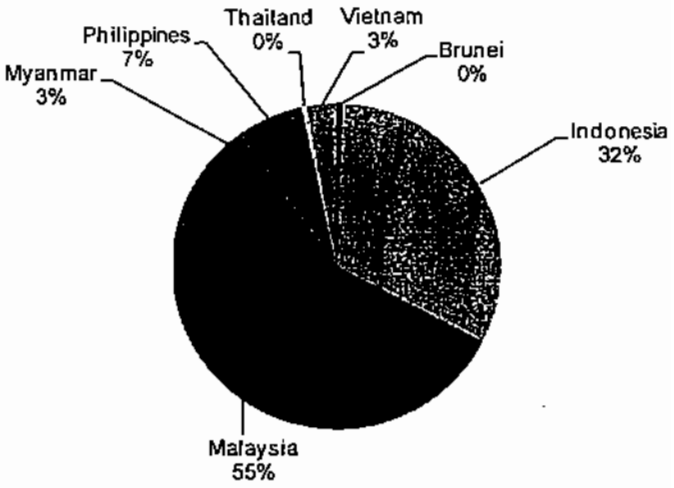


Figure 5-11: South East Asian subsea well estimated capex by region (2011-2015) **[Source: ISL]**

Apart from Indonesia and Malaysia, we believe other countries such as Vietnam and Thailand will complement platform investment in the region and provide opportunities for PSVs as well as AHTs over the next five years. However, these platform projects are expected to be primarily shallow water projects.

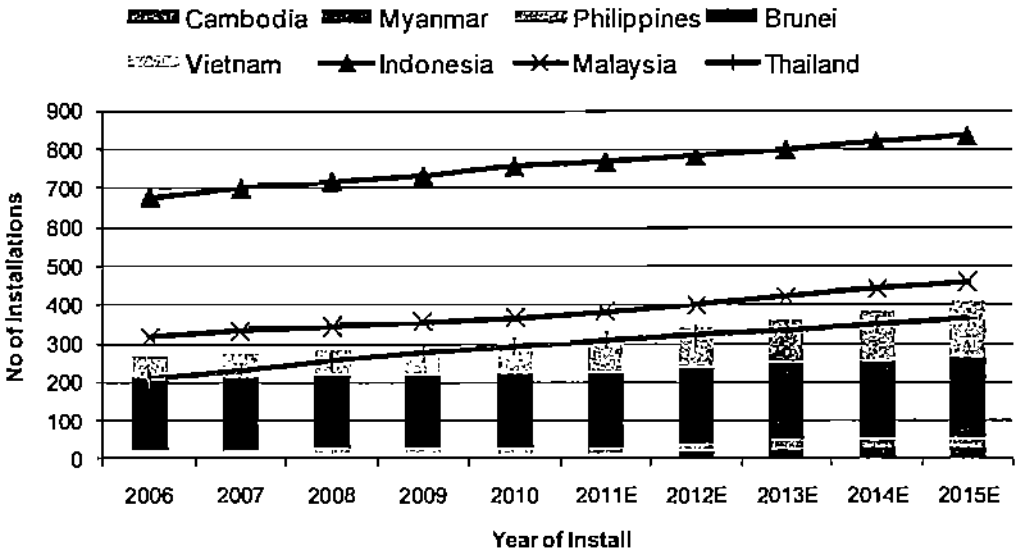


Figure 5-12: Cumulative platforms (2006-2015) **[Source: ISL]**

The amount of operational platform installations in the region is expected to increase incrementally over the next five years with Malaysia, Indonesia and Thailand likely to provide the most opportunities for PSVs in the region. Indeed Malaysia and Indonesia should witness the greatest growth in platform installations in South East Asia. It should also be noted that although the majority of installations are currently in shallow water locations offshore these countries, the region is reflective of the global offshore industry in that it is moving increasingly towards deep and ultra-deepwater fields, in particular offshore Malaysia. OSV owners that are aware of this trend and have invested in a fleet capable of supporting these deepwater projects should be best placed in the market looking forwards.

Table 5-1 summarises the key demand metrics for OSVs in South East Asia.

Table 5-1: South East Asia key demand metrics **[Source: ISL]**

S.E. Asia	2011E	2012E	2013E	2014E	2015E	CAGR
Operational Rigs	125	136	142	142	142	3%
Operational Floaters	129	138	146	156	164	6%
Operational Fixed	1,646	1,709	1,771	1,836	1,902	4%
Operational Construction Vessels	78	80	80	81	82	1%

Notes:
E *estimate*
CAGR *compound annual growth rate*

Whilst we have good visibility over the factors which contribute demand for OSVs, it is harder to gauge future supply conditions, as vessels can be brought into the region, or ordered and built with short timelines. We currently believe that there are somewhere in the region of 500 OSVs in South East Asia, which are active in a sphere similar to Bumi Armada. What is harder to forecast is how many we will find in the market in the future.

5.3.2 West Africa

The offshore oil and gas market in West Africa is expected to represent good growth over the next five years as deep and ultra-deepwater developments continue to drive the platform and subsea investment.

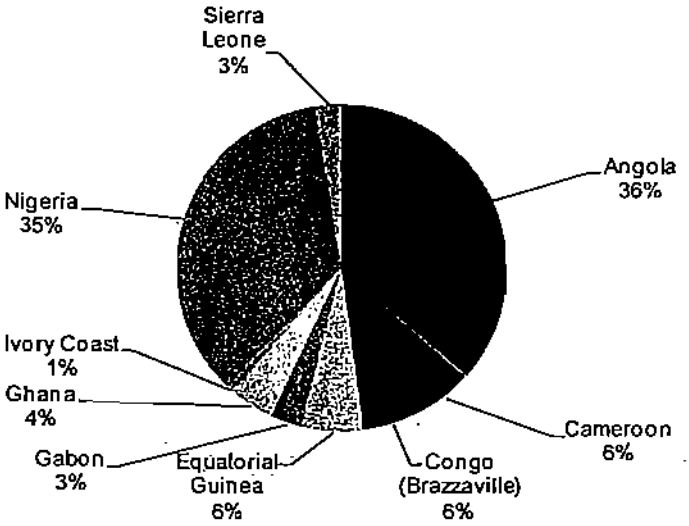


Figure 5-13: West African platform estimated capex by region (2011-2015) **[Source: ISL]**

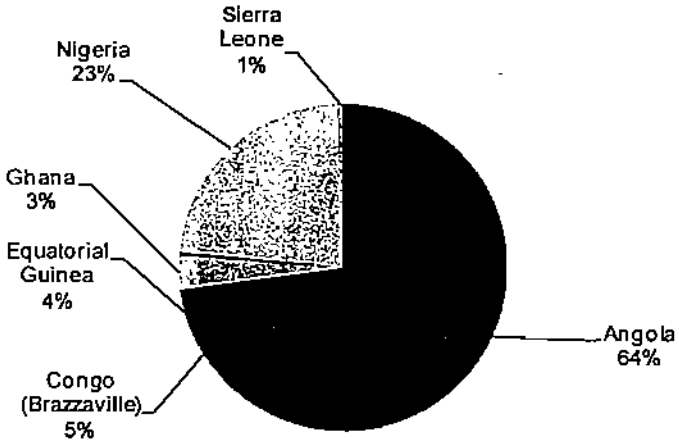


Figure 5-14: West African subsea well estimated capex by region (2011-2015) **[Source: ISL]**

With continued investment in both platforms and subsea wells, we believe that West Africa will provide increased opportunities to the OSV market. Cumulative operational platform numbers in the region should increase from 922 to 1,088 over the next five years, many of these will be in Nigeria, as illustrated in Figure 5-15.

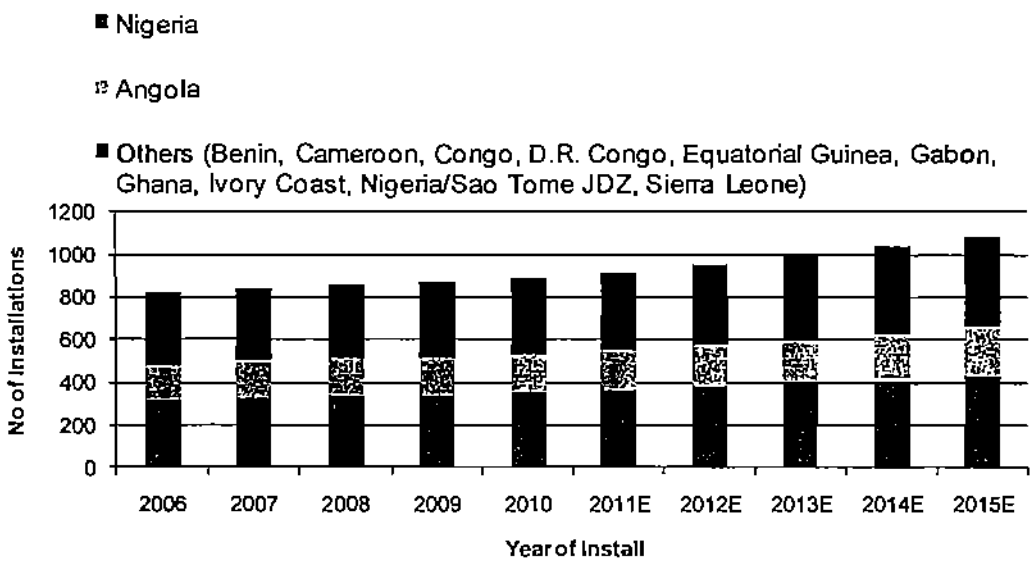


Figure 5-15: West African cumulative platforms (2006-2015) **[Source: ISL]**

We currently believe that there are around 64 rigs within the West African market, of which 37 are operational. Although there are rigs in the region which are 'cold stacked' (meaning rigs without a contract, with no workforce, but theoretically ready for a quick turnaround if a contract was awarded), there is still a good proportion of non-operational rigs 'ready stacked', available for contracts, which can be deployed very quickly should they be required. This excess drilling capacity is likely to be utilised if market conditions continue to improve.

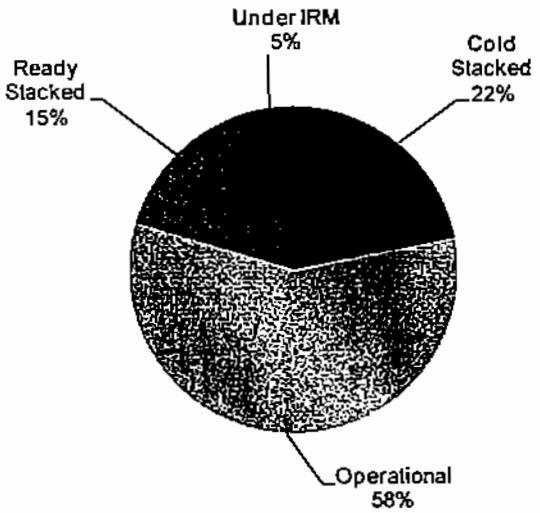
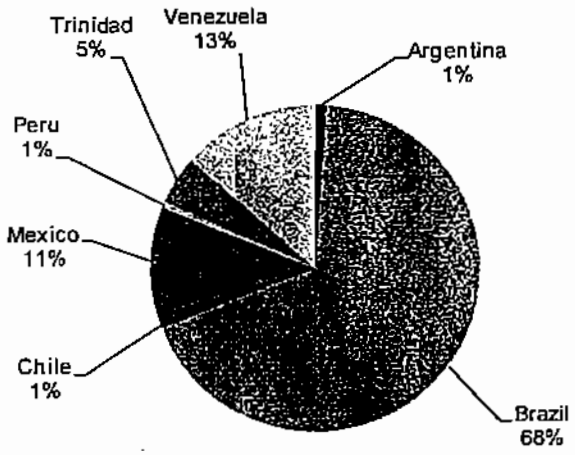


Figure 5-16: West African rigs by status (as at 29/03/2011) **[Source: ISL]**

With cumulative platforms increasing over the next five years through new platform installations, primarily offshore major countries such as Angola and Nigeria as well as emerging countries such as Gabon and Ghana, coupled with good utilisation rates of rigs and an increase in capex anticipated for both platforms and subsea wells, we believe the West African market will hold a great deal of positive news for OSV players in the market, in particular companies with high class AHTs. High class AHTs refers to AHTs with large drive capability as well as being more fuel efficient, younger and a more sophisticated vessel within the market. These high class vessels are expected to witness the higher dayrates and utilisation throughout the market.

5.3.3 Latin America

Similar to the West African market, there is expected growth in O&G investment for platforms and subsea assets in Latin America over the next five years. We believe that Brazil, in particular, will be the key country for platform and subsea platform capex and installations, especially within the FPSO market that was addressed in the previous section.



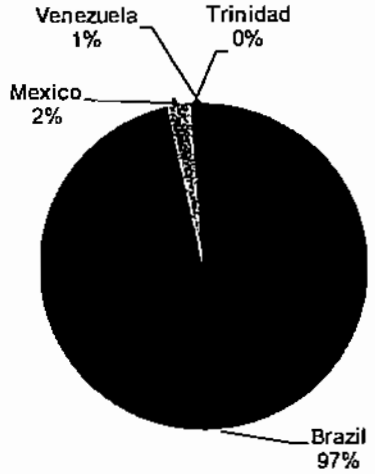


Figure 5-17: Latin America platform estimated capex by region (2011-2015) **[Source: ISL]**

Figure 5-18: Latin America subsea well estimated capex by region (2011-2015) **[Source: ISL]**

Other than Brazil, Mexico and Venezuela should contribute towards the PSV market with new platform installations as well as the increase in the cumulative base of existing operational platforms as PDVSA and PEMEX increase shallow water platform investment over the next five years in order to replenish falling production rates.

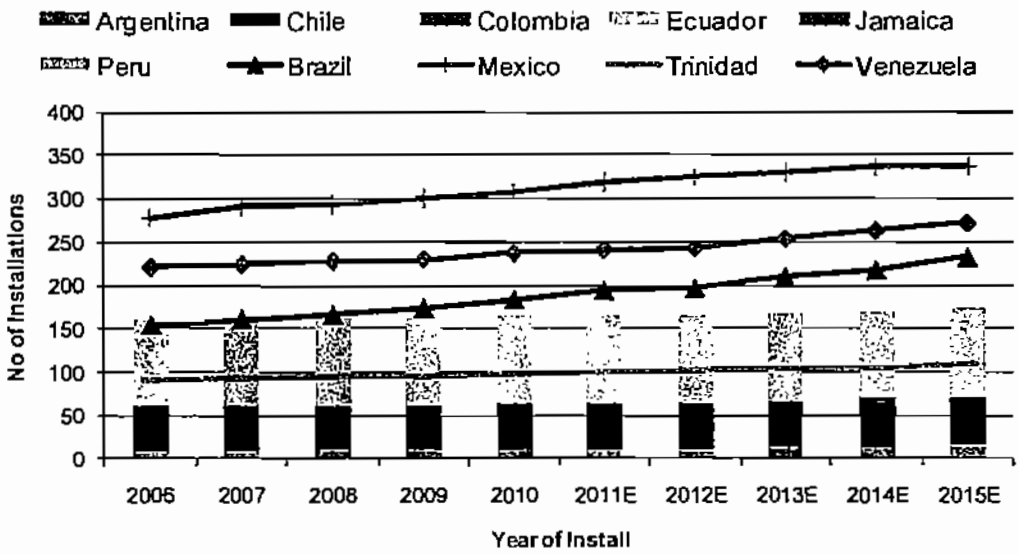


Figure 5-19: Latin America cumulative platforms by region (2006-2015) **[Source: ISL]**

In relation to the AHT market, the rig market in Latin America should provide strong utilisation levels in the years ahead, as 99 rigs in the region are currently operational, with only 3 rigs currently cold stacked. A strong commitment to drill pre-salt reserves in Brazil

looks likely to underpin drilling, and therefore AHT activity in this region for some time.

5.3.4 Offshore Accommodation Market

It should be noted that whilst the above forecast has looked at the overall performance of the OSV market, this section will go into more detail regarding the accommodation vessel market and the supply/demand dynamics within it. Since 2005, accommodation vessel supply has witnessed significant expansion, as new market entrants alongside existing players took advantage of the significant demand, rising day-rates, and good utilisation within this specialist market. This expansion has seen 107 accommodation vessels in 2005, grow to 162 vessels in 2010, the bulk of which have been focussed primarily on more multifunctional assets in direct response to operator requirements for a more rounded service provision

Barge accommodation vessels are expected to continue to dominate the market in terms of number of vessels, and although there has been a swathe of dynamically positioned deepwater newbuild barges that have entered the market in the last five years, the majority of barges are relatively old and competitive only really in shallow and benign waters. Semi-submersible hull designs are generally preferred by many operators in the North Sea and US Gulf of Mexico, due to the high safety performance of these types of assets. However, these vessels typically require large investment, have a lengthy construction timeframe, and also command high day-rates. In some regional markets they would not be appropriate.

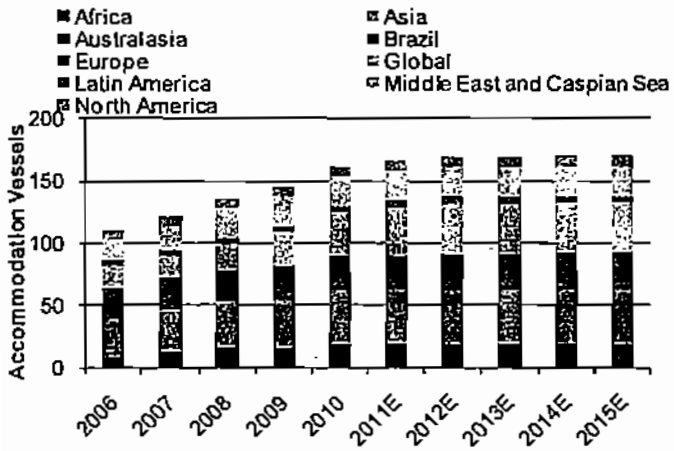


Figure 5-20: Cumulative global accommodation fleet by region (2006-2015) **[Source: ISL]**

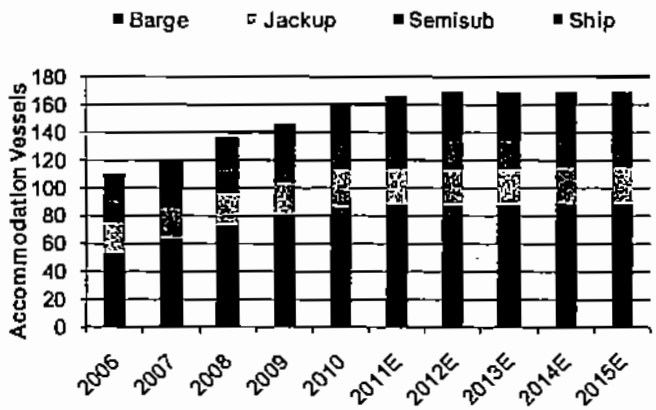


Figure 5-21: Cumulative global accommodation fleet by vessel type (2006-2015) **[Source: ISL]**

Accommodation vessels are capable of working across a number of different operational markets. Movements between regions are rare for barge type accommodation vessels; however the higher-end semi-submersible design may be relocated to serve high value contracts. In terms of vessels operating in specific regions, currently Asia has the most accommodation vessels operating in the region. These tend to be of barge type design.

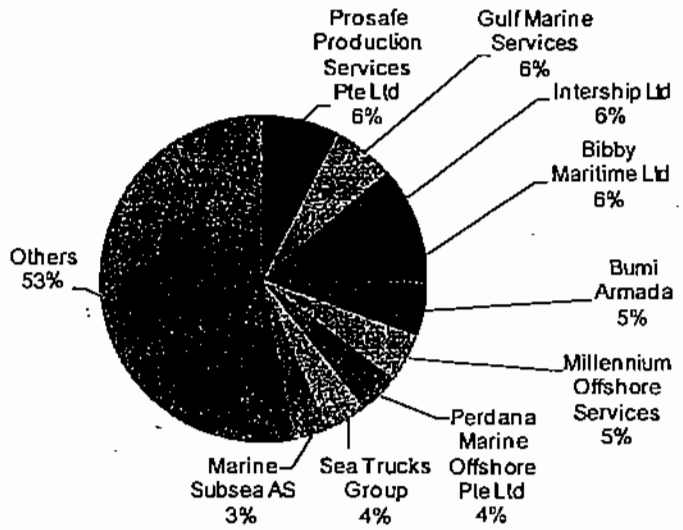


Figure 5-22: Global accommodation fleet % by vessel owner (2010) **[Source: ISL]**

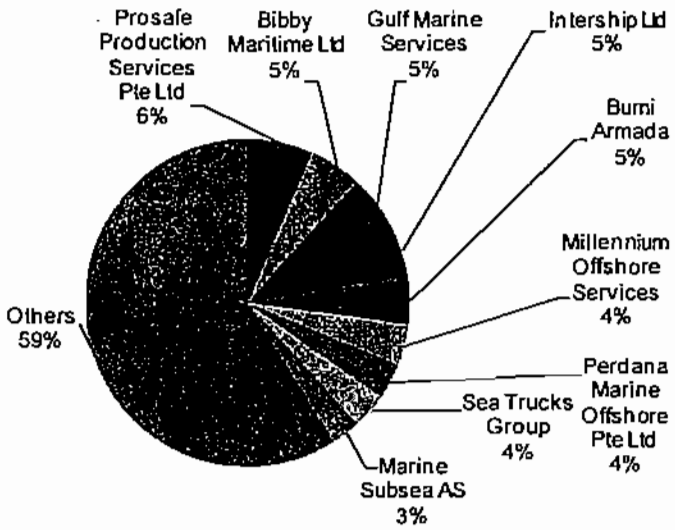


Figure 5-23: Estimated global accommodation fleet % by vessel owner (2015) **[Source: ISL]**

The age of the global fleet is varied with a great number of vessels built over 25 years ago; however there have been recent additions to the fleet over the last ten years. In line with other OSV markets, we have witnessed a move towards more sophisticated and environmentally friendly accommodation vessels in the market over the last four years, driven by new legislation as well as operator preferences. The majority of accommodation newbuild barges are expected to come into the market in Asia where a number of small firms are converting barges into accommodation vessels.

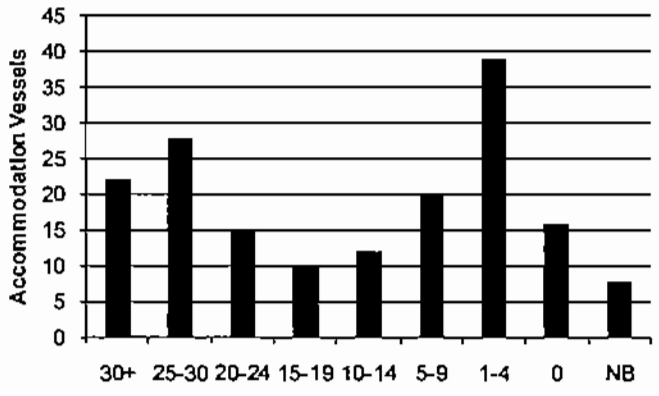


Figure 5-24: Global accommodation vessel fleet by current vessel age (2006-2015) **[Source: ISL]**

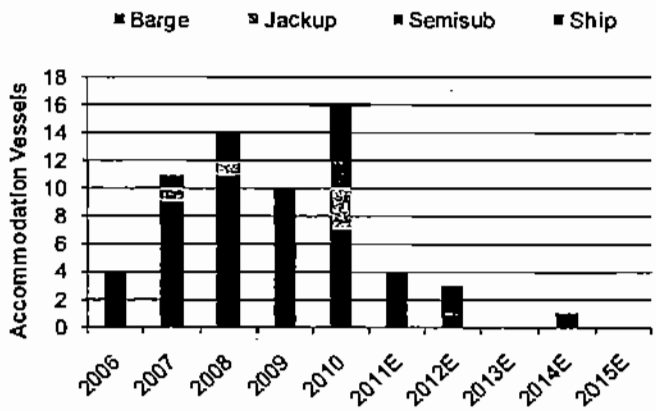


Figure 5-25: Global accommodation newbuilds by vessel type (2006-2015)) **[Source: ISL]**

In terms of expected demand, North America is forecasted to be the main regional driver behind global demand, with IRM work projected to be carried out on ageing existing infrastructure in the Gulf of Mexico a major factor behind the region's demand. There are also the deep and ultra-deepwater projects in the lower third tertiary trend that we expect will require an additional accommodation support during the installation of the various Spars, tension leg platforms and other floating platforms which are currently planned. There is also potential upside for accommodation vessel owners from new HSE legislations that are expected to be implemented as part of the learning from the Deepwater Horizon disaster.

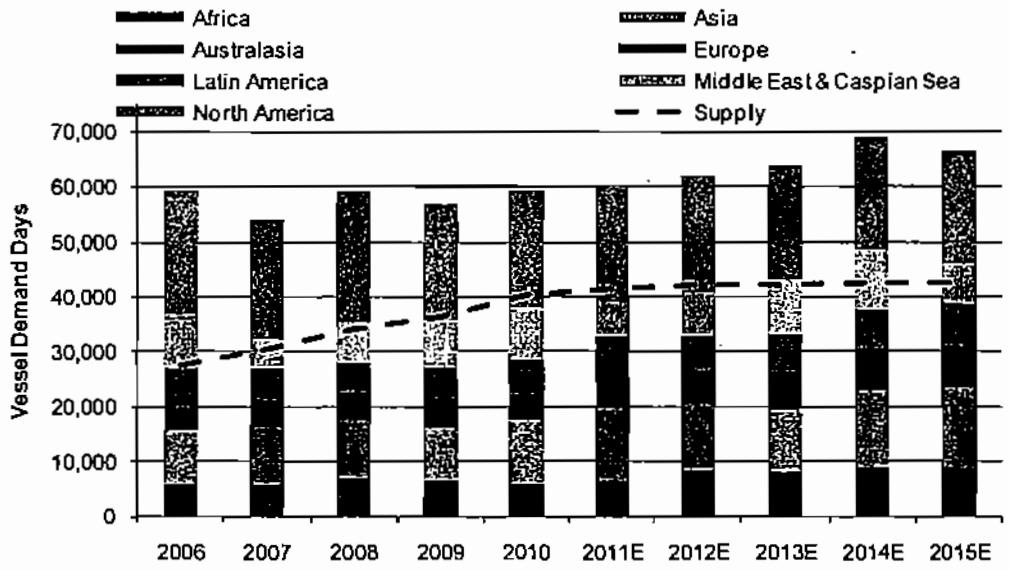


Figure 5-26: Global accommodation demand days by environmental condition (2006-2015) [Source: ISL

Longer term, we expect to see growth for the accommodation market within offshore Brazil, where ultra-deepwater work should require high end accommodation vessels. One region expected to remain buoyant in the medium term is Asia, where the development of the South China Sea and Bohai Bay, by Chinese NOCs and their international partners, is likely to underpin activity levels. Also within Asia, South East Asia in particular is expected to be one of the key emerging markets not only within Asia but throughout the globe. The key countries that should require the services of accommodation vessels are expected to continue to be Indonesia, Malaysia and India. The majority of forecast demand is likely to be attributable to IRM services, however platform installations are still expected to boom in the region, especially in South East Asia due to increased demand for domestic hydrocarbon production, which should drive vessel demand towards the end of the forecast period. Demand for platform removal accommodation services is also anticipated to increase towards the latter years as decommissioning gathers steam in the region

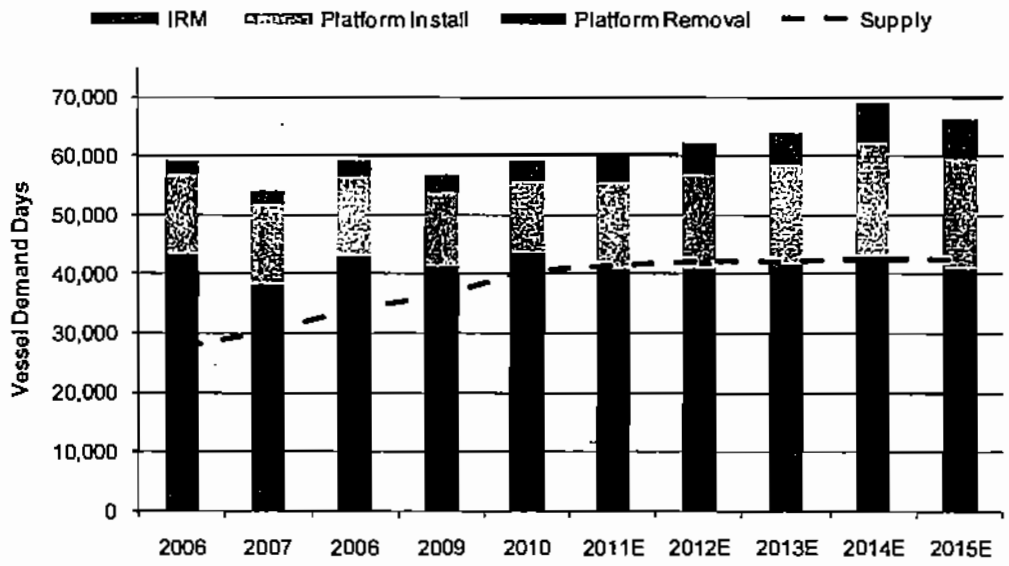


Figure 5-27: Global accommodation demand days by environmental condition (2006-2015) [Source: ISL]

Although the snapshot in Figure 5-27 suggests under-supply in the market there are alternative accommodation solutions such as helicopters, boats and other types of vessels (discussed in section 5.4 in greater detail) that are expected to impact upon this dynamic. Within the industry there is also the trend of IRM work being subject to delays and deferrals due to weather, costing or other variables such as asset divestment that can push the work if not deemed operationally mandatory. This was witnessed in some regions during the economic recession in late 2008 and early 2009 and this could again impact the supply/demand dynamic looking forward. Nevertheless, the outlook for accommodation vessel owners is positive as demand is expected to increase whilst supply is forecast to plateau, in particular the next five years.

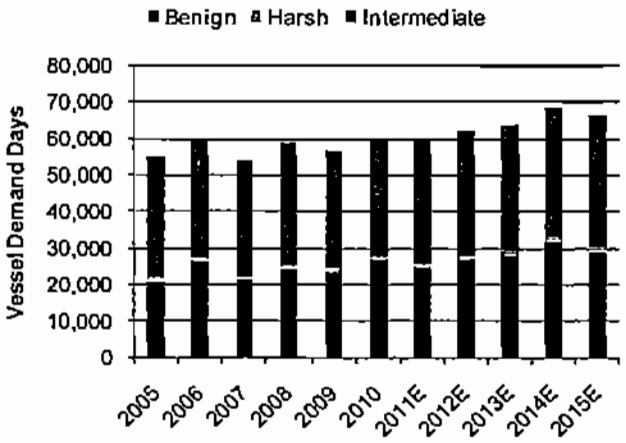


Figure 5-28: Global accommodation demand days by environmental condition (2005-2015) **[Source: ISL]**

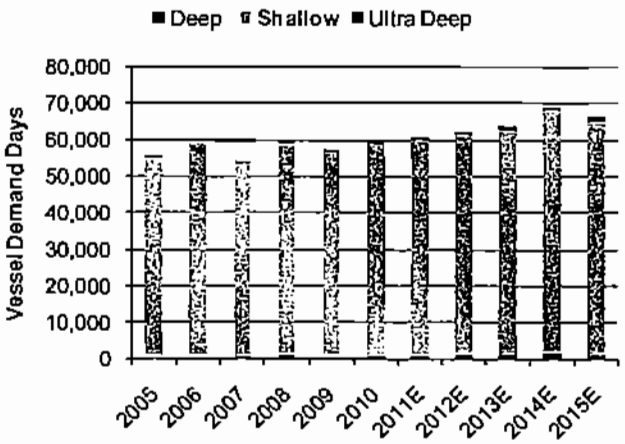


Figure 5-29: Global accommodation demand days by water depth group (2005-2015) **[Source: ISL]**

We expect the majority of accommodation service demand to be required in shallow waters and in benign to intermediate environmental conditions driven by aging infrastructure requiring IRM services. High end vessels capable of working in intermediate and harsh environments should see some growth in demand in the latter years, however we believe that as more and more DP2 and DP3 high end vessels enter the market looking to capture this niche market the more competition will arise. In the harsher waters accommodation semi-submersibles are more likely to be used as alternatives solutions (such as crew-shuttling) which are ill-equipped to undertake the work. The accommodation vessel market is anticipated to be driven by shallow water projects, in particular the large amount of IRM required for existing infrastructure. This is deemed to be a favourable market dynamic for companies which provide accommodation barges.

5.3.5 Competitive Market Place

ISL estimates that there are about 500 vessels (including future newbuilds) in South East Asia in the competitive sphere. Due to increasingly strict cabotage laws, these vessels are becoming more segmented within their national markets. However, the South East Asian market can still be considered as relatively open, with many OSV providers based out of Singapore, which itself has limited OSV demand [Source: ISL].

We believe the South East Asian competitive market place looks as such:

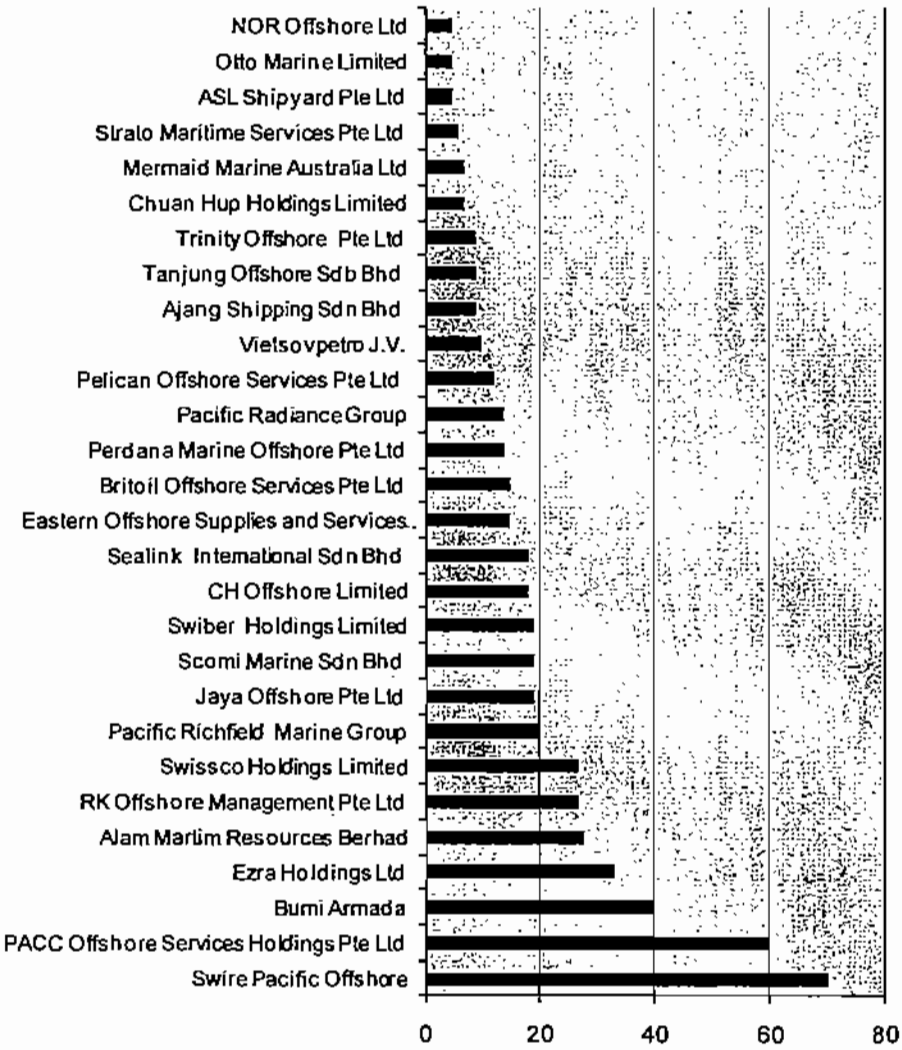


***Figure 5-30: Current and future newbuild OSVs from 1970 to 2015 in South East Asia* [Source: ISL]**

Each of the companies providing OSV services to the offshore O&G industry around South East Asia has a different fleet makeup. Some companies have invested in fleet modernisation and prepared themselves for the developing deepwater market. Others have not made this investment and have comparatively older fleets. With the industry moving into deeper waters, those companies which have invested in vessels with deepwater capabilities are likely to be at a long-term advantage. They are also likely to be able to command higher charter rates.

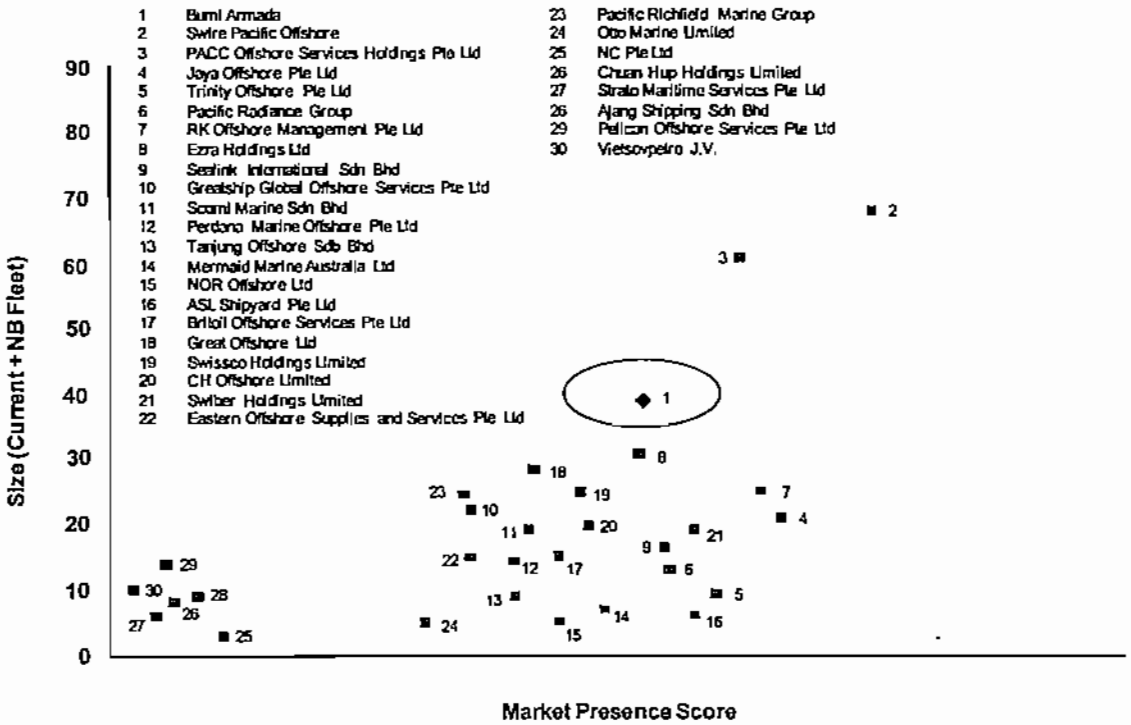


***Figure 5-31: Competitive landscape of South East Asia based OSV operators* [Source: Adapted from Pareto research]**

Figure 5-31 illustrates a qualitative assessment of the South East Asian OSV market. Jaya Holdings Limited ("**Jaya**"), Swire Pacific Limited ("**Swire**"), PACC Offshore Services Holdings Pte Ltd ("**PACC**"), Bumi Armada and Ezra Holdings ("**Ezra**") are the five largest OSV providers in terms of both size of fleet and market presence. Defining actual fleet sizes is quite difficult, as different companies define their assets in different ways, and where possible, we have sought to exclude any tug boats or barges.

We feel that within South East Asia there are three tiers for the OSV market. The first tier includes the larger OSV companies that have large fleets and are capable of targeting larger operators and projects. These companies include Jaya, Swire, PACC, Ezra and Bumi Armada. This tier has been reinvesting in its OSV fleet over recent years in order to create a younger and more sophisticated fleet. The second tier within the OSV market comprises companies with competitive fleets, although slightly smaller than the top tier. These companies have a track record of medium size projects and have had success in charters in the region over the last few years. The third tier are companies who own very small fleets and have not witnessed charter success recently.

5.4 Market Threats and Potential Regulation Concerns

Growing Cabotage Legislation

The past 10 years has witnessed a growth in the 'nationalisation' of energy producing countries' O&G reserves. If this trend continues, it is highly likely we will continue to see growing cabotage legislation in emerging markets. If OSV providers are able to meet legislative requirements, and have a geographically wide distribution of vessels, ISL perceive good opportunities will arise in these increasingly protected markets. Conversely, this could constrain growth and competitiveness by restricting market entry, with fewer opportunities to work across international borders.

New Environmental Legislation

Whilst the challenges of an industry moving into deeper, harsher and more remote waters is fuelling increasing demand for more modern and operationally capable OSVs, we are also starting to see a movement, driven primarily by the oil majors, towards a preference for 'greener' OSVs. This preference comes as a result of public pressure on the large oil companies to present a greener image, however it is starting to impact on procurement preferences as well [Source: ISL].

Whilst operational capabilities, availability and price are the core considerations for oil companies when looking to recruit OSV services, it is likely that in the future, especially for the Majors, we will see more contracts being awarded to OSV owners who have invested in greener technology.

Industry reliance and vulnerability to imports

Given the fluid nature of the OSV market, especially around Asia, we have no overt concerns over this industry's reliance or vulnerability to imports. In fact, one of the perceived strengths of this market is the ability to work in new regions and countries.

Substitute Products/Services

Although not a direct substitute, the drillship market could be an alternative to the AHT market. Drillships typically do not require vessel support in order to move and thus would not require an AHT or its services. Whilst this should be noted, the majority of drilling rigs are semi-submersibles or jack-ups and drillships only represent a small proportion of the global market and in South East Asia; ISL currently track nine drillships operational in South East Asia.

Offshore Accommodation Substitutes

Alternative solutions to purpose built accommodation vessels currently include the contracting of helicopters, dive support vessels and in some instances drilling rigs. While these alternative solutions usually require far less investment than securing the services of an accommodation vessel they can carry the opportunity cost of lost efficiency provided by an onsite asset. One market trend that has become apparent is the increased utilisation of drilling rigs for accommodation services, due to the reduced activity in the drilling market. We have witnessed jack-up drilling rigs such as the Noble Gene House, Saipem 10000 and Alaskan Star awarded contracts in 2010 for accommodation services. Although alternatives are an essential part of the offshore accommodation market the majority of alternative solutions can only be implemented very benign regions as solutions for harsh environments such as crane vessels can become very expensive.

6 T&I MARKET

The T&I market has evolved to transport infrastructure which has been constructed to its location in the ocean, and then mount it safely in the correct place. The core aspect of this market is pipelay and heavy lift vessels. A pipelay vessel is used to transport and install pipeline offshore, whilst a heavy lift vessel has a crane which is capable of lifting and installing on the sea bed a variety of offshore equipment. The main focus for this section will be the derrick lay barge ("**DLB**") market, which comprises vessels that are versatile enough to be involved with both pipelay and installation work.

6.1 DLB market

A DLB is used to support offshore construction and installation. DLBs are typically able to perform heavy lifts, install pipelines, various subsea equipment, umbilicals, risers, and flowlines. A DLB is a multi-functional vessel, able to support oil companies with a wide variety of tasks. Bumi Armada's 'Armada Installer' is an example of a DLB which specifically has pipelay capabilities, but which also has some crane capacity. Given its broad capabilities, competition in the DLB market comes both from other DLBs, and also from more specialised heavy lift and pipelay capable vessels.

The DLB market is clearly delineated between the higher and lower vessel specifications, which are characterised by water depth and technical specifications (for example crane size). We perceive that vessels at the high end of technical configuration and ability are able to work in deepwater, lift equipment in excess of 4,000 tonnes, and install trunk-lines. The lower end vessels comprise assets designed for shallow-water, with short-line installation devices [Source: ISL].

6.1.1 Expected DLB Day Rates

The DLB market can be simplified into two classifications, high end vessels ("**Class A**") and low end vessels ("**Class B**"). The high end vessels are dynamically positioned deepwater vessels capable of performing large lifts and large pipelay, whilst the low end vessels are usually barge vessels with lower specifications and capable of only operating in shallow and conventional waters.

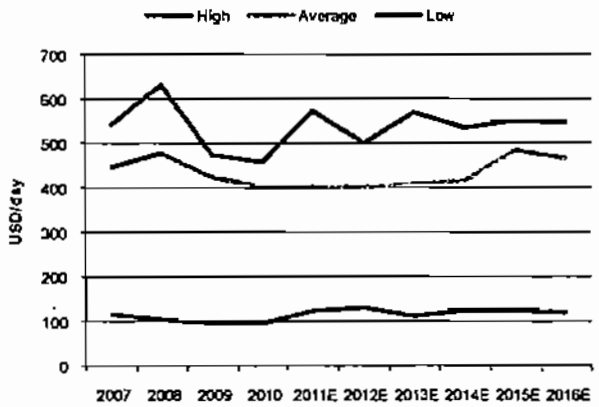


Figure 6-1: Class A DLB vessel dayrates by range (2007-2016) [Source: ISL]

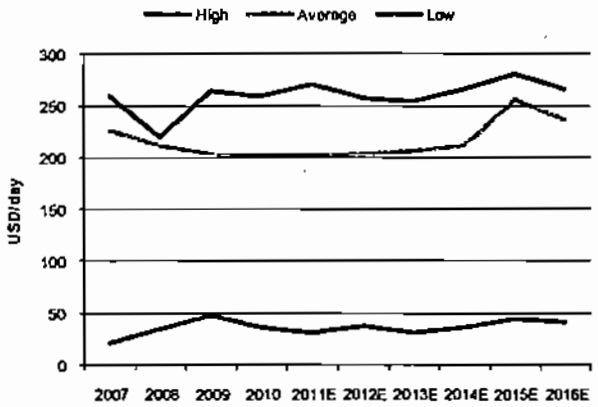


Figure 6-2: Class B DLB vessel dayrates by range (2007-2016) [Source: ISL]

Day-rates for the high end vessels witnessed a small decline during the recession. However, since average day-rates are relatively flat, as demand returns to the market, this should increase the average day-rates from 2014 onwards. The low end vessels have also witnessed a flat period of average day-rates and is expected to increase from 2014.

6.2 Forecast DLB Market Performance

There are several metrics used to ascertain both heavy lift and pipelay demand. For the purposes of this Report, demand is supplied as vessels days and as such can be directly compared to vessel supply. The amount of days in demand is driven by the characteristics of the items of infrastructure being installed. Heavy lift and pipelay demand originates from the installation of pipelines, platforms, subsea equipment, single point moorings and the removal of platforms. The largest and most valuable of these markets is the installation of pipelines used to export recovered hydrocarbons. The pipelay market continues to attract the highest dayrates for vessels operating around the world. It should be noted that in terms of market demand, pipeline installation is expected to require the most vessels compared to heavy lift.

Demand for heavy lift and pipelay witnessed a decline in recent years primarily due to the global recession but the recovery in 2010 marked a return to growth in the market and we believe this will increase substantially during 2011 through to 2013 before demand plateaus towards 2015.

The largest regions within the DLB market for demand are expected to be the mature regions of North America and Europe where large pipelines are projected to be installed before 2015, in particular in the North Western Europe Continental Shelf where pipelines such as Nord Stream are driving demand. West Africa, South East Asia and Brazil are also expected to contribute towards demand over the next five years.

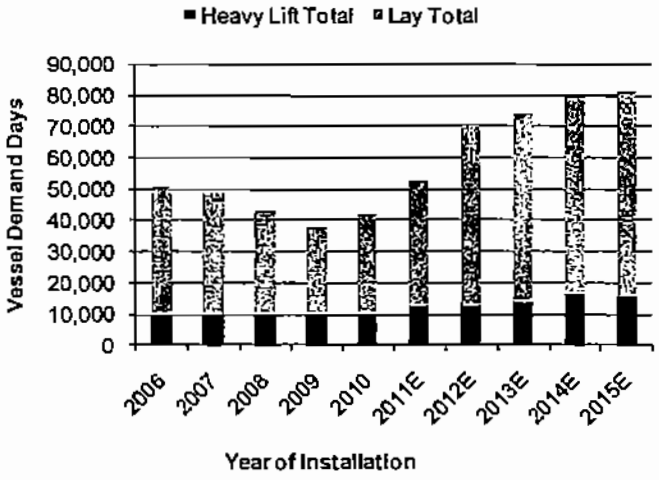


Figure 6-3: Global DLB vessel demand by region (2006-2015) **[Source: ISL]**

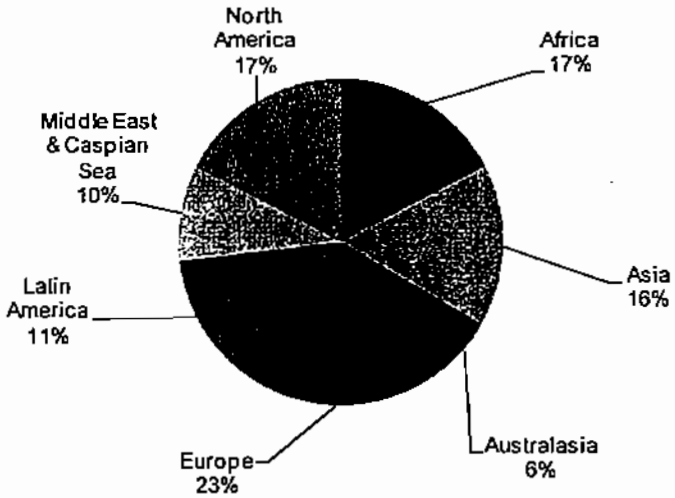


Figure 6-4: Global DLB vessel estimated demand by region (2011-2015) **[Source: ISL]**

6.2.1 South East Asia Demand

Developments within shallow waters are expected to continue to drive demand for the T&I market over the next five years within South East Asia despite the emergence of deepwater projects in recent years as we believe NOCs will prioritise shallow water plays for the next five years. The operations of PETRONAS and PTT Public Company Limited are the key examples of this and Figures 6-5 and 6-6 show the forecast demand share that these NOCs will require through to 2015. Although majors such as Chevron and Shell are also expected to have a large share of the demand for construction vessels, the emergence of Independents such as Murphy is also expected to continue in the region.

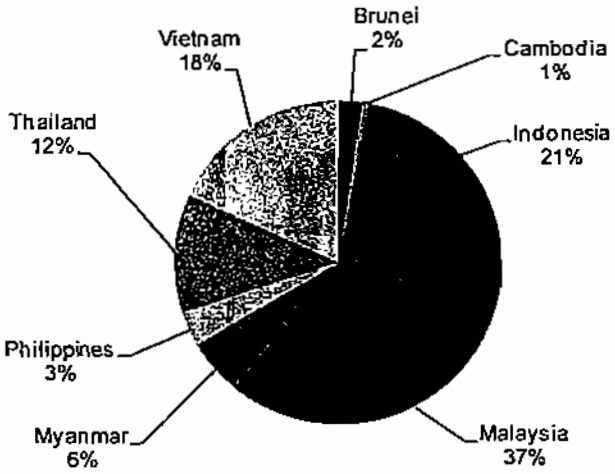


Figure 6-5: Estimated DLB vessel demand by country (2011-2015) **[Source: ISL]**

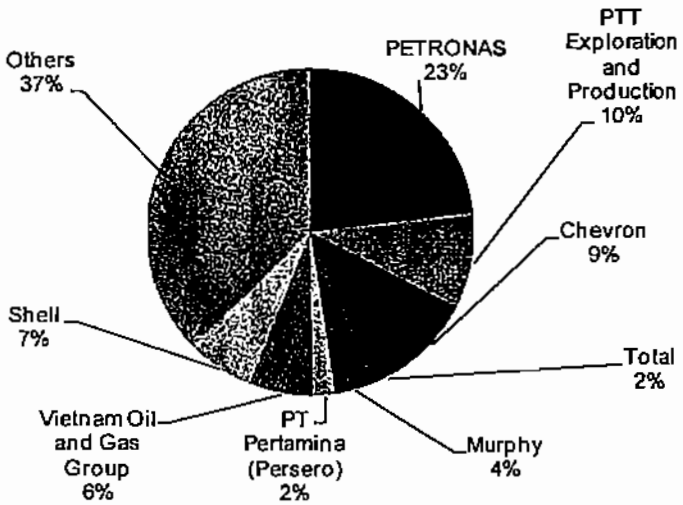


Figure 6-6: Estimated DLB vessel demand by operator (2011-2015) **[Source: ISL]**

Despite the historic performance of Indonesia in terms of installations and capex, we believe Malaysia will require the largest amount of construction vessels which is attributable to the growing subsea market as well as the continuation of platform installations. Given the anticipated demand from PETRONAS, companies that create strong links with the NOC would be well positioned for winning contracts over the next five years.

6.2.2 West Africa Demand

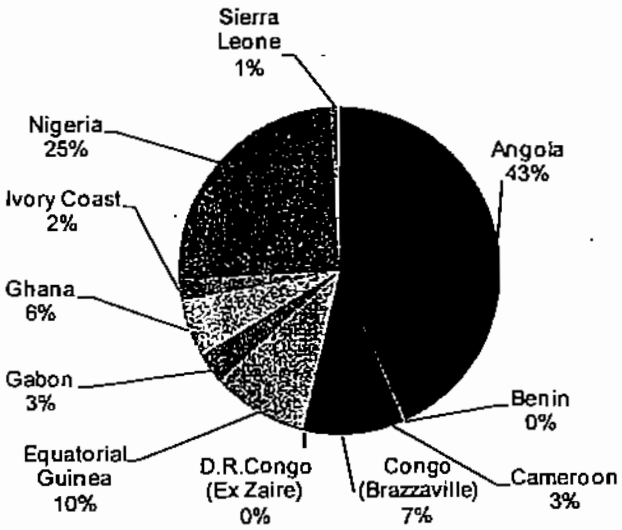


Figure 6-7: Estimated DLB vessel demand by country (2011-2015) **[Source: ISL]**

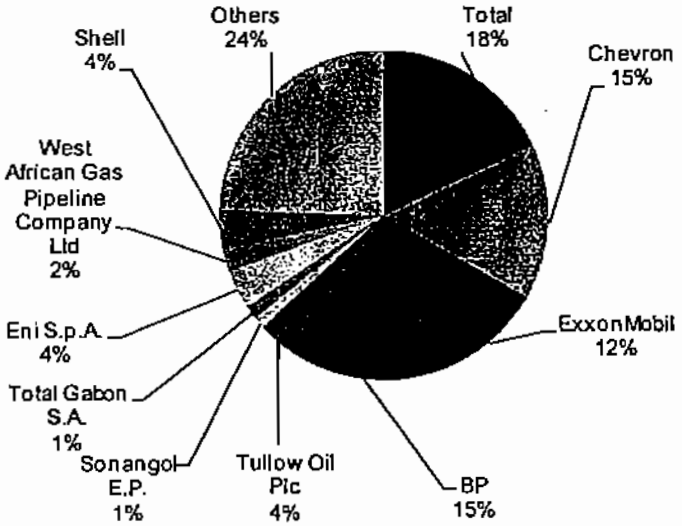


Figure 6-8: Estimated DLB vessel demand by operator (2011-2015) **[Source: ISL]**

Although West African demand for construction vessels is primarily attributable to key countries such as Nigeria and Angola, there is an emerging diversity throughout the region in terms of countries and, more importantly, operators. Long-standing Major operators such as Total and Chevron are expected to require the most vessels for construction and pipelay over the next five years although the increase in projects operated by independents and NOCs are starting to change this picture [Source: ISL].

6.2.3 Caspian Sea Demand

Although there is a heavy lift market in the region, the majority of demand is expected to be for pipelay vessels, in particular the interlinking cluster developments in Kazakhstan and Azerbaijan, more specifically those associated with the Kashagan and Azeri projects respectively. [Source: ISL].

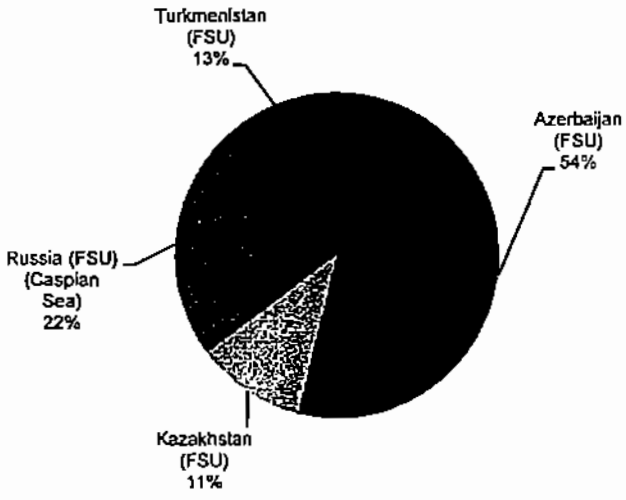


Figure 6-9: Estimated DLB vessel demand by country (2011-2015) **[Source: ISL]**

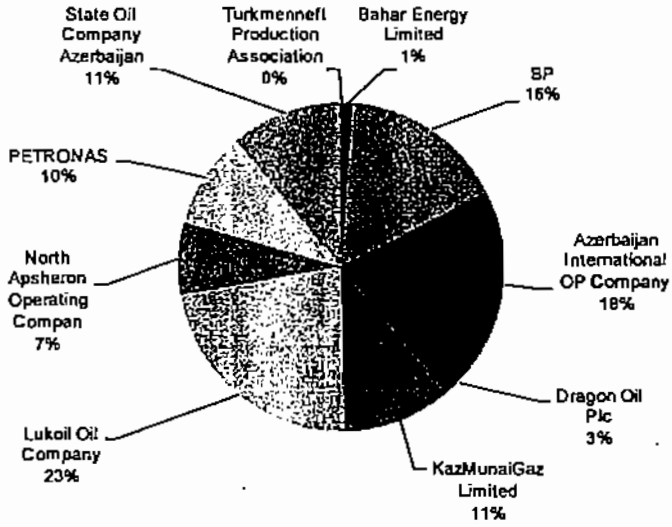


Figure 6-10: Estimated DLB vessel demand by operator (2011-2015) **[Source: ISL]**

Given that the Caspian Sea is almost a closed off market with harsh winters essentially making the region landlocked for much of the year, having a vessel within the market is a key competitive advantage for ship owners and operators. Long-term contracts in this region are also considered important as we believe demand to be long-term in this region and that pipelay vessels are likely to command large day-rates and utilisation over the next five years.

6.2.4 Latin America

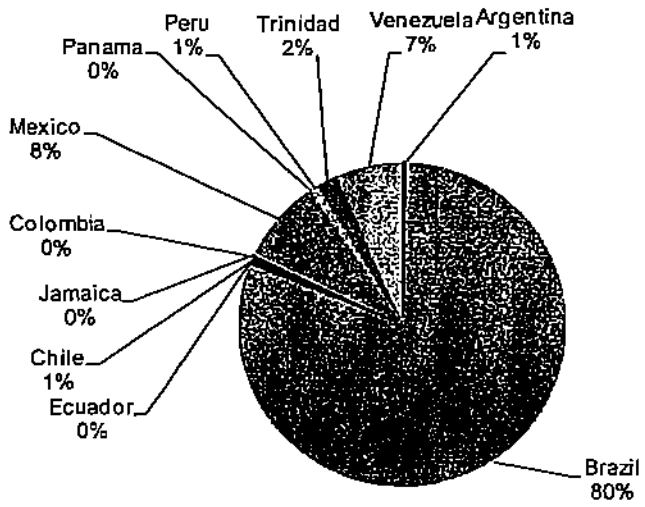


Figure 6-11: Estimated DLB vessel demand by country (2011-2015) **[Source: ISL]**

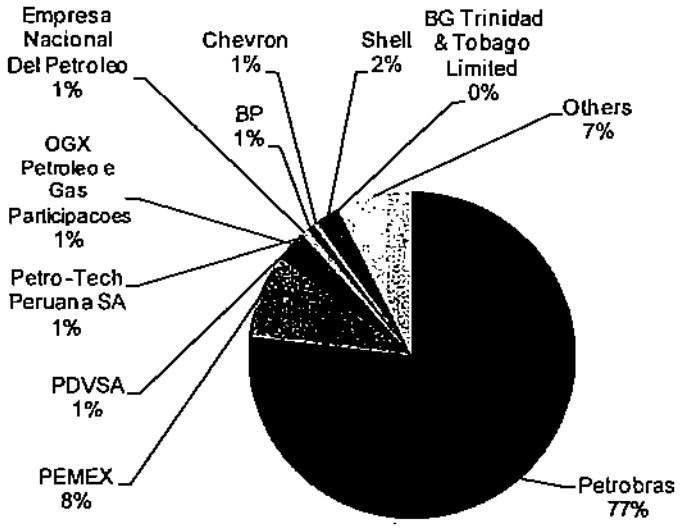


Figure 6-12: Estimated DLB vessel demand by operator (2011-2015) **[Source: ISL]**

Construction and pipelay demand in Latin America should be primarily within Brazil over the next five years with Petrobras' deep and ultra deepwater projects in the pre and post-salt fields. The flexible pipelines as well as the subsea infrastructure that will be required to develop these lucrative projects will likely attract a lot of DLB vessels and command large day-rates and utilisation in the region. Other than Brazil, we believe there will be demand from Venezuela and Mexico as the two NOCs, PDVSA and Pemex, respectively, look to reinvigorate the falling production rates the countries have witnessed over the last five years.

6.2.5 Supply Market Overview

Although ISL currently view the heavy lift fleet as 359 vessels, rising to 375 vessels by 2015, a large amount of this fleet are vessels with light lift capabilities that are mainly operational within the Gulf of Mexico and are not major threats in the global competitive market or the South East Asian region.

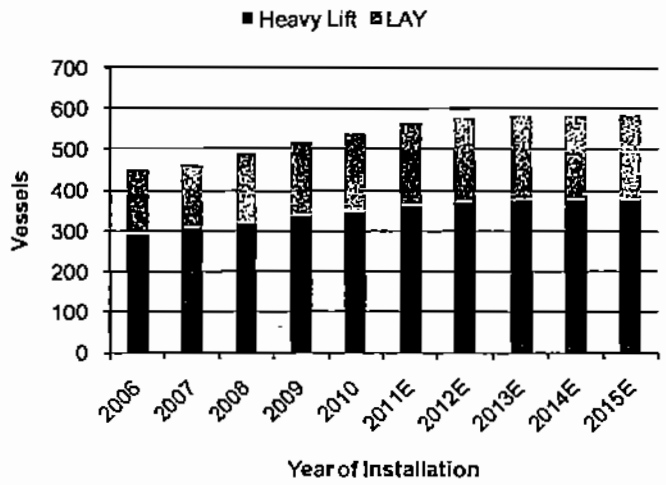


Figure 6-13: Global heavy lift and pipelay fleet by vessel function (2006-2015) **[Source: ISL]**

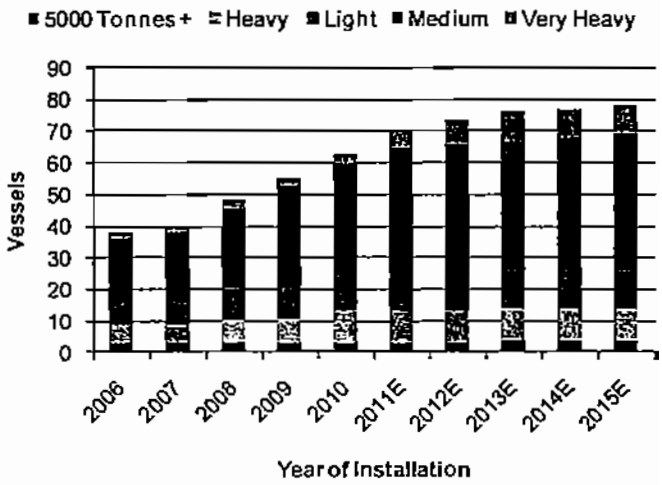


Figure 6-14: Global heavy lift and pipelay fleet by lift capability (2006-2015) **[Source: ISL]**

Although the global fleet of heavy lift and pipelay vessels is large there is a relatively small amount of dual function vessels capable of both heavy lift and pipelay. The last five years witnessed a period of growth within dual function vessels as these high end sophisticated vessels are expected to command higher day rates and utilisation, thus with the boom in the offshore industry before the recession there was a large intake of orders for these dual function vessels. Given market conditions over the last two years, new orders have slowed down, yet we do expect eight vessels to enter the market post-2011 [Source: ISL].

6.2.6 Heavy Lift & Pipelay New build Dynamics

Similar to the dual function vessels, there has been growth within the individual sectors for the heavy lift and pipelay fleets over the last five years. However, with the economic climate, new orders in this market for single function vessels have been very low and unless market conditions improve dramatically, there are unlikely to be new vessels entering the market during the latter years of the forecast period.

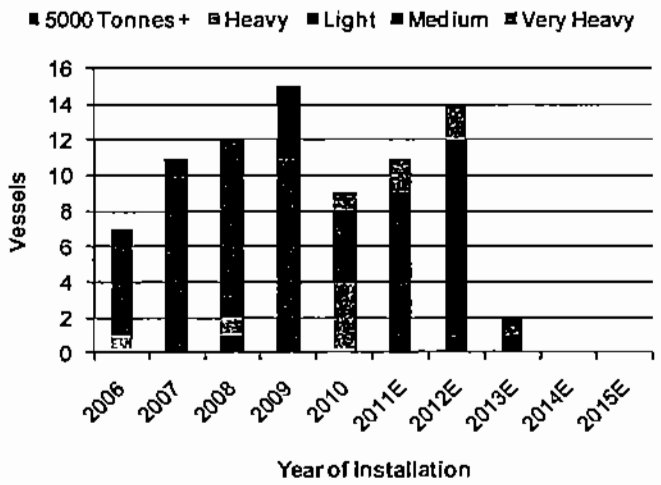


Figure 6-15: Heavy lift newbuilds by lift group (2006-2015) [Source: ISL]

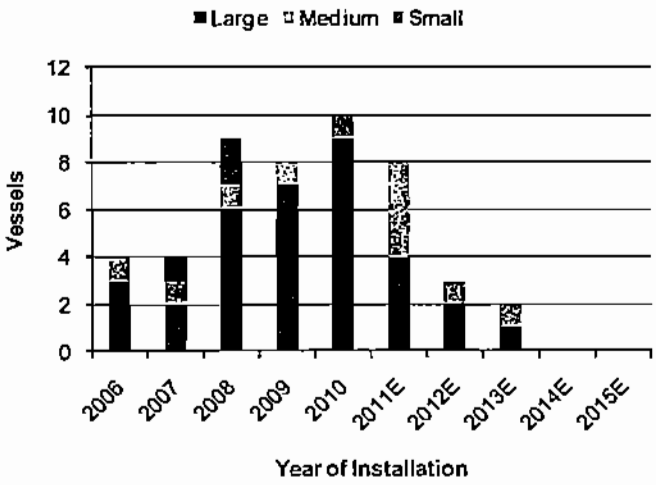


Figure 6-16: Pipelay newbuilds by lay diameter group (2006-2015) [Source: ISL]

For the pipelay market there have been 35 newbuilds entering the market from 2006-2010, 27 of which have been large diameter pipelay vessels. For the heavy lift market, the majority of vessels that have entered the market have light lift capabilities as owners looked to exploit booming conditions with smaller vessels in an attempt to take advantage of high dayrates. However, due to the global recession, the newbuild vessels expected to enter the market over the next five years are predominantly above 5,000 mT lift vessels, which highlights the industry caution and that only high end vessels have been worth the investment over recent years. Due to concerns over the current market conditions and expectations within supply, no heavy lift and pipelay newbuilds have been announced for 2014 and 2015.

6.2.7 Global Demand vs. Supply

Overall, both markets on a combined scale have witnessed a period of oversupply as demand over the last few years has been a great deal lower than prior to the recession. However, this oversupply will be mitigated by the predisposition of the heavy lift vessels capable of lifting greater than 5,000 tonnes working in a higher value specialist market. Further skewing the forecast is a high number of heavy lift vessels in the US side of the Gulf of Mexico which are old and have very limited crane capacity [Source: ISL].

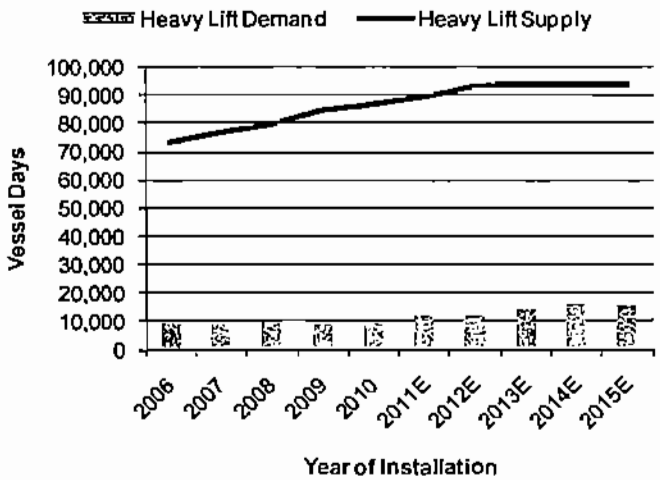


Figure 6-17 Global heavy lift demand vs. supply (2006-2015) [Source: ISL]

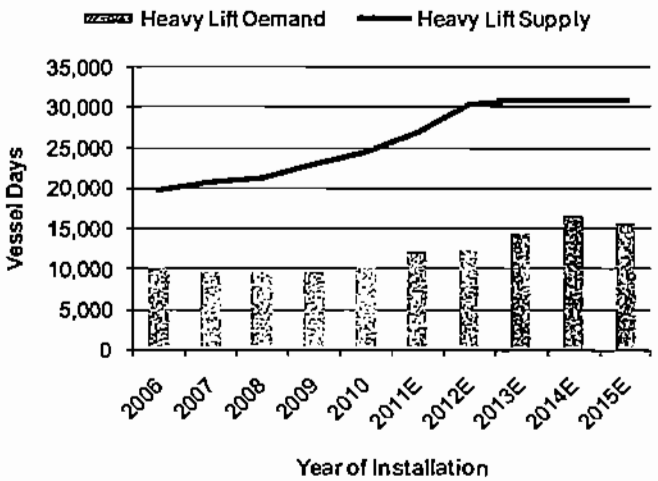


Figure 6-18: Global heavy lift demand vs. supply (light lift vessels excluded from supply) [Source: ISL]

Whilst figure 6-17 shows the overall global supply and demand dynamics in the heavy lift market, figure 6-18 shows the global market with vessels capable of only light lifts removed from supply. The reason behind doing so is to achieve a more focussed picture of the overall market given that a great deal of these light lift vessels only operate within specific regions and do not typically move to other regions for work. Whilst we have excluded light lift vessels from supply the figure includes demand that would require lift lifts as we expect the other vessels in the global fleet to be capable of performing these lifts.

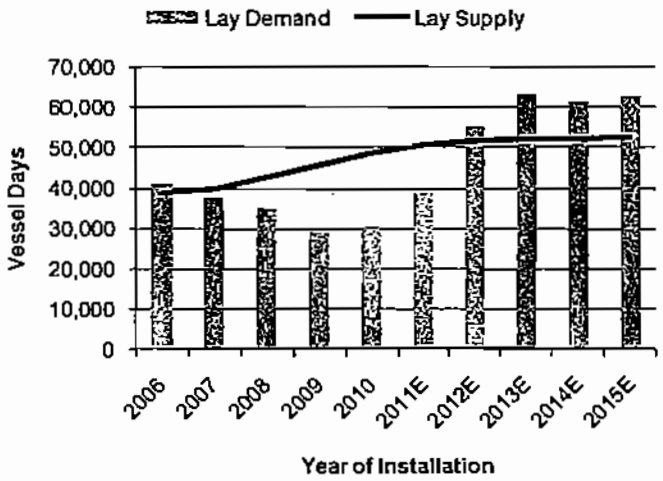


Figure 6-19: Global pipelay demand vs. supply (2006-2015) **[Source: ISL]**

The pipelay demand and supply outlook is more robust than its heavy lift counterpart. Due to the global recession there has been a dip in demand over the last three years which has caused a period of oversupply in the market. However, looking forward, we believe this will change and the pipelay market will witness undersupply towards the latter years of the forecast. This would likely increase day-rates and utilisation as well as the migration of vessels looking to the larger markets in order to gain contracts, such as South East Asia, West Africa and offshore Brazil.

6.2.8 Regional Supply vs Demand

The following section aims to highlight the demand and supply dynamics between the heavy lift and pipelay markets in key regions such as Asia, Africa, Latin America and the Caspian Sea. Although given the fluid nature of the vessels, market supply is a current snapshot only and is likely to change in the future as vessels migrate due to supply issues or greater opportunities available to owners.

Asia

The heavy lift market in Asia is expected to be in a state of general oversupply; however the supply snapshot includes Class B vessels which are not as competitive as the high end vessels. Indeed, we believe that the Class A vessels will witness good day-rates and utilisation in Asia despite the overall oversupply in the market.

The pipelay market in Asia is expected to follow similar global trends in which a period of large oversupply until the latter years of the forecast where the gap is anticipated to narrow creating opportunities for pipelay vessels in the region, in particular 2012 and 2014. Similar to the heavy lift market, we believe that the high end vessels will continue to see better opportunities despite the oversupply currently forecast in 2011.